



**DATE:** May 5, 2020

**CATEGORY:** Consent

**DEPT.:** Community Services

**TITLE:** **Live Nation Rent Deferral Due to COVID-19**

### **RECOMMENDATION**

Authorize the City Manager and, acting as the Shoreline Regional Park Community Board, authorize the Shoreline Regional Park Community Executive Director to modify the existing agreement with Live Nation relating to Live Nation's rent payment schedule for use of Shoreline Amphitheatre and defer payments due for April, May, and June 2020 to January, February, and March 2021, respectively, due to impacts of COVID-19.

### **BACKGROUND**

On May 10, 2006, the City, Mountain View Shoreline Regional Park Community, and Live Nation Worldwide, Inc., (f/k/a SFX Entertainment, Inc.) executed an Amended and Restated Amphitheatre Ground Lease for the premises known as Shoreline Amphitheatre at Mountain View. This agreement contains an initial term through December 2020 and provides two 5-year options for extension. Live Nation has executed the first extended term which will extend the lease until December 31, 2025.

The lease terms describe the rent payment process, including when rent is due. Live Nation pays monthly rent during the concert season from April through December of each year. According to the lease, monthly payments for the 2020 concert season are \$212,241.60 per month, totaling \$1,910,174 for the nine-month season.

Due to the COVID-19 emergency, Live Nation is unable to host events at Shoreline Amphitheatre. The City received correspondence from Live Nation on March 26, 2020 and a follow-up letter on March 30, 2020 requesting rent abatement for the months of April, May, and June 2020. Based on the existing Santa Clara County Health Officer's Orders, it is unknown when events will begin to be permitted at the venue and at what level.

## **ANALYSIS**

Based on the unknown schedule of events and the timing for Live Nation to begin hosting events, staff recommends deferring payment of rent for the months of April, May, and June 2020 to January, February, and March 2021, respectively. This timing extends the payment of rent past the typical last payment in the month of December. By deferring the rent, both Live Nation and City will be able to further determine long-term impacts of COVID-19 on the concert season.

Staff from both the City and Live Nation have agreed to continue to monitor the season, and both agencies will confer in November, the end of the concert season, to determine if other rent modifications are recommended. For example, if a majority of the season is not held and impacts Live Nation's ability to produce revenue, staff may return to Council in the fall with other options, including the possibility of reducing the rent due to the City.

## **FISCAL IMPACT**

Rent due for the months of April, May, and June 2020 total \$636,724, which will be deferred to January, February, and March 2021, and will result in the revenue being shifted into Fiscal Year 2020-21 instead of the current fiscal year.

## **ALTERNATIVES**

1. Do not defer rent and direct staff to communicate that Live Nation shall provide payment according to the existing lease.
2. Provide other direction to staff.

**PUBLIC NOTICING**

Agenda posting and a copy of report to Brian Rutkowski, Shoreline Amphitheatre General Manager.

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