



CITY OF FAIRFAX ECONOMIC DEVELOPMENT AUTHORITY
MEETING AGENDA
Wednesday, October 7th, 2020 6:00 PM
Via Electronic Participation

Virtual Meeting via Zoom, Fairfax City, VA 22030

Commissioners Present:

Chair Jeff Hermann
Vice-Chair/Secretary Kathleen Paley
Treasurer Fred Cornett
Commissioner Soledad Portilla
Commissioner Paula Sorrell
Commissioner Tom Ross

Others Present:

Christopher Bruno, Director for Fairfax City's Office of Economic Development
Danette Nguyen, Assistant Director of Economic Development/Programs Manager, Fairfax City
Destinee Tenakoun, Economic Development Specialist, Fairfax City
Patricia Lopez, Interactive Marketing Intern, Fairfax City
Emily West, ReConnected Grant Manager, Fairfax City
Shirin Lotfi, ReConnected Grant Assistant Program Manager, Fairfax City
Nancy Montes, ReConnected Outdoor Program Manager, Fairfax City
Jeremy Root, Fairfax City EDA Attorney
Gisele Stolz, MEC Business Incubator Director
Andrew Wilson, Project Manager

1. Call to Order

The meeting was called to order at 6:09 pm by Chair Hermann.

2. Approval of August Meeting Minutes

Commissioner Ross made a motion to approve the minutes from the September meeting. Commissioner Paley seconded the motion. A roll call vote was then initiated. Those who said aye were Commissioner Ross, Commissioner Sorrell, Commissioner Cornett, Commissioner Hermann, Commissioner Portilla and Commissioner Paley.

3. Chair Comments

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

4. MEC Update

a. Current MEC Update

Director Stolz provides a presentation on updates. Currently, the situation is still tricky, with the occupation rate having decreased to 63% vs. 95% in March 2020. MEC lost four clients and are now down to 132 clients with only 56 distinct residential clients vs. 76 in March 2020. Clients have either gone virtual or reduce the number of offices from before. They have not lost many residential clients, but they have reduced the number of offices they use. There are also now 65 virtual clients compared to 60 in March 2020.

Stolz present 2nd floor plan at start of October 2020 to show proposal of consolidating office space. On the 2nd floor, there are currently eight empty offices with four available conference rooms. 3rd-floor plan at the start of October 2020 is presented. On the 3rd floor, there are currently more empty offices with 11 available spaces and two conference rooms. Stolz proposes that the 3rd floor should be removed and consolidate remaining clients on the 3rd floor to the 2nd or 4th. Stolz presents the 4th-

floor plan at the start of October 2020. There are currently 11 empty office spaces and four conference rooms; it should be easy to accommodate clients from the 3rd floor. The 1st-floor plan is then presented where Stolz that 2/3 of length is occupied with two large conference rooms available. All MEC-sponsored programs and MEC staff offices are on the first floor.

Stolz states that sponsored programs do generate revenue but not nearly as much as revenue generated from clients. Between all conference rooms, spaces, and plans, Stolz says that efficiency is essential; thus, MEC must be close to approximately 88-90% occupancy in order to be able to break even.

Stolz then presents the financial results of the first fiscal quarter (July-September 2020). Operational losses: \$26,544; states not catastrophic but not great; if losses remain consistent, annualized operational losses may total to \$106,176. Stolz believes there are more losses to come, with an expected rate of 6 clients having been lost by November 2020. If there are legal fees and other unexpected costs added with a 25% discount for November-December, the expected annualized operational loss might amount to \$197,648 by the end of the fiscal year. Stolz states that the 25% reduction impact will lead to an amount of \$15,000-\$17,000 additional loss in revenue with a ballpark figure of about \$35,000 in income loss.

Director Stolz proposes that for MEC 2.0, the building should stay in the current location. If space on the 1st and 2nd floor is consolidated and the 3rd and 4th floor are removed, less expensive for companies to rent office spaces. It also suggests reducing the number of conference rooms.

Commissioner Cornett asks Commissioner Paley if there are any updates on consultants for MEC 2.0. Director Bruno states that a brief overview can be done in closed session. Commissioner Paley says that there were additional meetings with consultants and continuation for the vision of what space can look like and how it can operate.

Commissioner Portilla inquires about MEC tenants who were past due on their rent. Stolz states that one client [Studio Idea] had paid in full. Another client there was negotiating for the bigger outstanding debt; it was decided that \$2,000 out of \$6,800 was owed.

Commissioner Hermann comments that he is amazed and gratified to see individuals valuing the MEC's programs and services. Hermann states that although there is a space issue, the virtual environment showing to be effective is still a positive thing to celebrate.

Commissioner Sorrell comments on the proposed layout that Stolz had presented, comparing it to other incubators. Says that the services on the first floor are efficient and a good plus.

Hermann asks for clarification about the sponsored programs. Stolz states that there are 2: 1) Small Business Development Center (SBDC) and 2) Procurement Technical Assistance Center (PTAC). Programs receive funding, and part of that funding goes towards paying rent at MEC. Compared to other regular tenants, programs have a subsidized rate. Stolz states that initially, when the program started eight years ago, the SBDC had only two offices and now have 11; thus, leases were revised to reflect actual offices in use and eventually caused problems within sponsored programs. Money goes to George Mason University and then to MEC Fairfax.

Hermann asks Stolz if the proposal is to consolidate the MEC regarding sponsored programs referred to as their lease or literal office space. Stolz states that the redesign of space will only be considered. Bruno asks Stolz if they are now sub-tenants of the program or operational components of George Mason University. Stolz states that their rent is paid to the operational account. Commissioner Ross asks Stolz about the function of PTAC. Stolz states that they help in government contracting. Commissioner Sorrell mentions that PTAC helped 600 businesses get government contracts for the first time last year.

Commissioner Cornett mentions the MEC tenant rent reduction in November and December. Cornett states that he recommends that in addition to the 25% discount for two months, clients should also commit to agreeing to stay at MEC for an additional two months. Stolz comments that the last time tenants were given a discount was in May and June, so she believes that this should be considered when proposing a commitment of additional two months. Cornett asks if tenants who received discounts last time are still present. Stolz states that not all clients who received discounts previously are current tenants because of the pandemic's unexpected duration.

b. Approval to give the MEC discretion to provide a 25% discount for rent from November to December

Commissioner Cornett made a motion to provide the MEC with the discretion to provide a 25% discount on rent for November and December 2020 in exchange for an extension of leases through the end of February, totaling about \$34,000 each month. Commissioner Ross seconded the motion.

Bruno states that he wants to endorse this plan and asks questions before discussing a 25% reduction. Bruno asks Stolz the following: How will this proposal be presented and signed by tenants? How will leases be extended until the end of February if they are on a month-month lease commitment? And were any rent discounts declined in the first reduction proposal? Stolz states that only one client declined the rent discount, and other clients who needed to modify automatic payment agreements. Stolz states that a few clients paid the full amount due to their automatic payments not being altered but did not request for their money back. Cornett answers Bruno's question on how leases would be extended if they are already on the current month-month lease plan. Cornett states that this was a regular activity during the summer of 2020 with tenants. Cornett also states that Jeremy Root can be requested to draft a contract that lists terms and conditions regarding the 25% rent discount.

A roll call was then initiated. Those who said aye were Commissioner Ross, Commissioner Cornett, Commissioner Portillo, Commissioner Sorrell, Commissioner Paley, and Chair Hermann.

5. Park View Update

Project Manager Andrew Wilson states that over the last months, there had been definite progress. The parking agreement was completed with Mr. Rust, who owns adjacent three properties to Main Street and Lee Highway. Signage was installed in the corner of South Street and Main Street, designating nine spaces for his tenants and their guests. Once that was completed, Wilson states that he left notices on parked cars left on surf shop property to notify them of fencing arrival. Fencing had been installed on-site and is secure. Wilson states that he made contact with Mr. Rusts' three tenants about moving. In closed session, the lease amendment can be finalized. Wilson states there are outstanding items once the lease amendment is approved, but this understanding can still allow for demolition.

Commissioner Portilla states she has no comments at this time.

Bruno states that he would like to recognize the efforts of Commissioner Cornett, Commissioner Portilla, and Andrew Wilson regarding fencing and project progression.

6. Financial Update

Commissioner Cornett states that the old model of bookkeeping system was on spreadsheets and proved to be inefficient; thus, for ease, a bookkeeping system in place that can enter check and accounting entries into a system and be able to produce quarterly, monthly, or annual reports on a balance sheet and/or income statements. Commissioner Cornett requests for the purchase of QuickBooks Cloud, which costs \$20-35/month and can accommodate 3-5 users. He also requests temporary accounting personnel to focus on ensuring entries are timely, and banks are reconciled. Budgets can also be implemented in the system and monitored annually. Commissioner Cornett requests an additional \$12,000 for a CPA accounting firm and establishes an initial chart of accounts.

- a. **Approval for purchase of QuickBooks and hiring a temporary accountant for EDA Finances**
Commissioner Cornett is requesting authorization to transition to QuickBooks and funding of \$12,000 to allocate towards hiring an accountant. Commissioner Hermann makes a motion to transition to QuickBooks and allocate an additional \$12,000 to hire an accountant. Commissioner Paley seconded the motion. Director Bruno states that he would like to endorse Commissioner Cornett's request for the temporary Part-Time individual would support additional bandwidth that is currently inexistent. Commissioner Ross also supports this motion.

7. Business Recovery Technical Assistance Program

Commissioner Ross states that this program started two to three weeks ago. This program's initial purpose was building capacity and helping support businesses in the city regarding growth. Ross describes his phone call with Hermann regarding the mechanisms on how this program can execute this idea.

A survey was sent out that asked businesses what type of assistance would they need (operational, financial, safety) and how the Fairfax City EDA can execute this (webinar, 1-1). So far, only one business has responded to the survey. Surveys were sent out to businesses involved in the first round of Series 1 grants, businesses who participated in Restaurant Week, and businesses involved with the Outdoor Dining Program, totaling 170 individuals have received the survey. Ross states that now they are just waiting for feedback and brainstorming possible solutions in supporting businesses.

Hermann expresses his excitement for the program, stating that he can see this long-term established program to add value to Fairfax City and businesses. Hermann and Ross request any ideas to help Fairfax City businesses better and get the most out of the program.

8. Program Update

a. EDO/A Administrative Update

Staffing has increased at Fairfax City EDO to support multiple CAREs programs that are currently in place. Shirin Lotfi is working with Emily West, ReConnected Grant Manager, while Nikki Lopez works with Destinee Tenakoun on marketing and communications items.

Bruno states that he and Assistant Director Nguyen will begin talking about the budget for FY22 during that week; the budget includes for both Fairfax City EDO and EDA. Further updates will be sent before next month's meeting. Bruno states that there are updates that have gone to Mayor, City Council, and Commissioners regarding Fairfax City ReConnected Outdoors Program, Winter Preparedness Initiative, and safety kits.

Bruno opens the discussion on returning to onsite for in-person meetings or hybrid meetings. Bruno asks how commissioners feel about returning to in-person meetings also to allow public comments. Commissioner Paley comments that she does not feel comfortable being in a closed space for long periods and would like to continue remote meetings for as long as tolerable.

Bruno states that he believes there is value in continuing operations virtually and that the council chambers currently having plexiglass installed between seats. Cornett agrees with Paley and suggests a device to help sanitize the air for more in-person safety. Cornett states that he can forward the information to City Council if it's something they would like to consider. Hermann, Ross, and Sorrell also endorse Paley's concerns. Cornett asks Bruno the duration of the emergency ordinance. Bruno answers until the end of the year but believes that it will be extended again.

Bruno begins to discuss upcoming initiatives. Bruno states that the Fairfax City EDA is responsible for marketing the city and small area plans and initiated preliminary conversations on how best to execute this. Bruno states that they are currently partnering with the Community Development and Planning Office. Bruno also congratulates Nguyen and Restaurant Week team and its success. Planning for next year's Restaurant Week will begin soon.

b. EDO/A Programming Update

i. CARES 1.0

1. City Square

Nancy Montes, ReConnected Outdoor Program Manager, discusses updates on City Square. City Square had ended on September 30, 2020. There are no current plans for a future City Square program. There has been positive feedback that can be utilized for plans, and if OTFBA (Old Town Fairfax Business Association) needs further support in the future, we are here to support them.

There were a few concerns from citizens about outdoor dining being removed; however, all restaurants in City Square do have outdoor permits to allow for outdoor dining extended past City Square Program. Camp Washington is one location that needs to be looked into, as there are several restaurants in that location that are pending.

Bruno states that there has been progress with Old Town Merchants Association and that if restaurants approach members of the Fairfax City EDA/O regarding outdoor dining, inquiries should be forwarded to OTFBA.

Portilla inquiries if there are sales figures from Restaurant Week. Nguyen states that data is currently being collected. Some restaurants show an increase in sales for the first week; however, the second week was not as strong. The final data report should be available during November's meeting. Data will show social media, marketing, PR, and sales data information on Restaurant Week. Nguyen also states that Restaurant Week "To-Go" bags were successful and are planning when the next Restaurant Week will be by going over dates and the financial analysis for meal tax.

ii. CARES 2.0

1. ReConnected Grant Series 2

Emily West, ReConnected Grant Program Manager, states that Series 2 applications went live at the beginning of the week, October 5, 2020. Fundamentally similar to Series 1 except for the expansion of eligibility requirements and administration modifications.

Twenty applications have already been received, and applications will be reviewed on a rolling basis. Concerning Series 1, there were 81 returned grant agreements. Shirin Lofti will be responsible for reimbursement for Series 1. 60 payment request forms have already been received. 10-11 checks worth over \$60,000+ has already been written out to businesses.

Shirin Lofti introduces herself and expresses her eagerness for the program. Bruno states that he is excited about the execution of this program.

2. FCRO Winterization Preparedness Initiative

Nguyen discusses the purpose of the WPI: to assist Fairfax City restaurants to continue outdoor dining operations during the cooler upcoming seasons. Micro-grants will be worth \$3,000 and allocated to 100 restaurants on a first-come, first-serve basis. Applications open on October 9, 2020.

Nguyen also mentions that before launching, there were many outreaches to the Fire Marshall regarding safety and feedback on infrastructure features and outreach to the restaurant community on feedback for outdoor dining expenditures. Nancy Montes will be overseeing this program.

3. Safety Kits

Nguyen states that \$30,000 will be allocated towards 100 safety kits, each worth \$300. This is to ensure the safety of the business community and mitigate the spread of COVID-19. Kits will include 50 face cloth coverings, 4 32 oz. Hand sanitizers and two thermometers. Safety kits will only be received through sign-ups and are limited. Nguyen requests that if anybody has time to help with the assembly of safety kits at MEC Fairfax.

4. Additional Programming Opportunities

Nguyen also discusses the plan of a "welcome station" for Small Business Saturday, which occurs on Saturday, November 28, 2020. The Central Fairfax Chamber of Commerce and Old Town Fairfax Business Association will participate at the welcome station. Typically, the welcome station is at Old Town Hall, but due to COVID-19, the welcome station will be available in Old Town Square from 10 AM to 12 noon. COVID-19 guidelines will still be followed, similar to Parking Day, with temperature checks, contact tracing sign-ups, and more to comply with COVID-19 safety measures.

The Elf Hunt will still occur this year, and businesses will be asked to hide the elf in their storefront. There will also be customary QR codes for businesses, so customers can still explore the business. Five \$100 gift cards to a business of their choice will be given out to winners who find the most elves.

9. Public Comment

No public comments.

9. Other/New Business

Hermann talks about Source Recycle with Nguyen. Source Recycle was a grant recipient of the Fairfax City EDA and had recently moved into MEC Fairfax. They focus on single-stream recycling that is incentive-based. Due to the pandemic, Source Recycle had needed to redesign their platform to comply with COVID-19 measures. Nguyen states that she needs to reach out to Rob Stalzer about starting a pilot program with City Hall and MEC. Follow-ups will be needed.

Bruno recognizes Destinee Tenakoun for her work on social media and helps expedite the currently running programs' communications. Tenakoun asks Commissioners to follow social channels and share content to spread the word on the programs discussed.

11. Adjourn

The meeting was adjourned at 7:17 PM and moved into a closed session. Commissioner Paley moves to a closed session. A roll call vote then approved a decision. Those who said aye were Commissioner Cornett, Commissioner Ross, Commissioner Hermann, Commissioner Sorrell, Commissioner Portilla, and Commissioner Paley.

Next regular meeting of the EDA is scheduled for the 4, of November 2020.