

Department of Port Control

Ordinance No.: 686-2021

Commercial Services & Governmental Affairs

EXECUTIVE SUMMARY

Authorizing the Director of Port Control to exercise the first option to renew Lease Agreement No. NF 2018-021 with Federal Express Corporation for building and land used as office, warehouse, and various parking facilities for vehicles and aircraft for the operation of a retail shipping and air freight service facility located at 5701 Postal Road; and to amend the contract to change certain terms of the contract.

Background/Purpose:

Effective October 23rd, 2016, the Department of Port Control (“Department”) entered into a Lease Agreement with the Federal Express Corporation (“FedEx”), under the authority of Ordinance No. 24-17, passed by Council of the City of Cleveland on January 30, 2017 for the use and occupancy of approximately 9.8 acres of land, which includes a 74,800 square foot structure, known as Building #221, located at 5701 Postal Road, Cleveland, OH at CLE to operate a retail shipping and air freight services facility.

The term was set at five (5) years with two (2) five-year options to renew, with the first of the five (5) year options not able to be exercised without additional legislative authority.

Scope:

The following are the material provisions to be contained in the option:

- (A) The Director of Port Control is authorized to enter into a Lease for the use and occupancy of approximately 9.8 acres of land, which includes a 74,800 square foot structure consisting of office and warehouse space.
- (B) The Leased Premises shall be used to support Lessee’s business as a provider of retail shipping and air freight services.
- (C) FedEx shall pay the City an annual rent for the first year at a rate established by an independent third party appraisal based on fair market value of the Lease Premises and rental rates charged for comparable facilities. All rents for the remaining years of the Original term and Option terms shall be as follows; and not less than any preceding years’ rent paid:

PERIOD	RATE PER ANNUM
Years Two (2)–Five (5)	Adjusted rate based on the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Labeled for Cleveland and Akron
Year Six (6)	Appraised fair market value

Years Seven (7) – Ten (10)	Adjusted rate based on the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Labeled for Cleveland and Akron
Year Eleven (11)	Appraised fair market value
Years Twelve (12) - Fifteen(15)	Adjusted rate based on the United States Department of Labor, Consumer Price Index: “All Urban Consumers” Labeled for Cleveland and Akron

(D)The leased space may be increased by approximately .42 acres of adjacent land.

(E)The Director of Port Control, the Director of Law and other appropriate City officials are authorized to execute any other documents and certificates, and may take any other actions which may be necessary or appropriate to affect the Lease authorized.

Justification/Urgency:

The Lease of the space is necessary to operate the FedEx retail shipping and freight services facility at Cleveland Hopkins International Airport.

Anticipated Cost:

None.

Schedule or Term of Contract:

The Department is requesting to exercise the first of the two (2) five-year options to renew.

Current Contract:

Name	Term	Contract No.	Annual Amount
Federal Express Corporation	Five (5) years with two (2) five-year options to renew	CT NF2018*021	\$407,300.04

Total number of employees – 195
 Number of employees that are minorities – 44
 Number of employees that are women – 55
 Number of employees that are City of Cleveland residents -28