



Winston-Salem

Real Estate Office

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Memorandum

TO: Damon C. Dequenne, Assistant City Manager
FROM: S. Kirk Bjorling, Real Estate Administrator
DATE: February 11, 2019
SUBJECT: Information on Union Station Building and Elizabeth's Pizza Lease in preparation for Finance Committee Meeting

I. Total cost to City for renovations to Union Station Suites 210 and 218 to accommodate Elizabeth's Pizza Restaurant space

- Basic restaurant equipment (Does not include equipment unique to a pizza restaurant) \$125,400
Build-out for furniture, fixtures, equipment, and small wares, china, glassware, silverware (to be owned by the City) \$120,000
Exhaust fan system \$ 37,200
Grease trap \$ 13,000
Installation of equipment and drops for electrical, plumbing, and gas \$ 24,050
Design and engineering \$ 30,000
Total \$349,650

Elizabeth's Pizza estimates they'll spend \$100,000 for upfront expenses, initial inventory of food items, marketing, legal costs, hiring, labor, and training.

II. Commission to Lou Baldwin

3% or \$4,248 would be due on the first five-year lease at lease signing, an additional 3% or \$7,123.50 would be due at signing if the second five-year lease option was exercised, and 3% or \$8,894.25 would be due at signing if the third five-year lease option was exercised.

III. Elizabeth's Pizza is concerned with direct competition to their fledgling restaurant enterprise. A proposed non-competition clause submitted by Elizabeth's Pizza is as follows:

- The City would agree not to lease to any other full-service sit-down dining restaurants serving Italian food or pizza within the Union Station development.
The City would agree that no other top floor Level 3 tenant would serve Italian food or pizza, whether eat-in or take-out/delivery.



Call 311 or 336-727-8000
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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

- As to other tenants on the top floor Level 3, the City would agree not to lease to any other restaurants whose sales after 11:00 AM consist of greater than 50% food items which compete with Elizabeth's Pizza's initial menu. Coffee products, smoothies, ice cream, and other desserts and juices would be acceptable.

#### IV. Use of common areas, traffic flow, exits, etc., on top floor Level 3

The architect designed the suites with proposed traffic flow and exits in keeping with the historical requirements of the building. The ticket booth and baggage check areas are accessed from the common area and the Union News Room is accessed from Suite 210. The common area can serve as a rental space for a variety of private and community uses. The main entrance to suites 210 and 218 is by way of the east vestibule off Martin Luther King Jr. Drive, and the main entrance to the remainder of the top floor Level 3 is by way of the north vestibule off street circle.

#### V. Use of Lower Level 1 and Mid-Level 2

The architect designed the suites within these two levels incorporating future City DOT use and with proposed traffic flow and exits considered in keeping with the historical requirements of the building.