

City Council – Action Request Form

Date: April 8, 2019
To: The City Manager
From: Evan Raleigh, Assistant City Manager

Council Action Requested:

- 1) Resolution ratifying and authorizing the expenditure of City-County Utility Commission funds generated by Outside of County Utility Services for the design and construction of municipal improvements at the Union Cross Business Park through a reimbursement agreement among the City of Winston-Salem, Forsyth County, and Williams Development Group, or any affiliate or subsidiary thereof.
- 2) Ordinance amending the Project Budget Ordinance for the City of Winston-Salem for the Fiscal Year 2018-2019.

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: Develop and Redevelop Commercial/Industrial Business Parks
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:

The City and County have received a request from Williams Development Group to participate in a public-private partnership in the Union Cross Business Park (“Park”). As proposed, Williams Development Group would construct a new, 125,000 square foot Class A speculative building with an anticipated taxable value of approximately \$6.5 million. The building would generate approximately \$38,831/year in new City property taxes and an additional \$47,027/year in new County property taxes. Over five years, the building would generate more than \$429,000 of combined new property tax revenues, not including any additional tax revenues that would be generated by a tenant. It is projected that the new building could also support between 150 and 200 new jobs.

To assist with the project, Williams Development Group is requesting that the City and County provide a total of up to \$300,000 for public infrastructure improvements (water, sewer, and stormwater). Given the critical need for additional Class A speculative, manufacturing space in the City, this project could significantly enhance the economic vitality of the City and provide new job opportunities for residents.

Committee Action:

Committee	Finance 4/8/19	Action	Approval
For	Unanimous	Against	

Remarks:

Should the Finance Committee approve this request for assistance, staff would recommend utilizing the Outside of County Utility Services Fund to cover the cost of these public infrastructure improvements. A modification in September of 1996 to the interlocal agreement between the City and County relating to the Utility Commission established that fifty percent (50%) of revenues generated by utility services provided to customers outside of the county would be set aside for economic development purposes. The amendment specified that monies collected in the fund could be used for the development of public infrastructure including furnishing water, sewer and treatment services. The amendment to the agreement also established that money from the fund would only be released upon the approval of both the County Commissioners and the Mayor and City Council. An additional amendment to the agreement approved by the Mayor and City Council and the County Commissioners in December of 2016 clarified that Outside of County Utility Services funds could be used for public infrastructure improvements beyond water and sewer projects such as roads and for both the design and construction phases of such projects.

The Outside of County Utility Services Fund has been used on four occasions. In 2004, \$425,000 was used to fund water and sewer infrastructure improvements in Wake Forest Innovation Quarter. In 2008, \$175,000 was used to install a sewer line for construction of two speculative buildings in the Union Cross Business Park. In 2010, \$1.2 million was used to assist in the construction of Research Parkway. In 2016, \$690,000 was used to assist with the infrastructure development for the Idols Road Business Park in Clemmons. The balance in the Outside of County Utility Services Fund was \$2,693,174.09 as of December 31, 2018.

The request from Williams Development Group for use of funds from the Outside of County Utility Services Fund was considered by the Forsyth County Board of Commissioners during their March 28th meeting and was approved. In 2017, the Mayor and City Council and the Forsyth County Board of Commissioners authorized a similar agreement with Johnson Development Associates, Inc. and committed up to \$300,000 in funds from the Outside of County Utility Services Fund. The project did not move forward and Williams Development Group is proposing to development its speculative building on the same parcel of land in the Union Cross Business Park.