

City Council – Action Request Form

Date: August 12, 2025

To: Mayor, Mayor Pro Tempore, and Members of City Council

From: Ben Rowe, Assistant City Manager
Ken Millett, Economic Development Director

Council Action Requested:

Resolution Authorizing Economic Development Assistance of \$4 Million to Carter/Front Street Capital for Public Infrastructure Improvements at The Grounds Pursuant to N.C.G.S. 158-7.1

Strategic Focus Area: Economic Prosperity

Strategic Objective: EP3: Attracting and retaining businesses

Summary of Information:

The State of North Carolina's FY 2023-2024 budget included a Directed State Grant of \$35 million to the City of Winston-Salem for infrastructure serving the Carter/Front Street Capital (CFS) 80+ acre mixed-use development now known as "The Grounds" along Deacon Boulevard. Construction continues, and approximately \$15.8 million has been disbursed through July 2025 for infrastructure.

As detailed in the attached request, CFS originally expected that all sitework for the residential and retail components would be covered by the state grant. However, the total cost of infrastructure improvements exceeded the state grant by \$20 million. The developer value-engineered the project and eliminated approximately \$11.3 million from the original scope. The developer is working with various sources such as the State of North Carolina, Whitaker Park Development Authority, federal government, and others to secure additional funding for infrastructure.

Committee Action:

Committee	Finance 08/12/2025	Action	Approval
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For	Unanimous	Against	
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Remarks:	<u>Move to full Council on 9/2/2025</u>	
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As part of that effort, CFS has requested \$4 million from the City, as well as \$4 million from Forsyth County, for infrastructure support of the remaining high-priority projects:

- Deacon Boulevard enhancements focused on traffic, events, and pedestrian safety (~\$1 million)
- 32nd Street improvements focused on traffic and events (~\$3.9 million)
- Stream restoration focused on environmental sustainability and community amenity (~\$6.1 million)
- Multi-use path focused on pedestrian safety (~\$2.5 million)

The difference between the City and County requests (\$8 million) and the total cost of these projects (\$13.5 million) would be funded through various sources, including interest on the state grant debt, funds from the North Carolina Land and Water Fund, and additional investment from CFS.

The source of City funds would be \$4 million from proceeds from the sale of an economic development property purchased with 2018 General Obligation Bonds that were specifically designated for use on Economic Development Sites and Infrastructure projects. Because of the funding source, these monies must be used for an economic development purpose (restricted by bond covenants) and are therefore eligible for this purpose. The current balance is \$4,580,500.

CFS engaged a consultant for an Economic and Fiscal Impact Study of The Grounds based on the assumption that all baseline infrastructure work is completed. It projects that over the next 10 years, the project will generate ~\$1.3 billion in total business sales, with over \$37.7 million in state and \$27.5 million in local taxes generated through direct, indirect, and induced spending. Phase I is expected to involve ~\$200 million in total capital expenditures with a completion target for the end of 2027, followed shortly by an additional ~\$300 million.

Pursuant to N.C.G.S., the attached resolution approves \$4 million from the 2018 General Obligation Bonds for infrastructure improvements at The Grounds and authorizes the City Manager and City Clerk to execute an agreement with CFS to use the funds. The agreement will include a provision that CFS must demonstrate that the project generated sufficient property tax revenue to cover the City's assistance over 10 years. Under the proposed agreement, CFS would cover any shortfall between the property tax revenue generated and the debt service on the \$4 million in bonds.

CFS team members will make a brief presentation detailing the status of the project and proposed use of City funds at the Finance Committee meeting on August 12th.

If approved by the Finance Committee, a public hearing will be held at the City Council meeting on September 2nd.