



MINUTES
SPECIAL JOINT MEETING
of
Burke County Board of Commissioners
and
Morganton City Council

March 28, 2016
5:00 p.m.

Burke County Commission Chamber

Burke County Board of Commissioners
Wayne F. Abele, Jr., Chairman
Jeffrey C. Brittain, P.E., Vice Chairman
Johnnie Carswell, Commissioner
Maynard M. Taylor, Commissioner
Jack Carroll, Commissioner
Bryan Steen, County Manager
James R. Simpson II, County Attorney
Kay Honeycutt, Clerk to the Board

Morganton City Council
Ronnie Thompson, Mayor
John H. Cantrell, Councilman
Forrest A. Fleming, Councilman
Sidney Simmons, Councilman
Sally W. Sandy, City Manager
Louis E. Vinay, Jr., City Attorney

Present were City Department Heads and other staff; concerned citizens from many local entities: Senator Warrant Daniel, WPCC, Travel & Tourism, News Herald, WPCOG, Broughton Hospital, CHC at BlueRidge, and others.

I. Welcome and Call to Order – Chairman Abele called the Special Meeting to order stating the purpose of the meeting was to hear the final presentation on the Broughton Hospital Reuse Study.

II. Open Meeting for Burke County Board of Commissioners – Chairman Wayne Abele opened the Special Meeting for the Burke County Board of Commissioners at 5:00 p.m. Chairman Abele introduced the Board of Commissioners.

III. Open Meeting for Morganton City Council - Mayor Thompson opened the Special Meeting for the Morganton City Council at 5:00 p.m. and introduced the Council. He stated that Representative Blackwell is in Texas, regrets not being present, and is very supportive of the project.

IV. Introduction of Peter Cvelich, Project Manager and Andrew Trump – Development Finance Initiative / NC School of Government and Dr. Patricia Mitchell, Assistant Secretary for Rural Development / NC Department of Commerce – County Manager Bryan Steen introduced the speakers and asked Dr. Mitchell to speak first. Dr. Mitchell gave a background of this project beginning in 2014. She stated the project has been to study the future use of Broughton Hospital along with other State properties to be looked at. She stated the study included: benefits to state, private development and local government. The study also included a breakdown of costs to the state, local governments and the private development community.

Dr. Mitchell stated that Commerce's next steps would be to present the report to Secretary Skvarla and then to present to all three secretaries (DHHS, Administration, and Commerce) who have been the working committee on this project. They would then discuss how to present the report to the General Assembly.

Peter Cvelich stated that DFI has been honored to work on this project. He gave some background on DFI which was created in 2011 to partner with local governments to assist in public/private development projects. Cvelich stated he would summarize the findings and recommended redevelopment strategy, asking that questions be held until the end.

Following is a copy of the hand-out presented which summarizes Peter's report:



(Re) Imagining Broughton

A Reuse Study of Historic Broughton Campus and Environs

The State of North Carolina and its local government partners have an opportunity to influence the future of Broughton Hospital in Morganton – a precious historical, architectural, and cultural landmark. The State engaged the UNC School of Government's Development Finance Initiative (DFI) to study potential reuse opportunities for the Historic Broughton Campus and surrounding 800 acres of publicly owned land. The Department of Commerce coordinated execution of the study with the Department of Health and Human Services, the Department of Administration, the City of Morganton and Burke County, with input from an advisory committee of additional state agencies.

A District Approach

Located in a beautiful setting with iconic architecture, the Historic Broughton Campus is nevertheless a building reuse challenge because of its layout and construction types. In particular, the landmark Avery Building, with its massive scale and unyielding floor plan, constrains redevelopment options for the hospital campus as a standalone project. However, the surrounding property opens up additional possibilities. At each corner of the study area sit institutions that continue to draw a talented work force and student body to the community: the North Carolina School for the Deaf, Western Piedmont Community College, and the eventual New Broughton Hospital. Interspersed among these institutions are rolling meadows, old-growth tree stands, mountain vistas, and Hunting Creek. These untapped natural amenities, along with the nodes of education and employment, lay the groundwork for a "district" approach to redevelopment.



Study Findings

DFI evaluated various redevelopment scenarios and found that a comprehensive approach to the entire Broughton "district" (hospital campus and surrounding 800 acres) would provide the greatest economic and social benefit to stakeholders. The recommended program draws on existing assets and centers on three interwoven development themes—land stewardship, wellness, and education—that integrate the institutions on the site with new uses, such as a residential school, senior living, multifamily housing, retail, and a hospitality village. This comprehensive approach also includes a greenway trail extension, gateway park to downtown, streetscape and roadway enhancements, and a lake.

Estimated Costs & Benefits of Alternative Strategies

A **comprehensive district-wide strategy** would provide direct economic benefits through the sale of portions of the public land for private development, incremental local tax revenues, and private sector job creation, while also serving a number of prospective public interests. Interests specific to the study area include the preservation of historic structures, accommodating the needs of special populations, and enhancing public access to the site's natural amenities. Additional interests served include retaining and recruiting talent by enhancing housing options and the local quality of life, creating a

regional destination to complement downtown Morganton, and supporting the growth of Burke County as an education and recreation hub. The location of the western campus of NCSSM in Burke County has not yet been determined, but the study estimated the impact of locating a state boarding school on the Broughton site. Assuming that public investments of \$157 million (including a boarding school) on site are approved, private investment is estimated at approximately \$150 million. This translates into approximately \$700,000 to \$900,000 in new property tax revenue per year for the City and \$900,000 to \$1.1 million per year for the County. In addition, the sale of public land could realize approximately \$10 million to \$12 million in sale proceeds for the public.

A more **narrow strategy** that focuses solely on the 50-acre Historic Broughton Campus would meet fewer public interests and yield considerably less economic benefit to stakeholders. Moreover, a narrow approach would be less likely to attract private partners due to a lack of synergistic development and investment in public amenities. Assuming that public investments of \$98 million (including a boarding school) on site are approved, private investment is estimated at approximately \$25 million, yielding approximately \$100,000 to \$150,000 in new property tax revenue per year for the City and \$150,000 to \$200,000 per year for the County. In addition, the sale of public land could realize approximately \$1 million to \$3 million in sale proceeds for the public.

If the State and its partners were to choose to defer action (“**do nothing**” strategy), there would nevertheless be ongoing expenses to maintain the vacant buildings once the hospital relocates operations. Furthermore, delay could decrease the likelihood of a successful redevelopment in the future due to deterioration of the assets and potential stigma associated with a vacant property. In this case, no foreseeable private investment would be generated.

Recommendation & Next Steps

DFI found that with strategic public investment, the State and its partners can leverage additional local resources to attract more than \$150 million in private capital for a comprehensive mixed-use district that reuses the entire Historic Broughton Campus after selectively demolishing structures with no historic significance. By tapping into underutilized public assets through a district vision and development finance strategies, a public-private partnership can help the State and local community see returns on its investment while also preserving a legacy. Should the State and community choose to pursue the comprehensive, district strategy to redevelopment, the following immediate next steps are recommended to send a clear signal to the private sector and broaden the pool of potential partners:

- executive or legislative action establishing a unity of purpose among all state and local actors and identifying a lead entity;
- formal identification of surplus public property for redevelopment;
- inter-local agreement between City and County committing to shared investments;
- a district development plan and branding; and
- stabilization of currently vacant historic buildings with reuse potential.

Together, these next steps should maximize the value of publicly owned property and minimize the risk for the public sector by shortening the vacancy period for the Historic Broughton Campus.

The Development Finance Initiative (DFI) at the UNC School of Government assists local governments in North Carolina with attracting private investment for transformative projects by providing specialized finance and development expertise. More information is available at ced.sog.unc.edu.

Cvelich then went over the objectives of the immediate next steps: establish unity of purpose among all state and local participants, sending a clear signal to the private sector; maximize value of publicly owned property through a district plan and branding; empower appropriate lead entity to guide the plan execution; preserve public assets with redevelopment potential; and work on an interlocal agreement between City and County.

Chairman Abele stated he would open up to questions from the Commission or Council.

Councilman Cantrell asked Cvelich what he means by a “lead entity”. Peter stated that as he sees it the lead entity would be a state agency that knows something about asset management, etc.; an agency to coordinate all the entities such as Commerce or Administration.

Commissioner Taylor stated he understands the complexity and how important it is to get the private side to participate – his question is there a “favorite sons” list that they might tap to participate in this project. Cvelich stated that would be part of the lead-entity role to help with that – to find partners across the southeast and beyond.

An audience member asked if the presentation would be available on the SOG website. Cvelich stated there would be a report probably later this summer.

Claude Sitton stated he is tickled by the idea but unsure of the idea of a proposed lake, questioning whether there would be a major sewerline at what would be the bottom of the lake. Cvelich stated the lake would be off-set from that portion of property and partly run along Hunting Creek, and emphasized a more detailed study would be required. Sitton wondered who would pay for that study and implementation of the plan. Cvelich stated the execution of it would be one of those amenities which could be a shared responsibility of the state, city, county.

Alan Wood, BDI, asked if this has been vetted with possible developers. Cvelich stated there have been very preliminary talks with hotel and senior living developers.

Bryant Lindsey questioned how the lead entity would be established. Dr. Mitchell stated that when she made her opening comments she shared their next steps are to make a presentation to DHHS, Administration and Commerce before getting into the future steps. She stated that according to legislation those three have to present the report to General Assembly. One reason this is not available yet online is because it’s not yet been submitted to them. After that report would be when they would begin discussing a lead entity.

Chairman Abele stated his thanks for the presentation.

V. Adjournment of Special Meeting – Chairman Taylor adjourned the Burke County Commissioners Special Meeting at 6:08 p.m.

Mayor Thompson adjourned the City Council Special Meeting at 6:08 p.m.

Preparation of Minutes. These minutes were prepared by Mikela D. Russell, Assistant City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.

Mayor

Assistant City Clerk