

## **Department of Port Control**

Ordinance No.: 918-18

Business Development & Management

### **EXECUTIVE SUMMARY**

The Department of Port Control is requesting authority to enter into a Lease Agreement with Zone Aviation for the lease of office space at Burke Lakefront Airport for the operation of a flight training school, aircraft management, and pilot support services, for a period of two years, with three one-year options to renew, the first of which shall require additional legislative authority.

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

On March 10, 2017 the Department of Port Control (“Department”) entered into a License Agreement with Zone Aviation under the authority of Section 183.16 of the Codified Ordinances of the City of Cleveland for the use and occupancy of approximately 1,452 square feet of office space located in Rooms #149 and #152 of the Terminal Building at Burke Lakefront Airport, for the purpose of operating flight training, aircraft management and pilot support services at the airport (“Lease”). The term is currently not to exceed twelve (12) months.

Zone Aviation has requested to enter into a longer term lease for the aforementioned space; two (2) years with three (3) one-year options to renew, the first of which requires additional legislative authority.

#### **Scope:**

The following are provisions to be contained in the lease agreement:

- (A) The Director of Port Control is authorized to enter into a Lease for the use and occupancy of approximately 1,452 square feet of office space in Rooms 149 and 152 at Burke Lakefront Airport (“Leased Premises”).
- (B) The leased premises will be used for the purpose of operating flight training, aircraft management and pilot support services at the Airport
- (C) Lessee shall pay the City an annual rental rate of \$24,432.00 for the initial term, which was determined by an independent third party appraisal, based on fair market value.
  - 1. Room 149 is approximately 652 square feet and the rental rate is \$16.00 per square foot (landside). The annual rental amount of \$10,432.00 is payable in 12 equal monthly installments of \$869.00; and

2. Room 152 is approximately 800 square feet and the rental rate is \$17.50 per square foot (airside). The annual rental amount of \$14,000.00 is payable in 12 equal monthly installments of \$1,166.00; and
3. The rental rate for each of the option terms shall be adjusted based on the United States Department of Labor, Consumer Price Index: "All Urban Consumers" Cleveland and Akron; however, never lower than the rate during the initial term.

(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.

(E) The Lease will authorize Zone Aviation to make additional improvements to the leased premises at its own cost, subject to approval of the Director and appropriate City agencies and officials.

**Justification /Urgency:**

The Lease of the space is necessary to maintain a flight training school, aircraft management and pilot support services at Burke Lakefront Airport.

**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 approval.

**Current Contract:**

Name	Expiration	Contract Number	Amount
Zone Aviation	3/9/2018	LS 2018*BKL-ZONEAV	\$23,380 per annum

Total number of employees – 16

Number of employees that are minorities – 0

Number that are women – 3

Number that are City of Cleveland residents -1