

**Department of Port Control
Request for Legislation**

Ordinance No.: 914-2021

Commercial Services & Governmental Affairs

EXECUTIVE SUMMARY

Authorizing the Director of Port Control to enter into a Lease Agreement with Constant Aviation, Inc. for the lease of certain space and land located at 19200 Primary Road and 5200 Secondary Road at Cleveland Hopkins International Airport, Department of Port Control, to provide aviation maintenance, repair, and overhaul services, for a period of four years, with one four-year option to renew, exercisable by the Director of Port Control; and to terminate the existing Lease By Way of Concession Agreement and License at these premises.

Background/Purpose:

Mercury Air Services and affiliated company Constant Aviation entered into Lease Agreements, City Contract No. 62837 effective January 1, 2004, and a License Agreement, City Contract No. 2021-002 effective December 7, 2020, for the use of various aircraft hangars, accompanying office, and support space at Cleveland Hopkins International Airport to operate their multi-faceted aircraft maintenance, repair and overhaul (“MRO”) business in support of the aviation industry. These Agreements currently have expiration dates of December 31, 2023, and December 6, 2022, respectively. Constant has experience significant growth in recent years and has additional operations and corporate office support space at Chelm Cleveland Business Park in Cleveland as well as operations and an aircraft paint hangar at Sanford International Airport (SFB) in Florida.

Constant has proposed to enter into a new combined lease for the use of the same facilities (“Leasehold Premises”) at CLE for the continued operation and growth of their MRO business.

Scope:

The following are 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 557,321 square feet of land and 173,728 square feet of space located in Buildings #101 & #102, which has been determined to be not needed for public use for the term of the Lease.

- B) The Leasehold Premises shall be used for the operation of an aviation maintenance, repair and overhaul business.

- C) The annual rental rate will be paid in 12 equal monthly payments, based on a rental rate per square foot based on an independent third party appraisal. The annual rental rate shall be increased at the beginning of the Option Term on the anniversary of the Effective Date of this Lease by 10%.
- D) The Department is requesting a Lease for a term of four (4) years with one (1) four-year option to renew, exercisable by the Director of Port Control.
- E) The Director of Port Control is authorized to offer capital improvement reimbursement as necessary for repairs and/or upgrades made to the facilities.

Justification/Urgency:

These facilities are needed by Constant Aviation in order to support its’ ongoing aviation MRO business at CLE.

Anticipated Cost:

None.

Schedule or Term of Contract:

The Department is requesting a Lease term of four (4) years with one (1) four-year option to renew, exercisable by the Director of Port Control.

Current Contracts:

Name	Term/Expiration	Contract No.	Annual Amount
Mercury Air Services	5 years + 3 (5) year options/ December 31, 2023	62837	\$198,046
Constant Aviation	1 year/ December 6, 2022	2021-002	\$513,252

Employee Demographics:

- Total number of employees - 249
- Number of employees that are minorities – 32
- Number that are women – 58
- Number that are City of Cleveland residents – 17