

## Department of Port Control

Ordinance No.: 1332-2019

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 use and occupancy of certain space located in the South Cargo Facility Building at Cleveland Hopkins International Airport, Department of Port Control, to support its cargo operation, for a period of two years, with three one-year options to renew, the first of which requires additional legislative authority.

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

Under City Contract No. CT 3001 2014-028, United currently leases approximately 21,371 square feet of space in Building #216, located at 6090 Cargo Road, commonly known as the South Cargo Building at CLE to support its cargo operations.

United is requesting to renew the lease for a term of two years with three one-year options to renew, the first of 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 21,371 square feet of space ("Leased Premises") in the South Cargo Building at CLE.
- (B) The Leased Premises shall be used to support Lessee's cargo operation.
- (C) United shall pay the City an annual rental rate of \$149,597.00 at a per square foot rate of \$7.00. 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, North Central,"; however, never lower than the rate during the initial term. The rent is payable in twelve (12) equal monthly installments.
- (D) The term of the lease shall be for a period of two (2) years with three (3) one-year options to renew, the first option subject to additional legislative approval.

**Justification/Urgency:**

The space is needed by United to support its cargo operations.

**Anticipated Cost:**

None.

**Schedule or Term of Contract:**

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

**Current Contract:**

Name	Contract No.	Amount
United Airlines, Inc.	CT 3001 LS 2014-028 November 1, 2014 – October 31, 2019	\$149,597.00/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