

## Department of Port Control

Ordinance No.: 83-2019

Business Development and Management

### EXECUTIVE SUMMARY

The Department of Port Control is requesting authority to enter into a Lease Agreement with BP Products North America, Inc. for the use and occupancy of City-owned property commonly known as the North Fuel Farm at Cleveland Hopkins International Airport, for the purpose of operating an aviation fuel storage and handling facility, for a period of two years, with three one-year options to renew, the first of which shall require additional legislative authority.

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

On September 28, 2009, the Cleveland City Council passed Ordinance No. 697-09, authorizing the Department to enter into a lease by way of concession with Air BP, City Contract No. 69660 for the use and occupancy of Lot 1, Lot 2, Lot 3, Lot A, and Lot B, which space is associated with and more commonly known as the North Fuel Farm at Cleveland Hopkins International Airport for the purpose of operating an aviation fuel storage and handling facility ("Lease"). The Lease was for a term of ten (10) years and expired December 31, 2018. The lease also contains a month to month holdover clause. The Department is desirous to enter into a new shorter term agreement with the current operator, Air BP, to continue management and operation of the North Fuel Farm until such time as the upcoming CLE Master Plan will provide a clear path for the future, with fuel farm storage strategy being an integral part. Fuel provided by this North Fuel Farm services all airlines at CLE, with the exception of United Airlines, who are fueled from the South Fuel Farm by way of an underground fuel hydrant system. There are currently two fuel farms at CLE and the Master Plan will help determine if any major changes are needed for future growth. This new short term agreement would also provide Air BP term necessary to implement some critical infrastructure investment upgrades such as designing, funding and executing a project in collaboration with key stakeholders to convert the pipeline connecting the North and South farms into a bi-directional line, enhancing storage capabilities at the airport and increasing overall reliability of fuel supply at CLE.

#### **Scope:**

The following are provisions to be contained in the lease agreement:

- (A) The leasehold premises shall be the North Fuel Farm at Cleveland Hopkins International Airport.
- (B) The leased premises will be used for the purpose of operating an aviation fuel storage and handling facility.
- (C) The annual rental rate will be determined by an independent third party appraisal.

**Justification/Urgency:**

The Lease is necessary for Air BP to continue operation of the aviation fuel storage and handling facility.

**Anticipated Cost:**

None.

**Schedule or Term of Contract:**

City Contract No. 69660 will expire by its' terms on December 31, 2018.

**Current Contract:**

Name	Expiration	Contract No.	Amount
BP Products North America, Inc.	12-31-2018	69660	\$56,000.00/year

Total number of employees – 4  
Number of employees that are minorities – 0  
Number that are women – 1  
Number that are City of Cleveland Residents - 0