

## DEPARTMENT OF PORT CONTROL

Ordinance No.: 1359- 2023

### EXECUTIVE SUMMARY

The Department of Port Control (“Department”) is requesting authority to enter into a lease with United Airlines, Inc., for the use and occupancy of certain City-owned property located generally at 5900 to 5910 Cargo Road, Buildings, #213 and #219, Cleveland, Ohio 44135, at Cleveland Hopkins International Airport, for a period of five years, with one five-year option to renew, exercisable by the Director of Port Control. The proposed use of approximately 68,192 square feet of space is for administrative offices, maintaining flight operations, and ground service equipment owned by United Airlines.

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#### **Background/Purpose:**

On January 1, 2009, the City of Cleveland (“City”) entered into a Lease with Continental Airlines, Inc. n/k/a United Airlines, Inc. (“United”), CT LS 69003 under the authority of Ordinance No. 1330-08, passed by the Council of the City of Cleveland on November 14, 2008. The lease was for the use and occupancy of certain City-owned space at Cleveland Hopkins International Airport (“CLE”):

Building #213 High Bay Hangar  
Building #214 Training Center  
Building #218 Catering Facility  
Building #219 Maintenance (GSE) Facility

Aforementioned buildings were for the purpose of maintaining and operating flight operations, equipment maintenance, business, training and operations offices, inflight personnel, parking, storage, repair, washing and servicing aircraft and a catering facility.

United no longer has a use for Building #214 & Building #218, therefore, the Department and United are desirous of entering into a new lease for Building #213 & Building #219, for a period of five years with one five-year option to renew, exercisable by the Director of Port Control.

#### **Scope:**

The following are the material provisions to be contained in the Lease:

- (A) The Director of Port Control is authorized to enter into a Lease for the use and occupancy, of approximately 31,280 square feet for an aircraft and equipment maintenance hangar, located in what is commonly known as United Hangar 1, Building No. 213 and approximately 36,912 square feet for a Maintenance/GSE facility, located in Building No. 219. The Leased Premises shall be used as a hangar and aircraft maintenance facility.
- (B) The term of the lease shall be for a term of five (5) years, with one – five (5) year option to renew, as exercisable by the Director of Port Control.

- (C) United shall pay the City an annual rental rate based on a third-party appraisal for fair market value at a per square foot rate. The rental amount will be adjusted annually on the effective date of the agreement based on the United States Department of Labor, Consumer Price Index: "All Urban Consumers (CPI): Midwest Region"; however, never lower than the rate during the initial term. The rent is payable in twelve (12) equal monthly installments.
- (D) The Lease may authorize the Lessee to make improvements to the leasehold premises, subject to the approval of appropriate City agencies and officials.
- (G) The Lease shall contain such additional provisions, as the Director of Law deems necessary to benefit and protect the public interest.
- (H) The Director of Port Control, the Director of Law and other appropriate City officials are authorized to execute any other documents and certificates, and may take any other actions, which may be necessary or appropriate to affect the Lease authorized.

**Schedule or Term of Contract:**

The term of the lease shall be for a term of five (5) years, with one – five (5) year option to renew, as exercisable by the Director of Port Control.

**Justification /Urgency:**

Continued use of this land and facility by United is necessary in order to support its aircraft hangar and maintenance/ground service equipment facility at CLE.

**Anticipated Cost:**

None.

**Employee Demographics:**

Total number of United - CLE employees - 1088  
Number of employees that are minorities – 118  
Number of employees that are women - 398  
Number that are City of Cleveland residents - 69