

# 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: **10/25/2021**

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:

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.)

*Grants approval to enter into Sixth Amendatory Lease Agreement and Seventh Amendatory Lease Agreement with Subway Real Estate LLC for space at Justice Center Garage and Webb building, respectively for rent deferral due to COVID-19 impacts.*

3. **Requesting Agency:** *Department of Finance, Division of 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:**

*Grants six months of rent deferral (deferral through December 2021) and extends both leases by six months.*

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

*Gabrielle Corica*

7. **City Council District:**

*10 – Chris Hinds (Justice Center Garage location)  
9 - Candi CdeBaca (Webb Building location)*

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 1309

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: *Subway Real Estate LLC*

Contract control number: *FINAN-202054763-06 / ALF FINAN-201101016 (Justice Center Garage)*  
*FINAN-202054772-07 / ALF RC25021 (Webb building)*

Location: *434 W 14<sup>th</sup> Ave (Justice Center Garage) and 201 W Colfax Ave (Webb building)*

Is this a new contract?  Yes  No Is this an Amendment?  Yes  No If yes, how many? 6 and 7, respectively

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

*Extends leases for enough time to pay total deferred rent due to COVID-19*

- Justice Center Garage - existing term April 1, 2011 – September 30, 2022; new October 1, 2022 - March 31, 2023*
- Webb Building - existing term November 12, 2002 – May 31, 2024; new June 1, 2024 – November 30, 2024*

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)
\$184,050.12 Justice Ctr	\$0	\$184,050.12 Justice Ctr
\$581,938.59 Webb Bldg	\$0	\$581,938.59 Webb

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
4/1/2011–9/30/2022 Justice Ctr	6 months Justice Center	3/31/2023 Justice Ctr
11/12/2002 - 5/31/2024 Webb	6 months Webb	11/30/2024 Webb

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*

## EXECUTIVE SUMMARY

*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: BR21 1309

Date Entered: \_\_\_\_\_

# SUBWAY REAL ESTATE LLC – LEASE AMENDMENTS

October 18, 2021

The Department of Finance is seeking City Council approval of an ordinance that will authorize the Division of Real Estate to amend commercial leases with Subway Real Estate LLC in City-owned buildings located at the Justice Center Garage and the Webb Building.

This is a follow-up to Ordinances Number 20-0388, 20-0665, 20-1386 and 21-0219 passed by Council on May 6, 2020, August 3, 2020, December 21, 2020 and March 30, 2021 which approved a total of 15 months of rent deferral. Payments were set to resume in July 2021; however, the franchisee has not yet resumed making rental payments for either location. With this ordinance, an additional 6 months (total of 21 months) of rent would be deferred in light of the COVID-19 pandemic, deferring the payment of rent through December 31, 2021.

The owner of 5280 Enterprises, the franchisee of the Subway locations at 201 W Colfax Avenue in the Webb building, and 434 W 14th Avenue in the Justice Center Garage, requested a deferral in rent because of a continuing lack of demand post-COVID.

**Webb Building Location:** Sales at the Webb Building location are driven by employees and visitors to the building. Even pre-COVID, foot traffic from the general public has been very limited due to lack of exterior signage and security requirements for entering the building. Subway has been unable to re-open this store because low building occupancy for the foreseeable future. In addition, it is currently very difficult to find and retain staff. To avoid sustained losses, the franchisee has now closed the Webb building location until building occupancy returns to a level sufficient to sustain business.

**Justice Center Garage Location:** Sales at the Justice Center Garage location are driven primarily by jurors and other attendees of trials. This location continues to operate during COVID at reduced hours; however, due to the reduction in foot traffic and decreased Court operating schedules, the location now operates at a loss.

The other tenants who had received COVID rent deferral in the past have continued to operate, are already paying rent, or are presumably planning to pay after rent deferral / rent credits are exhausted.

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Resolution/Bill Number: BR21 1309

Date Entered: \_\_\_\_\_

Revised 03/02/18