

**Department of Port Control
Request for Legislation**

Ordinance No.: 553-2021

Commercial Development & Governmental Affairs

EXECUTIVE SUMMARY

The Department of Port Control is requesting authority to enter into a Lease Agreement with KCLE JETS INC. dba JETS FBO Network for the lease of an aircraft hangar and associated ramp parking space at 19601 Five Points Road for operation of a fixed-base operating business, for the Division of Cleveland Hopkins International Airport, Department of Port Control, for a period of twenty years with two five-year options to renew, the first of which requires additional legislative authority.

Background/Purpose:

On March 1, 2021, the Department of Port Control (“Department”) entered into a License Agreement with KCLE JETS INC. (“KCLE JETS”) under the authority of Section 183.16 of the Codified Ordinances of the City of Cleveland, for the use and occupancy of approximately 85,996 square feet of land and an aircraft hangar located at CLE for the purpose of operating a Fixed-Base Operator (“Lease”) business. The term is currently not to exceed twelve (12) months.

An FBO is a private jet terminal at an airport. It could be a small lounge in a general airport terminal or a multi-purpose facility that is separately built from the main airport and offers a variety of services for the aircraft, private jet customers, and the crew.

KCLE JETS has requested to enter into a long-term lease for the aforementioned space; due to the substantial capital investment in the property, the term will be twenty (20) years with two (2) five-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 leasehold premises shall be approximately 85,996 square feet of space and Building #211 located at 19601 Five Points Road, Cleveland, OH 44135 at CLE.
- (B) The leased premises will be used for a Fixed-Base Operator business.
- (C) Lessee shall pay the City a Minimum Monthly Payment as determined by an independent third party appraisal. The rental amount will be increased at the commencement of each Option Term by a CPI adjustment, but never less than the initial amount. The rent is payable in twelve (12) equal monthly installments.

(D) The term of the lease shall be for a period of twenty (20) years with two (2) five-year options to renew, the first option is subject to additional legislative approval.

Justification /Urgency:

The Lease of the premises is necessary to maintain the operation of an FBO.

Anticipated Cost:

None

Schedule or Term of Contract:

The Department is requesting a term of twenty (20) years with two (2) five-year options for renewal, the first option subject to additional legislative approval.

Current Contract:

Name	Term	Contract No.	Amount
KCLE JETS, INC.	One (1) Year	N/A-TBD	\$85,130.00/annum

Employee Demographics:

Total number of employees – 14
Number of employees that are minorities – 2
Number that are women – 3
Number that are City of Cleveland Residents - 2