

City Council – Action Request Form

Date: December 14, 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)

Ordinance Amending the Annual Appropriation and Tax Levy Ordinance for the City of Winston-Salem, North Carolina for the Fiscal Year 2020-2021

Ordinance Amending the Project Budget Ordinance for the City of Winston-Salem, North Carolina for the Fiscal Year 2020-2021

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.

Committee Action:

Committee

Action

For

Against

Remarks:

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.

The attached resolution authorizes a revision to the original lease agreement to reflect the adjustment in the leased space and to increase the City's not-to-exceed contribution to \$450,000. 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.