



Lease Agreement for Southwest Improvement Council, Inc.

Finance and Governance Committee | Jan. 12, 2021

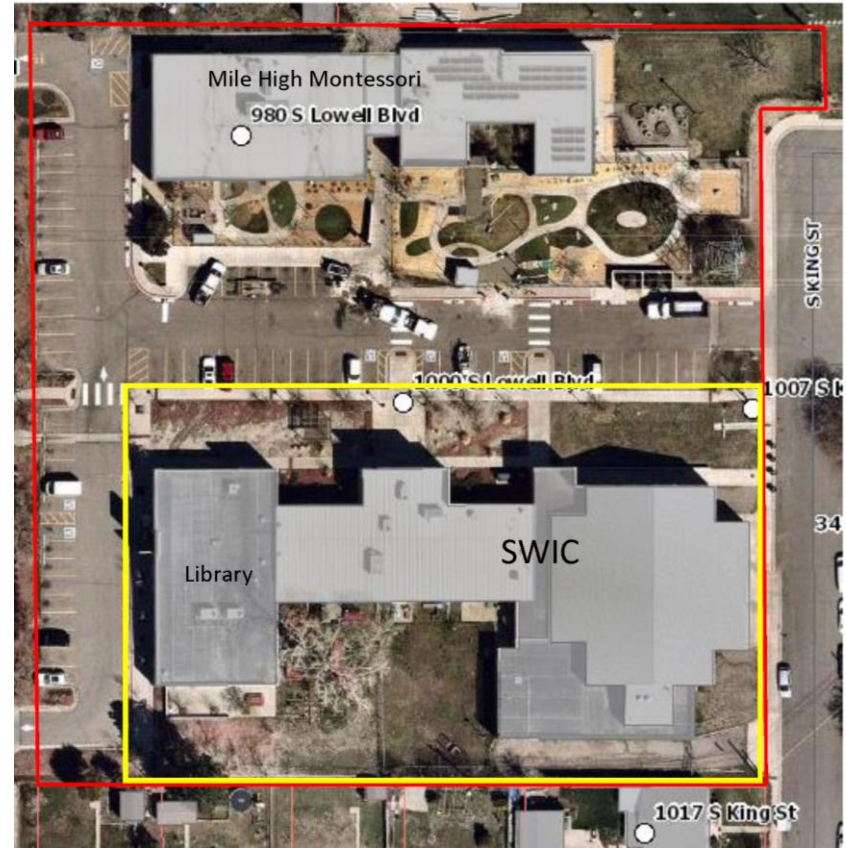
Leased Space in City-Owned Facilities

As a best practice, the Division of Real Estate regularly reviews city-owned, leased space to ensure the uses are consistent with current community needs. Requests for Proposals are issued to award space to tenants.

Overview:

- 1000 S. Lowell Blvd is a multi-purpose, city-owned facility in District 3 and is currently leased to the Southwest Improvement Council, Inc. (SWIC)
- The City intends to terminate the lease with the current tenant on 12/31/2021.
- District 3 Councilwoman Torres has worked with Real Estate on plans for community listening sessions to identify key priorities for the space.

1000 S. Lowell Boulevard



Item Background

In the 1990s and early 2000s, the Department of Economic Development and Opportunity (DEDO) oversaw a number of community centers and the leases with the non profits. As one of those agreements, Southwest Improvement Council (SWIC) leased 1000 S. Lowell Boulevard for \$1 per year starting in 1993.

From 2005 - 2008, the City invested approximately \$3.5M toward the building for capital improvements. The majority of funds came from the 1998 Neighborhood Bond Program.

In 2010 a two-year Lease Agreement was extended through 2012 and provided SWIC a mutual option to purchase the building for \$10. This was a mutual option requiring the City's agreement and approval to sell.

In 2012 SWIC submitted a letter expressing interest to purchase the building.

Item Background, Cont.

Following the letter expressing interest to purchase the building, DEDO transferred the transaction to Real Estate. After discussions with key internal stakeholders, the City determined it would not sell the building but would extend the lease with SWIC. This was determined for three key reasons:

- 1000 S. Lowell is the only City owned, multi-purpose facility on the west side was determined to be an important asset for future needs in the Westwood neighborhood.
- The City Attorney's Office expressed strong concerns regarding the sale of an asset in which significant bond dollars had been invested.
- Additionally, Denver Public Library has a small branch in the building and if it was sold, there would be no assurance that the branch could remain in the building long term.

Item Background

After many discussions, SWIC's Executive Director declined to sign a lease amendment because the City would not agree to keep the purchase option in the lease. The City allowed SWIC to remain in a holdover situation.

Beginning in 2018 and on multiple occasions, the City met with SWIC's new Executive Director and members of the Board of Directors to share the building's lease history and the reasons there was not an option to purchase in 2012.

In 2019, Real Estate informed SWIC that it would be terminating the lease to assess the City's internal needs for its facilities. The amended lease allowed for SWIC to continue to occupy the space through 2021 to allow time to transition to a new location.

The Lease Agreement was sent to SWIC for review and execution on 11/15/2019.

Next Steps

- Beginning Q1 2021, community listening sessions will identify neighborhood visions for the community center.
- Consistent with the City's Real Estate Policy and in collaboration with City agencies, the space will be assessed for internal applicable uses.
- By Q3 2021, and if a surplus of space is available (either all or a portion of the building), the City will issue a Requests for Proposals.
- Assuming a successful RFP process, a new lease for the building could be presented to City Council for approval in Q4 2021.

Council Request 21-0011

To approve a lease agreement with the Southwest Improvement Council, Inc. for \$20 with a term through December 31, 2021 to lease a portion of 1000 South Lowell Boulevard to be used as a community center in Council District 3.

This is a nominal lease. The City Attorney's Office has determined that nominal consideration is \$10. All leases when amended will be updated to reflect this change.



Questions?