

49998

December 14, 2015

TO: Honorable Board of Acquisition and Contract

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

SUBJECT: Authority to enter into a lease agreement (WCA 16001) with Flexjet, LLC for Hangar "F" at Westchester County Airport for a term of ten (10) years from January 1, 2016 through December 31, 2025, with Flexjet having the option to renew the lease for two (2) additional ten (10) year terms.

Authority of your Honorable Board is requested for the County of Westchester to enter into a lease agreement with Flexjet, LLC ("Flexjet") for Hangar "F" at Westchester County Airport (the "Airport") for a term of ten (10) years from January 1, 2016 through December 31, 2025, with Flexjet having the option to renew the lease for two (2) additional ten (10) year terms.

In 2014, the County issued a request for proposals ("RFP") to select a new long-term tenant for Hangar "F". This hangar was constructed in 1980 by International Paper which remained the prime tenant for 34 years. Of the five proposals received, Flexjet's was judged to be in the best interests of the County for the following reasons: 1) Flexjet is a fractional ownership and aircraft management company with an active fleet that will be maintained in Hangar "F", resulting in greater fuel sales and related flowage fees to the Airport; and 2) Flexjet already has a presence at the Airport as a customer of a fixed base operator. It should also be noted that the RFP identified a minimum threshold of hangar improvements and a minimum rent threshold that the selected proposer must satisfy or exceed. Following negotiations, Flexjet agreed to perform additional modifications to the hangar doors that will accommodate larger aircraft, which will increase the long-term value of the hangar to the County.

Pursuant to the terms of the proposed lease, Flexjet would lease Hangar "F" at the Airport consisting of approximately 30,000 square feet of hangar space and approximately 14,214 square feet of office space, as well as aircraft ramps and automobile parking areas. The term of the lease will be ten (10) years, with Flexjet having the option to renew the lease for two (2) additional ten (10) year terms. The proposed rent would be \$96,666.66 per month for the initial year of the lease. The rent will increase by 3% of the base rent annually or 100% of the Consumer Price Index (N.Y., N.J., & Urban consumers), whichever is greater. There will also be a market evaluation every five (5) years and if it is determined that the rent being charged to Flexjet is in excess of the market rate, the annual increases after the 5th, 10th, 15th, 20th, and 25th year re-evaluation will not be charged until such time as the market rent and the Flexjet rent are equivalent. Flexjet will be responsible for all utility costs, water and real estate taxes. A rent abatement totaling \$1,000,000 will be credited to Flexjet over ten

(10) years in equal quarterly installments for improvements to Hangar "F" following completion of the hangar door replacement.

As an inducement for Flexjet to enter into this lease, the County will replace a sidewalk, parking lot paving, asphalt curbing, catch basins, and fence, and remove a flagpole. For the first two years of the lease term, the County will also provide snow plowing of the parking lot and airport ramp, and maintain landscaping in its current condition. The County will also install a natural gas line to the meter serving the hangar. For the first two years unless the conversion to natural gas occurs sooner, the County will provide heating oil to the hangar, to be reimbursed by Flexjet at the County's cost. Further, the County will be responsible to remove the underground oil storage tank ("UST"), at Flexjet's expense, and to remediate, as required by applicable laws, at the County's cost any contaminated soil and/or groundwater resulting from any leak in the UST.

On December 7, 2015, the Board of Legislators adopted a Local Law authorizing the County to enter into this lease with Flexjet.

This agreement will place a tenant in a currently vacant hangar and provide revenue to the airport. Airport administration will oversee the agreement with monthly invoices sent to the tenant for payment.

This agreement is in the best interest of the County. Therefore, I recommend approval of the annexed Resolution.

JTP/DLV/dv

APPROVED BOARD OF ACQUISITION & CONTRACTS 12/22/2015 JON COCCARDI, SECRETARY

RESOLUTION

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

RESOLVED, that the County of Westchester is hereby authorized to enter into a lease agreement (WCA 16001) with Flexjet, LLC (“Flexjet”) for Hangar “F” at Westchester County Airport (the “Airport”) for a term of ten (10) years from January 1, 2016 through December 31, 2025, with Flexjet having the option to renew the lease for two (2) additional ten (10) year terms; and be it further

RESOLVED, that the leased space shall consist of approximately 30,000 square feet of hangar space and approximately 14,214 square feet of office space, as well as aircraft ramps and automobile parking areas; and be it further

RESOLVED, that Flexjet shall pay rent of \$96,666.66 per month for the initial year of the lease. The rent shall have annual increases of 3% of the base rent annually or 100% of the Consumer Price Index (N.Y., N.J., & Urban consumers), whichever is greater. There shall also be a market evaluation after the initial five years and if it is determined that the rent being charged to Flexjet is in excess of the market rate, the annual increases after the 5th year re-evaluation shall not be charged until such time as the market rent and the Flexjet rent are equivalent; and be it further

RESOLVED, that Flexjet shall be responsible for all utility costs, water and real estate taxes, and shall also make hangar improvements to include replacement of the hangar doors to accommodate larger aircraft; and be it further

RESOLVED, that a rent abatement totaling \$1,000,000 shall be credited to Flexjet over ten (10) years in equal quarterly installments for improvements to Hangar “F” following Flexjet’s completion of the hangar door replacement; and be it further

RESOLVED, as an inducement for Flexjet to enter into this lease, the County shall replace a sidewalk, parking lot paving, asphalt curbing, catch basins, and fence, and remove a flagpole. For the first two years of the lease term, the County shall also provide snow plowing of the parking lot and airport ramp, and maintain landscaping in its current condition. The County shall also install a natural gas line to the meter serving the hangar. For the first two years unless the conversion to natural gas occurs sooner, the County shall provide heating oil to the hangar, to be reimbursed by Flexjet at the County’s cost. Further, the County shall be responsible to remove the underground oil storage tank (“UST”), at Flexjet’s expense, and to remediate, as required by applicable laws, at the County’s cost any contaminated soil and/or groundwater resulting from any leak in the UST; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized to execute all instruments necessary to implement this resolution.

WCA 16001

Account to be Charged/credited

Fund	Dept	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars	
161	44	4110	9096		\$1,160,000	Year 2016
161	44	4110	9096		(\$100,000)	Year 2016
161	44	4110	9096		\$1,194,800	Year 2017
161	44	4110	9096		(\$100,000)	Year 2017
161	44	4110	9096		\$1,230,644	Year 2018
161	44	4110	9096		(\$100,000)	Year 2018
161	44	4110	9096		\$1,267,563	Year 2019
161	44	4110	9096		(\$100,000)	Year 2019
161	44	4110	9096		\$1,305,590	Year 2020
161	44	4110	9096		(\$100,000)	Year 2020
161	44	4110	9096		\$1,344,758	Year 2021
161	44	4110	9096		(\$100,000)	Year 2021
161	44	4110	9096		\$1,385,101	Year 2022
161	44	4110	9096		(\$100,000)	Year 2022
161	44	4110	9096		\$1,426,654	Year 2023
161	44	4110	9096		(\$100,000)	Year 2023
161	44	4110	9096		\$1,469,453	Year 2024
161	44	4110	9096		(\$100,000)	Year 2024
161	44	4110	9096		\$1,513,537	Year 2025
161	44	4110	9096		(\$100,000)	Year 2025

Budget Funding Year(s) **2016 - 2025** Start Date **1/1/2016** End Date **12/31/2025**

(must match resolution)

Funding Source Tax Dollars _____

State Aid _____

\$12,298,100 Federal Aid _____

(must match resolution)

Other: **Airport Special Revenue Fund** _____