

Department of Port Control

Ordinance No.: 1309-17

Business Development & Management

Executive Summary

The Department of Port Control is requesting authority to enter into a Lease Agreement with Southwest Airlines Co. to lease cargo space at Building #216 at the South Cargo Facility of Cleveland Hopkins International Airport, for the Department of Port Control, for a period of two years, with three one-year options to renew, the first of which requires additional legislative authority.

Background/Purpose:

Southwest entered into a Lease Agreement, City Contract No. 66079, under the authority of City Ordinance No. 866-06, for the use of 6,400 square feet of space at the South Cargo Building located at 6090 Cargo Road, Cleveland, OH 44135 for activities necessary for the operation of an air cargo facility. The Agreement was for a term of five (5) years, with one-five (5)-year option to renew. The Agreement expired by its terms on September 19, 2016.

Southwest has proposed to enter into a new lease for the use of the same 6,400 square feet of space (“Leasehold Premises”) at the Cargo Building for the continued operation of an air cargo facility at CLE (“Lease”).

Scope:

The following are 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 6,400 square feet of space located in the South Cargo Building, #216, which has been determined to be not needed for public use for the term of the Lease.
- B) The Leasehold Premises shall be used for the operation of an air cargo facility.
- C) The initial term rental rate shall be based on an upcoming independent third party appraisal. For each option term, the rental rate shall be adjusted based on the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Cleveland and Akron, OH; however, never lower than the rate during the initial term.
- D) The Department is requesting a Lease for a term of two (2) years with three (3) one-year options to renew, the first option to renew exercisable through additional legislative authority.

Justification/Urgency:

This facility is needed by Southwest in order to support its' cargo operations at CLE.

Anticipated Cost:

None.

Schedule or Term of Contract:

The Department is requesting a Lease term of two (2) years with three (3) one-year options to renew, the first of which requires additional legislative authority.

Current Contract:

Name	Term	Contract No	Annual Amount
Southwest Airlines, Inc.	5 years w/ (1)-5 year option to renew.	66079	\$52,449.97

Employee Demographics:

Total number of employees -85
Number of employees that are minorities -44
Number that are women - 34
Number that are City of Cleveland residents - 5