

# Staff Summary

<b>Subject</b> <b>LEASE WITH E HARTSDALE FOOD MART, INC. FOR THE MNR HARTSDALE STATION AT 223 EAST HARTSDALE AVENUE, HARTSDALE, NY</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>DAVID FLORIO</b>
<b>Department Head Signature</b>
<b>Project Manager Name</b> <b>JASON ORTIZ</b>

<b>Date</b> <b>JUNE 26, 2024</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Metro-North Committee	06/24/24		X	
2	Finance Committee	06/24/24	X		
3	Board	06/26/24	X		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal		
2	Chief Administrative Officer		
3	Chief Financial Officer		

**AGENCY:** MTA Metro-North Railroad (“MNR”)  
**LESSEE:** E Hartsdale Food Mart, Inc., formed by Airport Mart, Inc. (“AMI”)  
**LOCATION:** 223 East Hartsdale Avenue, Hartsdale, NY 10530  
**PREMISES:** MNR Hartsdale station building ± 1,600 SF  
**USE:** Operation of a food and beverage convenience store  
**ACTION REQUESTED:** Authorization to enter into a lease agreement  
**COMPENSATION:** \$321,907.97 NPV at six percent (6%) for the ten (10) year term, with five percent (5%) annual escalations.

Term	Annual Base Rent	PSF	Escalation
Year 1	\$35,596.00	\$22.25	--
Year 2	\$37,375.80	\$23.36	5%
Year 3	\$39,244.59	\$24.53	5%
Year 4	\$41,206.82	\$25.75	5%
Year 5	\$43,267.16	\$27.04	5%
Year 6	\$45,430.52	\$28.39	5%
Year 7	\$47,702.04	\$29.81	5%
Year 8	\$50,087.15	\$31.30	5%
Year 9	\$52,591.50	\$32.87	5%
Year 10	\$55,221.08	\$34.51	5%

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## FINANCE COMMITTEE MEETING

### LEASE AGREEMENT WITH AIRPORT MART, INC. FOR THE MNR HARTSDALE STATION AT 223 EAST HARTSDALE AVENUE, HARTSDALE, NY

#### COMMENTS:

MTA Real Estate issued a Request for Proposals (“RFP”) dated October 31, 2023, for the lease of the Premises. Three (3) proposals were received and are summarized below:

Proposer Name	Present Value at 6%
Airport Mart, Inc.	\$321,907.97
Hartsdale Gourmet Deli LLC	\$312,190.78
Coffee Labs Roasters, Inc.	\$249,564.11

The highest proposal and most compelling overall was submitted by AMI, who proposed a starting annual base rent of \$35,596 (\$22.25 psf) with five percent (5%) annual increases on a ten (10) year term. AMI plans to invest approximately \$300,000 in improvements to the Premises for its use. In AMI’s RFP submission, it demonstrated superior experience, financial capacity, and management through the following:

**Financial Strength** – AMI has the creditworthiness and financial strength to fully self-fund the improvements required from personal cash, as well as cash flow from existing operations. Credit and background investigations performed on Airport Mart, Inc. discovered no evidence of criminal conviction history, or other reputation issues. Airport Mart, Inc. has very good credit and sufficient financial resources to successfully complete the required improvements and compensation obligations.

**Business Plan** – AMI is proposing to deliver a broad selection of healthy food, daily-prepared, high-quality grab-and-go items, freshly brewed coffees, and a 24-7 operation led by highly trained personnel in a clean and welcoming environment. AMI’s logistics are managed from Purchase, NY, with its own commissary kitchen supporting its local food service outlets.

**Management Expertise** – AMI has been operational since 2006, running concession stores at the Westchester County Airport which remain open to present day. In addition, the ownership team has experience in the development, operation, and management of quick-service restaurants, convenience stores, and gas stations in a wide geographic area in a variety of high-traffic and transit environments including airports and highway service plazas. These franchises include some of the most popular chains in America including Shell, Mobil, BP, Dunkin’ Donuts, Circle K and On the Run. Their experience in the food and beverage industry also included franchises of Blimpie, Vie de France, and TCBY.

**Improvements** – AMI proposes a complete renovation of the facility, in compliance with all the design guidelines. The interior design, fit out and carpentry will be customized for the historical nature of the Hartsdale Station Building, in a format that is warm, rustic, yet accessible and affordable. They have budgeted \$344,500 for the alterations and improvements.

Furthermore, as part of the lease agreement, AMI will be responsible for all maintenance of the Premises, with the exception of the structural elements of the station building. In addition, AMI will maintain the restrooms and the station seating area open to the public for the use and benefit of MNR customers during business hours.

MTA Real Estate solicited an appraisal from Goodman Marks for the market rental value of the Station Building on November 8, 2022, and the appraised rental value was \$44,800.00 per annum. While AMI’s rental offer was below this appraisal value, it had the highest bid and the best overall proposal including concept, experience, and financial capability.

Based on the foregoing, MTA Real Estate requests authorization to enter into a lease with E Hartsdale Food Mart, Inc. on behalf of MNR for the operation of a fast, fresh & healthy food & beverage concession and convenience store at the Hartsdale MNR Station Building.