



Legislation Details (With Text)

File #: 22-0315 **Version:** 1

Type: Bill **Status:** Passed

File created: 3/13/2022 **In control:** Finance & Governance Committee

On agenda: 4/11/2022 **Final action:** 4/11/2022

Title: A bill for an ordinance approving proposed Amendments to Lease Agreements with Coffee Etc., Dazbog Denver Bldg, LLC, Pizza Republica II, and Subway Real Estate, LLC to provide additional rent relief through 3-31-22 in response to the COVID-19 pandemic. Authorizes the Division of Real Estate to amend commercial leases with Coffee Etc., Dazbog Denver Bldg, LLC, Pizza Republica II, and Subway in City-owned buildings located at the Lindsey-Flanigan Courthouse, Webb Building, Colorado Convention Center, and Denver Justice Center Garage to provide additional rent relief through 3-31-22 in response to the COVID-19 pandemic. Previous employee retention measures will be discontinued with this final round of lease amendments. The last regularly scheduled Council meeting within the 30-day review period is on 3-22-22. The Committee approved filing this item at its meeting on 4-25-22.

Sponsors:

Indexes: Zach Rothmier

Code sections:

Attachments: 1. BR22 0315 DOF 2022-03-14 Rent Relief Round 6 COVID, 2. 22-0315 Filed Bill_Amendment to Commercial Lease Agreements, 3. 22-0315_6thAmendAgr_CoffeeEtcetera_202054776-06, 4. 22-0315_6thAmendAgr_DazbogDenverBldgLLC_202054775-06, 5. 22-0315_6thAmendAgr_PizzaRepublicaII_202054780-06, 6. 22-0315_7thAmendAgr_SubwayRealEstateLLCJustice_202054763-07, 7. 22-0315_8thAmendAgr_SubwayRealEstateLLCWebb_202054772-08, 8. 22-0315 Filed Bill_Amendment to Commercial Lease Agreements, 9. 22-0315 - signed, 10. 22-0315 Approving proposed Amendments to Lease Agreements with Coffee Etc.,

Date	Ver.	Action By	Action	Result
4/12/2022	1	Mayor	signed	
4/11/2022	1	Council President	signed	
4/11/2022	1	City Council	placed upon final consideration and do pass	Pass
4/4/2022	1	City Council	ordered published	
3/22/2022	1	Finance & Governance Committee	approved by consent	Pass

Other/Miscellaneous Request Template (Appointments; ROW; Code Changes; Zoning Action, etc.)

Date Submitted: 3/14/22

Requesting Agency: Finance
Division: Real Estate

Subject Matter Expert Name: Lisa Lumley

Email Address: lisa.lumley@denvergov.org <<mailto:lisa.lumley@denvergov.org>>

Phone Number:

Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A bill for an ordinance approving proposed Amendments to Lease Agreements with Coffee Etc., Dazbog Denver Bldg, LLC, Pizza Republica II, and Subway Real Estate, LLC to provide additional rent relief through 3-31-22 in response to the COVID-19 pandemic.

Authorizes the Division of Real Estate to amend commercial leases with Coffee Etc., Dazbog Denver Bldg, LLC, Pizza Republica II, and Subway in City-owned buildings located at the Lindsey-Flanigan Courthouse, Webb Building, Colorado Convention Center, and Denver Justice Center Garage to provide additional rent relief through 3-31-22 in response to the COVID-19 pandemic. Previous employee retention measures will be discontinued with this final round of lease amendments. The last regularly scheduled Council meeting within the 30-day review period is on 3-22-22. The Committee approved filing this item at its meeting on 4-25-22.

Affected Council District(s) or citywide? District 9 and 10

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

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)

Address/Location (if applicable):

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?