

## Department of Port Control

Ordinance No.: 1331-2019

Business Development & Management

### Executive Summary

The Department of Port Control is requesting authority to enter into a Lease Agreement with United Airlines, Inc. for the lease of certain office, warehouse, and hangar space located at 19200 Primary Road at Cleveland Hopkins International Airport, Department of Port Control, to support its aircraft maintenance operations, for a period of five years with one five-year option to renew, exercisable with additional legislative authority.

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

Under City Contract No. 55879, United currently leases approximately 91,520 square feet of space also known as Bays 1 and 2, located in Building #101 at 19200 Primary Road (commonly known as the Primary Hangar) at CLE, with an additional 3,112 square feet of space retained by the City for other Lessee's. This hangar is used as a base for its' ExpressJet aka United Express aircraft maintenance operations.

Due to United Express' continued growth in Cleveland, United is requesting to renew the lease for a term of five years with one five-year option to renew, which requires additional legislative authority.

#### **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 94,632 square feet of space ("Leased Premises") known as Bays 1 and 2, in the Primary Hangar, Building #101 at CLE.
- (B) The Leased Premises shall be used to support Lessee's aircraft maintenance operation.
- (C) United shall pay the City an annual rental rate to be determined by a third party appraisal. The rental rate shall be adjusted annually on the effective date based on the United States Department of Labor, Consumer Price Index: "All Urban Consumers (CPI): Midwest Region, North Central,"; however, never lower than the rate during the initial term. The property shall be reappraised in year 5, to set the rate for the first year of the option term. The rent is payable in twelve (12) equal monthly installments.

(D)The term of the lease shall be for a period of five (5) years with one (5) five-year option to renew, which is subject to additional legislative approval.

**Justification/Urgency:**

The space is needed by United to support its United Express aircraft maintenance operations.

**Anticipated Cost:**

None.

**Schedule or Term of Contract:**

The Department is requesting a term of five (5) years with one (1) five-year option to renew, which is subject to additional legislative authority.

**Current Contract:**

Name	Number/Term	Amount
United Airlines, Inc.	#55879 March 1, 2000 – January 31, 2020	\$514,342.32/yr.

**Employee Demographics:**

Total number of employees – 1050

Number of employees that are minorities – 237

Number of employees that are women – 474

Number of employees that are City of Cleveland residents – 187