

Fire Station Refurbishment, Chapel Hill, North Carolina, United States

Full Description

Project Summary:

Project Structure

In January 2014, the town of Chapel Hill issued a request for proposals to redevelop a functionally obsolete fire station, on a site with a golf course view and next to a main transportation corridor. At the end of the process, East West Partners was chosen as the developer to partner with the town to deliver a new and modern 930 m² fire station, a four-story 4,650 m² class-A office building, and a shared onsite parking deck with 133 parking spaces. The development agreement was signed in November 2016.

The developer agreed to contribute USD 1.75 million towards the cost of constructing the new fire station, in exchange for the right to build, own, and operate the office building on the site. The town would contribute USD 750,000 and the county would contribute another USD 500,000. The developer was in charge of applying for the development permits required prior to the project construction. Force majeure risk is shared, with only contract time extensions available as compensation for occurrences beyond the reasonable control of the affected party.

The project entailed the demolition of the existing fire station, which would be temporarily relocated until the completion of the new facility, and construction of the new fire station, office building and parking site. It also included improvements to sidewalks and roads surrounding the project. The town retained ownership of the property on which the fire station was built, control of which was transferred back to the town on 30 May 2018.

Lessons Learned

The project was built entirely in 2018 and the office building has already achieved 100 percent rental occupancy.¹

This project highlights the following lessons:

- By leveraging the strategic location and corresponding value of the land, Chapel Hill was able to deliver a state-of-the-art fire station through a PPP. This allowed the town to leverage the private party's significant, upfront capital investment, which the town on its own may not have been able to afford.
- The developer indicated in the development agreement that the certainty, timeliness and predictability of the town's related developments was important to the success of the project and to the developer's willingness to enter into the PPP. This justified the specific standards and mitigation measures established in the contract; for example: how stormwater management will be integrated into the site, how it impacts the project, and what mitigation measures are taken in that respect.

Footnote 1: Source(s) <https://www.townofchapelhill.org/town-hall/departmentservices/planningand-sustainability/development-projects/development-activityreport/station-at-east-54-the> accessed on 27 January 2019

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