



DATE: June 30, 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 July, August, and September 2020.

BACKGROUND

On May 10, 2006, the City, Mountain View Shoreline Regional Park Community (SRPC), 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 \$1,910,174.40 for the nine-month season.

On May 5, 2020, City Council and the SRPC Board approved deferring Live Nation's rent for April, May, and June 2020 (which would have been received in Fiscal Year 2019-20) after receiving a rent abatement request from Live Nation due to the COVID-19 emergency. Because Live Nation continues to be unable to host events at Shoreline Amphitheatre, they are requesting further abatement of rent.

ANALYSIS

When the City Council and SRPC Board took action in May to defer rent for April, May, and June, there was optimism that events and concerts would be able to resume in some fashion by the end of this year's concert season. Due to the current status of Santa Clara County having recently started Phase 2 of recovery reopening, it seems unlikely that the County will progress to Phase 4, which would allow for the opening of larger gathering venues like Shoreline Amphitheatre, during this concert season.

The request to further defer rent for July, August, and September will allow staff from both the City and Live Nation to engage in conversations during the summer and prepare a rent strategy for the rest of the concert season. This proposed strategy will be recommended to City Council and SRPC Board by the end of September and will address the rent due by Live Nation for the entire 2020 concert season.

FISCAL IMPACT

The amount of rent due for the months of July, August, and September 2020 (which would have been received in Fiscal Year 2020-21) totals \$636,724.80. Should City Council and the SRPC Board approve this additional deferral, the total amount of rent deferred to date for Live Nation this concert season will be \$1,273,449.60 (\$636,724.80 in each of Fiscal Years 2019-20 and 2020-21).

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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