

## 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: 3/14/2022

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 defer rents through 3/31/2022 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, 20-0665, 20-1386, 21-0219, and 21-1537 passed by Council and recorded on May 6, 2020, August 3, 2020, December 21, 2020, April 1, 2021, and January 13, 2022. This ordinance further defers rent through March 31, 2022. 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: \_\_\_\_\_

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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## EXECUTIVE SUMMARY – Rent Deferral Ordinance Request, 6<sup>th</sup> Round

The Department of Finance is seeking City Council approval of a sixth ordinance that will authorize the Division of Real Estate to negotiate and amend commercial leases in City-owned buildings to provide rent deferral through March 31, 2022 in light of the COVID-19 pandemic.

- This is a follow-on to Ordinances Number 20-0388, 20-0665, 20-1386, 21-0219, and 21-1537 passed by Council on May 6, 2020, August 3, 2020, December 21, 2020, April 1, 2021, and January 13, 2022. This round of deferrals will defer rent through March 31, 2022.
- Given continued effects of the pandemic and resulting ongoing business uncertainty, several 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 not yet returned to full operations in 2022; the Colorado Convention Center continues to have very limited convention activity
- This ordinance applies to 5 tenants with non-nominal rent amounts for space within City owned buildings whose leases are administered by Real Estate: Coffee Etc. (Lindsey-Flanagin Courthouse), Dazbog Denver Bldg, LLC (Webb Building) Pizza Republica II (Convention Center) and Subway (Justice Center Garage and Webb Building locations)
- 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 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
  - Employee reporting and credits for health insurance paid are discontinued with this round, as employees have moved on at this point
  - This will be the last round of rent deferrals due to COVID. Going forward, Real Estate will recommend any lease re-negotiations to Council on a lease-by-lease basis
- These “Round 6” rent deferrals will defer approximately \$58,500 in rent, for a grand total after all deferrals for all tenants of approximately \$652,000
  - Round 1: \$138,000 (10 leases)
  - Round 2: \$138,900 (10 leases)
  - Round 3: \$77,900 (7 leases)
  - Round 4: \$77,900 (7 leases)
  - Round 4 Option: \$78,000 (7 leases)
  - Subway: \$24,790 (2 leases)
  - Round 5: \$57,995 (2 leases)
  - Round 6: \$58,500 (5 leases)

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