



Office of the
City Manager

Evan Raleigh
Assistant City Manager

P.O. Box 2511
Winston-Salem, NC 27102
Tel: 336-397-7701
Fax: 336-748-3060
evanr@cityofws.org
www.cityofws.org

Memorandum

TO: Mayor Joines, Mayor Pro Tempore Burke and Members of City Council
FROM: Evan Raleigh, Assistant City Manager
DATE: November 21, 2019
SUBJECT: Response to Questions re: HOPE/Hydroponics Project
CC: Lee Garrity, City Manager

During the November meeting of the Finance Committee, staff presented a budget amendment containing a request to appropriate an additional \$500,000 from 2014 General Obligation Economic Development related to overages on the HOPE/Hydroponics project. The committee raised several questions related to the current status of the project and this memo attempts to respond to those inquiries.

Question: What funds have been spent on the project to-date? What has been spent out of the funding set aside to support the administrative/operational costs of the hydroponics facility?

Response: In September of 2016, the City executed an agreement with Goler CDC for the construction and operation of a hydroponics facility in Kimberly Park. The City approved a one-time grant of \$485,000 from 2014 Economic Development bonds to be used for site acquisition/construction, equipment and pre-development costs associated with the project and \$477,000 for administrative/operational and marketing costs for the first two years of operation. To-date, Goler CDC has invoiced the City for \$212,765.50 in the administrative/operational category and \$595,746.20 for construction for a total of \$808,512.76. While the amount of funding provided to Goler to-date in total is less than the amount originally authorized by the Mayor and City Council for the project, cost overruns attributed to site preparation work for the HOPE and hydroponics facilities have exhausted the remaining funds. Unanticipated costs have arisen from a variety of items including: additional asphalt and curb work around the HOPE building to meet zoning requirements, reinstalling fencing around the HOPE building that was removed for building construction, repair work to sidewalks around the HOPE building, soil testing and remediation expenses and the construction of a new access road in order to meet the requirements of the city's Inspections Division.

Question: How much additional funding is required to complete the hydroponics project?

Response: Staff estimates that approximately \$250,000 will be required to complete construction of the hydroponics facility. This additional funding covers the costs associated with the completion of the hydroponics facility, the construction of the new access road and the erection of new fencing proximate to the project site. The remainder of the 2014 Economic Development bond funds being requested will be used to restore the portion of the operating budget for the facility that was used to cover cost overruns associated with the preparation of the sites for both the HOPE and hydroponics facilities.

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