

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: 2/22/2021

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 for the fourth time in light of the COVID-19 pandemic to modify payment of rent amount for 3 additional months due to the COVID-19 crisis. Also allows the City, through the sole discretion of the Director of the Division of Real Estate, to grant 3 additional months of rent deferral.

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 Ordinances Number 20-0388, 20-0665, and 20-1386 passed by Council on May 6, 2020, August 3, 2020, and December 21, 2020 which approved a total of 9 months of rent deferral. With this ordinance, a total of a minimum 12 to 15 months' rent would be deferred, depending on whether the City exercises its option to defer. Please see attached Executive Summary for details.

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

Bradley Beck and Gabrielle Corica

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: BR21 0219

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 a length of time sufficient for the deferred rent to be paid.

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>Varies</i>	<i>Varies</i>

Scope of work: N/A

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: N/A

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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Resolution/Bill Number: BR21 0219

Date Entered: _____

EXECUTIVE SUMMARY – Rent Deferral Ordinance Request, 4th Round

The Department of Finance is seeking City Council approval of a fourth 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, with the City having an option to grant 3 additional months deferral for a total of 6 additional months of rent relief.

- This is a follow-on to Ordinances Number 20-0388, 20-0665, and 20-1386 passed by Council on May 6, 2020, August 3, 2020, and December 21, 2020 which approved a total of 9 months of rent deferral. With this ordinance, a total of 12 to 15 months' rent would be deferred depending on whether the City exercises its option
 - Until there is greater certainty as to timing of return to normal business operations, it is impossible to know at this time 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 7 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. HJB Convenience (Russell's)
 6. Pizza Republica II
 7. Wellshire, LLC
- As with prior rent deferrals, 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 to 6 months of rent payment deferral in exchange for extending each lease term for the time needed to pay the deferred rent.
 - 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. These requirements were in place with the prior two ordinances as well.

To be completed by Mayor's Legislative Team:

- If all tenants take advantage of the 3 months of rent deferral, approximately \$77,900 in additional rent would be deferred. If the City exercises its option to defer an additional 3 months, then an additional \$78,000 would be deferred. Deferrals to date:
 - Round 1: \$138,000 (10 tenants)
 - Round 2: \$138,900 (10 tenants)
 - Round 3: \$77,900 (7 tenants)
 - Round 4: \$77,900 (7 tenants)
 - Total \$432,700
 - Round 4 Option: \$78,000 (7 tenants)
 - Total \$510,700

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: BR21 0219

Date Entered: _____