



## STAFF REPORT

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P.O. Box 4100 ♦ FRISCO, COLORADO 80443

**TO: MAYOR AND TOWN COUNCIL**  
**FROM: NANCY KERRY, TOWN MANAGER**  
**RE: RESOLUTION OF THE TOWN OF FRISCO, COLORADO RE-ESTABLISHING ECONOMIC RELIEF PROGRAMS, DIRECTING THE IMMEDIATE IMPLEMENTATION OF THE PROGRAMS IN RESPONSE TO THE COVID-19 PUBLIC HEALTH EMERGENCY, AND AUTHORIZING THE EXPENDITURE OF FUNDS FOR THE PROGRAMS**  
**DATE: DECEMBER 21, 2020**

### **Summary and Background:**

In the spring of 2020, the Town Council established a Business Assistance Program responding swiftly to the economic crisis brought on by the COVID-19 pandemic. Although economic activity in the summer of 2020 was better than predicted, the virus continued to spread around the world and community spread began increasing by the fall of 2020. As expected, this winter, the number of cases and percentage of those positive for the virus, has increased significantly resulting in Public Health Orders closing many businesses to indoor activities and guests.

The Frisco Town Council has recently discussed the potential of establishing another Business Assistance Program to provide economic relief to businesses severely impacted by the current Public Health Orders.

The Town Council asked staff to conduct a new business impact survey to gather feedback from local businesses for consideration of a new Business Assistance Program; the results of the survey are attached (Attachment 1). Information from the survey, as well as staff analysis is offered to provide the Town Council resources to determine the need, and if such a need exists, the criteria from which a program could be developed and implemented.

### **Analysis:**

The pandemic brought on by COVID-19 continues to wreak havoc on many local businesses, primarily, among businesses whereby the Public Health Orders severely limit the number of guests, customers, and clients allowance inside an establishment.

Summit County and Towns within the County collaborated effectively over the past week to implement a state-approved 5-star certification program allowing restaurants who successfully complete an inspection certification to reopen up to 25% capacity as of Friday, December 18, 2020. The 5-star certification program is limited to participation of local restaurants. As of the

writing of this report, the majority of local Frisco restaurants are completing the inspection program and being provided a certificate allowing them to reopen to 25% capacity. Under the Town of Frisco's Emergency Ordinance (20-11) adopted earlier this year, the Town Manager approved the attached Agreement between the County and Town of Frisco to conduct the inspections on behalf of the County (Attachment 3). For best practices, this Agreement should be ratified by the Town Council at today's (December 21<sup>st</sup>) Special Meeting.

Although restaurants have been afforded the opportunity to open to minimal capacity, there are other local businesses that remain closed or extremely limited in terms of indoor activities. These businesses include gyms, dance studios, event spaces, and personal services. These businesses have expressed significant concern as to their viability in the coming months should the public health orders require they remain essentially closed.

### **Criteria for December 2020 Business Assistance Program:**

Should the Town Council decide to reestablish the Business Assistance Program (BAP), staff recommends the inclusion of specific criteria for eligibility. It should be noted, some businesses have been able to operate effectively and maintain operations during the pandemic (e.g.: grocery stores), some businesses were able to enjoy a relatively solid summer sales season rebounding off the difficult spring (e.g.: local restaurants and retail). However, some businesses in all categories have suffered devastating financial losses as shown on the attached survey – beyond 50% of annual revenue and more.

Therefore, staff recommends consideration of a tiered grant program to include the following criteria implemented at the discretion of Town Council:

#### **Program Criteria:**

Businesses are not similarly situated. As noted above, some remain open, while some are severely restricted in their ability to operate. The businesses most severely impacted are those that remain closed to indoor activities. Staff recommends the Town Council consider allocating funding to those businesses demonstrating the following:

- A significant decline in revenue between 2019 to 2020 from January to November.
  - *Note:* Not all businesses pay sales tax. Therefore, although the Town maintains sales tax revenue for businesses that do pay sales tax and thus, staff are able to easily calculate revenue changes for most businesses, some would need to provide an affidavit of gross revenue changes between 2019 and 2020.
  - *Note:* A modest decline in revenue is not unusual. Businesses should not expect revenue to increase year-over-year without exception. Effective businesses planning includes building into operations unexpected changes in the operations and the economy.
- Operations currently restricted due to public health orders.

### Tiered Grant Assistance:

The Town's previous Business Assistance Program offered grants up to the amount of \$10,000 based upon a business rent or mortgage. Should the Town Council elect to reestablish the program, staff recommends a tiered assistance program in order to direct funding to those businesses most in need. The following tiered structure is offered for consideration; the amounts of funding and structure are completely within the Town Council's discretion.

	<b>Percentage Decline in Revenue Between 2019-2020 (Jan to Nov)</b>				
	Less than 15%	16% to 20%	21% to 25%	26%-30%	31% or greater
<b>Amount of Grant:</b>	Not eligible	\$2,500 or 2x monthly rent/mortgage, whichever is less	\$5,000 or 2x monthly rent/mortgage, whichever is less	\$7,500 or 2x monthly rent/mortgage, whichever is less	\$10,000 or 2x monthly rent/mortgage, whichever is less

### Innovation Grant

Some businesses have been innovative during the pandemic and some pivoted quickly to adapt to the crisis. Granting funds to businesses meeting that definition encourages others to take similar action in the future. In addition, innovative ideas may have sustained a business resulting in better-than-expected sales, which may result in a business not being eligible to participate in the Business Assistance Grant program. Therefore, if the Town Council desires to establish innovation grants, the following suggestions are offered for consideration:

- Up to \$5,000 per business.
- Reimbursement of expenses incurred for structural and technical implementations (e.g.: outdoor dining structures, improved air filtration systems, new/improved no-touch features for customers, and improved technology modifying business operations to meet public health constraints, etc.).
- Must currently be in operation at the time of the grant award.

### General Program Criteria

*(program criteria are completely within the Town Council's discretion)*

1. Must have a current, valid Town business license issued on or before March 1, 2020.
2. Business must still be in operation as of the date of the grant award.
3. Recipients must be the owner of a physical business located within the Town of Frisco jurisdictional boundaries. Virtual and remotely operating businesses excluded.
4. Not be a publicly traded corporation, nor be owned by, controlled by, or a subsidiary of a publicly traded corporation, nor be an entity that has more than Two and a Half Million Dollars (\$2,500,000) in annual gross revenues, nor be owned by, controlled by, or a subsidiary of any such entity.

**Financial Impact:**

Approval of the attached Resolution (Attachment 2) reestablishing the Business Assistance Program, if adopted by the Town Council, will have the financial impact as set forth in the amount of funding authorized.

Should the Town Council reestablish a Business Assistance Program, the attached resolution would authorize funding from the Town's General Fund Contingency and authorizes the Town Manager to expend the funds as directed by the Town Council. The resolution also directs the Town Manager to bring an Ordinance back to the Town Council to amend the Town's budget to properly account for the fund transfer.

It should be noted, the Town of Frisco received a competitive grant in the amount of \$472,000, which also is not budgeted and thus, the net impact to the General Fund should account for both the unbudgeted revenues as well as unbudgeted expenses.

**Staff Recommendation:**

Staff recommendations are noted throughout. The program is within the sole discretion of the Town Council.

**Reviews and Approvals:**

This report was written by Town Manager, Nancy Kerry

**Attachments:**

1. Business Impact Survey (December 2020)
2. Resolution for Consideration of Adoption
3. Agreement Between County and TOF to Implement 5-Star Program