



Office of the  
City Manager

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# Memorandum

**TO:** Mayor Allen Joines, Mayor Pro Tempore Vivian H. Burke, and Council Members  
**FROM:** Ben Rowe, Assistant City Manager  
**DATE:** November 14, 2019  
**SUBJECT:** Responses to Questions Regarding Proposed Lease of Space in Union Station to Winston-Salem State University  
**CC:** Lee D. Garrity, City Manager

At Tuesday's meeting of the Finance Committee, Council Members asked a number of questions related to the City's proposed lease of space in Union Station to Winston-Salem State University. The following are staff responses to those questions and requests.

**What is the status of running train service through Winston-Salem and how is the City planning to upfit Union Station to accommodate that service?**

Staff has engaged the City's federal lobbyist to assist in determining the process and timeline for securing passenger rail service to Winston-Salem. In addition, staff is evaluating the infrastructure needs to support this service to include, but not limited to, parking, platform construction, facility modifications, property acquisition, etc. The process for securing passenger rail service is lengthy and can span decades. Staff will provide a more detailed update in the future as information becomes available regarding the process and infrastructure planning.

**Does the average asking rent of \$12.48 per square foot for the downtown sub-market include upfit in the rate?**

The \$12.48/sq. ft. average asking rent does not include up-fit, but it does include the landlord paying operating expenses (i.e., gross lease).

**Does the proposed lease with Winston-Salem State University include provisions to increase the rental rate over the term of the lease?**

The Council Action under consideration proposes an initial lease term of ten years, which the Winston-Salem State University Board of Trustees can approve administratively, as long as the annual lease amount does not exceed \$749,999. The proposal does not include escalation provisions during the initial term. In year five of the initial lease, WSSU officials would seek approval from the University of North Carolina System Board of Governors, State Property Office, and the Governor and Council of State to extend the lease an additional twenty years. At the same time, City staff also would bring an action item to Mayor and Council to approve an extension, which could include adjustments to the rental rate.

**Provide a pro forma for Union Station that shows operating revenues and expenses.**

The attached table provides a ten-year pro forma for Union Station. Assumptions about projected revenues and expenses are noted on the table.



**City Council:** Mayor Allen Joines; Vivian H. Burke, Mayor Pro Tempore, Northeast Ward; Denise D. Adams, North Ward; Dan Besse, Southwest Ward; Robert C. Clark, West Ward; John C. Larson, South Ward; Jeff MacIntosh, Northwest Ward; Annette Scippio, East Ward; James Taylor, Jr., Southeast Ward; City Manager: Lee D. Garrity

If you have any questions or need additional information, please do not hesitate to contact me.