



City of Greensboro

Melvin Municipal
Office Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Report

File Number: 2022-763

Agenda Item# G.15.

Agenda Date: 7/19/2022. **Department:** Workforce Development

Meeting Type: Council Meeting **Category:** Consent Agenda

Title: 2022 -763 Resolution Authorizing Lease Agreement for Emerging Workforce Center and Administrative Offices with SPL-GSP, LLC in the Amount of \$151,741.57 for Upfits

Council Priority: Place an 'x' in the box.

- ☒ Create an Environment to Promote Economic Development Opportunities and Job Creation
- ☐ Maintain Infrastructure and Provide Sustainable Growth Opportunities
- ☐ Promote Public Safety & Reduce Crime
- ☐ Exceptional Customer Service and a Diverse City Government Workforce
- ☐ Ensure Fiscal Stewardship, Transparency, & Accountability

Council District: ALL

Public Hearing: No

Advertising Date/By: N/A

Contact 1 and Phone: Chris Rivera, Ext 4174

Contact 2 and Phone: Emetrude Lewis, Ext 3036

PURPOSE:

The purpose of this resolution is approve a lease agreement with SPL-GSP, LLC. for office space located at 301 S. Greene Street, Suites 100, 200 and 201, in Greensboro in the amount of \$99,128.76 annually for a period of seven (7) years with an option to terminate after seven years and to approve a one-time pay-off for upfits in an amount of \$151,741.57.

BACKGROUND:

GuilfordWorks Workforce Development Board identified a need to target workforce development services to youth and subsequently voted to open a standalone *Emerging Workforce Center* in downtown Greensboro for the purposes of providing employment and training services to young adult residents between 16-24 years of age.

WDB initially entered into a lease agreement with SPLGSP, LLC for suites located at 301 S Greene Street, Suites 100 and 200, 201, Greensboro, NC 27401 for a lease term to commence on

October 1, 2021 to end on September 30, 2028. This lease was amended and modified for the term to commence on January 1, 2022 and to end on December 31, 2028. The monthly lease rate was set at \$8,260.73 per month or \$99,128.76 annually.

The property owner, SPL-GSP, LLC proposed to renovate the entire interior space of the building to meet WDB specifications for a career center and administrative office and the lease agreement states that the landlord would complete improvements to the space, at its costs, not to exceed \$12.50/sf (\$70,125).

The lease further states that the landlord agrees to fund and amortize additional improvements above \$12.50/sf at 7% over the term of the lease (not to exceed an additional \$200,000); this is to be billed as “additional rent”, monthly.

The monthly payment included the lease payment at \$8,260.73 per month plus the upfit cost at \$2,503.77 per month for a total of \$10,764.50 per month or \$129,174 annually.

The Workforce Development Board determined that it has enough funding available to pay the total cost of the renovations up front, as opposed to amortizing it over the course of the term of the lease; consequently resulting in future saving due to not paying interest on the amortized costs. The total cost for pay-off of the upfit is \$151,741.57.

Once the upfit has been paid in full, monthly lease payments will resume at \$8,260.73 or \$99,128.76 annually for a period of (7) seven years.

BUDGET IMPACT:

The lease contract will be \$99,128.76 annually for a period of seven (7) years. The pay-off for the upfit is \$151,741.57. Funds are available in the Workforce Innovation and Opportunity Act Budget.

ACCOUNT NUMBER:

216-0216-61

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council adopt the attached resolution to support Workforce Development programs by authorizing lease and upfit payments.