



DATE: MAY 7, 2020

FROM: STEPHANIE LANDRUM, PRESIDENT & CEO, ALEXANDRIA ECONOMIC DEVELOPMENT PARTNERSHIP (AEDP)

THROUGH: MARK B. JINKS, CITY MANAGER

TO: HONORABLE MAYOR & MEMBERS OF CITY COUNCIL

SUBJECT: COVID-19 RESPONSE & RECOVERY INITIATIVES FOR THE ALEXANDRIA BUSINESS COMMUNITY AND RELATED PLANS FOR IMPLEMENTATION

The purpose of this memo is twofold:

- 1) to provide an update on the impact of the COVID-19 pandemic and actions taken to date by Alexandria's economic development agencies to assist Alexandria's business community.
- 2) respond to strategies offered by Mayor Wilson and City Council and outline implementation plans for an Alexandria business grant program.

Initial Response

The COVID-19 pandemic is having a profound impact on Alexandria's business community and the City's economic health. The City's three economic development agencies – the Alexandria Economic Development Partnership (AEDP), the Alexandria Small Business Development Center (SBDC), and Visit Alexandria (VALX) – have shifted into disaster response mode focused on assisting local businesses. All three agencies have paused or scaled back non-essential programs and are operating virtually. Daily, our teams are communicating with federal and state partners, trade associations and industry groups, and our peers in the region to ensure we have the latest updates and information on disaster assistance programs.

At AEDP and SBDC, outreach and assistance efforts have focused on providing information on disaster assistance programs and commercial landlord/tenant issues and outreach to the commercial real estate community. Visit Alexandria staff have been focused on supporting and promoting businesses in the hospitality, restaurant and retail industries. The following statistics give insight into the level of engagement with the business community and need:

March 16 – April 30, 2020

Agency	Individual Businesses Assisted	Newsletter/ Listserv Reach	Dedicated COVID-19 Website Views	Survey Respondents
AEDP	401	10,979	6,236	672
SBDC	244	1,981	2,509	N/A*
VALX**	N/A***	828	110,000	171

*Included in AEDP survey

**Data as of April 20

***Direct outreach has focused on virtual group meetings

Direct engagement with businesses and survey data indicates that the COVID-19 pandemic is highly disruptive to local business operations. The majority of survey respondents have reported experiencing year-over-year declines in revenue due to a dramatic reduction in consumer spending. Visit Alexandria reports hotels are also feeling the effects from the loss of advanced bookings. The data suggests longer-term impacts will evolve as most businesses report they will be delaying upcoming projects or planned investments and are considering laying off employees if they have not done so already.

Response Efforts & Strategies

Economic development staff are approaching this crisis as a three-phased event: Immediate Response, Stabilization, and Recovery. The City Council, City Staff, and economic development agencies have already enacted policies or launched initiatives to provide immediate relief and support to the business community. Staff continues to research mid-to-long-term strategies and initial ideas are listed below.

Phase 1: Immediate Response

Timeline: March 16 – June 10, 2020

Tax & Regulatory Changes (City of Alexandria)

- Deferring and/or extending payment timelines for certain business taxes
- Suspending enforcement of certain regulations and special use permit conditions related to hours of operation, deliveries, off-premise alcohol sales, and outdoor sales and dining
- Suspending enforcement of certain parking restrictions

Business Community Support

- Creating “one-stop” newsletters and websites with regularly updated information on disaster assistance programs, policy/regulatory changes, and other initiatives. (AEDP, SBDC & VALX)
- Dedicated staff to assist business owners who are impacted by COVID-19. Staff is focused on helping businesses understand local/state business restrictions, landlord/tenant issues, and any issue not related to federal disaster relief programs. (AEDP) *See below for SBDC efforts related to federal programs.*
- Assisted the Alexandria/Arlington Regional Workforce Council with promoting and awarding a limited amount of federal funds for WIOA Layoff-Aversion grants. Ten Alexandria businesses were awarded grants totaling \$54,397 with an average grant award of \$5,400. These grants are projected to save 115 jobs. (AEDP)
- ALX at Home, started on March 16, is a new platform launched to maximize revenues in the short term for businesses that remain open by adapting their sales format to current public safety requirements. The web hub highlights more than 150 ways residents can continue to support local businesses and includes 100+ restaurants, 50+ retail offerings, 11 museums and 6 arts organizations. (VALX)
- Farmers’ Market To-Go, highlighting dozens of vendors offering advance orders and pick-up options at Alexandria’s farmers’ markets. (VALX)
- ALX at Home LIVE, weekly live series of how-to videos and demos featuring Alexandria businesses. (VALX)
- Ongoing educational programming and individual industry sector video/teleconference convenings for hotels, restaurants and retailers to share adaptive strategies and get business input. (VALX & AEDP)

Federal Disaster Assistance Programs (SBDC)

- The Federal government implemented several policies and programs aimed at blunting the impact of this disaster. These include: Economic Injury Disaster Grant/Loan Program, the Paycheck Protection Program, the SBA Express Bridge Loan Program, the SBA Debt Relief Program, and several federal tax policy changes.
- Some of these policies are new and require the establishment of regulations and protocols which slows down the government and lender's ability to get relief to businesses. Economic development staff, the lending community, and business owners are working daily to understand the new programs and rules, as they evolve.
- The SBDC has led the coordination to connect businesses with the proper federal disaster assistance programs. This has included establishing a dedicated COVID-19 webpage and providing one-on-one assistance to business owners. Plans are in place to scale staffing to support the increase in demand for SBDC assistance.
- AEDP and the SBDC have requested information from the SBA about the impact of these programs in the City- the SBA is only reporting loan totals (successful applications and total amounts awarded) at the state level at this point.

Local Disaster Assistance Programs (Proposed)

- Numerous jurisdictions in our region have announced and/or are crafting programs that would provide local disaster assistance in the form of grants or loans to businesses. The Mayor's memo proposed a *Small Business Stabilization Fund* to provide micro-loans to qualifying small businesses.
- At the April 28, 2020 City Council legislative meeting, AEDP recommended that funding be provided in the form of a grant- details about the framework for this program follow in the next section of this memo.

Phase 2: Stabilization

Timeline- June 10 – September 30, 2020

Staff has been contributing to policy discussions with state and regional partners on the development of programs that would help businesses stabilize once changes to the public health crisis allow for the partial or full resumption of normal business operations. Below are two proposals that are currently being discussed.

GO Virginia

- At the state level, a new \$1M allocation of funds has been made to the GO Virginia program, to support economic relief and recovery efforts at the regional level. AEDP staff is working with our partners in the Northern Virginia Economic Development Alliance (NOVA EDA) to unlock some of this funding, as well as millions of dollars in prior allocations, to support recovery efforts at the regional level. In the coming weeks, we will share more information about these proposal with the Manager and City Council.

NOVA EDA Webinar Series

- AEDP is collaborating with partners at the Northern Virginia Economic Development Alliance NOVA EDA to implement a multi-part, free webinar series to help guide businesses through the stabilization and recovery phases. The series covers topics that will help businesses that remain

in operation assess the damage from the COVID-19 crisis and create strategies to stabilize, recover, and grow their business.

Phase 3: Recovery

Timeline- October 1, 2020 - ??

Staff has begun researching longer-term strategies to help the City and business community recover.

Research on Economic Resiliency

- Staff is researching strategies that were used following prior economic downturns (i.e., post-9/11, post-Great Recession, etc.) and developing longer-term plans to help affected businesses recover and identify new industry sector Alexandria may want to attract.
- Along with the Department of Planning & Zoning, AEDP is leading the Economic Recovery unit within the City's EOC structure and will be addressing business and public space reopening and longer term regulatory changes to support recovery moving forward.

Business Recovery Task Force

- Economic development staff support the Mayor's proposal to create a task force to identify concepts for recovery of Alexandria's economy. AEDP has experience leading such task forces (i.e., Economic Sustainability Work Group) and is prepared to do so again.

Marketing Programs

- Because of the current crisis, AEDP and VALX have currently scaled back spending on marketing and advertising to core audiences (i.e., tourists, meeting planners, site selectors, etc.). These funds will be used to promote Alexandria as a tourist destination and business center that is "open for business" once travel and business restrictions are lifted. Both groups are working on Marketing Recovery Plans, and will be ready to implement at the health crisis subsides.

Alexandria Business Grant Program Framework

On May 1, 2020, Governor Northam outlined the general plans and milestones that Virginia must observe to move towards reopening. The Governor's "Forward Virginia" plan includes a three-part, phased-in approach to restarting the state's economy. The Governor's plan notes that continued health and safety requirements will remain in place even as non-essential businesses reopen. For example, limitations on gatherings (to include numbers of employees and customers in a single location), physical and social distancing measures, and the use of personal protective equipment will be mandatory in order to comply with the Governor's directives. These requirements will place additional financial burdens on Alexandria's small businesses as they prepare to reopen or rescale operations.

The business grant program, [Name TBD], will provide grants to certain Alexandria businesses, with a focus on offsetting costs related to reopening and operating in the new COVID-19 business environment. Awards will initially be funded through a combination of reallocated Industrial Development Authority (IDA) Bond Fee Revenue and new federal CARES Act dollars- additional sources of funding may be identified as the program is finalized. It is currently anticipated that the fund could range from \$4-\$6 million. The goal of the [Name TBD] is to accelerate the business' return to profitability which will stabilize business income, protect jobs, and shore up the City's commercial tax base. In coordination with the grant program, wrap around services and support will be provided to businesses on reopening requirements.

from the federal, state and local governments, as well as best practices focused on long term business sustainability.

The following purpose, goals and outcomes will guide the program design and delivery:

Purpose:

The [Name TBD] will provide grants to eligible Alexandria-based businesses to offset costs and/or investments related to reopening.

Goals & Outcomes:

Goal – To accelerate the recovery and profitability of Alexandria businesses negatively impacted by the COVID-19 pandemic

Desired Outcomes –

- Stabilization and eventual growth of business' income
- Protection and growth of local jobs
- Stabilization and eventual growth of business tax revenue
- Protection of the commercial real estate tax base

Eligibility Framework:

In order for a business to be eligible, they must demonstrate they meet defined criteria around businesses structure, length of time in business, compliance with City fiscal and regulatory policies (“in good standing”), number of employees, physical footprint in commercial space, and compromised business activity as a result of the Governor’s Executive Order 53. Criteria will also clearly define businesses or organizations that are not eligible.

Grant Amounts:

Businesses will be awarded a one-time grant of up to \$20,000.

A grant fund of \$4-\$6 million allows for 200 to 500 businesses to be served by the program, ultimately dependent on the average grant request.

Acceptable Use of Grant Funds:

Expenses related to facilitating the successful reopening of the business and a return to profitability.

This may include but is not limited to:

- Personal Protective Equipment (PPE)
- Other equipment and supplies to promote health and safety
- Technology to facilitate e-commerce and/or virtual business operations*
- Professional services related to the design and construction/alteration of the built environment necessary to promote physical and social distancing, as well as the actual costs for alterations
- Initial cleaning and disinfection services prior to reopening

*Businesses may request reimbursement for investments in technology made on or after January 1, 2020.

Application & Review Process (Under Development):

A multi-stage process is envisioned to properly manage the expected high volume of applications and to ensure only businesses who meet all the criteria move through the process. Because the total number of grant requests will likely be higher than the amount of funds available, a clear and objective scoring system will be used to determine grant awards.

The scoring system will be finalized in collaboration with a third-party firm with experience reviewing business plans and facilitating access to capital. AEDP is currently soliciting vendors. Given the program's intended goals and desired outcomes, the scoring system will be designed to favor businesses that were in a strong financial position prior to the COVID-19 pandemic and which demonstrate that they have taken action to promote business resiliency. Applicants will be required to explain how grant funds will be used to expedite the successful reopening of their business and its return to profitability. The third-party firm will be charged with recommending which businesses receive grants based on the pre-determined scoring system, to maintain the highest level of objectiveness and transparency.

The internal team administering this program will consist of members of the AEDP administrative, research and business development departments. To efficiently move applications through the screening process, an interdepartmental team to include staff from the City Departments of Finance, Performance Accountability and Planning & Zoning will be used. Staff from these departments will be detailed to this project for the duration of the grant evaluation and award process, but will not need to be completely relieved from their current responsibilities.

While still under development, generally the application and review process will consist of:

- *Initial Screening* – verification that the business has an existing business license, is in “Good Standing” with the City, has been in operation for at least one year, and operates from a business or commercial location in the city.
- *Secondary Screening* – verification that the business meets all of the other required criteria.
- *Final Review and Scoring* – application of the pre-determined scoring system, ranking of applicants, and determination of awards.
- *Notification* – businesses are notified of grant awards and enter into a standard Performance Agreement with AEDP.

Performance Agreement & Reporting:

Grantees will be required to enter into a Performance Agreement (PA) with AEDP. The PA will outline how the business intends to use the grant funds and include a reporting requirement. (Note: PA's have been historically used when AEDP has provided incentive grants to businesses)

Timeline (Under Development):

The following timeline is considered highly aggressive given the unknown number of applications that will need to be reviewed.

- Week of May 11th: briefing to City Council, and direction to proceed; finalization of third-party vendor contract for program design and management services; convening of interdepartmental team assigned to the grant program
- Week of May 18th: continued program design (eligibility, application requirements, scoring system, etc.), consideration of technology requirements; pre-application marketing efforts begin

- Week of May 25th: finalization of program design and technology requirements; continued marketing efforts
- Week of June 1st: application process goes live (72-hour period)
- Week of June 8th (2-week period): application review and scoring
- Week of June 22nd: notification of awards to grantees and execution of Performance Agreements
- Week of June 29th: transfer of grant funds to businesses.

Outreach:

AEDP will work with the Department of Finance to communicate with every licensed business in the City about this grant opportunity. Additionally, utilizing our partners in economic development, to include multi-lingual business counselors and colleagues, information about the grant opportunity will be disseminated through business and community organizations, websites and e-newsletters and social media.

Resource Requirements:

AEDP anticipates the following resource requirements, some of which are new expenses that were not included in the current year or FY 2021 budget request:

- Reallocation of up to 6 FTEs to assist with implementation of this program
- Temporary assignment of staff from the City Departments of Finance, Performance Accountability and Planning & Zoning
- Increased hours for professional accounting services related to processing and tracking grant awards (*additional cost*)
- A third-party vendor to assist with program design and the review/scoring of grant applications (*additional cost*)

The joint economic development staffs will continue to support Alexandria's business community during this unprecedented time. We continue to welcome ideas and suggestions that can be implemented quickly to aid Alexandria's business community throughout all three phases of the crisis.

cc: AEDP Board of Directors
 Emily Baker, Deputy City Manager
 Karl Moritz, Director, Department of Planning & Zoning
 Patricia Washington, President & CEO, Visit Alexandria
 Bill Reagan, Executive Director, Alexandria Small Business Development Center