

# ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at [MileHighOrdinance@DenverGov.org](mailto: MileHighOrdinance@DenverGov.org) by **9 a.m. Friday**. Contact the Mayor's Legislative team with questions

Date of Request: January 18, 2024

Please mark one:  Bill Request or  Resolution Request

## 1. Type of Request:

- Contract/Grant Agreement  Intergovernmental Agreement (IGA)  Rezoning/Text Amendment  
 Dedication/Vacation  Appropriation/Supplemental  DRMC Change  
 Other:

2. **Title:** Approves a lease amendment with Aaravya Investments LLC to expand the leased area to include the development and operation of a car-share lot to the previously approved gas and convenience facility and increasing revenue by \$5,324,456.15 for a new total of \$11,738,321.15 at Denver International Airport (PLANE202370651 Legacy: PLANE-202161181).

3. **Requesting Agency:** Department of Aviation

## 4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution (e.g., subject matter expert)	Contact person for council members or mayor-council
Name: Ken Cope, SVP Real Estate Development	Name: Kevin Forgett, Manager of Legislative Affairs
Email: <a href="mailto:Ken.Cope@flydenver.com">Ken.Cope@flydenver.com</a>	Email: <a href="mailto:Kevin.Forgett@flydenver.com">Kevin.Forgett@flydenver.com</a>

## 5. General description or background of proposed request. Attach executive summary if more space needed:

Denver International Airport (DEN) released a call for offers at the beginning of 2022 for commercial development at DEN's West Approach district. Proposals were requested for site-specific or master-planned hospitality and retail development on any or all of the district's 26 acres. Two responsive offers were received, both for gas and convenience store operations on the southwest corner of 75<sup>th</sup> Avenue and Gun Club Road. Aaravya Investments LLC (Aaravya) was selected as the apparent best proposer and in spring of 2023 City Council approved their lease of 3 acres of land for the development and operation of a gas and convenience store at DEN. This amendment will increase the acreage leased by Aaravya from 3 to 5.49 acres to add a secured car-share lot and will also engage Aaravya to build and maintain at their expense a publicly accessible cell phone waiting lot adjacent to their development.

Aaravya submitted a proposal to build and operate a secure lot for parking vehicles rented through car-sharing platforms (e.g., Turo, CarGari) through DEN Real Estate's Rolling Request for Offers (Rolling RFO). The Rolling RFO is a competitive RFO for commercial development of land at DEN, presented to City Council before release in 2022, that calls for proposals on any portion of the acreage at DEN that is not reserved for aeronautical use. The land use and form of development solicited by the Rolling RFO should be market driven to produce the highest and best use for that portion of DEN land. This Offer was considered for its merits by a diverse DEN selection committee against market conditions and the Offer was determined to warrant entering into a Letter of Interest (LOI) to begin formal lease negotiations with the Offeror. The terms were also determined to be "market value" by DEN's on-call real estate brokerage contractor.

Budget details calculate base rent as a constant yearly payment with annual escalation. Revenue to DEN will also include performance rent paid to DEN as a share in revenue received from fuel, food and beverage, and merchandise sales. Payments received by DEN from car-sharing platforms specific to cars parked in the Aaravya secure car-share lot will be shared with Aaravya above a minimum baseline from which DEN retains all payments. In addition to increasing revenue, Aaravya's proposed lot provides better security and ease of access for airport customers utilizing car-sharing platforms. DEN accepted their offer and agreed to begin negotiations for the lot in March of 2023. During discussion of the lot configuration and negotiation of lease terms, it was determined that it was most efficient for DEN to amend the existing lease with Aaravya rather than manage two separate lease agreements for complimentary and adjacent businesses with the same owner-operator.

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Resolution/Bill Number: \_\_\_\_\_

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Aaravya is a minority-owned business/operator that actively engages with underutilized businesses as part of its company values. More than 75% of Aaravya’s workforce identify as either women or minorities. They are committed to meeting the Minority/Women Business Enterprise (MWBE) goal set by Denver’s Division of Small Business Opportunity (DSBO) as well as the Airline Concessions Disadvantaged Business Enterprise (ACDBE) goals as required by the Federal Aviation Administration (FAA). They have an Equity, Diversity and Inclusion (EDI) plan approved by DSBO.

6. **City Attorney assigned to this request (if applicable):** David Steinberger

7. **City Council District:** District 11

8. **\*\*For all contracts, fill out and submit accompanying Key Contract Terms worksheet\*\***

**Key Contract Term**

**Type of Contract: (e.g., Professional Services > \$500K; IGA/Grant Agreement; Sale or Lease of Real Property):** Lease agreement

**Vendor/Contractor Name (including any dba’s):** Aaravya Investments LLC

**Contract control number:** PLANE202370651 Legacy: PLANE-202161181

**Location:** Denver International Airport

**Is this a new contract?**  Yes  No **Is this an Amendment?**  Yes  No **If yes, how many?** 1

**Contract Term/Duration (for amended contracts, include existing term dates and amended dates):** 20 years with four 5 year extension options (total 40 years if all options exercised)

**Contract Amount (indicate existing amount, amended amount and new contract total):**

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
\$6,413,864	\$5,324,456.15	\$11,738,321.15

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
20 years with four 5 year extension options (total 40 years if all options exercised)	Restart term to begin at approval of amendment	20 years with four 5 year extension options (total 40 years if all options exercised)

**Scope of work:** Amend a lease at 75th and Gun Club Rd in DEN’s West Approach Commercial District to also include a secure lot for parking vehicles rented through car-sharing platforms (e.g., Turo). Lot access will be controlled, vehicles keys will be secured separate from the vehicles themselves and lot activity will be monitored by convenience store operators, providing better security and ease of access for airport customers.

As approved in the original lease, the development also features fresh food options, curated local offerings, solar panel canopies, electrical vehicle (EV) charging stations, efficient water systems, and an elevated building design with a roof deck for airplane and mountain viewing in addition to the gas and convenience facilities.

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Was this contractor selected by competitive process? Yes

If not, why not?

Has this contractor provided these services to the City before?  Yes  No

Source of funds: Revenue

Is this contract subject to:  W/MBE  DBE  SBE  XO101  ACDBE  N/A

**WBE/MBE/DBE commitments (construction, design, Airport concession contracts):**

14% M/WBE (construction phase) 30.8% ACDBE; ACDBE goals for this contract apply to the Tenant's food and beverage operation phase and will be finalized by DEN once Tenant has finalized the selection of its food and beverage operators. DSBO has approved the tenant's Equity Diversity and Inclusion plan.

Who are the subcontractors to this contract? N/A

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