

MINUTES
JOINT WORKSHOP
HILLSBOROUGH TOWN BOARD and PLANNING BOARD

Tuesday, August 28, 2007
7:00 PM, Hillsborough Town Barn

BOARD OF COMMISSIONERS PRESENT: Mayor Tom Stevens, Commissioners Frances Dancy, Mike Gering, L. Eric Hallman, Evelyn Lloyd, and Brian Lowen.

PLANNING BOARD MEMBERS PRESENT: Chair Matthew Farrelly, Tom Campanella, Edna Ellis, Kathleen Faherty, Paul Newton, Dave Remington, Neil Jones, and Toby Vandemark.

STAFF PRESENT: Town Manager Eric Peterson, Planning Director Margaret Hauth, Finance Director Greg Siler, Public Works Supervisor Ken Hines, and Town Attorney Bob Hornik.

ITEM #1: Call to order of Town Board special meeting.

Mayor Stevens called the special meeting to order at 7:03 p.m.,

Town Attorney Bob Hornik asked that a closed session be added to the end of the agenda to discuss potential litigation involving the proposed asphalt plant.

Town Manager Eric Peterson asked that a closed session be added to update the Board on the selection process for an Assistant Town Manager.

Commissioner Hallman clarified that issues not advertised could be added to closed sessions, noting he remembered an incident in the past that was similar. Mayor Stevens said they would consider that.

ITEM #2: Consider a motion to approve a waiver of the Competitive Bidding process as authorized under G.S. 143-129(g) to purchase a Vacuum Leaf Collection Truck for \$123,700 from Virginia Truck Center.

Mr. Peterson said they were utilizing the “piggyback” bid process with the City of High Point who had recently purchased similar equipment, and since the Town was using High Point’s bid the Town did not have to go through the formal bid process. He added that funds had already been appropriated in the budget for the leaf collection truck.

Upon a motion by Commissioner Dancy, seconded by Commissioner Lloyd, the Board moved to approve a waiver of the Competitive Bidding as authorized under G.S. 143-129(g) to purchase a vacuum leaf collection truck by a vote of 5-0. The motion was declared passed.

ITEM #3: Consideration of a Resolution approving financing terms with Branch Banking and Trust and purchase of a Leaf collection Truck.

Finance Director Greg Siler stated they had sent out bids to six banks for financing of the leaf collection truck, and Branch Banking and Trust came in with the lowest bid. He said biannual payments would be made.

Upon a motion by Commissioner Lowen, seconded by Commissioner Gering, the Board moved to approve the financing terms with Branch Banking and Trust and purchase of a Leaf Collection Truck by a vote of 5-0. The motion was declared passed.

ITEM #4: Adjourn Town Board Special Meeting and Convene joint workshop with the Planning Board.

Upon a motion by Commissioner Gering, seconded by Commissioner Hallman, the Board moved to adjourn the special meeting and convene the joint workshop with the Planning Board by a vote of 5-0. The motion was declared passed.

ITEM #5: Discussion of Annexation/Zoning/Master Plan application from American Asset Corporation regarding the development of the Collins property and the redevelopment of the Daniel Boone Village.

Mayor Stevens stated that if approved, this would be a significant project for Hillsborough. He outlined the process that would be used as noted on the agenda. He asked the Boards to keep their discussion on top level issues that would provide direction on the outcome of this project.

a. Brief comment by the applicant (5 minutes).

Joe Dye, representing American Asset Corporation, read a brief statement that said American Asset Corporation had a track record of bringing progressive projects to market, that incorporated principles of urban design such as streetscape, building placement, pedestrian and vehicular interconnectivity, and open space as well as a balance and mixture of uses appropriate and feasible for the market. He said if this project was approved, American Asset Corporation would be involved in the Hillsborough community for many years to come.

Mr. Dye said they understood that this was a significant undertaking for Hillsborough given the central location of the property, the considerable investment of water and sewer capacity and municipal services that would be necessary to bring the project to fruition, and the sheer size of the project in relation to the existing community. He said likewise, it was a substantial undertaking for American Asset Corporation, who proposed to make a significant investment in land and infrastructure improvements and establish a project that was financially successful and also retained the charm of Hillsborough while contributing positive revenue to the Town.

Mr. Dye stated this project would represent a \$28 million investment in land and infrastructure before the first cent was spent on development of the parcel of land. He said the land cost alone was nearly double the land cost of Waterstone. He said that increased cost limited their ability to contribute to the Town in the same way Waterstone did; however, they proposed to contribute over \$550,000 to the Town to address near-term fire and police capital needs as well as assist with the cost of public improvements such as a water tower over the course of the development. Additionally, he said, they had made provisions for a school site and affordable housing desired by the community.

Mr. Dye said they had put together detailed planning documents to describe the types of uses that were planned in each section of the development together with the constraints and controls that would be used to assure quality development. He said they recognized that the Town preferred a more detailed site plan for the project, but unfortunately that was difficult to do because they were not at the point in the process where they had a user for each section of the development. Mr. Dye said in addition to the commitments made at this stage of the planning process, they

recognized that they would need to come back to the Town with a detailed site plan for each portion of the project as it was ready to be developed as a part of the Special Use Permit process.

Mr. Dye said as in the past, they asked for their candid comments, and they would take those comments and utilize them to determine the best way to move forward.

b. Discussion of “likes,” “concerns,” and “must changes” submitted to staff by board members.

Margaret Hauth, Planning Director, provided an overview of the responses received from some of the Board members.

- Strengths noted were: the option for live/work units; the general opportunity of the site, in that it was a great area for a relatively dense infill/mixed use development that promoted walkability and transit; that the proposed design standards would help address the potential monotony of the design; and, the proposal was larger consistent with the Churton Street Corridor Plan.
- Project concerns were: the number of dwelling units (noted by 3 responders); recreation; connectivity to the rest of the Town; the pace of the development, in that the rapid pace might lead to a sameness or monotony across the design; the uses were still too segregated and not mixed (implied vertical mixing of the buildings); the new Churton Street cross sections were not consistent with the Churton Street Corridor Plan, in terms of the width of the median); traffic impacts (noted by 2 responders); impacts to existing businesses; insufficient civic space was provided; financial impact to current residences and customers (noted by 2 responders); and, impact on or the use of water and sewer capacity.

Ms. Hauth suggested that now might be the time to add to the project strengths and concerns list before discussion continued.

Mayor Stevens said it appeared to him that the project provided not only infill development but the potential for a residential connection for southern and northern neighborhoods. Ms. Hauth suggested adding that it provided a residential connection from the north to the south. Mayor Stevens said yes, in that it provided a consistency.

Commissioner Lowen said one concern many had expressed was the railroad crossing at Highway 70 business center, and how to address the traffic impact.

Ms. Vandemark said a possible strength was the potential upgrade in the appearance of an entranceway to the Town. She said a concern was the rather huge scale of the project, in its overall size and scope.

Commissioner Gering said a concern was that the plan did not address enough the transportation elements identified in the Churton Street Corridor Plan, which had identified the Collins property as a transit center with transit around it. He said the notion that a train stop could be located there and a Town Square that would incorporate active recreation and mixed use was one of the most attractive elements of the Churton Street plan. Commissioner Gering said this project did not go far enough. Ms. Hauth said the strength then would be that it did include transit, but the concern was that it did not go as far as the Churton Street plan did in terms of transit and connectivity. Commissioner Gering agreed.

Mayor Stevens addressed a process question, in that he suggested that the members keep a list of questions and they would periodically stop to discuss those. The Boards agreed by consensus.

Mr. Peterson said the biggest concern for him was the appropriateness of the timing, with the assimilation of Waterstone and other projects in mind, in terms of the impacts on staff, the budget, and capital needs.

Mr. Campanella stated there was an initiative by some in Town to bring Amtrak back, and that had generated a lot of interest. He said there was a real likelihood that they would have some sort of rail service in the future, and many would agree that the area from Euroports to the Churton crossovers was one of the best potential locations for a rail station. Mr. Campanella said the timing of that was important, because it could shift the focal point of this project. He said no one knew when that might happen, but it should be kept in mind. Mr. Campanella said that the possibility of a future rail station should be added to the list.

Commissioner Lloyd reminded the Boards that there was a promised transit site at Hampton Pointe. Ms. Ellis stated that if Amtrak came back to Hillsborough the station should be located in West Hillsborough where it was originally. She said if it was located at Europort the train would block those people on the other side of the tracks when at the station.

Town Attorney Bob Hornik asked Mr. Campanella how far along the Amtrak discussion might be, asking was it a possibility in two years or twenty years. Mr. Campanella said no one knew at this point, only that interest was building. Mr. Dye said a rail stop was a good idea, but the location, the funding, and when it would happen could not be predicted.

Mr. Farrelly said one of the challenges to this project was that all of the users of each pod had not yet been identified, making it difficult to produce a more detailed site plan. He said they did have large pieces designated for certain types of residential, and even though that was not exact they did have the number of planned units that could be tentatively laid out and illustrated on the site plan, as well as the uses already identified. Mr. Dye said they had discussed that but after the last meeting they believed it was better to wait until after tonight's meeting to produce a mock up to show in more visual detail how the site might be developed. Mr. Farrelly said the mock up would be helpful in understanding the positive benefits and to better define concerns.

It was suggested that Mr. Dye produce a "fly over" with boxes for the houses. Mr. Dye responded he believed they could provide something similar to that.

Mr. Farrelly said he wanted to see not just an aerial but a snapshot of prototypical housing units in each of the sections, with enough detail to see how the streetscape might play out.

A concern was expressed related to the specificity of the Master Plan, in that they had not yet seen a topographic map that addressed how even the streets already there would look, as well as where new streets might be located in terms of topography. It was also important to know what kinds of limits that placement might have on actual development, since there was limited opportunity to disapprove things they did not like at the SUP stage if it was not specifically dealt with in the Master Plan.

Mayor Stevens said it was incumbent on the applicant as well as the various advisory boards to provide some of that specificity in the guidelines, for example if there was a civic area in each section then the square footage should be specified.

Commissioner Gering stated that one large scale project he was familiar with was Waterstone, and he had to give a lot of credit to the developers of Waterstone for the degree to which they “handheld” the Town Board in walking them through the vision of the project with concept plans and narratives that provided a good mental image.

Commissioner Hallman stated the Town was in the process of revising the design guidelines and ordinances, and asked if a Master Plan was adopted and then the SUPs came in, would they be considered under the new intervening design guidelines changes or under the ones in existence at the time of the Master Plan approval. Mr. Hornik responded that depending on what conditions of approval were placed on the Master Plan, it could go either way. He said the developer would prefer to be bound by today’s standards.

Ms. Ellis said a nearby jurisdiction was requiring developers to present exact plans, and believed Hillsborough should do the same.

Ms. Vandemark said the recreation and open space throughout the development that was grouped in one space was not appropriate, noting it should be in each neighborhood. She said the neighborhoods were too blocked, noting that caused them to be isolated in that people who lived in an apartment could not mix with people in single-family homes. She said that kind of mixing was important to have. Ms. Vandemark said the affordable housing percentage was next to nothing given the number of total housing units, so that needed to be looked at. Mr. Dye stated they had talked at length with Robert Dowling with Orange Community Housing, and his concern was the quality of the affordable homes rather than the number, noting that when you were focusing on providing a certain percentage that it may mean the quality of the homes would be lessened. Mr. Dye said that meant that rather than 20 three-bedroom homes you may end up with 50 one-bedroom homes or studio apartments that did not offer family livability. He said what he had discussed with Mr. Dowling was the quality versus the quantity, where Habitat was looking more at the total percentage.

Ms. Vandemark said she understood the argument and 20 three-bedroom homes were nice, but there were many people who did not need three bedrooms and two baths but needed something smaller. She said perhaps there should be a mix of affordable homes.

Commissioner Lowen said he did not disagree about interspersing the various types of housing throughout the entire development, but it should be made clear that that was what everyone wanted before they said that was the desire. He said in the historic district, for instance, it was clear that townhouses and apartments were not wanted, so they had to be clear if they were saying that they wanted that in other parts of town.

It was suggested that an equitable way of determine the number of affordable housing units that should be provided would be to determine how many were on the site at the time this project was proposed, including those at the trailer park and campground.

Mayor Stevens said he believed that had been determined to be approximately 30 families. He stated the overall number of proposed affordable housing units was small relative to the overall

proposed number of units, and agreed that number should be increased. Mayor Stevens stated that they were already looking at 30 families that would be displaced and that was not insignificant, so that should be kept in mind.

Mayor Stevens said a strength was the green building designs that had been incorporated into the plan, and suggested that could be strengthened. Secondly, he said, a concern was what had been called the “sense of place” or sameness, for instance what was unique about this development and how it would be different. Mayor Stevens said the concern was not only what kept it from being the same but also what made it distinctive from other mixed use developments.

Commissioner Lloyd said she had suggested that materials from the current site could be recycled and used in the new development or other places. She also suggested that solar energy be used in some instances.

c. Discussion of staff synthesis plan created from “must changes” submitted by board members.

Ms. Hawth provided an overview:

- Number of dwelling units: reduce the total number of units to 200 (noted by one responder); and, reduce the total number of dwelling units by 20%, to 1,036 (one responder).
- Mixed the uses on a finer scale.
- Create two or three nuclei of commercial or mixed-use areas within the residential areas
- Provide detailed street layout overlay on topography to assess suitability of development and its potential impacts.
- Implement the Churton Street cross section with a 20-foot median which allowed for plantings as specified in the Churton Street plan.
- Expand the transit consideration to include the rail line, including both existing and future services.
- Maintain the roundabout at the Orange Grove intersection.
- Demonstrate market impact on existing and planned commercial areas including the downtown.
- Dedicate more and larger municipal uses and develop financial contributions and land dedication that would remove the negative cash flow to the Town.

Ms. Hawth said staff had provided comments to address other issues that had been brought up:

- Commit at the Master Plan level to a LEED or Home Builders Association system, or some other substantive quantifiable method of sustainable building practices.
- Create a financial impact package with no significant cost impacts to the Town.
- Dedication of the existing ballfield was not sufficient to meet standards.
- Dedication of the school site cannot wholly offset the impact fee because it created a zero sub gain to the school system.
- The Town’s preference was for the dedication of that site to be to the Town, and the Town would then work out an agreement with Orange County for joint uses on the site.
- There should be age-diverse play areas dispersed throughout the residential areas at a rate of 1,000 square feet per dwelling unit. Some areas could be combined if there was an interest in providing larger play areas such as a playing field.
- That the areas must be developed, with improvements on the ground, by the pod developer and either dedicated to the homeowners association or the Town.

- Facilities within residential pods must be available to all the residents of the development on the same fee basis.
- Cap residential units a 730.
- Allow additional units as second or third floor or live/work units or density increases within certain pods up to 120 units in return for some of the following: allow the developer to increase one dwelling for each additional dwelling unit of affordable housing; allow the addition of second or third floor units in the non-residential area if the developer would upgrade the standard to a LEED or Home Buildings Association level.
- Public areas linking all areas of the site should be provided; staff estimated that four such areas would be needed and each should be roughly 2,000 square feet.

Mr. Farrelly said the uniqueness of Daniel Boone Village had been mentioned, and one of his fears was that having this large space developed over a short period of time would cause them to lose that sense of uniqueness. He said one way to address that was to get creative and think about various signature pieces and places that would be built in the conceptual plan. Mr. Farrelly said he did not know what that might be, but mentioned things that could be signature pieces like a public pool or fountain, an ice rink, or other features that would attract people to come together. He said such signature pieces were a sign that they cared about community gathering places, which was important for communities in general. Mr. Farrelly said this development would be so big and so central that such signature pieces were needed.

Mayor Stevens stated there was a lot of nodding of heads around the table, adding there were a dozen different ways to do signature pieces. He said it could take the form of an amphitheater, a sculpture, big trees, or even related to some of the buildings currently in the Daniel Boone Village.

Commissioner Gering stated one of the biggest needs for the Town was for a community meeting place or performance center. It was mentioned that the loss of the Big Barn would add to that need.

Mr. Farrelly said the developer had proposed a community center, and whether it was integrated as part of the school or not was a possibility for the uses the Big Barn had seen in the past.

Mr. Peterson said these were good ideas but they all had economic drivers, so he believed they were at a point where they needed to determine if those economic drivers would make those ideas possible or was the Town willing to bridge the gap to make them possible. He explained that more green space, more public parks, and less housing units may cause the developer to say he could not make them work financially, so those questions needed to be asked.

Ms. Ellis said they could not lose sight of the traffic problems on Churton Street.

Commissioner Lowen asked if the estimates for housing Ms. Hauth had described were based on statistical data, and if the staff had determined that those numbers were what they could support. Commissioner said he was concerned that a drastic reduction in the number of units would cause the developer to say he could not support it. Ms. Hauth stated that when laying it out the way she had understood the Board wanted, that was the number of units she was coming up with, in that they were more common Hillsborough densities.

Mr. Peterson stated the project was still financially viable at the 700 units they had used originally.

Ms. Hauth described three scenarios using diagrams:

- First scenario: boundaries not changed; street network as proposed; black lines were additional road connections; about 40 acres of retail on former Daniel Boone site; introducing an office or mixed-use component on another 24 acres adjacent and up the hill from that site; putting a multi-family component for 216 units in one location, at 12 units per acre; the lighter yellow was the single-family detached at 3.5 dwelling units per acre; the orange was a total of 295 at medium density, or 7 dwelling units per acre, which could still be a detached or a townhome product; 7 acres in one location for a mixed use; keeping the institutional and civic uses in its original location; producing more of a pedestrian network; park areas; purple squares were locations for possible plazas or some other public area; and, a total of 711 dwelling units.
- Second scenario: transit option with bus stops and a rail component, with walkable areas to allow movement from one type of transit to another; parking to accommodate drivers to the site to access the train; maintains the park and school site in the same location but envisions civic use might move out into another area; brown area contains 302 multi-family units at 12 units per acre; single-family units at 3.5 per acre, for a total of 226 single-family units; 197 medium density; commercial on similar acreage of 40 acres of retail and 22 acres of office; and, a total density of 725 dwelling units.
- Third scenario: total number of dwelling units at 734; leaves the commercial component as proposed; introducing 264 multi-family units at 12 units per acre; single-family units at a closer proximity to the school site; introducing a commercial activity on the north side; more indicates a more medium density of 238 units; and, network of connections are the same for all three scenarios, with pedestrian connections.

Mayor Stevens said all three of the plans were consistent with the “must do” guidelines as suggested by staff. Ms. Hauth said as much as possible, yes. Mayor Stevens said the guidelines could specify different sizes of houses to create more of a mix, if that was what was wanted. Ms. Hauth said at the SUP stage they had talked about a variation of lot sizes in terms of lot width to get that kind of differentiation.

Ms. Hauth stated that each scenario contained 5 acres for the HYAA on the flattest part of the site. Responding to a question regarding what constituted a transit stop, Ms. Hauth stated that there were many different types, but most typically it would be an enclosure that allowed for protection from the weather, and would likely provide restrooms and space for a staff person, but overall a small facility the provided access to the rail line. She said in terms of other transit, that would be bus transit and this site would not be ideally situated for a bus transfer.

Mr. Remington said he liked the idea of a little more office space as opposed to retail, noting it appeared to him that it would be advantageous to attract and encourage more professional-type offices.

Mr. Peterson said one comment by Orange County was that office-institutional uses were good buffers between residential areas, because when the offices were closed no one would be there, making it more attractive than retail.

Responding to a question regarding the feasibility this would have for the Town and what kind of metric would be used to show that this plan would work, Ms. Hauth said that other than the number of dwelling units being in the ballpark of what was analyzed with that first fiscal analysis, which was reasonable positive for the Town, they had not conducted that level of analysis. She said the question was whether or not the project was financially viable, but from the Town's perspective would it generate enough income to offset the cost of acquiring the property and building it.

Ms. Faherty asked how different was the 40 acres of commercial from the original proposal. Ms. Hauth said the original proposal was 60 acres, but a lot of that was substituted with office space.

Commissioner Gering stated they were assuming that all of that had to be built at once, adding that 1100 units or even 700 dwelling units was visually overwhelming to him. He said 1100 units was 50% the size of Hillsborough residences now, and did not know why it was needed. Commissioner Gering asked what the compelling argument was for the Town that made building the whole project at one time a positive proposition. Ms. Hauth said perhaps it was time to move into the next topic, which was what would happen if this project was not built.

It was said that this was selling the Town's remaining water capacity and infrastructure, and they had no clue what the future value of this would be even though the first proposal was on the table. They needed more information but did not have a way to get it, which made the process uncomfortable.

Mr. Farrelly stated he continued to have a problem when looking at the aerial of the current site, in that there were acres upon acres of trees. He said he worried about the very small area of trees that would replace the trees removed for construction. Mr. Farrelly said he would like to see efforts made to preserve more of the trees already there to soften the feel of the development.

Ms. Ellis said all of the lovely trees on the hillside as you go up Churton Street would be clear cut for this project. She said she believed the project was too large for the area.

Commissioner Lloyd said this project would be half the size of the Town, and once built there would be no place left to build anything else in Town. She said for the future of the Town, they needed to know exactly what they would get.

Commissioner Dancy agreed with Mr. Peterson about the timing of this project, noting there were already major projects in progress around Town. She said the true impacts of those were no yet known, and they did not know what impacts this huge development would have. Commissioner Dancy said if they approved this, the Town and its planning staff could be overwhelmed. She said it may even require the hiring of additional staff.

Mr. Jones stated it was important that a development at the entrance to the Town be a good fit. He said he was not saying "no" to this project, but believed that whatever project was allowed there be a good fit.

d. Risk Analysis – What could future development look like if this project is not approved?

Mayor Stevens stated he liked the different options proposed because it reduced the overall residential density, but they would still need to establish very clear guidelines in the Master Plan. He said they would still have the issue of a major development, as well as its significance to the Town.

Ms. Hauth said this project was really only three pieces with three uses of property on four current pieces of property: the Daniel Boone Village, the building previously an ice rink; the Collins property, and, the Partin Mobile Home Park. She said that organic growth was difficult to replicate when the Town did not own the property and could not sell it in small pieces. Ms. Hauth said the Village and the ice rink were roughly 60 acres, currently zoned High Intensity Commercial, and the owners could bring in a detailed site plan tomorrow to the Board of Adjustment and receive approval for a shopping center or other permitted use. She said it would not be easy because it was difficult to be that specific on 60 acres, but they were entitled to do that.

Ms. Hauth said the Collins property had little if any road frontage, although there was small access. She said that was a large parcel of land to have such a small amount of access. Ms. Hauth said that parcel would be very difficult to develop if it was not developed in conjunction with something that surrounded it and provided driveway access and connections. She said the Partin property had access to an existing rail crossing and that was all, and was a small parcel compared to the whole.

Ms. Hauth said part of the question was do you want to plan it all at once or do you want it to be carved up over time. She said in this particular case, the likelihood of the Collins property being any further divided without the construction of roads or some subdivision process was almost impossible, because there was so little road frontage. Ms. Hauth said that property needed to attach to something surrounding it in order to get that access, and with the rail crossing on its entire eastern border the only option was the frontage on Churton Street.

Ms. Hauth said this property had a unique assemblage with unique opportunities and challenges associated with it. She said that was one reason why it remained as it was now, particularly the Collins property.

Mr. Farrelly said even if the design could get to the point where it looked attractive, there was still the sense among some that it was still very large and so would the impacts it would have on the Town and Town resources. He said the developer carried a lot of risk as well, and there were market forces they had to carefully assess. Mr. Farrelly said they would not be proposing this development if they believed it was not viable. He said from that standpoint, the developer had a vested interest in making sure the project was successful.

Mr. Farrelly stated that on the other hand, the developer would not be as concerned with Town impacts and how the Town had to deal with those. He said in some ways, he would like for those concerns to be better articulated.

Commissioner Gering said his question was in the end, what this project would bring in terms of benefits to Hillsborough. He asked how the project would make our citizens lives better. Commissioner Gering said he did not see much benefit, expect perhaps a better class of retail which was not a compelling argument. He said they did not yet know the impact of the Waterstone development, and were still dealing with Hampton Pointe. Commissioner Gering

wondered if all of that high intensity commercial was developed at Daniel Boone Village, what effect that would have on Oakdale Village, Waterstone, and Hampton Pointe. He stated that the market study for Hampton Pointe did not consider the impacts of other retail around it. Commissioner Gering said he saw that as a major risk for Hillsborough, and did not see why this project was compelling.

Mr. Farrelly wondered if there were some specific things offered by the signature pieces in the form of public resources that would address some of that concern.

Commissioner Gering said yes, which was why he had suggested more and larger municipal uses. He said the Town had the need to expand in terms of schools, public meeting and performance space, fire and police, and administrative space. Commissioner Gering said those would be compelling reasons to look more favorably on this project because it would make it more attractive for everyone in Hillsborough.

Mayor Stevens agreed with Commissioner Gering, noting there was an opportunity here to make this development a destination or to fit it in with the overall destinations that the Town was for visitors and those living here. He said so far, there was not enough of that offered by this development.

Commissioner Gering said one of the attractions of Hillsborough was that it was a small town and felt like a small town, and asked when would it stop being a small town? He asked if the density of this kind of development would create a new center of town, adding that unless you had strong connectivity or something that convinced him that it was well integrated with the rest of the Town, then it would contribute to the loss of small town Hillsborough.

Ms. Vandemark said her concern was with the commercial aspect, noting that such pockets of commercial activity would bring people off the interstate, but once they finished shopping they would get back on the interstate and leave. She said it would not bring people downtown. Ms. Vandemark said Waterstone would have a large amount of commercial, and asked what would make this development different. She said she saw this as a detriment to making Churton Street as a more cohesive strip.

Ms. Ellis said they needed to remember that Foxhaven was approved but not yet planned, and the same was true of Oakdale Village. She said the residents of these 1100 units would not be shopping in town.

Mr. Remington said this development and Waterstone were two disconnected areas with an unwalkable strip in between. He said this development, if done well, had the opportunity to create a more continuous Hillsborough that provided some connectivity between the two. Mr. Remington said that area could become walkable to the downtown and it could tie other parts together much more, which held potential positives for the Town.

Mr. Farrelly agreed, adding it came back to having some attractions that were unique and would make people come and then stay for other activities. He said they needed to think of things that had that uniqueness and were distinctive. Mr. Farrelly said the scale at 700 residential units was still big, but it was not 1200 as originally proposed.

Mr. Newton said comments had been made about how big and overwhelming the project was and how quickly it would be developed, but Waterstone and Oakdale Village were not being developed quickly. He said as part of the Master Plan they could dictate phasing and how quickly it unfolded.

Mr. Newton said another issue was what the benefit to the Town would be. He said they had an opportunity before them which may be lost if the Town did not allow the development, leaving the market forces to take care of what happened to the property. Mr. Newton said the benefits of proceeding and working out the fine details with the developer was that they would end up with something much closer to what they wanted as opposed to something that might be considered a nightmare by some. He said assuming the developer wanted to work with the Town they may be able to see some aspects of the Churton Street Corridor Plan realized. Mr. Newton said the reality was that the growth would happen regardless, but the question was would they work with this developer or gamble that something much worse would happen.

Mr. Farrelly said it had been explained that the Collins property had few opportunities for development because of its lack of access, and asked if all the property were not developed at once would the opportunities to gain that access be lost. Ms. Hauth said if the pieces of property were developed individually it would be much more difficult to assure the necessary cross connections.

Mayor Stevens said he gathered that there was an incentive for the Town to do some planning with this developer to develop a package that would preserve the small town character and sense of community, and keep the whole of Hillsborough vital. He said this was a great opportunity, and there was some risk if they did not that this or a similar opportunity. Mayor Stevens said it had to be done right.

Mr. Dye clarified that the planning process would take some time, and the entire project would not get developed all at one time or in a short period of time, noting it would take a number of years. He said this would be a long term partnership, in that they would have a long term interest in the property and the Town would have a long term interest in how it was developed. Mr. Dye said they were not interested in building something that did not work or would not survive for the long term.

Ms. Faherty said often you get the sense when you enter a development that after passing through stone gates you see a nice neighborhood, but all the facilities there were for those residents only, such as the parks and playgrounds. She said they were talking back and forth about public areas and green space and connectivity, and believed that as they proceeded they needed to decide whether they wanted that kind of a feel or whether they wanted to have a feel that the development was a part of Hillsborough where all were welcome.

Mayor Stevens noted that the commercial areas did not necessarily have to be shopping areas, but could have other kinds of businesses. He said he believed they wanted a community that was inviting and open to the larger community. Mayor Stevens suggested going back through the list and identify any "deal breakers," one of which appeared to be the number of residential units. He added to the list that any community facilities should be open to the wider community.

Ms. Hauth suggested that the Board state their preference for items on the list in order to give a clear and uniform message to the applicant.

Mayor Stevens suggested taking a straw poll by rating each item on the list: a “1” being you absolutely agreed with it, a “2” indicating you liked it but were not sure, and a “3” being you did not agree with it.

Mr. Farrelly said there were a lot of items on that list, and just voting to “reduce the number of units” did not indicate how much they should be reduced.

Beth Trahos asked if there was some scenario where the Town would support the density as proposed in exchange for some specific amenities, or was that considered a deal breaker. Ms. Hauth asked if she was talking about 1100 dwelling units. Ms. Trahos said yes, and her question was if there was any scenario under which the Town could support that density.

Mr. Remington said that density was in the realm of possibility, but not without having some substantial details of how that density would fit on the property and what it would look like. He said with what they knew now, it answer would be “no way.”

Mayor Stevens said for 60% of the Town’s remaining water forever, the developer would have to come up with something that would make the Town want it badly. He asked what this Town would want so badly that it was willing to give up 60% of its remaining water supply.

Ms. Faherty asked what was the fewest number of housing units that would still make the project profitable. Mr. Dye said 1100 units provided the value that enabled them to provide much of the items on the “wish list.” He said with a fewer number of units, many of those items would disappear. Mr. Dye for instance, the site designated for the school site had a parcel next to it for reservation which could be sold at market value. He said they could not just give that land away for free and then take away a good number of residential units, noting it would hurt them financially. Mr. Dye said there was a balance that had to be maintained.

Mr. Jones asked what method was used to determine 1100 units on this site. Mr. Dye responded they had used past experience as well as the value of the land, along with market indicators. He said reducing the number of residential units would negatively affect the amenities the Town wanted.

Commissioner Lloyd stated not only was this project using a significant amount of the water supply, it was also using the available sewer as well. She cited the amenities Waterstone was providing to the Town, amounting to over \$2 million in total contributions. Commissioner Lloyd said Waterstone was providing a water tower to increase water pressure, they were donating space for a civic center, and they were providing space for a police and possibly a fire substation. She said this developer was saying they could not do those kinds of things, but this was not a town with a lot of money. Commissioner Lloyd said she did not want taxpayers to be subsidizing this development. Mr. Peterson said in the financial analysis under the last scenario, the Town would run a deficit for the first four years.

Commissioner Lloyd said the Town could not afford to do that, and what the developer was asking was for the Town to subsidize it. She said unless this development was going to contribute in a big way to the Town, she was not willing to allow 1100 houses and a large amount of the Town’s remaining water and sewer capacity.

Mr. Farrelly asked Mr. Peterson if they had calculated the \$2 million contribution from Waterstone as a percentage of the entire development, noting that might be a useful benchmark. Mr. Peterson said they had not done that. Mr. Farrelly suggested that be done, noting it might give the Boards a sense of what might be expected at different levels of development for this particular property. Mr. Peterson said there would be limitations because they did not know what Waterstone was paying for particular things.

Mr. Peterson said it was important to be as clear and specific with the developer about what they wanted and did not want as possible. He said it was also important to remember that they were not just talking to American Asset Corporation, in that if this project did not go forward there would be some other developer coming forward in the future who would look back on the history of this process as a reference.

Mr. Peterson reminded the Boards that Waterstone had taken five years, and it had been rejected officially and unofficially numerous times before it was approved. He said when you see a development that was compelling enough and you believed it would add tangibly and intangibly to the quality of life in town, enough to give up the water resources that were extremely valuable, you would be ready to take a chance on it.

Mr. Peterson said regarding the financial analysis, the first hurdle to cross was getting to the point where you saw the possibilities the project offered, then the second hurdle was how to work the financial negotiations to make it pay for itself. He said if they could get over the first one, which was the hardest, there were ways to work out the second.

Mayor Stevens said there was huge opportunity here, and they could look to identify ways to keep moving forward by defining what it was the Town wanted. He said having some smart growth in this area would be to the Town's advantage, so they should look to build on that opportunity. Mayor Stevens said the flip side to that was that it was very important and they should not vote for approval until they got something that was compelling for the Town.

Mr. Farrelly said a lot of intensity of feelings had been communicated tonight on certain topics, and to go from this point to a consensus tonight would be impossible. He said they did need to articulate a strong message of what they would be comfortable with as a starting point. Mr. Farrelly said for instance, if they said that they strongly preferred 600 or 700 dwelling units, then the developer would know that if they wanted to increase that they would have to come up with some compensating features that made it attractive for the Town. But, he said, at this stage it was hard to get really specific, and he wanted the developer to get creative and come back with something to offer.

Mayor Stevens said there was a staff recommendation that proposed as a working number a cap of 730 dwelling units with an opportunity for some bonuses based on additional LEED certification and how it was built into the mixed use. He asked if that seemed like a relatively reasonable working number without being specific. Mayor Stevens said that number could be 1100 but something really special would have to be offered in exchange.

Commissioner Lowen said he could be comfortable with that, but only with a phased development.

Ms. Ellis asked where they were going to get the water, noting they were in a drought condition now and having 1100 units would place a strain on that supply.

Mayor Stevens said according to the Strategic Growth Plan, the Town could support 1900 additional residential units and 1.65 million square feet of commercial space with its current water supply. He said that model took into account everything that had been approved to this point, even if it had not yet been developed. Mr. Peterson noted those calculations had been based on the most severe water restrictions, which was Phase V.

Mayor Stevens said that if you believed the 730 dwelling units was a good working number, since some potential bonus was built in, then you should vote "1". If you had some reservation, then vote "2". If you disagreed with it, vote "3". Mayor Stevens then called for a straw vote.

After the straw vote, Mayor Stevens stated it appeared that 730 was a starting point, but the Boards would still need convincing. He asked what other issues it would be helpful to vote on. Ms. Hauth asked if they wanted to say that regardless of the number of dwelling units, that there had to be a commitment at the Master Plan level for some sort of sustainable development required of all dwelling units. Mayor Stevens called for a straw vote, with "1" being yes, "2" being maybe, and "3" being no. The majority voted "1".

Ms. Hauth noted that the dedication of the existing ballfields did not wholly meet the recreation requirement. She said the applicant had requested that that dedication satisfy the recreation requirement. It was noted that many of these issues were interrelated, and it was not necessary to go through each one individually since the developer had heard all the comments made tonight.

Mr. Dye said they had taken note of the comments tonight, and it was clear on some level what was being asked. He said they now had to decide if it was feasible for them to do it.

Mayor Stevens said certain individuals were adamant about certain issues, but the Boards as a whole may not necessarily be adamant about them. He said it was not fair to the applicant to send mixed signals, or to see these straw votes as hard and fast votes. He noted that the votes appeared to be about 50/50.

Mr. Farrelly said it was obvious they needed more specifics, and it was possible that some people would move into the "yes" column if they could see how the development played out in a more conceptual way, but others may not move.

Mr. Peterson said it would be helpful perhaps to see a mock up that tried to address or at least paid attention to the issues noted on the list, with reasons as to why they could or could not respond favorably to them. Ms. Trahos stated they could produce a mock up, adding they wanted to work with the Town and answer all questions.

Mayor Stevens said two points to take away from this meeting was that the project had not been visualized enough, and even what they could visualize was not compelling enough to determine what it would contribute to the Town. He said it was obvious they expected this project to be way above average.

e. **Next steps.**

Ms. Hauth said they could schedule another workshop to review what the applicant resubmitted, then determine whether or not to call a public hearing. There was general agreement.

After some discussion, it was determined that the applicant could perhaps get back with more information within 45 days.

ITEM #6: Adjourn workshop.

Upon a motion by Commissioner Lowen, seconded by Commissioner Dancy, the Boards moved to adjourn the joint workshop by a vote of meeting by a vote of 5-0. The motion was declared passed.

ITEM #7: Town Board Closed Session as authorized by G.S. 143-318.11(a)(5) – Personnel matters – to receive update on the Assistant Town Manager Selection Process.

Upon a motion by Commissioner Lowen, seconded by Commissioner Dancy, the Board moved to enter into Closed Session for the purpose of receiving an update on the Assistant Town Manager selection process as authorized by G.S. 143-318.11(a)(5) by a vote of 5-0. The motion was declared passed.

ITEM #8: Adjourn.

Upon returning to Open Session, and upon a motion by Commissioner Lowen, seconded by Commissioner Dancy, the Board moved to adjourn at approximately 9:49 PM by a vote of 5-0. The motion was declared passed.

The meeting was adjourned at 9:49 p.m.

Respectfully submitted,



Margaret A. Hauth, Secretary