Department of Port Control

Ordinance No.: 586-2023

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 #216 at Cleveland Hopkins International Airport, Department of Port Control, to support its cargo operation, for a term of five years, with one five (5) year option to renew, exercisable by the Director of Port Control.

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 enter into a lease, for a term of five years, with one five (5) year option to renew, exercisable by the Director of Port Control.

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 Director of Port Control is authorized to enter into a lease for the use and occupancy of approximately 100,000 square feet of space ("Leased Premises") outside the South Cargo Building at CLE for employee parking.

(C) The Leased Premises shall be used to support Lessee's cargo operation.

(D) 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 for both the inside and outside of the building (parking area). 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.

(E) 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:

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 five years, with one five (5) year option to renew, exercisable by the Director of Port Control.

Current Contract:

Name	Term	Contract No.	Amount $
United Airlines, I Bldg. 216 - Cargo	Two years with three one-year options renew with a month-to-month tenancy.	2014*028	$149,597.00/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