

Department of Port Control

Request for Legislation

Ordinance No.: 137 2023

Executive Summary

The Department of Port Control is requesting authority to enter into a Lease Agreement with Southwest Airlines for the use and occupancy of certain space located in the South Cargo Facility Building at Cleveland Hopkins International Airport, Department of Port Control, for a period of two years, with three one-year options to renew, exercisable by the Director of Port Control.

Background/Purpose:

By way of background, Southwest Airlines (Southwest) entered into a Lease Agreement, City Contract No. LS 2018-2023, for the use of approximately 6,400 square feet of space at the Cargo Building for activities necessary for the operation of an air cargo facility. The Agreement was for a term of two (2) years, with three (3) one-year options to renew.

The Lease Agreement is set to expire by its terms on August 30, 2023.

Southwest has proposed to enter into a new lease for the use of the space in Building # 216 for the approximate 6,400 square footage (“Leasehold Premises”) at 6090 Cargo Road, Cleveland, OH 44135 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 Cargo Building, which has been determined to be not needed for public use for the term of the Lease.
- B) The Department is requesting a Lease for a term of two (2) years with three (3) one-year options to renew, exercisable by the Director of Port Control.
- C) The Leasehold Premises shall be used for the operation of an air cargo facility.
- D) An independent third party, fair market value appraisal, shall set the initial rental rate for the leasehold area.
- E) For each year after the initial term, the rental rate shall be adjusted annually on the effective date of the lease; based on an independent third party appraisal and

the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Midwest; however, never lower than the rate during the initial term.

Justification/Urgency:

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

Anticipated Cost:

There is no cost to the City associated with this Lease.

Schedule or Term of Contract:

The Department is requesting a Lease for a term of two (2) years with three (3) one-year options to renew.

Current Contract:

Name	Term/Expiration	Contract No.	Amount
Southwest Airlines, Inc.	(2) yrs. w/ (3) One-yr. options to renew. Expiration 8-30-23	LS2018*023	\$ 51,270.44/annum