

**Town of Garner
Work Session Minutes
May 28, 2019**

The Council met in Work Session at 6:00 p.m. in the Council Chambers located at 900 7th Avenue.

CALL MEETING TO ORDER/ROLL CALL

Present: Mayor Ronnie Williams, Mayor ProTem Ken Marshburn, Council Member Buck Kennedy and Council Member Gra Singleton

Absent: Council Member Kathy Behringer and Council Member Elmo Vance

Staff Present: Rodney Dickerson-Town Manager, Matt Roylance-Asst. Town Manager-Operations, John Hodges-Asst. Town Manager- Development Services, Pam Wortham-Finance Director, Sonya Shaw-PRCR Director, Joseph Stallings-Economic Development Director, Chris Johnson-Town Engineer, Het Patel-Senior Planner, Rick Mercier-Communications Manager, Alice Mahood-Intern, William E. Anderson-Town Attorney, and Rebecca Schlichter-Deputy Town Clerk.

INVOCATION: Council Member Singleton

ADOPTION OF AGENDA

Motion: Marshburn
Second: Singleton
Vote: 3:0

REPORTS/DISCUSSION

Craig Robinson for investment update

Presenter: Craig Robinson, PFM Investments

Craig Robinson presented an economic update and a quarterly portfolio update on the Town's investment program through March 31, 2019.

South Garner Greenway Feasibility Study

Presenter: Matt Roylance, Assistant Town Manager - Operations

Mr. Graham Bruns of McAdams Company presented the Draft South Garner Greenway Feasibility study which is a proposed 1-mile greenway corridor that will connect White Deer Park with a proposed Wake County greenway and surrounding neighborhoods. This feasibility study provides a framework for implementing a successful greenway trail project by evaluating the opportunities and constraints of the study area such as environmental, experiential, property acquisition and financial aspects of the projects.

Staff recommendation to put halt on this and wait to get results of Greenway system wide report and then add to next bond.

Council consensus to wait for results of Greenway system wide report.

Development Finance Initiative proposal for pre-development services in Downtown

Presenter: Mari Howe, Downtown Development Manager

Ms. Marcia Perritt and Mr. Rory Dowling of Development Finance Initiative presented an overview of their proposal to provide pre-development services for the site adjacent to the Garner Recreation Center in Downtown Garner.

The UNC Chapel Hill School of Government (SOG) established the Development Finance Initiative (DFI) in 2011 to assist North Carolina communities with achieving their community economic development goals. DFI partners with communities in North Carolina to attract private investment for transformative projects by providing specialized finance and real estate development expertise.

The Town of Garner requested a proposal for technical assistance from DFI in February 2019 to attract a private development partner to a Town-owned site in Garner's downtown, adjacent to the Town's new Recreation Center, which is currently under construction. The Town of Garner and its Main Street Committee have explored the site's redevelopment potential as a transformative mixed-use development that could include commercial, office, and/or residential uses and extend the downtown corridor.

While that visioning work is helpful in gaining consensus among key stakeholders for a general development concept, to make the concept become a reality, it should be tested through feasibility analysis and brought to the market—that is, the concept should be proven in a way that would satisfy developers, investors, and lenders that the vision is feasible given current market and development conditions. DFI proposes to conduct this necessary feasibility analysis and create a market-feasible program of development, while regularly seeking feedback and engagement with Garner officials. Once a market feasible development program has been endorsed by Town Council, DFI will identify development partners with the experience and track record to make the vision a reality within the context of the actual market in Garner.

The following Scope of Services outlines the pre-development activities that DFI would conduct to support the Town of Garner in attracting private investment to the downtown site, herein referred to as the "Project", and executing the Town's community economic development goals as it relates to downtown.

1. Conduct a community scan, which is an analysis of market-relevant demographic and socioeconomic data, as well as a review of current and historic plans, visioning documents, studies, research, development proposals, conceptual renderings, notes from public input sessions, and other materials relevant to the Project;
2. Collect and analyze relevant data for a Parcel Analysis to understand current market conditions (sales trends, code enforcement violations, vacancy, land use, ownership, and underutilization) for the Project;
3. Establish guiding public interests for the Project in collaboration with the Town and stakeholders;
4. Conduct a market analysis to assess the demand for development, to include an evaluation of market feasibility and demand drivers for different uses for the Project including retail, residential, and office;

5. Perform site constraints analysis to determine what the site can actually support given topographical conditions and other limitations and to test fit potential development programs for the Project;
6. Conduct a financial feasibility analysis, preparing a financial model for development program (i.e., development budget, operating cash flows, sources of capital, etc.) for the Project to determine financial feasibility for private partners and scale of public investment, if necessary;
7. Evaluate options for financing and structuring public participation in development or redevelopment, if necessary, including use of development finance tools (tax credits, district designations, etc.);
8. Obtain Town approval of a feasible development program and a solicitation for development partners), and assist Town with developing criteria to inform Town's selection of eventual partner(s);
9. Actively market and discuss the solicitation with qualified development partners with the goal of receiving competitive proposals from qualified developers who are capable of accomplishing the Town's approved development program;
10. Support Town officials in development partner selection process by carrying out due diligence of potential partners, preparing investment summaries, and evaluating solicitation responses using Town's criteria;
11. Support the Town in negotiating deal points with the development partner selected to execute the approved development program pursuant to the solicitation. Deal points include development parameters for public-private partnerships and milestones, which are typically memorialized first in a non-binding memorandum before being finalized in a development agreement; and
12. Support the Town through the point that the above-referenced development partner closes on financing for the project, by regularly evaluating changes proposed by the development partner to pro forma financials and public participation options, in order to verify developer assumptions about revenues, development costs, operating expenses, and debt and equity structuring as market conditions evolve.

This Scope of Services does not include services that require a licensed broker or licensed attorney to perform. In addition, the scope does not include tasks associated with site planning expertise from architects or engineers, nor does it include site preparation expenses such as land survey, soil samples, and environmental testing (if such services are required, DFI will advise Town to obtain such services from third parties).

Deliverables

Deliverables include presentations, summaries, and other documentation intended by DFI to be delivered to the Town regarding the Scope of Services.

The timeline for completing Activities 1-8 is estimated to be 9 months, commencing upon execution of a Letter of Agreement. DFI intends to help the Town attract private investment into the Project (Activities 9-12) as quickly as possible and in a way that maximizes overall value and serves the public interests.

Fee

The flat fee for the above Scope of Services is \$78,200, payable over two fiscal years in two installments of \$39,100 each. The Town fee would cover only part of DFI's cost of services, with the balance being "at risk," to be paid by developer(s) who partner with the Town or to whom the Town transfers property. DFI's pre-development services will not only assist the Town in accomplishing its goals but will also benefit the ultimate private developers by eliminating predevelopment work, risk and expense. In order to minimize the Town's costs, we require the ultimate developer to pay for the value of that benefit in the customary way, as a portion of the developer's fees on the project(s). If the Town is successful in executing a Development Services Agreement with a private partner, DFI will receive a

Development Services Fee. This Development Services Fee paid by the private partner would be 1% of total project costs.

This arrangement benefits the Town in several ways. It aligns DFI's interests with the Town in terms of finding developer(s) for the Project to attract private investment. It also ensures the developer(s) pays for a significant share of the Town's costs associated with the pre-development work. And it gives the Town ongoing support from DFI throughout negotiations with the developer(s) and during the full life span of development in the Project (i.e. DFI has "skin in the game"). The consequences for DFI are clear—DFI will get the bulk of its fee only if there are developer(s) for the Project who successfully execute agreement(s) with the Town.

Staff would propose that this is funded by the redevelopment bond fund.

Action: Will bring back to Council at a June meeting.

MANAGER REPORTS

- Volunteer reception at Senior Center, June 6, 4:00-6:00 p.m.
- Budget scenarios will be distributed by end of day tomorrow.
- Introduced Alice Mahood, intern for School of Government

COUNCIL REPORTS

Singleton

- Thanked staff for Memorial Day event. It was a nice event and well supported by community.

Marshburn

- Human Resources committee will meet on Wednesday at 2:00 p.m.
- Echoed Mr. Singleton's remarks on the Memorial Day event.

Mayor Williams asked Mr. Garner to speak.

Mr. Garner requested a mid-year funding request for the Outstanding Teen going to nationals. Sendoff is scheduled for July 7th at the Marquis Hall, 3:00-5:00 p.m. Mr. Dickerson informed Mr. Garner that the application is scheduled to be on the consent agenda, June 3rd.

ADJOURNMENT: 8:37 p.m.

Motion: Kennedy
Second: Marshburn
Vote: 3:0