

47960

August 4, 2015

TO: Honorable Board of Acquisition and Contract

FROM: Jay T. Pisco, P.E.
Commissioner of Public Works and Transportation

Mary J. Mahon
Director of Real Estate

SUBJECT: Authority for the County of Westchester to enter into a lease agreement with EJM Building Services, LLC for the use of the premises known as Hangar 26 at the Westchester County Airport for a term from January 1, 2017 through December 31, 2021, with an option for the tenant to renew the term for an additional five (5) years. (Lease Agreement No. WCA 15007)

EJM Building Services, LLC (“EJM”) currently leases from the County of Westchester (the “County”) the premises known as Hangar 26 at the Westchester County Airport (the “Airport”). The current lease has a term of five (5) years, from January 1, 2012 through December 31, 2016. EJM has requested a new lease agreement for the five (5) year period from January 1, 2017 through December 31, 2021, with a five (5) year renewal option.

Authority of your Honorable Board is now sought to enter into a new lease agreement with EJM for the use of Hangar 26, which consists of approximately, (a) 14,826 square feet of hangar space, (b) 5,015 square feet of office space, (c) 74,380 square feet of Apron area for aircraft parking, (d) 16,354 square feet of auto parking for exclusive use by EJM, and (e) 12,720 square feet of other unimproved land and grassy area (the “New Lease”). The term of the New Lease will be from January 1, 2017 through December 31, 2021, with an option for the tenant to renew the term for an additional five (5) years. Under the New Lease, the annual base rent will be \$53,577.35 per month. The monthly base rent shall be increased effective January 1 of each succeeding year of the New Lease by the greater of three percent (3%) or one hundred percent (100%) of the increase in the Consumer Price Index (CPI-NY, NJ Urban Customers) in January as calculated for the one year period.

Under the New Lease, during its initial term, and during any renewal term provided the New Lease remains in effect, the County will perform a good faith evaluation of the market rent as of the fifth anniversary of the commencement date of the initial term and every five years thereafter. The evaluation of market rent shall be performed using the standards currently in place at the Airport for determining market value, using current and future tenants located at the Airport as the basis for such evaluation. Should the County determine that EJM is paying in excess of market value according to any such evaluation, then effective as of such five-year anniversary, EJM will not be subject to any increase in its base rent until such time as Lessee's rent no longer exceeds market value.

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The public purpose of the proposed New Lease is receiving rent from a tenant for occupying a facility at the Airport. The goal and objective of the proposed New Lease is to receive rent from a tenant for occupying a facility at the Airport. The goal and objective of the proposed New Lease is in the best interests of the County in terms of financial responsibility, as it will enable the County to receive rent from a tenant for occupying a facility at the Airport. The proposed New Lease will be tracked and monitored by Airport's administration.

This agreement is exempt from the Westchester County Procurement Policy pursuant to Section 3(b) thereof.

I recommend approval of the attached proposed resolution.

JTP/MJM/DLV/dv

APPROVED BOARD OF ACQUISITION & CONTRACT - 09/13/15 - JOAN COCCIARDI, SECRETARY

RESOLUTION

Upon a communication from the Commissioner of Public Works and Transportation and the Director of Real Estate, be it hereby

RESOLVED, that the County of Westchester (the "County") is hereby authorized to enter into a lease agreement with EJM Building Services, LLC ("EJM") for the use of the premises known as Hangar 26 at the Westchester County Airport (the "Airport"), consisting of approximately, (a) 14,826 square feet of hangar space, (b) 5,115 square feet of office space, (c) 74,380 square feet of Apron area for aircraft parking, (d) 16,354 square feet of auto parking for exclusive use by EJM, and (e) 12,720 square feet of other unimproved land and grassy area (the "Lease"); and be it further

RESOLVED, that the term of the Lease shall be from January 1, 2017 through December 31, 2021, with an option for the tenant to renew the term for an additional five (5) years; and be it further

RESOLVED, that, under the Lease, the base rent shall be \$53,577.35 per month; and be it further

RESOLVED, that, under the Lease, the monthly base rent shall be increased effective January 1 of each succeeding year of the Lease by the greater of three percent (3%) or one hundred percent (100%) of the increase in the Consumer Price Index (CPI-NY, NJ Urban Customers) in January as calculated for the one year period; and be it further

RESOLVED, that, under the Lease, during its initial term, and during any renewal term provided the Lease remains in effect, the County will perform a good faith evaluation of the market rent as of the fifth anniversary of the commencement date of the initial term and every five years thereafter. The evaluation of market rent shall be performed using the standards currently in place at the Airport for determining market value, using current and future tenants located at the Airport as the basis for such evaluation. Should the County determine that EJM is paying in excess of market value according to any such evaluation, then effective as of such five-year anniversary, EJM will not be subject to any increase in its base rent until such time as Lessee's rent no longer exceeds market value; and be it further

RESOLVED, that the County Executive, or his duly appointed designee be, and hereby is, authorized to execute such documents and take such actions as may be necessary and appropriate to effect the purposes hereof.

Lease Agreement No. WCA 15007

Account to be Charged/credited	Fund	Dept	Major Program, Program & Phase Or Unit	Revenue	Trust Account	Dollars
	161	44	4110	9096		\$642,928.20 Year 2017
	161	44	4110	9096		\$662,216.05 Year 2018
	161	44	4110	9096		\$682,082.53 Year 2019
	161	44	4110	9096		\$702,545.00 Year 2020
	161	44	4110	9096		\$723,621.35 Year 2021

Budget Funding Year(s): **2017-2021**
(must match resolution)

Start Date: **01/01/2017**

End Date: **12/31/2021**

Funding Source

Tax Dollars _____

State Aid _____

\$3,413,393.13

Federal Aid _____

(must match resolution)

Other **Revenue - Airport Special Revenue Fund**