

Department of Port Control

Ordinance No.: 430-2023

Executive Summary

The Department of Port Control (“Department”) is requesting authority to enter into a new Lease Agreement with Cleveland National Air Show (“NAS”), Inc. for the lease of office space, airfield and airport facilities at Cleveland Burke Lakefront Airport to conduct an airshow and related events (“Event”).

Background/Purpose:

Under the authority of Ordinance 743-18 passed on June 4, 2018, the Department and NAS executed and entered into a Lease Agreement No. CT-LS2019 *0004 on November 1, 2018, for approximately 1,523 square feet for the use of certain city owned property located at Cleveland Burke Lakefront Airport for the promoting, producing and conducting of the Event. The term was set at two (2) years with three (3) one-year options to renew.

Both NAS and the Department desire to enter into a new Lease Agreement, with a term of two (2) years, with three (3) one-year options to renew, exercisable by the Director of Port Control.

Scope:

The following are provisions that are contained in the Lease:

- (A) Lessee shall pay an annual rent of \$\$22,845.00 for 1,523 square feet of office space (Rm.166), at a rate of \$15.00 per square foot for the initial term. The rate was determined by an independent third-party appraisal dated August 28, 2022, and based on the fair market value of leased premises and rental rates charged for comparable facilities.
- (B) The rental rate of \$15.00 per square foot, for office space shall be adjusted annually based on the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Midwest; or similar index; however, never lower than the rate during the initial term.
- (C) The leased premises shall be used to support Lessee’s business as a provider, promoter and producer of the Cleveland National Air Show event.
- (D) Lessee shall pay the City an annual rent for the Event of \$29,896.00 during the term of the lease, which will include the option years exercised; and increased by the annually, on the anniversary of the effective date of the Lease, by the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Midwest; or similar index; however, never lower than the rate during the initial term.

Justification/Urgency:

The premises is needed by NAS for the continued promotion, production and conducting of the Event.

Anticipated Cost:

None.

Term:

The Department is requesting a term of two (2) years, with three (3) one-year options to renew, exercisable by the Director of Port Control.

Current Contracts:

| Entity Name | Term | Agreement No. | Annual Rent | Annual Event Fee |
|-----------------------------|---|-----------------------|------------------|------------------|
| Cleveland National Air Show | (2)-years w/ (3) one-year options to renew. | CT-3001 LS2019*004 | \$25,891.00/Year | \$28,000/Year |

Employee Demographics:

Total number of employees - 5
Number of employees that are minorities – 0
Number that are women – 3
Number that are City of Cleveland residents – 0