

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: 6/22/2020

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: Land Acquisition Ordinance (LAO)

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Authorizes the Director of Real Estate to negotiate and amend City commercial leases in light of the COVID-19 pandemic to modify payment of rent amount for 3 additional months due to the COVID-19 crisis

3. Requesting Agency: DOF- Real Estate

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution:	Contact person to present item at Mayor-Council and Council
Name: Lisa Lumley	Name: Lisa Lumley
Email: lisa.lumley@denvergov.org	Email: lisa.lumley@denvergov.org

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

This is a follow-on to council bill 20-388, passed by Council on May 6, 2020, which approved 3 months of rent deferral. With this ordinance, a total of 6 months rent would be deferred. Please see attached Executive Summary for details.

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

Bradley Beck and Jo Ann Weinstein

7. City Council District: City-Wide

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

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Key Contract Terms

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

Vendor/Contractor Name: N/A

Contract control number: N/A

Location: Various Locations

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

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

Amended lease durations would push existing lease expirations out for 3 months

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)
<i>Varies</i>	<i>0</i>	<i>Varies</i>

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
<i>Varies</i>	<i>3 months</i>	<i>3 months after existing expiration</i>

Scope of work:

Was this contractor selected by competitive process? N/A **If not, why not?**

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

Source of funds:

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

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

Who are the subcontractors to this contract? N/A

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EXECUTIVE SUMMARY – Rent Deferral Ordinance Request, 2nd Round

The Department of Finance is seeking City Council approval of a second ordinance that will authorize the Division of Real Estate to negotiate and amend commercial leases in City-owned buildings to provide 3 additional months of rent relief in light of the COVID-19 pandemic.

- This is a follow-on to council bill 20-388, passed by Council on May 6, 2020, which approved 3 months of rent deferral. With this ordinance, a total of 6 months rent would be deferred
 - We are approaching this in 3 month increments until there is greater certainty as to timing of return to normal business operations. We do not yet know whether the Department of Finance will seek approval for any additional rent deferral due to COVID-19
- Given continued effects of the pandemic and resulting ongoing business uncertainty, commercial tenants remain unable to conduct normal business operations
 - Because of COVID-19, City buildings remain closed and/or nearly vacant due to ongoing health concerns
 - The viability of tenants' businesses depends upon building occupancy; as such, we recognize that it is not necessarily feasible to pay rent during this time

The Denver Center for the Performing Arts has cancelled its entire 2020-2021 performance season, and the Colorado Convention Center has very limited convention activity at this time

- This ordinance applies to the same 10 tenants with non-nominal rent amounts for space within City owned buildings whose leases are administered by Real Estate:
 1. 5280 Enterprises, LLC (Subway-Justice Center garage)
 2. 5280 Enterprises, LLC (Subway-Webb)
 3. Coffee Etcetera
 4. Dazbog Denver Bldg, LLC
 5. Denver Center for the Performing Arts (Garner Galleria Theatre)
 6. Dion Corp (Stockyard Inn)
 7. HJB Convenience (Russell's)
 8. National Western Center Authority
 9. Pizza Republica II
 10. Wellshire, LLC
- As with the first 3 months of rent deferral, the CAO and Real Estate determined that the best way to continue to provide rent relief during this time is to offer an additional 3 months of rent payment deferral in exchange for extending each lease term by an additional 3 months, totaling 6 months rent deferral and 6 months lease extension

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- During any rent deferral period, tenants who are contractually required to reimburse the City for operating expenses would not be relieved of this obligation to reimburse operating expenses
- Tenants will be required to re-offer jobs to any laid-off staff, and tenants will receive a credit against future rents to the extent they fund and continue to fund employee health insurance benefits
- If all tenants take advantage of the 3 months of rent deferral, approximately \$138,900 in additional rent would be deferred. Approximately \$138,000 was deferred in the first round; the total deferred with this second round is \$276,900

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