

Staff Summary

Subject LEASE AGREEMENT WITH CARLO INNOVATION INC. FOR A RESTAURANT IN THE SPRING VALLEY STATION, NY
Department REAL ESTATE
Department Head Name DAVID FLORIO
Department Head Signature
Project Manager Name JASON ORTIZ

Date JANUARY 29, 2025
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Metro-North	01/27/25		X	
2	Finance Committee	01/27/25	X		
3	Board	01/29/25	X		

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

AGENCY: MTA Metro-North Railroad (“MNR”)
LESSEE: Carlo Innovation Inc. (“CII”)
LOCATION: Spring Valley station building, Spring Valley, NY
PREMISES: Station building totaling approximately 2,140 square feet at 1 Municipal Plaza, including five (5) parking spaces
USE: Operation of a full-service Mexican restaurant
ACTION REQUESTED: Authorization to enter into a lease agreement
TERM: Ten (10) years
COMPENSATION: \$14,400 year 1, with 3% annual increases

COMMENTS:

MTA Real Estate issued a Request for Proposals (“RFP”) dated May 22, 2024, for the lease of the Premises. One (1) proposal was received and is summarized below:

Proposer Name	Net Present Value at 6%
Carlo Innovation Inc.	\$119,790.50

A single bid was received from CII proposing a starting rent of \$14,400.00 (\$6.73 per square foot) per annum with three percent (3%) annual increases over a ten (10) year term. CII plans to invest approximately \$90,000.00 in improvements.

The principal of CII is Galo Lema, who is an experienced owner and operator of Pancho Villa Restaurant & Cantina in Nyack, NY. He also runs a local food truck and a bus transportation service operating from Spring Valley to Manhattan. CII proposes to offer a full-service restaurant incorporating a variety of Mexican food. The Minimum Operating Hours under the lease are from 6:00 AM to 11:00 AM on Business Days, however, Mr. Galo intends to be open from 5 AM to 6 PM, seven days a week. The lease requires that the Lessee unlock and open the Station Facilities, including the bathrooms and other applicable Public Areas, no later than 6:00 AM on all days that trains operate on a regular weekday schedule. Their menu

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FINANCE COMMITTEE MEETING

LEASE AGREEMENT WITH CARLO INNOVATION INC. FOR THE MNR SPRING VALLEY STATION AT 1 MUNICIPAL PLAZA, SPRING VALLEY, NEW YORK (Cont'd.)

would closely follow that of their restaurant in Nyack. They also plan to utilize this location as a support kitchen servicing other CII operations. The lease also grants a license to use five (5) parking spaces on an exclusive basis.

Credit and background investigations performed on CII and Galo Lema found no evidence of criminal conviction history, or other disagreement or reputation issues connected with the aforementioned business. CII has good credit and sufficient financial resources to successfully complete the required improvements and compensation obligations. In addition, Galo Lema will provide a guaranty of performance and payment obligations of the tenant under the lease.

MTA Real Estate obtained an independent appraisal to determine the market rental value of the Station Building and the appraised value was \$22,000.00 per annum. Although CII's offer was below this appraised value, it was the only bid received and an indicator of fair market value in this challenging area.

Based on the foregoing, it is recommended to proceed with the award of a lease agreement for the Spring Valley Station Building to CII for the operation of a full-service restaurant.