The Durham City Council held a Work Session on the above date and time in the City Council Committee Room located at 101 City Hall Plaza with the following members present: Mayor Steve Schewel, Mayor Pro Tempore Jillian Johnson and Council Members Vernetta Alston, Javiera Caballero, DeDreana Freeman, Mark-Anthony Middleton and Charlie Reece. Absent: None.

Also present: City Manager Tom Bonfield, Deputy City Attorney Sherri Zann Rosenthal and City Clerk Diana Schreiber.

Mayor Schewel called the meeting to order and welcomed all in attendance.

The Mayor noted that Council Member Middleton was delayed in his arrival.

Mayor Schewel asked if there were any announcements by Council. There were no announcements by Council.

Mayor Schewel requested priority items from the City Manager, City Attorney and City Clerk.

There were no priority items from the City Manager, City Attorney and City Clerk.

Mayor Schewel read the administrative consent items from the printed agenda and pulled the following items for further comment and/or discussion: Items 5, 8, 9, 13, 14, 18 and 19.

Council highlighted the fact that there was an ordinance proposed for adoption that established fare-free day on General Election and General Municipal Election Days.

Mayor Pro Tempore Johnson spoke in regard to Item 16, noted that the recommendations came through the Culture Advisory Board and commended the board and staff on the process related to festival funding.

Mayor Schewel announced it was time for Citizen’s Matters and Public Comment.

**SUBJECT: CITIZEN’S MATTER: SARAH WILLIAMS (ITEM 20/ PR 13491)**

To receive comments from Sarah Williams regarding financial assistance and partnerships for non-profit The Esteem Program.

Ms. Williams addressed the attributes of her female youth program with the objective to improve self-esteem and requested financial backing and partnering possibilities with governmental agencies and other non-profits.
Council Member Freeman encouraged the speaker to reach out to the East Durham Children’s Initiative.

**SUBJECT:  CITIZEN’S MATTER:  CHRIS TIFFANY (ITEM 21/ PR 13492)**

To receive comments from Chris Tiffany regarding missing data.

Mr. Tiffany addressed the occurrence of missing data from police use of force, expressed his personal experiences and the lack of documentation.

**SUBJECT:  CITIZEN’S MATTER:  ALVIN BROOKER (ITEM 22/ PR 13493)**

To receive comments from Alvin Brooker regarding rebuilding paving of street at 216 East Rockway Street.

Mr. Brooker encouraged Council to fund the rebuilding and repaving of the street.

Mayor Schewel responded that according to the priority listing of street reconstruction as detailed in the Public Works Pavement Condition Index, the street needed work and was being considered during the Summer of 2020 and included in the Spring 2021 Road rebuilding contract.

Council Member Middleton arrived at the meeting at 1:15 p.m.

**SUBJECT:  CITIZEN’S MATTER:  JUSTIN COOK (ITEM 23/ PR 13494)**

To receive comments from Justin Cook regarding the city directly subsidizing local artists and art spaces that are threatened by gentrification.

Mr. Cook, local photographer, requested the city support artists and art exhibition and performance spaces, made remarks about the closing of The Carrack art space and made the following suggestions:

- Arts fellowship program for artists from marginalized communities
- Local artists’ grant program
- Subsidize local art spaces

**SUBJECT:  CITIZEN’S MATTER:  OMARI AKIL (ITEM 24/ PR 13495)**

To receive comments from Omari Akil regarding increasing funding for Durham artists.

Mr. Akil, independent board/card game designer, expressed concern about the state of art community and coerced collaboration out of economic necessity and suggested a city-funded partnership program for artists of various genres.
SUBJECT: CITIZEN’S MATTER: JON FULLER (ITEM 25/ PR 13496)

To receive comments from Jon Fuller regarding the lack of affordable housing and independent art spaces in Durham.

Mr. Fuller, local art activist, addressed the need for affordable housing and independent, safe creative community spaces and encouraged local artists be hired for civic projects.

Mayor Schewel expressed appreciation for the artists that had attended and spoken at the current and previous work sessions and that Council was listening and conferring.

SUBJECT: US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) RETURN OF EXCESS PROGRAM INCOME COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS (ITEM 5/ PR 13477)

Council Member Freeman inquired about the use of funds being specific to a past, current or future program.

Reginald Johnson, Department of Community Development, addressed the question and stated that the funds were earmarked, noted that staff was still negotiating with the developer and explained the movement of the funds between the City and the federal government.

SUBJECT: MERGER OF THE CITY OF DURHAM AND DURHAM COUNTY DEMAND RESPONSE SERVICES AGREEMENT (ITEM 8/ PR 13402)

Mayor Schewel inquired about the policy that required a testing period of nine months.

Bill Judge, Interim Director of Transportation, responded concerning the rationale for the test, stated it was necessary to renegotiate the contract with the para-transit provider in the next few months, that the costs were undetermined right now and wanted to ensure that this information was available prior to negotiating.

Mayor Schewel inquired about Appendix A and asked for an interpretation of the data.

Mr. Judge responded that the information reflected the County’s ACCESS budget for this year and appropriated based on the City taking it over later this year in October; and addressed costs per trip and number of trips between the city and county agencies.

Mayor Schewel spoke in support of the efficient savings and requested information on para-transit services.

Mr. Judge addressed para-transit efficiencies.
Pierre Osei-Owusu, DATA Bus, indicated the number of vehicles owned between the city and county agencies. Mayor Schewel requested an overview about Durham ACCESS in a future meeting.

Council Member Freeman indicated that the state budget impacted at the local level budget for transit and that this topic should be included in the upcoming Legislative Agenda.

**SUBJECT: COOPERATIVE GROUP PURCHASE – HYBRID POLICE VEHICLES (ITEM 13/ PR 13457)**

Joe Clark, Fleet Director, responded to Council’s questions.

Council Member Reece inquired about the vehicles and stated the hybrid vehicles were a significant improvement over traditional police response vehicles in the area of fuel savings and carbon dioxide emissions.

City Manager Bonfield noted that the hybrids were not pursuit vehicles.

Mr. Clark noted that the cars, which were unmarked, would be on display at the Carter Finley Stadium this weekend to highlight municipal efforts in sustainability.

**SUBJECT: MADE IN DURHAM CONTRACT MODIFICATION FOR YOUTH PROGRAM SERVICES (ITEM 18/ PR 13471)**

Andre Pettigrew, Director of the Office of Economic and Workforce Development, and his assistant, Casey Steinbacher, Interim Director of Made in Durham (MID), responded to Council’s questions.

Council Member Reece inquired about how the contract in the packet differed from the contract approved by Council in March 2019.

Mr. Pettigrew stated the general framework of the contract with Made in Durham was essentially the same; and compared the previous to the current contract. This year’s contract included:

- Work based learning collaborative/coalition
- Specific asks to work with MID Corporate Council – engagement of corporations
- Specific number of internships to be facilitated with MID

Council Member Reece inquired about the team’s accomplishments.

Mr. Pettigrew addressed the goal of 300 youth internships; indicated that 210 youth internships came to fruition in addition to 38 youth involvement in the pre-employment program; noted that the corporate community needed to be engaged along with
stronger corporate support to promote internship opportunities for high school students. He explained that MID was facilitating the bridge between Durham Public Schools and the local business community in order to establish a more vigorous approach.

Council Member Freeman expressed concerns about the goals and actual reach of targeted populations and asked for gender demographics.

Mr. Pettigrew explained that *Durham Magazine* would be featuring five students from the summer youth program. Council Member Freeman inquired about who holds the ambassador data as per the contract and encouraged more relationship building with corporations rather than tagging them.

Council Member Reece clarified the agenda item was written as a contract modification but was instead a brand new contract for the new fiscal cycle; and noted the March contract indicated that MID would be providing OEWD with two deliverable reports.

**SUBJECT:** CONTRACT AMENDMENT NO. 1 WITH SUMMIT DESIGN AND ENGINEERING SERVICES, PLLC FOR CONTRACT ST-295 REQUEST FOR QUALIFICATIONS FOR PROFESSIONAL LAND SURVEYING (ITEM 19/PR 13456)

Tasha Johnson, Assistant Director of Public Works, responded to Council's questions.

Council Member Reece inquired about the lack of internal capacity for surveying and asked about the additional infusions of funding and asked if more staff capacity was needed.

Ms. Johnson noted there had been a key vacancy over an extended period of time and the role performed by that position could not be delegated downward and a consultant had been needed to assume that role, meaning the funds were needed to outsource as needed to maintain the workflow.

**SUBJECT:** UPDATE OF DISPOSITION PROCESS FOR 505 WEST CHAPEL HILL STREET (ITEM 14/PR 13475)

Stacey Poston, General Services, gave the staff report incorporated with a PowerPoint presentation and was available to answer Council’s questions.

The PowerPoint titled, Redevelopment of 505 West Chapel Hill Street, contained satellite photography of the site and the following information was shared:

Summary of the process to date
Recommended a Preferred Development Team
Project Next Steps
Council Direction on Priorities
Phase I: RFQ
Phase II: RFP
In Person Interviews
Recommendation on preferred development team
Five Defined City Objectives for the site
Respondents could submit up to two scenarios, structured to assess trade-offs between onsite affordability and revenue generation
Resultant Scenario A- Mandatory/ Scenario B-Optional point structures
Staff evaluation committee received RFP responses from 3 teams
Akridge
HM Partners
Fallon Company
Two teams were invited to interview
Akridge
Fallon Company
Two elements within the responses were amended
Residential unit count (Market and Affordable)
Financial offer for site, including timing of payment(s)
Evaluation Committee’s unanimous decision to recommend Fallon Company
Rationale: Preservation of existing building and modern urban design
Timing of Payments and Approach to Financing
Team Management
Timeline- Fall 2019, Winter 2019/2020 and Spring 2020
Overview of Financial Offers
Overview of Development Programs
Assumed per unit cost to city to provide one unit of Affordable Housing
Akridge & Fallon compared
Project Team members
Project Vision
Community Impacts
Phase I residential, existing structure with concept and financing plan
Phase II new office
Public Realm & Phasing
Downtown Connectivity

Ms. Poston summarized the project that consisted of 4.5-acre parcel and described the RFP to RFQ process; stated that staff recommended proceeding with the project and explained Scenarios A and B – their proposals and financial offers. She continued that staff had selected the Fallon Company and spoke to the rationale.
Ms. Poston asked Council to commence negotiations with the development team and authorize the City Manager to move ahead.

City Manager Bonfield stated that a decision was not forthcoming at the Work Session.

Mayor Schewel responded that Council would not be making a decision at the Work Session but rather at the upcoming Council meeting scheduled for October 7. He also requested that the figures for Scenarios A & B be clarified for the Council meeting and noted that the land costs were not included in the overall numbers.

Mayor Schewel recommended the format for the meeting that the Fallon Group make their presentation and then the speakers address Council.

Joe Fallon, CEO of the Fallon Company, made a PowerPoint presentation and statement about his company’s commitment to large-scale, urban core, mixed-use projects; noted that his corporate design preserved the existing building and maintained the character of Durham; and spoke to his partnership with WinnDevelopment.

Michael Fallon, President of the Fallon Company, office located in Raleigh, NC, defined the project team and the urban mixed-use project with long-term, affordable housing, spoke to best practices and introduced his strategic partner/developer, WinnDevelopment’s Gilbert Winn.

Gilbert Winn, representing WinnDevelopment Companies, provided his firm’s overview and highlights of experiences with public-private partnerships and spoke to building military housing and offering a diverse mix of income levels of tenants in a building.

Teron Duda, Architect and Master Planner, addressed the scale, mix, public space and edges of the development; explained that the site was a ‘gateway’ site in Durham and the importance of the location; he noted that the former Police Station Headquarters needed rejuvenation and that working with neighbors of the site was important.

Shawnee Wilcox, Executive Vice-President of WinnDevelopment Companies, spoke to her thirty years of experience in the public housing industry, and emphasized there would be a deed-restrictive affordability, in addition, there would be resident events to create a connected community and that the management would be established as long-term with retail at ground level.

Mayor Schewel stated there were speakers to the item.

Maria McNally of North Church Street and representing Coalition for Affordable Housing and Transit, spoke to the background of the Police Headquarters RFP process and stated that she favored the project with 80-units affordable housing project at 60% AMI
(Average Median Income) or below in perpetuity in West Durham; and urged that there be assurances for the conveyance process between the city and developer.

David Toney, partner and VP of Development with Akridge of 602 13th Street, Washington, D.C.; distributed information and spoke to details related to his development proposal, its benefits and attributes containing more affordable units, higher land valuation, and higher ten-year tax forecast.

Mayor Schewel clarified that Council would not be voting on the proposals this day and urged Mr. Toney to email information to Council before the October 7, 2019 council meeting.

Carl Webb of 9 Haycox Court in Durham, spoke to building capacity with Akridge; asked his team members to identify themselves in the audience; stated that his partners were involved as owners rather than consultants; and focused on shared prosperity, co-working spaces and creating opportunities for residents.

Gloria Shealey, President of Danielle Company at 123 West Main Street in Durham, an African-American, female-owned general contracting firm; spoke to her firm’s involvement in local projects and noted she was part of the Akridge proposal.

April Johnson, Executive Director of Preservation Durham at 701 West Main Street in Durham, appreciated that preservation was part of the redevelopment site; and urged support of the Fallon Group proposal because of its plan to preserve the existing building.

Frank Brown, representing Duke Memorial United Methodist Church – a member congregation of Durham CAN, supported affordable housing along with the proposed development location and favored either proposal as long as there were affordable units.

Mayor Schewel asked Council for their comments.

Mayor Pro Tempore Johnson requested that staff respond to the information shared by the Akridge representatives and provide a response to Council before the October 7, 2019 Council meeting.

Council Member Freeman inquired if the parcel was held in perpetuity as a land lease or for sale.

It was explained by a Fallon representative that the affordable units would be a condominium structure and the land would be a fee simple transaction.

Council Member Alston reiterated that the condominiums would be held by Winn.
Brett Meringoff, the Senior VP of WinnDevelopment, explained that the perpetuity commitment for affordable housing would be handled with a deed restriction, so that would run as a sale and stay with the property.

Council Member Alston addressed Mr. Gilbert by asking about the financial model and Winn’s experience with it.

Mr. Winn responded that the structure incorporated the 4% tax credits, tailoring the taxing finances to only the affordable housing units that were affordable for perpetuity – saved public dollars.

Council Member Freeman noted that it was difficulty to finance the separate units within the entire building.

Council Member Middleton complimented the staff’s work, explained he would like to look at the Akridge proposal and compare it to the Fallon proposal and complimented both teams that were assembled. He recognized that this was the last chance for Council to brand the city in the vicinity of the Mutual Life Insurance Tower and spoke historically about the Hayti community and how development impacted the area. Council Member Middleton incorporated the fact that there be a district that historically honored black wealth and entrepreneurial spirit; adding that the Fallon proposal was impressive but the Akridge proposal, compelling. He summarized that the Akridge proposal contained more affordable housing units and asked if retaining the existing building was pivotal in choosing Fallon.

Ms. Poston responded that all five elements were achieved with Fallon and that the Fallon design was favored since from a design perspective, the parking deck would not be facing a new town house project.

Mayor Schewel reiterated that there would not be a decision made at the Work Session but rather at the upcoming Council Meeting on October 7.

Council Member Reece encouraged staff to clarify the timing of payments and financing approaches and wanted more clarity on when WinnDevelopment’s payments would be coming into the city and its importance.

Council Member Alston expressed appreciation for staff’s work on both of the proposals from Akridge and the Fallon Group.

Mayor Schewel echoed appreciation of staff, thanked the City Manager for his direction, summarized both proposals and spoke to dispersed housing, developer purchasing own tax credits, preserving the historic building, the inclusion of office space, and asked how to recruit a corporate headquarters in Downtown Durham.
Joe Fallon addressed the preservation of the building of 75,000 feet of office footage, creating a sense of place with a marketing office of existing building and new construction, noted that corporate offices were typically 50,000-100,000 and to lease the existing building as soon as possible.

Michael Fallon addressed his company’s construction project’s design in Downtown Raleigh for corporate headquarters.

Mayor Schewel inquired about the construction schedule for the second Phase.

Joe Fallon explained his intent about the design of the second building during the construction of the first building and summarized it to take 18-20 months to build on the first building, then the second building, depending on market interest.

Mayor Schewel inquired about the Fallon Group team’s diversity.

Council Member Caballero asked about the track record of the architect’s buildings and if they had been torn down and what buildings were out there to review. Ms. Poston responded that she would provide that information in the packet.

Mayor Schewel spoke to the scenarios A and B; and that the majority favored A.

Ms. Poston compared Scenarios A to B.

Deputy City Manager for Operations Bo Ferguson explained that when the alternate proposal was recommended into the RFP process, it was to explore, within the development community, to create a solution that included additional affordable housing units, as if there were no constraints. When the two Scenario Bs returned from the finalists, staff did not see the creativity dividend but instead increased cash offers.

Mayor Schewel asked his colleagues for an informal vote.

Council Member Middleton inquired about the current dilapidated state of DHA affordable housing units and use funding to repair existing DHA units.

Karen Lado, Community Development, stated that staff did not consider the preservation scenario in the usage and compared new construction units on site to new construction at another location.

City Manager Bonfield made remarks about the question of the ultimate proceeds from Scenario A and discussion of preservation or new construction.

Mayor Schewel asked for an informal vote and guidance for staff to simplify work in interest in Scenario A: The majority of Council expressed interest in Scenario A.
Ms. Poston summarized Council’s requests:

- Milton Small buildings
- Financing component
- Review/feedback on the Akridge proposal received at Work Session
- Fixing slide with correct square footage
- Tax modelling
- Team diversity
- Example of Fallon & Akridge work – images/visuals of units

Mayor Pro Tempore Johnson asked the Community Development staff if there was an additional $9 million from this project to dedicate to affordable housing, what would the priorities would be and in what way to consult the Durham Housing Authority for their priorities. This information was requested for future discussion, not necessarily prior to the next council meeting.

Council Member Freeman added it would be appreciated to have additional information regarding the concepts about preserving rental affordability in single family houses, and how to preserve them.

The Mayor and Council expressed appreciation for staff’s work on the project.

The City Clerk announced the nomination of Shanell Frazer to the Audit Services Oversight Committee.

**Settling the Agenda – October 7, 2019 City Council Meeting**

City Manager Bonfield referenced the following items for the Consent Agenda, Items 1 through 13, 15 through 19; and the General Business Agenda Item 14. There were no public hearings expected on the October 7, 2019 regular meeting agenda.

**MOTION** by Council Member Middleton, seconded by Council Member Reece, to settle the agenda as per the City Manager’s recommendation for the October 7, 2019 City Council Meeting. Motion passed unanimously.

Being no further business to address, the Work Session was adjourned at 3:30 p.m.

Diana Schreiber, NCCMC, CMC
City Clerk