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16-GM. MARYLAND AVIATION ADMINISTRATION
General/Miscellaneous: Lease & Concession Contract

Contract ID: Lease and Concession Contract at Martin State Airport; *MAA-LC-25-010*

Contract Description: Lease and Concession Contract for the exclusive right for the lease of land and facilities to preserve and promote aviation & Aerospace History and Conduct Commercial Activities at Martin State Airport

Contractor: The Glenn L. Martin Maryland Aviation Museum, Inc.
Middle River, MD

Contract Term: Pre-Operational Period: Commences upon Board of Public Works approval of Contract and continues until Contractor obtains all necessary approvals and permits to begin operations.

Operational Period: Continues 50 years after the expiration of the Pre-Operational Period.

Amount: Contractor shall pay a \$1.00 annual rental fee and a percentage concession fee of 10% of net revenues during the Operational Period if net revenues are greater than \$1 million, 12.5% if greater than \$2 million and 15% if greater than \$3 million.

Procurement Method: Exclusive Lease and Concession Contract

Requesting Agency Remarks: This contract grants exclusive rights to operate approximately 25 acres of land and 141,323 square feet of building through Primary Uses (exhibition of Maryland historical aircraft, education, fundraising, management and administration) and Ancillary Uses (retail sale of food, and gifts, subleasing of space and other commercial uses). The Contractor currently operates and maintains approximately 1,528 square feet of office/museum space and 49,000 square feet of aircraft exhibition space at Martin State Airport under Contract No. MAA-LC-94-022, approved Item MDOT 14-L October 13, 1983. This contract promotes and preserves the aviation and aerospace history in the State of Maryland.

MDOT has made the recommendation to the BPW for the land and facilities (Block A and Block D) to be transferred to MAA under MDOT 5-RP.

Pending BPW approval, the Contractor will vacate Martin State Airport and occupy this space as its permanent location. The Contractor currently occupies 63,207 square feet at Martin State. Upon vacating this space, the space will be able to use for revenue generation activities.

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Requesting Agency Remarks (cont'd):

The current occupied space includes 1,200 square feet for the Museum, 1,600 square feet for the gallery, 2,407 square feet for archives and 58,000 square feet for aircraft storage at Strawberry Point.

Relocating the museum and leasing the space to the Contractor, will provide a multitude of benefits to the MAA and the state of Maryland. First, the lease will relieve MAA of all financial burden of this property and ultimately provide shelter for the historical aircraft. The museum will be a place to provide a celebration of Maryland's contribution to aerospace and provide an educational opportunity for tourists. Most importantly, the museum's primary goal is to inspire students to enter Aviation careers. The Contractor has partnered with the Community College of Baltimore County (CCBC). CCBC will oversee and administer all education programming associated with the College's existing Aviation Program.

The Contractor's vision of the facility is as follows

- Basement – storage of priceless documents and conference rooms
- First Floor – events area, auditorium, conference rooms, eatery and office space
- Second Floor – library/research center, gift shop, Maryland Aerospace Hall of Fame, Glenn L. Martin Gallery and Maryland Aviation Gallery
- Third Floor – STEM learning center
- Fourth Floor – CCBC and/or other aviation school programs
- Fifth Floor – offices for museum and other leases as needed.

The Contractor anticipates an additional 500,000 tourists a year based on the Seattle's Museum of Flight which hosts 750,000 visitors a year. The Contractor's facility would be much larger than Seattle's. The tourism would provide an economic impact to Maryland and reshape the Middle River community to a cultural destination.

The Contractor plans to erect a 50,000 square foot hangar to house the aircraft collection and it will be connected to the main building.

Additionally, the state of Maryland and Baltimore County have committed grants to support the Contractor's mission and development of the museum.

The Contractor provided a 10-year profit & loss statement. It is estimated that in year one the income generated will total \$3.5 million annually (\$1.9 million from entrance fees, membership donations, grants and fundraising, \$1.1 million in rental income and \$500 thousand from gift shop sales). Operating expenses are expected to total \$2.0 million annually.

The Contractor plans to expand its endowment by setting aside \$300,000 per year for the next 10 years to create a \$3 million fund for operational costs and protection from economic variables.

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Requesting Agency Remarks (cont'd):

The Contractor is responsible for all capital improvements and operational expenses included utilities.

This type of revenue producing contract at a transportation facility is outside the scope of the State Procurement Law (State Finance and Procurement Article 11-202(3); COMAR 21.01.03.03.B(1)(d). However, the Contract and any modification must be approved by the Board of Public Works because the Contract constitutes a use of State Property under State Finance and Procurement Article, 10-305.

Resident Business: Prospective Concessionaires required to respond

MD Tax Clearance: Prospective Concessionaires required to supply federal ID

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION