



CITY OF FAIRFAX ECONOMIC DEVELOPMENT AUTHORITY
MEETING AGENDA
Wednesday, September 2nd, 2020 6:00 PM
Via Electronic Participation

Virtual Meeting via Zoom, Fairfax City, VA 22030

Commissioners Present:

Chair Jeff Hermann
Treasurer Fred Cornett
Commissioner Soledad Portilla
Commissioner Paula Sorrell
Commissioner Tom Ross

Others Present:

Christopher Bruno, Director of the Office of Economic Development, Fairfax City
Danette Nguyen, Assistant Director of Economic Development/Programs Manager, Fairfax City
Destinee Tenakoun, Economic Development Specialist, Fairfax City
Emily West, ReConnected Grant Manager, Fairfax City
Nancy Montes, ReConnected Outdoor Restaurant Program Manager, Fairfax City
Gisele Stolz, MEC Business Incubator Director

1. Call to Order

The meeting was called to order at 6:01 pm by Chair Hermann.

2. Approval of August Meeting Minutes

Commissioner Tom Ross made a motion to approve the minutes from the August meeting. Commissioner Fred Cornett seconded the motion. A roll call vote was then initiated. Those who said aye were Commissioner Ross, Commissioner Sorrell, Commissioner Cornett, Commissioner Hermann and Commissioner Portilla. Commissioner Paley was not present during this meeting.

3. Chair Comments

Commissioner Hermann stated that there were no comments at this time.

4. MEC Update

a. MEC 2.0

Commissioner Paula Sorrell states that the MEC 2.0 team is currently looking for location options and discussing the opportunity to have a third-party operate MEC 2.0. The team is also starting to discuss the vision of MEC 2.0 and hopes to have a more extensive discussion about with the City of Fairfax and the EDA about what expectations, vision, and outcomes they would anticipate from MEC 2.0.

b. Current MEC Update

Director Gisele Stolz shares a presentation on MEC updates. The MEC has stayed open throughout pandemic with assistance programs being virtual and SBDC counselors key to helping businesses. Currently, the situation is still difficult with occupation rate being decreased to 68% and losing clients due to increased competition from Regus and WeWork.

Operational profit: \$33,000. overall profits: \$72,394 and carry forward FY21: \$37,348. Cash reserves up \$614k. Office occupation is still decreasing with a 32% reduction in September. Recommendation for MEC-Fairfax include ask for rent abatement, forfeit third floor ASAP, offer office rent 25% discount October -December, and status quo difficult to maintain. Stolz states that if the MEC continues its current status of operation, they will have losses that would amount to \$89,000, assuming clients are not being lost.

If 25% discount is implemented in Oct-Dec w/o 3rd floor 2021 and receive no benefits, losses are \$120,000. 25% discount for October-December, w/o 3rd floor 2021 and w/o November. December 2020, losses would just be \$97,000.

Commissioner Cornett asks Stolz if approval on 25% discount is needed by the end of the meeting. Stolz states no, further discussion may be needed. Stolz says a 25% discount for 3 months is needed in order to help support businesses or else MEC at risk for losing all clients. Bruno states that although he agrees, we must notify the Mayor and City Council before the EDA and MEC moves forward with anything.

Commissioner Cornett asks Bruno what proposal amount for the Council should be? Bruno states that he did forward the similar information to the Council but will update them with new numbers.

Stolz provides an update on the tenant issues that the MEC is currently having. Stolz states that a couple of clients have not paid their rent. Once client owes the MEC eight months rent and is now completely ignoring any communication from Stolz. Another client owes close to \$2,000. Other clients owe very little. Bruno states that Crystal Kramer is the attorney that has been retained for this matter and asks for EDA approval to continue with Crystal Kramer for representation.

c. Approval to Use Outside Counsel for Tenants Who are at Default with the MEC

Commissioner Ross made a motion to approve using outside counsel on remediating tenant related issues at MEC and to remediate any outstanding balances. Commissioner Cornett seconded the motion. A roll call vote was then initiated. Those who said aye were Commissioner Ross, Commissioner Sorrell, Commissioner Cornett, Commissioner Paley, Commissioner Hermann and Commissioner Portilla.

5. Park View Update

Commissioner Hermann states the discussion to move forward with Park View has resulted in the continuation of lease agreement modifications and establishing when construction will begin. Hermann states there is more to come in subsequent months.

6. Program Update

a. EDO/A Administrative Update

Director Chris Bruno talks about his presentation to City Council on CAREs 2.0 funding. The presentation briefly addressed what we did with the CAREs 1.0 funding. CAREs 1.0 includes \$1M to the ReConnected Grant, approximately \$40k to the Reconnected Outdoor Program, \$90k for Administrative fees including employees and marketing, leaving a remainder of \$20k for first wave of funding. At the City Council meeting we requested an additional \$1.25M for continuation of Fairfax City Reconnected Grant Program; proposed a second wave of that program for \$500,000 to City Council, received positive feedback during meeting. Would allow us to fund potentially 100 additional businesses with \$5,000 grants with rolling basis applications. Just a simplified extension with minor tweaks to capture businesses that were ineligible in the first period or could not complete the application for other reasons. We have partnered with the Commissioner of Revenue's Office to send out a postcard to all city businesses with business license to encourage them to sign up for newsletter so communication of additional grants/availability/opportunities. We are aiming to reach out to as many as businesses as possible.

Grant Manager, Emily West states that 153 businesses have received the grant; 40 of them receiving \$10,000, while the rest have received \$5,000. Emily states that the second round of applications should be easier with the rolling basis deadline. She states that contracts are already in place and expects a 1-2 week turn around. All recipients of the first round have been notified of their award and contracts are almost complete.

Bruno states that we must commit all CAREs funding before the end of calendar year. Emily will prioritize the contracting process and will wait on the payout process. Bruno states that the parameters for eligibility will change slightly, as we are hoping to help more businesses in the city.

Commissioner Ross inquires if businesses who have received the first grant will be eligible for the second grant? Bruno acknowledges the questions and states businesses cannot receive the second wave if they received the first. Commissioner Ross acknowledges that the EDA/O efforts in reaching city businesses is working as he has received the postcard sent out.

Commissioner Cornett inquires if businesses must be in good standing prior to being issued the grants? Bruno states that businesses need to be in good standing and that Emily checks with the Commissioner of Revenues office to oversee if there is outstanding tax or if business dues are up to date.

Commissioner Herman inquires if businesses who were temporarily closed eligible for grant? Emily acknowledges the question and states they are eligible.

Bruno states that the second proposal is requesting funding of \$550,000 for Custom Loop Merchant Program. The program operates as a benefit card that is tied to participating city businesses. It is similar to a gift card but the objective is to keep dollars spent here in Fairfax City to for benefit of businesses as a “business benefit” program. Assistant Director Danette Nguyen discusses parameters of the program.

Nguyen states that \$550,000 is the proposal amount. The breakdown of the amount includes, \$500,000 towards gift cards themselves. Gift cards will be in increments of \$50 for each card and 10,000 cards to go out. Still discussing on the unit of 1 card/resident or 1 card/household. There are 10,000 house addresses but 26,000 residents. Looking at a cap for the number of participating businesses. We anticipate there to be 500 businesses participating. Each business will have \$1,000 for a total of gift cards sales. Distribution of letters to residents will include encouragement to type the code into our website to choose which business they would like to receive a gift card from. Once the business reaches the \$1,000 mark, the business will no longer be an option to choose from. This helps equitability to be evenly distributed. We are still working on the parameters and partnering with a third non-profit organization to streamline progression of program.

Commissioner Herman questions if there are additional responsibilities for businesses in this program besides their role in the transaction? Nguyen states that the only responsibilities of the businesses would be to sign up and the bank end of the transactions. The vendors have created “how-to” material and press releases to get patrons and businesses excited to participate. Hermann questions if all businesses are eligible. Nguyen states the parameters of the program are still being set up. The parameters mimic our ReConnected Grant requirements when looking at how many employees a business has. Nguyen states we are looking more specifically at 3 sectors: Food/Beverage, Health & Wellness, and Retail.

Commissioner Cornett inquires if California Cities, who have this program, have given its citizens preference (e.g., low income families, children who need meals during school, etc.) on who may receive these gift cards? Nguyen states that what she has seen about the cities with the program have not spoken on the concept. Nguyen says that she is in talks with the Human Services department regarding, maybe, reserving 1,000 gift cards for that purpose. Bruno states that if it were legally easy for us to do that we would, but we would then be shifting this from a business benefit program to a resident program, it would trigger a different area of the CAREs legislation. Bruno says that what we would do is to have a service agreement with the human services office, where we just give them a bulk of cards and that they get with another department so that we do not see where the cards are going or touch the cards.

Bruno states that the third proposal of funding will be \$30,000 allocated for COVID-19 safety tool kits. They will be distributed on first-come, first-serve basis. There will be 100 kits, each totaling to \$300. The kits include Fairfax City Pledge information, business communication resources, forward VA business sector guidelines provided by Governor’s office, small amounts of PPE and industry specific reopening guidelines.

Last proposal is \$60,000 for employee support to ensure implementation of programs and \$30,000 for marketing.

b. EDO/A Programming Update

i. COVID-19

a. Grant

Grant updates were discussed during administrative update.

b. MainStreet Bank

Opened account and checks have been ordered; process for request checks is ongoing and should be finalized by end of week. Agreements have been sent so request for payments should be coming in.

c. City Square Survey Results

There was a 50/50 response for City Square. Nguyen has meet with the Old Town Fairfax Business Association regarding to the next iteration of City Square and how it can be improved. City Square ends September 30, 2020. The most negativity regards the lack of parking and accessibility to shops on Main Street in City Square. The survey sent to 25 businesses located in or around City Square; not sent to business owners.

Outdoors Program Manager, Nancy Montes states that overall, our best efforts have been put into City Square with decorations and business encouragement. Deems it a successful project. Current request is to see if City Square can continue through October 3rd with only a partial street closure.

ii. Restaurant Week

Delivering to-go bags to 19 participating restaurants. Number of marketing pushes for Restaurant Week with signs on City entrances.

iii. Park(ing) Day

Press pick-up from MSN News, The Patch and GMU social channels. Expecting \$500 donated from HH Properties for gift cards. Press release will be done to push for more gift cards and quotes from City Staff. Park(ing) day will comply with COVID-19 mandates and GMU flute performance will occur during event.

Commissioner Hermann inquires what involvement do we have for City Council and Mayor for Restaurant Week? Nguyen is looking into if City Council and the Mayor would like to distribute plaques this year for Restaurant Week. However, with COVID-19, it looks like this year will be different due to limited social interactions.

7. Public Comment

No public comments.

8. Other/New Business

Economic Development Specialist, Destinee Tenakoun states that interviews for a new fall intern have started. The intern will solely focus on social media but will also be helping out with other EDO/A daily tasks and administration. Nguyen and Tenakoun are excited for a new intern to be apart of the EDO team.

9. Adjourn

Commissioner Ross made a motion to adjourn the meeting. Commissioner Cornett seconded the motion. A roll call vote was then initiated. Those who said aye were Commissioner Ross, Commissioner Sorrell, Commissioner Cornett, Commissioner Paley, Commissioner Hermann and Commissioner Portilla. The meeting was adjourned at 7:21 pm.

Next regular meeting of the EDA is scheduled for the 7, of October 2020.