

Open Work Session
June 20, 2017
Lease Agreement with Piedmont Airlines

Lease Agreement with Piedmont Airlines, Inc. Mrs. Dawn Veatch, Airport Manager, and Mr. Dave Ryan, Executive Director, SWED, came before Council. Mr. Ryan said this lease is for the former terminal building, also known as the Ward Building. He said Piedmont is leasing about half of the downstairs space, about 3,500 square feet of the 6,175 square feet available. They have had some expansion and are creating a better and more enhanced work environment for their folks. He said they are asking to enter into a new lease for the entire downstairs facility, and that total is 6,175 square feet. This would be a 3-year term at \$27,478.75 per year, or \$4.45 per square feet basis. They would pay their pro-rata cost for janitorial, electricity, water, sewer, etc., as typical within the terminal facility. Mr. Hall asked how long Piedmont has been a tenant at the airport, to which Mr. Ryan responded since about 1974. Mr. Hall then asked how many employees do they furnish to the airport, to which Mr. Ryan responded approximately 240 employees. Mr. Hall then clarified, the average income of these employees are considerably higher than the average Wicomico County employee, to which Mr. Ryan responded, yes, that would be accurate. Mr. Cannon asked how the price of the square footage is compared to standard commercially. Mr. Ryan said, depending on how you look at it, he has pulled up some square footage out there in the marketplace at \$6.00 a square foot, \$4.00 a square foot, and they have \$3.75 a square foot, for what he considers a fairly comparable space. He said keep in mind that Piedmont will likely improve that space. He said right now it is just wide open, no office space. He said he thinks it is a fair price, and most importantly Piedmont believes it is a fair price. Mr. Joe Holloway asked if there would be more jobs created because of this, to which Mr. Ryan responded, yes, they have been adding jobs in the past year or so since the County did this back in October of 2015, that timeframe. He said that lease ran out, as it was just for a year duration at that time. Mr. Ryan said this is an attractive 3-year term for the County. Mr. Cannon said he saw in one section where the cancellation by the lessee was a 10-day written notice. Mr. Ryan said if the space becomes inoperative because of something that the lessor would do, or some act of nature, then they have the 10-day cancellation provision, otherwise it is 180 days. He said it improves your space and accommodates a growing and important employer in our community. He said it enhances the entire grounds at the airport as they create a better workspace for their employees. Mr. Cannon said there is no doubt they appreciate their presence at the airport, as it is important to the County. Mr. Cannon asked where they would go from here as far as the lease is concerned, to which Mr. Ryan responded, Piedmont's attorneys and executive team have approved this lease, so he would yield to Mr. Strausburg and the legal team. Mr.

Cannon asked if they were looking for a consensus, to which Mrs. Hurley said she thinks this requires a public hearing, which they could have on July 18th. There was a consensus by Council to schedule a public hearing. Mr. Cannon said the public hearing will be held on July 18, 2017, at 10:00 a.m.

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John T. Cannon, President

(absent)

Larry W. Dodd, Vice President, District 3



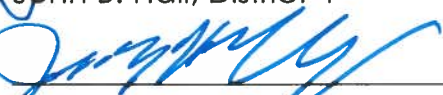
Ernest F. Davis, District 1



Marc Kilmer, District 2



John B. Hall, District 4



Joe Holloway, District 5

Matt Holloway, At-Large



Laura Hurley, Council Administrator