

City Council – Action Request Form

Date: March 17, 2025

To: Mayor, Mayor Pro Tempore, and Members of City Council

From: Ken Millett, Economic Development Director
Ben Rowe, Assistant City Manager

Council Action Requested:

Resolution Authorizing the Expenditure of Out of County Service Funds from the Winston-Salem/Forsyth County Utility Commission for the Design and Construction of Municipal Infrastructure Improvements at Union Cross Industrial Center Pursuant to N.C.G.S. 160A-499 and Amending the City of Winston-Salem 2025-2030 Capital Plan

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Develop and Redevelop Commercial/Industrial Park Sites

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

Front Street Capital (FSC) is a Winston-Salem based developer of commercial real estate, including industrial, office, healthcare, and mix-use properties throughout the Southeast. Local industrial projects include Union Cross Industrial Center and the Park at 74.

In 2018, the City used 2014 GO Bond funds to purchase approximately 72 acres at Union Cross Road and Axle Drive for future industrial growth. In 2021, the property was subsequently annexed into the City and rezoned to Limited Industrial. Later that year the City issued a Request for Proposals for the purchase and development of the site, and FSC was ultimately selected as the preferred developer. Following the upset bid process, FSC purchased the property for \$8 million in 2022 for an expansion of UCIC.

The City and County have received a request from FSC for up to \$1,735,000 to support municipal infrastructure improvements (ex. water, sewer, stormwater, streets, curb and gutter, etc.) of the expanded property. In addition to serving a planned spec building, the infrastructure improvements would enable the developer to build out the remaining sites, thus further

Committee Action:

Committee	Committee of the Whole 03/17/2025	Action	Approval
For	Unanimous	Against	
Remarks:			

enhancing the opportunities for job creation and growth of the tax base. The developer advised that if approved, they would not have subsequent infrastructure needs that would precipitate a financial assistance request for the development on the remaining sites.

The site plan of the spec building and the initial master plan are on the last two pages of the attachment.

If approved, the project would be funded from the Out of County Service Fund from the Winston-Salem/Forsyth County Utility Commission. The fund is designated by the Commission specifically for economic development purposes including municipal infrastructure and is generated from fees collected for water, sewer, or treatment services to customers outside of Forsyth County. Its use requires the approval of both City Council and the Board of Commissioners, who are also considering this request in March. The balance in the fund is approximately \$3.9 million.

Assistance would be in the form of a \$735,000 grant and a \$1 million loan. As with the requested Spec Building Revolving Loan, this loan would be repaid in full upon the occupation of the facility and the subsequent selling or refinancing of the facility, but no later than five years from the date of approval.

The fund was most recently utilized in 2017 to reimburse a subsidiary of Johnson Development \$300,000 for public infrastructure improvements serving a spec building at Union Cross Business Park. That same year the City approved the County's request for \$690,000 (\$300,000 grant and \$390,000 loan) to be used for infrastructure development at Idols Road Business Park in Clemmons.

Pursuant to N.C.G.S. 160A-499, the attached Resolution authorizes staff to take the necessary steps to enter into a Reimbursement Agreement with Forsyth County and FSC or a subsidiary to utilize Out of County Service Funds for public infrastructure improvements serving the recently acquired 72 acres at UCIC. The Resolution and attached Project Budget Ordinance also amend the City's Capital Improvement Plan to include this project.