

**Department of Port Control  
Request for Legislation**

Ordinance No.: 588-2023

**EXECUTIVE SUMMARY**

The Department of Port Control is requesting approval to enter into a lease with United Airlines, Inc. for the use and occupancy of certain City-owned property located at 5840 Cargo Road, Building, #212, Cleveland, Ohio 44135 at Cleveland Hopkins International Airport for the use of an aircraft hangar facility for the storage and maintenance of aircraft owned by United Airlines.

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**Background/Purpose:**

The City of Cleveland (“City”) entered into a Lease by Way of Concession with Continental Airlines, Inc. n/k/a United Airlines, Inc. (“United”), under the authority of Ordinance No. 697-16 passed on September 26, 2016. The lease was for the use and occupancy of certain City-owned land at Cleveland Hopkins International Airport (“CLE”) for the purposes of maintaining and operating an aircraft hangar facility.

United has proposed to enter into a New Lease (“Lease”) with the City. The proposed use of space will be to continue to maintain and operate an aircraft hangar facility for the storage and maintenance of aircraft owned by United.

**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 an approximately 40,000 square foot aircraft maintenance hangar, situated on an approximately 5.682-acre parcel of land, and commonly known as United Hangar 2, Building No. 212. 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 years, with one five (5) year option to renew, 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 years, with one five (5) year option to renew, 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 facility at CLE.

**Anticipated Cost:**

None.

**Current Contract:**

<b>Name</b>	<b>Term</b>	<b>Contract No.</b>	<b>Amount \$</b>
United Airlines, Inc.	10 years w/2-five year options + a mo./mo. tenancy	54095	\$495,000.00/annum

**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