



Staff Report

File #: 21-29

Version: 1

Date: 2/8/2021

Item #:

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Department Director

SUBJECT:

Retail lease modifications due to impacts of Covid-19.

Ward(s): 1

Councilor(s): Stapleton

Neighborhood(s): CANDO

Result Area(s): Good Governance; Strong and Diverse Economy; Welcoming and Livable Community.

ISSUE:

Shall the City Council authorize the City Manager, subject to approved criteria, to modify existing retail leases between the City and its lessees due to impacts of the Covid-19 pandemic?

RECOMMENDATION:

Authorize the City Manager, subject to approved criteria, to modify existing retail leases between the City and its lessees due to impacts of the Covid-19 pandemic

SUMMARY:

As a result of the Covid-19 pandemic, beginning in March 2020 the Governor of the State of Oregon issued multiple Executive Orders limiting the amount of people able to congregate and closing or reducing the operations of certain types of businesses. Several City of Salem lessees had their ability to operate either cease or reduced to a level at which remaining open is not financially feasible.

FACTS AND FINDINGS:

In order to assist lessees and to assure the fiscal health of the Chemekata Parkade and Liberty Parkade Leasehold Funds, it is necessary to negotiate lease modifications for those lessees most severely impacted by the Covid-19 pandemic. Staff has developed the criteria below to assist the City

Manager in approving lease modifications. The City currently has ten non-city tenant parkade leases. Certain airport leases may also benefit under this program.

1. If the lessee was forced to close due to Covid-19 restrictions for eight weeks or more in a calendar year, the lease can be terminated or modified.
2. If the lessee was forced to close for four weeks in a calendar year and was forced to open in a limited capacity for an additional four weeks or more, the lease is eligible for modification.

Authorized lease modifications include:

1. Termination of lease and negotiated amount for outstanding amounts and any future amounts owed;
2. Relief of past due amounts owed (negotiated between \$0 and full amount);
3. Modification of monthly rent schedule to include amortization of past due amounts to be repaid; or
4. Modification of lease term to allow longer period to repay past amounts due.

BACKGROUND:

Modifications to any lease will impact either the Chemeketa Parkade Leasehold Fund or the Liberty Parkade Leasehold Fund.

Clint Dameron
Real Property Services Manager

Attachments:

1. None.