

DURHAM CITY COUNCIL WORK SESSION
Thursday, December 4, 2014 @ 1:00 p.m.
2nd Floor Committee Room – 101 City Hall Plaza

Present: Mayor William V. “Bill” Bell, Mayor Pro Tempore Cora Cole-McFadden and Council Members Eugene Brown, Diane Catotti, Eddie Davis, Don Moffitt and Steve Schewel. Absent: None.

Also Present: City Manager Thomas J. Bonfield, City Attorney Patrick Baker and City Clerk D. Ann Gray.

Mayor Pro Tempore Cole-McFadden called the meeting to order welcoming all in attendance.

Mayor Pro Tempore Cole-McFadden asked for priority items from the City Manager, City Attorney and City Clerk.

There were no priority items.

Mayor Pro Tempore Cole-McFadden announced each item on the printed agenda and the following items were pulled for comments and/or action by the council:

SUBJECT: JOHN “GIOVANNI” TARANTINO

To receive comments from John “Giovanni” Tarantino regarding Dr. Jonathan Gruber and the Affordable Care Act.

John Tarantino commented on Dr. Jonathan Gruber and the Affordable Care Act.

**SUBJECT: DAM INSPECTIONS, MAINTENANCE AND REHABILITATION
CONTRACT WITH SCHNABEL ENGINEERING SOUTH, P.C.**

The staff report noted that the Department of Water Management issued a RFQ for Professional Engineering Services and they received three proposals on August 14, 2014. The firm Schnabel Engineering South, P.C. was selected based on the qualifications presented and a scope of services for the project had been negotiated in the amount of \$986,542.00.

The department recommended that the City Council authorize the City Manager to execute a contract with Schnabel Engineering South, P.C. for Professional Services for Dam Inspections, Maintenance and Rehabilitation at a contract cost of \$986,542; establish a contingency fund in the amount of \$98,000 and authorize the City Manager to negotiate change orders provided that the cost of all change order does not exceed \$98,000.00 and the total project does not exceed \$1,084,542.00.

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Deputy City Manager Wanda Page referenced the value statement the administration was in the process of implementing regarding making contractors aware of the expectations when proposing to do business with the City of Durham.

SUBJECT: CITIZENS ADVISORY COMMITTEE APPOINTMENT

To appoint a citizen to fill one vacancy on the Citizens Advisory Committee with the term to expire on June 30, 2017.

Mayor Pro Tempore Cole-McFadden expressed concern that the applicant being considered was currently employed at Housing for New Hope and the Citizens Advisory Committee at times made recommendations on funds non-profits might receive from the City. She stated if the applicant is appointed, he needed to make certain he was aware of the fact that he must not vote on items involving his employer.

City Attorney Baker stated since the applicant is employed at Housing For New Hope, he did not feel that should legally exclude him from consideration. Whether it is appropriate for him to serve on the board would be up to the council he stated. Also, he stated if anything came up regarding the entity he is employed with, he should not participate in the decision making.

Community Development Director Reginald Johnson stated in addition to the ethics policy that comes with the appointment, he referenced a conflict of interest form that had to be signed by each member of the Citizens Advisory Committee yearly which would prevent them from voting on items connected with their organization.

SUBJECT: CONTRACT WITH PROFESSIONAL MAIL SERVICES, INC. FOR UTILITY BILL PRINTING AND MAIL SERVICES

The staff report noted the contract under consideration would provide the Finance Department with a contract for printing and mail services to support utility billing segments to include water management, stormwater, and assessments

Finance Director David Boyd spoke to the savings by entering into the contract; noted 2 employee positions would be eliminated due to retirement; referenced eliminating an equipment lease; and a slightly lower postage rate would be recognized he said.

Council Member Schewel spoke on the City redesigning the water bills to clearly inform the citizens of how to obtain a lower service tier.

Director of Water Management Don Greeley spoke on the limitations with the current software and stated they would continue to explore the suggestion as an option. He stated they we love to be able to provide a statement regarding how customers could obtain lower rates.

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Council Member Catotti asked if there could be some savings by postponing this contract until July 2015.

Director of Finance David Boyd commented on the staffing issue he was currently facing and stated he needed a more permanent solution, and the longer the wait there would be some operational challenges.

Council Member Moffitt asked if the proposed contractor paid workers a minimum livable wage.

Director of Finance David Boyd stated they had not inquired about that.

Council Member Catotti asked the administration to please inquire if the proposed contractor paid workers a minimum of the livable wage and to provide a response prior to the December 15th meeting.

SUBJECT: PULTE HOME CORPORATION LAND DONATION TO THE CITY OF DURHAM – 3.66 ACRES LOCATED AT 5503 LEESVILLE ROAD AND .384 ACRES, A PORTION OF THE PARCEL LOCATED AT 5650 LEESVILLE ROAD FOR FIRE STATION 17

The staff report noted that Pulte Home Corporation, the developer of Del Webb Carolina Arbors, proffered a property for a new fire station as part of the project's zoning and annexation approved by City Council on June 18, 2012. The General Services Department and the Fire Department have worked with Pulte to identify and evaluate potential sites that fulfill the established criteria.

The General Services Department recommended that the City Council accept the land donation from Pulte Home Corporation of 3.66 acres of property located at 5503 Leesville Road (Parcel ID 215423), Durham, NC in fee simple, and accept the additional land donation from Pulte Home Corporation of .384 acres of property located at 5650 Leesville Road (Parcel ID 193273) Durham, NC in fee simple.

Council Member Catotti stated she noted this requires annexation and did not see a map showing where the Fire Station 17 site was in relation to exiting City limits. She requested the map be provided.

Director of General Services Joel Reitzer commented on the location of the site at the corner of Leesville and Doc Nichols and referenced the location of the Pulte Home site. In addition, he explained the extension of sewer to the site and the costs.

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SUBJECT: APPROVAL OF THE DURHAM CONVENTION INTERLOCAL AGREEMENT BETWEEN THE CITY OF DURHAM AND COUNTY OF DURHAM FOR JOINT OWNERSHIP OF THE DURHAM CONVENTION CENTER

The staff report indicated that the City of Durham and the County of Durham were parties to an Interlocal Cooperation agreement due to the joint ownership of the Durham Convention Center property, which includes the Morgan, Foster, Chapel Hill block real estate parcel and an air lease with the Shaner Hotel Group. The Interlocal agreement was executed in October 1987 and had been amended twice, between June 1988 and July 1989. The June 1988 amendment established the Durham Convention Center Authority Board and amendment #2.

The General Services Department recommended that the City Council authorize the City Manager to execute a new Durham Convention Center Interlocal Cooperative Agreement with Durham County, consistent with the deal points described herein, which include updates to: 1) Property Definition, 2) Contract Administrator Powers and Duties, 3) Removal of Invalid Operational References, and 4) Management of Joint Venture Fund Balance and Capital Expenditures.

General Services Director Joel Reitzer commented on the deficit for the convention center; the partnership with the County regarding the convention center; and the convention center authority board.

SUBJECT: U. S. ENVIRONMENTAL PROTECTION AGENCY 2014-2017 BROWNFIELDS COMMUNITY-WIDE ASSESSMENT GRANT FOR NORTHEAST CENTRAL DURHAM AND OTHER TARGETED AREAS GRANT PROJECT ORDINANCE AND AUTHORIZATION TO EXECUTE GRANT AGREEMENT

The staff report indicated on October 16, 2014, the City of Durham's Office of Economic and Workforce Development was awarded a new \$399,999.00 grant from the U.S. Environmental Protection Agency's (EPA) Brownfields Assessment program. Partial funding of the \$399,999.00 grant award in the amount of \$199,999.00 was initially provided. The U.S. Environmental Protection Agency has since confirmed their ability to provide the remaining \$200,000.00 before December 1, 2014. Funding has been provided to conduct Phase I and Phase II environmental assessments at properties in Northeast Central Durham (NECD) and other targeted areas of the city where property redevelopment and/or reuse may be complicated by the potential presence of hazardous and petroleum-based substances. The Office of Economic and Workforce Development seeks City Council approval on this item.

Staff recommended the City Council authorize the City Manager to accept the EPA Brownfields Assessment grant award by executing the grant documents and adopting EPA Brownfields Assessment Grant Project Ordinance 2014-2017 in the amount of \$399,999.00.

Grace Dzidzienyo, of OEWD, spoke on the timeline of the grant pertaining to receiving the funds; and the employment to be generated by the grant which the City is contracting out to a company to handle the majority of the work.

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SUBJECT: OPTION CONTRACT WITH SOUTHSIDE REVITALIZATION PHASE II LP FOR THE SECOND PHASE OF DEVELOPMENT FOR THE LOFTS AT SOUTHSIDE

The staff noted that in mid-January 2015, Southside Revitalization Phase II LP intends to submit a pre-application to the North Carolina Housing Finance Agency (NCHFA) for Low Income Housing Tax Credits (LIHTC) and other financing to undertake a second phase of mixed-income rental development on the former Rolling Hills site, now known as the Lofts at Southside. One of the pre-application submittal requirements is evidence of site control which can be demonstrated through a valid option contract.

The Department of Community Development recommended that City Council receive a presentation on the status of the Southside redevelopment project and authorize the City Manager to execute an Option Contract with Southside Revitalization Phase II LP for the purchase of up to approximately 5.25 acres on the former Rolling Hills site for the sum of One and No/100 Dollars (\$1.00) subject to conditions outlined in the agenda memo and the Option Contract.

Director of Community Development Reginald Johnson shared with Council information related to the Southside Revitalization Project. He covered the following topics as a part of the Powerpoint presentation:

- Southside East (former Rolling Hills) – 20 acres
- The Lofts at Southside Under Construction
- The Lofts at Southside (Phase 1 consists of 119 rental units and 13 live/work units on approximately seven acres (80 affordable units); market rate (average) for one bedroom; two bedrooms and three bedrooms); Market rents based on square footage, view, balconies etc.
- The Lofts at Southside Phase II (Summary and Estimated Timeline)

Three questions were presented to the Community Development staff for a response prior to the December 15, 2014 City Council Meeting.

- Of the 32 approved applicants for the Lofts at Southside, how many are market rate applications?
- What is the bedroom mix of the market rate units?
- What were the additional unexpected costs associated with the environmental issues on the site?

SUBJECT: ENGINEERING AND RELATED DESIGN SERVICES FOR SOUTHSIDE HOMEOWNERSHIP PHASE 2 – STEWART INC. OF RALEIGH, NC

The staff report noted that on June 11, 2014, the City of Durham issued a Request for Qualifications (RFQ) for Engineering and Related Design Services associated with the second phase of homeownership in the Southside community with the area of focus being on the City

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acquired parcels along Beamon Place and West Piedmont Avenue. Three proposals were received, with two firms being requested to return and present to a three person review panel. Upon completion of the presentations, the review team recommended that the Community Development Department begin negotiations with the engineering firm Stewart Inc. of Raleigh, NC with a local office in Durham, NC.

Additionally, the Community Development Department requested an allocation of funding for the payment of development fees associated with the Phase 2 revitalization effort. Examples of required fees include preliminary plat fees, construction document submittal fees, BMP storm water facility submittal fees and bonds, along with engineering and impact fees. A schedule of estimated fees was provided in the staff report.

The Community Development Department recommended that City Council receive a presentation on the status of the Southside redevelopment project, approve the expenditure of \$465,000.00 in Community Development Block Grant funds, authorize the City Manager to execute a contract with Stewart Inc. to provide Engineering and Related Design Services in the amount of \$155,000.00 for the Southside Phase 2 Homeownership effort, and approve the allocation of up to \$310,000.00 for the payment of impact and development fees associated with the Southside Phase 2 Homeownership effort.

Community Development Director Reginald Johnson provided an update on the homeownership at Southside West Phase I commenting on the following:

Site Preparation And Infrastructure Improvements

- Site preparation/building pads for 48 lots
- New water and sewer services for 48 lots
- Demolition/Construction of new Hillside Avenue
- One inch mill/overlay for other streets in project area
- Entrance/Gateway at South Street and Hillside Avenue
- New Sidewalk installation

New Construction

- 33 lot reservation to include:
- 11 real estate closings (occupied)
- 12 units currently under construction
- 8 lot reservations (prequalified with lender)
- 2 spec houses (projected start date 30-45 days)

Piedmont Rentals – Durham Community Land Trustees

- Renovation underway on nine units on Piedmont Avenue

Mr. Johnson continued his presentation commenting on the marketing efforts at The Bungalows at Southside noting the efforts underway to market remaining lots by builders and City staff; referencing Southside West Phase II design and engineering services; and project summary and estimated timelines. In addition, he commented on upcoming agenda items for The Lofts at Southside and The Bungalows At Southside.

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Mr. Johnson shared pictures of homes in the area that utilized private investment (no city involvement); and photos of the model units at The Lofts At Southside.

**SUBJECT: ADDITIONAL FUNDING AND CONSTRUCTION CONTRACTING
AUTHORITY FOR CITY HALL ANNEX AND BUILDING ENVELOPE
PROJECT – BALFOUR BEATTY CONSTRUCTION, LLC**

The staff report indicated that from 2009-2013, the Capital Improvements Program provided funding for design and renovation of City Hall envelope and associated work. The project scope addresses functional and safety issues, replacement of the City Hall chillers, and partial renovation of the City Hall Annex plaza. In the Fall 2013, the General Services Department opened bids for a General Contractor to perform the work. But after unreasonable delay and non-responsiveness by the apparent low bidder in securing bonds and executing a contract, the City rejected all bids. Due to the complexity of the logistics and phasing aspects of the project, GSD recommended that the project approach should be re-evaluated and a Construction Manager at Risk project delivery method be used.

On May 5, 2014 Balfour Beatty Construction, LLC (Balfour Beatty) was selected as the most qualified Construction Manager at Risk firm to perform the “City Hall Complex” Renovations Project. City Council approved a contract for preconstruction and construction services on June 16, 2014. Balfour Beatty performed preconstruction services, including constructability review, value management, cost estimating, logistics/phasing plans and scheduling, culminating in advertisement for bids on Sept. 7, 2014. The work performed during the pre-construction phase permitted additional information and detail to be included in the bid packages.

Twenty-five bid packages were opened October 7, 2014. While most bids came in at or below budget, a few large packages came in above, throwing the overall bid to approximately 23% over the original 2013 budget. Post-bid scope review and negotiations reduced that overage to approximately 9%. However, GSD requests that two add alternates be included in the project, which brings the final cost a net 13% over budget and creates a \$750,000 deficit.

The General Services Department recommended that the City Council:

- Adopt an ordinance amending the General Capital Improvement Project Ordinance, Fiscal Year 2014-15, as amended, the same being Ordinance #14623 for the purpose of adding funding in the amount of \$750,000.00 to the City Hall Annex and Building Envelope Project.
- Authorize the City Manager to negotiate and execute change orders on the City Hall Annex and Building Envelope CMAR contract, provided the total project cost does not exceed \$6,119,730.00, the amount budgeted for preconstruction and construction services including the project contingency.
- Receive a presentation regarding the City Hall project.

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General Services Director Joel Reitzer provided an update on the City Hall Envelope Project commenting on the following:

- Major Scopes of Work
- CMAR – Balfour Beatty Construction
- Existing Conditions Panels; Brick; Chillers; Annex Plaza
- Renovations of Annex Plaza; Chillers; Exterior Panels; and Mangum Street Entry
- Total Project Budget: \$7,290,000
- Schedule for Completion – August 2015
- Major Areas of Work
- Overall Preliminary Schedule
- Parking at City Hall and Annex
- Entrances to City Hall and Annex
- Communications Plan assisting departments prepare

The Council thanked Mr. Reitzer for the update.

At this time, City Clerk Gray announced that Nigel Brown received 7 ballot votes for the Citizens' Advisory Committee appointment.

Settling Agenda – December 15, 2014 City Council Meeting

City Manager Bonfield referenced the following items for the December 15, 2014 City Council Meeting agenda: Consent Items 1-18 and Public Hearings Items 19-21.

MOTION by Council Member Catotti seconded by Council Member Brown to approve settling the agenda for the December 15, 2014 City Council Meeting as stated by City Manager Bonfield

The motion was approved unanimously.

There being no further business to come before the Council, the meeting was adjourned at 3:35 p.m.

D. Ann Gray, MMC, NCCMC
City Clerk