

City Council – Action Request Form

Date: December 21, 2020

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

From: Ben Rowe, Assistant City Manager

Council Action Requested:

Resolution Authorizing Revisions to the Agreement with Winston-Salem State University for the Lease of Space in Union Station (East Ward)

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Promote Commercial Development in Economically Disadvantaged Areas

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

In November 2019, the Mayor and City Council approved an agreement with Winston-Salem State University (WSSU) to lease approximately 8,000 square feet on the second level of Union Station for \$80,000 per year for 10 years. WSSU plans to utilize the space for the following activities:

- Passport acceptance agency
- Print shop/limited postal service
- One-stop operation for enrollment management
- Campus tours
- Admissions

Part of WSSU’s plan to provide limited postal service includes their utilization of the ticket booth space on the third level (street level) of Union Station. The original lease agreement did not include this space. The ticket booth space measures 270 square feet. City staff have measured the elevator lobby area on the second floor, which is considered common area, at a total of 273 square feet. Including the ticket booth space, adjusting for the elevator lobby on the second floor, would maintain the original square footage provided for in the lease agreement. At the Finance Committee meeting on December 14, Council Members discussed whether the space

Committee Action:

Committee	Finance 12/14/2020	Action	Approval
For	Council Members Clark, Adams, and Taylor	Against	None; Abstaining: Council Member MacIntosh

Remarks:

on the third floor should be utilized to provide space for small businesses trying to get established in the community. As a result, the committee recommended keeping the original agreement in place with the University leasing 8,000 square feet on the second level.

City staff have been working with WSSU facilities staff and the project architect on finalizing the scope of the upfit. Initial cost estimates totaled \$815,000, well above the City's not-to-exceed commitment of \$300,000. The primary driver of the increased cost is the needed redesign of the HVAC system to support the planned layout of office space on the second level. The original design of the system was based on a more open floor plan, not individual office spaces. City and WSSU staff have reduced the estimated cost of the project through value engineering, decreasing the cost from \$815,000 to \$642,483. WSSU has committed to providing \$225,000 toward the upfit of the second level, in addition to providing the furniture and fixtures for the space. In order to move this project forward, City staff recommend increasing the City's not-to-exceed commitment from \$300,000 to \$450,000 for a total estimated project cost of \$675,000, when WSSU's contribution is included.

At its meeting on December 14, the Finance Committee recommended approval of an amended resolution that revised the original lease agreement to increase the City's not-to-exceed contribution to \$450,000 and provide for WSSU's contribution of \$225,000. In addition, the attached budget amendment appropriates \$450,000 from the remaining balance in the Union Station redevelopment project for the upfit of the second level for WSSU. After this use of the project balance, there will be a remaining balance of \$34,000.