



Memorandum

To: Mayor and Town Council

From: Economic Development Department

Date: July 7, 2020

Subject: Vail Economic Recovery Efforts in response to the Public Health Crisis: Commercial Rent Relief Program

PURPOSE

The purpose of this memo is to summarize the efforts recommended to support Vail's economic recovery with a commercial rent relief program for local storefront businesses.

BACKGROUND

The Vail business community has requested the Town develop a rent relief program for commercial business owners. The program would be funded and facilitated by the Town. While the Payroll Protection Program, CARES and other relief programs have provided short term relief, businesses are still struggling to ensure their continued viability throughout 2020 and beyond. Town staff has been working with a committee formed from members of the Vail Economic Advisory Council to develop a plan. The group has reviewed similar programs in Breckenridge and Aspen, and has taken the best elements of those program to create a unique model to support commercial rent for small businesses in Vail.

Rents in Vail range from an average of \$70 per square foot in Lionshead, \$90 per square foot on Meadow Drive, to \$110 per square foot in the core area which includes Bridge Street and Gore Creek Drive, plus Common Area Maintenance (CAM) costs.

COMMERCIAL RENT RELIEF PROGRAM

The model strives to achieve four key objectives to support and sustain local businesses:

1. Share the rent burden among landlord, town and tenant.
2. Provide a timeframe that addresses business challenges to meet rent requirements from July 1 through November 30, 2020.
3. Tie the rent abatement amount to the percentage of actual revenue shortfall versus same month last year in order to align relief with actual reduction in revenue performance.
4. Identify and approve the maximum relief funding per business and corresponding total funding from the Town of Vail for the program.

Proposed Requirements of Eligible Businesses:

- Business was open in Vail on March 1, 2020 and was in business for the 2019-20 winter season. Startup businesses in more recent months will be considered on a case-by-case-basis.
- Business is open and will be open at least six days a week between July 1 and November 30, 2020, with the exception of the month of October where business must be open at least five days per week. Businesses must be open at least 44 weeks per calendar year.
- Business employs 35 or fewer full time equivalent (FTE) employees.
- Business has a physical storefront location in the Town of Vail, holds a valid Vail business license, pays rent to a landlord and is current on all payment owed to the Town.
 - Deferred sales tax payments are due to the town by August 20th. Businesses with outstanding deferred sales tax beyond that date will be ineligible for rental relief until payment is made.
- Must have a rent payment due to a landlord for the time period of July 1, 2020 - November 30, 2020. The business may not have any ownership interest in the property being leased.
- Businesses must pay monthly sales tax. Businesses that are service oriented and traditionally office in nature, such as accounting, law firms, property management, real estate, etc. do not qualify.
- Businesses with outlets outside Colorado are not eligible to apply.
- Documentation includes:
 - Proof of application for Cares Act, Paycheck Protection Program, or other economic relief applied for and results.
 - Current lease and Common Area Maintenance (CAM) charges to verify monthly rent burden. This includes any rent abatement effective for rent due for the period July 1 – November 30, 2020.
 - Colorado Secretary of State confirmation of certificate of good standing.
 - Landlord affidavit confirming the amount of the rent + CAM that was abated by month; the Town will match this amount and pay the landlord directly.

APPLICATION PROCESS

1. Business will apply via an online application for relief one month at a time in arrears.
2. Business will provide data to and obtain a signature from landlord on reduction in revenue versus same month last year.
3. Landlord will abate rent plus CAM for that month by 50% of the % of shortfall in revenue, and Town will abate an amount equal to the landlord abatement.
Example: Business normally does \$100,000 in revenue and pays \$10,000 a month in rent. Business revenue is \$60,000 or 60% of last year's revenue for a given month. The revenue reflects a shortfall of 40%.

Landlord provides an abatement equal to 20% or \$2,000 of the monthly lease and Town matches the \$2,000 payment for given month.

4. Application is due five business days after month end for the month prior.
5. Town anticipates one week from receipt of Landlord affidavit of payment to pay the town match directly to Landlord.
6. Maximum relief per business during the period July 1 – November 30 is \$15,000.
7. If the revenue gap is larger than the monthly rent per lease, relief funds will max out at the monthly rent + CAM.
8. TOV Finance will “audit” several randomly selected applications to verify revenue and rent + CAM information.

ACTION REQUESTED OF TOWN COUNCIL

Staff requests that Town Council authorizes funding up to \$1,000,000 to proceed with the implementation of the commercial rental relief program and direct staff to include the amount in the next supplemental budget ordinance.