

Department of Port Control

Ordinance No.: 1119-2022

Commercial Development & Legislative
Affairs

EXECUTIVE SUMMARY

The Department of Port Control (“Department”) is requesting authority to enter into a Maintenance and Operating Agreement (“M&O Agreement”) with the Cleveland Terminal & Equipment Consortium, LLC (“CTEC”) at the Cleveland Airport System (“CAS”). The term shall commence on the effective date and expire on December 31, 2030, with two five-year options to renew, exercisable by the Director of Port Control.

Background/Purpose:

The Cleveland Hopkins International Airport’s Master Lease with the Signatory Air Carriers, effective on January 1, 2016, envisioned the establishment of an Airline consortium to maintain and operate aeronautical equipment. This consortium is now known as the Cleveland Terminal & Equipment Consortium (“CTEC”), an Ohio limited liability company, which is duly designated to perform certain duties and obligations related to aeronautical equipment on behalf of the Member Air Carriers (defined below) serving Airport.

CTEC has requested to enter into a Maintenance and Operating Agreement (“M&O Agreement”) to formalize the current arrangement with CAS, with a proposed term that shall commence on the effective date and expire on December 31, 2030, with two five-year options to renew, exercisable by the Director of Port Control.

Scope:

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

- (A) The Director of Port Control is authorized to enter into a M&O Agreement with CTEC which has been established and duly designated to perform certain duties and obligations on behalf of the Member Air Carriers serving the Airport. Member Air Carrier is defined as an Air Carrier that is a party to the Member Agreement and is a member of CTEC.
- (B) CTEC solely holds the obligation to pay all charges or fees occasioned by CTEC’s operation and maintenance of the aeronautical equipment, provided that such costs are not also duplicatively assessed to the Signatory Airlines.
- (C) Aeronautical Equipment is defined as, collectively, the City-owned equipment and systems to be operated and maintained by CTEC in accordance with the

terms and conditions of the M&O Agreement, including baggage systems, deicing facilities and other relate infrastructure; and

(D)The term of the agreement shall commence on the effective date and expire on December 31, 2030, with two five-year options to renew, exercisable by the Director of Port Control.

Justification/Urgency:

Cleveland Terminal & Equipment Consortium (“CTEC”), an Ohio limited liability company, duly designated to perform certain duties and obligations on behalf of the Member Air Carriers serving the Cleveland Airport System. The proposed Consortium offers numerous benefits, including but not limited to the following:

- Shifts responsibilities for operating, maintaining and repairing the CAS’ baggage systems, deicing facilities and other relate infrastructure to the Airlines;
- Creates a more efficient operating environment, which reduces airlines costs that could be passed to passengers;
- Airline consortiums have a strong track record throughout the industry of safely maintaining and operating equipment; and
- Industrywide there is a high degree of satisfaction with the model; many Airports have actually expanded their consortium’s scope.

Anticipated Cost:

None.

Schedule or Term of Contract:

The term shall commence on the effective date and expire on December 31, 2030, with two five-year options to renew, exercisable by the Director of Port Control.

Current Contract:

Name	Term/Expiration	Contract Number	Amount \$
N/A	N/A	N/A	N/A