



Legislation Text

File #: 21-1309, Version: 1

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

Date Submitted: 10-25-21

Requesting Agency: Finance
Division:

Subject Matter Expert Name:

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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 two Lease Agreements with Subway Real Estate LLC in response to the COVID-19 health crisis, to be negotiated by the Director of Real Estate and provide relief for the tenant.

Authorizes 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 to provide an additional six months of rent relief in response to the COVID-19 pandemic. The last regularly scheduled Council meeting within the 30-day review period is on 12-6-21. The Committee approved filing this item at its meeting on 11-2-21.

Affected Council District(s) or citywide? Council Districts 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 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.

Address/Location (if applicable):

Legal Description (if applicable):

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

Draft Bill Attached?