



# Memorandum

**TO:** Lee D. Garrity, City Manager  
**FROM:** Gregory M. Turner, Assistant City Manager  
**DATE:** May 16, 2018  
**SUBJECT:** Supplemental Information on Union Station Lease

Office of the  
City Manager

Gregory M. Turner, P.E.  
Assistant City Manager

P.O. Box 2511  
Winston-Salem, NC 27102  
Tel 336.747.6866  
Fax 336.748.3060  
gregt@cityofws.org

At the Finance Committee Meeting of the City Council several questions were raised regarding elements of the proposed lease of part of the Union Station Building for an Elizabeth's Pizza Restaurant. The following information is provided in response to those questions.

The estimated cost of the grease trap equipment is \$10,000.

The Atkins CDC does retain 15% of the lease revenues from subleases under the terms of the master lease agreement the City Council authorized. Mr. Baldwin's commission will be 3%. This commission should come out of the 15% being provided to the CDC.

The \$283,000 in upfit costs breaks down as follows:

Exhaust Fan System	\$37,200
Basic Restaurant Equipment (Does not include equipment unique to a pizza restaurant)	125,400
Original \$40/sq.ft. build out for furniture fixtures and equipment	120,000
<b>Total</b>	<b>\$282,600</b>

Tenant's Upfit Estimate	\$322,900
City Contribution	282,600
<b>Total</b>	<b>\$40,300</b>

The cost for the City's Union Station Renovation Project:

Acquisition	\$1,350,000
Grading and Demolition	583,000
Restoration	11,682,000
<b>Total</b>	<b>\$13,615,000</b>

Maps of three levels of the building are attached. Each level is 12,000 square feet. Level one is the train track level or lowest level of the building, Level two is the middle level of the building, and Level three is the street level of the building. This is the level where the restaurant would be located.

Mr. Baldwin agreed to approach the pizza restaurant owner about options for the City to share in the success of the restaurant. The restaurant owner has agreed to an additional rent payment of 3% of the net sales over \$1,000,000.