



City of Winston-Salem City Council
Council Agenda Item Summary

Title	Resolution Authorizing the Early Termination of the Lease Agreement and Conveyance of the Fourth and Church Streets Parking Deck to the Property Owner
City Council Committee	Finance Committee
Meeting Date	April 14, 2026
Staff Lead (Presenter)	Jeff Fansler, Director of Transportation
Department Head	Jeff Fansler, Director of Transportation
City Manager/ACM	Aaron King, ACM

Agenda Item Summary

Recommended Council Action	Resolution Approval
Suggested Action/ Motion Options	Motion to Approve the Early Termination of the Lease Agreement and Conveyance of the Fourth and Church Streets Parking Deck to the Property Owner
Strategic Focus Area	Good Government
Strategic Plan Objective	GG2: Strengthening the Organization's Financial Practices and Position
Anticipated Fiscal Impact	Fiscal Impact Anticipated: See Analysis in Summary

Summary of Information

In April 2000, the City of Winston-Salem and R.J. Reynolds Tobacco Company entered a Memorandum of Understanding outlining the framework for collaboration on a downtown structured parking facility. This was followed in August 2000 by the execution of an Interlocal Agreement with Forsyth County to finance the construction of the parking deck. In October 2000, the City and R.J. Reynolds executed a construction lease agreement to support economic development initiatives in the downtown core. Under this agreement, the City requested that R.J. Reynolds make available certain real property owned in fee simple and located in Winston-Salem, Forsyth County. Specifically, the parcel identified as Tax Block 32, bounded by Fourth Street, Church Street, and Fifth Street on three sides and by the Norfolk Southern Railroad track on the eastern side, for the development of a structured parking facility intended to serve the surrounding business district. During the same month, the City and R.J. Reynolds executed a long-term lease agreement reserving 325 parking spaces exclusively for R.J. Reynolds.

The City subsequently constructed an approximately 1,500-space parking deck on the site. Since the facility opened in 2003, the City has operated and maintained the parking structure, providing hourly public parking as well as long-term leased parking spaces to support downtown commercial activity. In March 2010, the City and R.J. Reynolds

executed an additional long-term lease agreement for 400 more dedicated parking spaces, bringing R.J. Reynolds' total reserved allocation to 725 spaces.

Over time, the parking deck has operated at a financial deficit, and the structure now requires increasing levels of maintenance as it continues to age. After the outstanding debt on the facility was retired, Forsyth County exercised their contractual right and formally demanded that the City purchase the County's ownership interest in the parking deck. In response to these pressures, City staff-initiated discussions with R.J. Reynolds, the fee simple owner of the underlying land, regarding the potential acquisition of the improvements and assumption of operational control prior to the scheduled expiration of the lease agreement. By Spring 2025, R.J. Reynolds expressed interest in an early termination of the lease, and in December 2025 the company submitted a letter of intent outlining its desire for early termination and conveyance of the parking deck.

R.J. Reynolds currently holds valid long-term parking leases for 725 spaces, making the company the predominant user of the facility. Following negotiations, R.J. Reynolds agreed to accept conveyance of the parking deck improvements, accelerate the termination of the existing lease agreement, and assume full responsibility for the operation, maintenance, and management of the structure. As consideration for the conveyance, R.J. Reynolds will pay the City of Winston-Salem \$1,000,000 and will assume all existing long-term parking agreements for current customers.

Chronology of Key Events

- April 2000 – Memorandum of Understanding executed with R.J. Reynolds.
- August 2000 – Interlocal Agreement executed with Forsyth County for financing of the parking deck.
- October 2000 – Construction Lease Agreement executed with R.J. Reynolds.
- October 2000 – Long-Term Lease Agreement executed with R.J. Reynolds for 325 dedicated parking spaces.
- March 2010 – Long-Term Lease Agreement executed with R.J. Reynolds for an additional 400 parking spaces.
- August 2024 – Forsyth County demands the City to purchase the County's ownership interest in the facility.
- Spring 2025 – R.J. Reynolds expressed interest in early termination of the lease agreement.
- December 2025 – R.J. Reynolds submitted a letter of intent for early termination and conveyance of the parking deck.

Approval of the resolution would authorize the conveyance of the parking structure improvements to R.J. Reynolds Inc. In addition, R.J. Reynolds has agreed to make available public parking in the K Lot, a surface parking lot bounded by Church Street on the east, Main Street on the west, and situated between the B Lot and N Lot in the block between Fifth Street and Sixth Street. The K Lot contains approximately 133

parking spaces and will provide continued public parking availability in the vicinity following the transfer of the deck.

Analysis of Fiscal Impact

Conveyance of the parking deck to R.J. Reynolds will result in a net income of approximately \$300,000 for the City annually and will avoid future capital maintenance and repair costs.

As part of the transaction, the City will receive a one-time payment of \$1,000,000 from R.J. Reynolds. Of this amount, approximately \$328,300 will be remitted to the County, resulting in a net gain of approximately \$671,100 will be used for maintenance and repair activities in the parking fund (e.g., elevator upgrades at the 6th/Cherry/Trade parking deck)

Attachments

- Resolution
- MAP - 4th and Church Parking Deck Conveyance

Committee Action	FC 4/14/2026
For:	Against:
Remarks: Unanimous Approved	