

Information Item

Date: January 11, 2021

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

From: Ben Rowe, Assistant City Manager

Subject:

Updates to Bowman Gray Stadium Lease Agreement with Winston-Salem Speedway Inc. (East Ward)

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Promote Travel and Tourism

Strategic Plan Action Item: No

Key Work Item: Yes



With work underway on the Bowman Gray Stadium improvements project, City staff are working with officials with Winston-Salem Speedway, Inc. and Winston-Salem State University on updating their respective lease agreements with the City to reflect the impact of the project on their operations and events.

In December 2011, the City entered into a lease agreement with Winston-Salem Speedway Inc. (WSSI) for use of Bowman Gray Stadium for racing events and other racing-related activities. The current term of the lease is 20 years and is scheduled to expire in August 2031. Under the agreement, WSSI is granted use of the stadium from March 1 of each calendar year through August 31. In general, the agreement establishes the City's and WSSI's responsibilities for stadium maintenance, operations, and event management. In addition, the agreement includes provisions related to signage (temporary and permanent), the scoreboard, concessions, broadcast rights, parking, capital improvements, and other facility uses.

In May 2013, the Mayor and City Council approved the sale of Bowman Gray Stadium and surrounding property (approximately 92 acres) to Winston-Salem State University. At a joint announcement by the University and the City in November 2018, Chancellor Elwood Robinson announced that Winston-Salem State University no longer would pursue purchase of Bowman Gray Stadium. Mayor Joines and City staff presented a proposed plan in which the City would invest \$9 million in improvements to the stadium site and facilities. In April 2019, the Mayor and City Council approved the appropriation of resources to meet \$33.09 million in emerging capital needs, including improvements to Bowman Gray Stadium. Improvements would include replacement of concession stands and restrooms, re-grading the football field, resurfacing the racetrack, utilities upgrades, facility repairs, and aesthetic improvements that better identify the stadium as the home of Rams football. The Mayor and City Council recently awarded the construction contract for the Bowman Gray Stadium improvements project, and work commenced in November.

As a result of the planned improvements to the stadium, in particular on the concourse, race track, and field, City staff have worked with WSSI management on updating the lease agreement to reflect the impact of the project and address other changes that have occurred since the agreement went into effect in 2011, including the recent impact of the novel coronavirus pandemic on the cancellation of the 2020 racing season. The following are proposed changes for an updated agreement:

- Provides a new 30-year lease that expires in December 2050.
- Adjusts the rental rate schedule to carry over 2020 rates to the 2021 season. (Under the current agreement, the rent per race night is scheduled to increase from \$4,750 to \$5,000. With this proposed change, the rent for the 2021 season would remain at \$4,750.)
- Accounts for the new storage building that the City built in 2018 using capital improvement funds provided for in the agreement.
- Allows the use of independent security providers, instead of Winston-Salem police officers and Forsyth County deputies.
- Clarifies and extends WSSI's current broadcast rights to include social media, digital broadcasts, and e-commerce.
- Restores funding for the capital improvements fund at \$60,000, but defers the availability to March 2031. (The City utilized the remaining capital improvement funds to construct the new storage building.)
- Updates the exhibits designating WSSI's use of space on the concourse to reflect the new spaces created as a result of the Bowman Gray Stadium improvements project.
- Provides for equal sharing of parking revenues for racing-related events (net of parking expenses) if the City exercises its right to charge for parking for those events.
- Updates titles for City representatives noted in the agreement, and provides for other technical revisions to the language of the agreement.

In the coming weeks, the Public Assembly Facilities Commission will review the proposed changes and make a recommendation to the Mayor and Council for consideration and approval in February. Because the City would enter into a new long-term lease with WSSI, the City would have to conduct an upset bid process according to G.S. 160A-269 prior to executing the agreement.

City staff will present any proposed changes to Winston-Salem State University's lease agreement to the Public Assembly Facilities Commission for its review and recommendation in early 2021. Staff also will provide an information item outlining these changes to the Mayor and City Council prior to bringing an action item for their consideration and approval.