

**ORDINANCE/RESOLUTION REQUEST**

Please email requests to the Mayor’s Legislative Team

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

Date of Request: 11/23/2020

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 for the third time 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 Ordinances Number 20-0388 and 20-0665, passed by Council on May 6, 2020 and August 3, 2020, which approved a total of 6 months of rent deferral. With this ordinance, a total of 9 months rent would be deferred. 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: \_\_\_\_\_

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## 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, 3<sup>rd</sup> Round

The Department of Finance is seeking City Council approval of a third 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 Ordinances Number 20-0388 and 20-0665, passed by Council on May 6, 2020 and August 3, 2020, which approved a total of 6 months of rent deferral. With this ordinance, a total of 9 months rent would be deferred
  - 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
- 3 tenants who participated in the first and second rounds of deferrals are not included in this round.
  1. Denver Center for the Performing Arts – deferral will be handled by AVD
  2. National Western Center Authority – building which they occupy is under contract to be sold on November 30, 2020 and the sale contract prohibits us from amending leases at this point
  3. Dion Corp (Stockyard Inn) – same as above
- 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 9 months rent deferral and 9 months lease extension
  - 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

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- 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.
- If all tenants take advantage of the 3 months of rent deferral, approximately \$77,900 in additional rent would be deferred. Approximately \$138,000 was deferred in the first round and \$138,900 was deferred in the second round; the total deferred with this third round is approximately \$354,800.

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