

**Economic Advisory Commission
Meeting Summary
conducted via Zoom
June 1, 2021**

The June 1 Economic Advisory Commission (EAC) meeting was held virtually via Zoom because of the COVID-19 pandemic. EAC Chairman Foust began the meeting explaining that as such the meeting had to follow certain procedures due to FOIA and Fairfax County's Emergency Ordinance. The first requirement was that all EAC members could hear the proceedings from their individual locations. Those who could not were asked to raise hands or send a message through the chat box. EAC members were also requested to send their general location through the chat feature or send a message to Vance Zavela at Vance.Zavela@fairfaxcounty.gov.

EAC Chairman Foust then handed over the gavel to EAC Vice Chair Storck to preside over the following motions that address the need for an electronic meeting and dispensing with normal FOIA procedures for continuity of operations during the pandemic:

- 1) Moved that "the State of Emergency caused by the COVID-19 pandemic makes it unsafe for this Commission and the public to physically attend this meeting in person, and the usual procedures cannot be implemented safely or practically. As a result, I further move that the Economic Advisory Commission conduct this meeting electronically through a dedicated video- and audio-conferencing line, and that the public may access this meeting by calling 602 333 0032 and entering access code 167352." It was seconded by Supervisor Storck and approved unanimously.
- 2) Moved that "the Economic Advisory Commission certify that the matters on its agenda today relate to the COVID-19 emergency itself, are necessary for continuity in Fairfax County government, and/or are statutorily required or necessary to continue operations and the discharge of the Commission's lawful purposes, duties, and responsibilities." It was seconded by Supervisor Storck and approved unanimously.

EAC Chairman Foust recognized Theresa Benincasa from the Department of Economic Initiatives to go over procedures on how to participate in the meeting. He then welcomed the following new EAC members: Honorable Pradip Dhakal (Herndon Town Council), Sheila Dixon (Northern Virginia Black Chamber of Commerce), Michael Hewitt (Metropolitan Washington Airports Authority), Honorable Steve Potter (Vienna Town Council), Frank Woodruff (Lee District representative), Ed Zaptin (National Association of Industrial and Office Properties), and Kristina Francis (At-Large). The minutes of the February 16 meeting were approved with no changes.

In his introductory remarks, EAC Chairman Foust remembered two founding members of the Economic Advisory Commission, Michael Horwatt and James Todd, who recently passed away. They contributed greatly to the economic development of Fairfax County.

EAC Chairman Foust announced the new PIVOT Grant program will be considered at the Board of Supervisors meeting next week. It will be targeted specifically to those business sectors most impacted by the pandemic: restaurants, retail, arts organizations, hospitality (hotels, attractions). The funding would come from the American Rescue Plan.

He also announced BOS Chairman McKay's efforts to extend the emergency ordinances from 6 months to one year to be more accommodating to businesses during the pandemic (e.g., outdoor dining). They were recently passed by the Board of Supervisors.

His final announcement was about the One Fairfax Policy and the need for all EAC members to sign the One Fairfax Policy Acknowledgement Form by June 30. Members who did not receive the May 6 message about the One Fairfax Policy were asked to contact EAC Staff Coordinator Vance Zavela.

Reinventing and Rehiring in the Hospitality Industry Presentation

EAC Chairman Foust introduced Gary Cohen, Executive Vice President of Glory Days Grill and Chairman of the Virginia Restaurant, Lodging and Travel Association (VRLTA). He was selected to serve as Chairman of VRLTA during the coronavirus pandemic. As the Executive Vice President of Glory Days, he has seen some vast differences impacts of Glory Days restaurants depending on the state where the restaurant is located and how they pivoted to carryout. However, he remarked that the hotel industry was hit even harder than the restaurant sector.

He broke down the restaurant industry into 3 categories: fast food, fast casual (counter service), and full-service restaurants. Fast food sales were up 120% in 2020 over 2019, while fast casual restaurants like Chipotle and Panera were up 95%. The full-service restaurants were hit the hardest as they were closed at the beginning of the pandemic. He reiterated that hotels were greatly impacted and are only at 40-50% occupancy currently as business travel remains low. Activity at resorts as increased due to greater family travel. He also mentioned the impact on attractions such as Kings Dominion that were closed in 2020.

Cohen shared some data from the recent VRLTA report on the impacts the pandemic has had on tourism.

- Domestic travelers spent \$27 billion in 2019, an increase of 3.4% from 2018). They spent \$73 million per day. (Virginia ranked 8th among all states.)
- Travel industry is fifth largest employer in Virginia supporting 237,000 jobs and is generating \$1.8 billion in tax revenues. Every dollar spent on tourism generated seven dollars in revenue for Virginia.
- The Virginia Tourism Corporation estimates lost visitor spending in 2020 was between \$9-10.9 billion. The losses for 2021 are estimated between \$3.8-7.8 billion. It was also estimated that between 56,000-68,000 jobs were lost in 2020. Between 24,000 and 50,000 jobs will be lost in 2021.
- With respect to lodging, the number of jobs went from 46,478 in February 2020 to 23,665 currently in Virginia. The revenue per available room decreased 50.5% during that same period amounting to a loss of \$2.2 billion.
- The restaurant industry suffered a significant decrease in jobs from 304,000 statewide to 194,000, Over 77% of the restaurants reported revenue losses in 2020.

As the Chairman of VRLTA, he was repeatedly asked about when the restrictions would be lifted and when their establishments could reopen. Restaurants were able to fully reopen as of last Friday but face a major challenge with getting employees to return. Part of the problem during the beginning of the pandemic was they had to take on jobs they did not want (i.e., carryout) and had a hard time dealing with the rules and mandates, especially wearing of masks, and mandatorily coming to work every day. However, the big issue today is that those who decided to quit are making more money on unemployment than they would on the job. Some states and companies are now offering incentives to bring people back to work. He supports Virginia to do the same. Glory Days Grill is offering \$300

to bring in a new employee that stays at least 60 days. They are also offering on the spot hiring bonuses. The restaurant industry is in a situation where it must compete with other employers for the same employees. The shortage has meant that Glory Days has had to voluntarily keep some tables closed because of staff shortages.

Cohen reported on some result of a recent VRLTA survey. Around 83% of all restaurants are hiring and 83-84% of them are at staffing levels 30-40% lower than where they were in 2019. Restaurants have been helped tremendously by the Payroll Protection Program administered by the SBA as it kept them from closing permanently. However, many owners are wondering why these loans have not been deemed forgivable as of today. Also, although he agreed that small, women, minority businesses should be given priority it has left little for those who are not. He pointed out that the proposed Restaurant Revitalization Fund of \$28.6 billion does not allow for companies with more than 20 restaurants to apply.

The American Rescue Plan will provide \$350 billion to the states. Virginia will designate 25% of its funding to support the hospitality sector. VRLTA has been lobbying the state not to put restrictions on the number of employees or locations in awarding grants. He added that they proposed that every hotel room receive a \$1,500 grant while every restaurant would receive \$150 per seat. SWAM and veteran-owned businesses would still receive priority.

He concluded by saying that Glory Days Grill is recovering, despite not being eligible for many of the grant opportunities. They have about 1,500 of 1,700 employees back to work. The lack of employees in the industry is not sustainable, and it is increasing difficult to hire more or them. He appealed to Fairfax County to do everything possible to support restaurants with easing of permits and other programs. He does not support the elimination of the tip wage. He also expressed concern over the cost of to-go packaging has also made it difficult as Glory Days Grill has about 35% of its business as takeout.

- **Discussion**

- Data supporting the flipping of unemployment to hiring incentives in other states was not available. It could be available by Labor Day in states like New Hampshire that implemented the program early.
- The tipping model proliferated in the restaurant industry in the 1970s with the spread of chain restaurants into suburbia. At Glory Days, over 70% of the employees rely on tips. If they are eliminated and employees were paid \$15 per hour the business model would not work. One Glory Days restaurant makes about \$250,000 in profit so it could not sustain such a wage increase as the costs for operating the restaurant would go to about \$650,000. Cohen's employees have not asked to change the tipping model as it gives them flexibility.
- It was pointed out that many restaurant and hotel owners deferred many payments during the pandemic. Even though business is increasing now, they must address the debt that has accumulated which, in turn, lowers profits.
- Hotels in Northern Virginia are not back at pre-COVID levels. The region relies heavily on business travel. Our hotels are at about 40% occupancy and must be at 50% to break even. Even if they get back to 70%, they will have issues with staff shortages.
- EAC Chairman Foust concluded the discussion by saying that the RISE Grant program provided grant awards to every eligible applicant and ended up giving most of the awards to small, women, minority, and veteran owned businesses.

Roadmap for Reskilling and Upskilling in Tech Industries Presentation

EAC Chairman Foust introduced EAC member Dr. Terry Clower, Director, George Mason University's Center for Regional Analysis, and Jonathan Aberman, Marymount University's Dean and Professor of Practice of the College of Business, Innovation, Leadership and Technology. Clower began by stating that their project was funding through a Region 7 GO Virginia grant.

Aberman mentioned that they have been looking at innovative ways to bring talent in the technology industry, but the pandemic has presented a potential opportunity to focus on the displaced workers in the leisure, hospitality, and restaurant industries. Their research revealed some insights on how the technology sector handles non-traditional workers in the hiring process and implications regarding equality access and demographic diversity. One was that two distinct roadmaps exist: one for traditional workers (college degree) and one for nontraditional workers (training programs, certifications, bootcamps), along with three technology employment markets: government contractors, companies making technology, and technology users. A fourth one involves government and corporate philanthropy to support the underserved populations get into technology jobs. The combined roadmap they have developed can identify existing programs, needs and gaps in our region. The large green arrow between the government and commercial technology employers on the graph represents experience workers moving back and forth and are the primary targets for these employers.

In conducting the research, Aberman conducted nearly 50 interviews met with over 50 CEOs of technology companies and talent managers while Clower gathered and analyzed data. The requirements for those in government technology include security clearances, a degree and proof of U.S. citizenship, but is not as important for in commercial technology. Their observations from the project include:

- 1) Few companies focus on nontraditional candidates when hiring.
- 2) Most companies do not hire from any specific training program.
- 3) Employers are looking for candidates with great interest in the technology field.
- 4) Commercial companies are more willing to hire nontraditional candidates.
- 5) Government contractors have diversity programs to hire minority candidates, but they cannot be normalized across the entire workforce.
- 6) We need to impede the mismatch of the nontraditional candidate to the employer by get them to speak the same language as the employer.
- 7) Employers are looking for candidates (both traditional and nontraditional) who understand the technology industry through experience with tools such as Salesforce and LinkedIn.
- 8) There is a need for mentors to help the nontraditional candidates tell their story in a way that attracts technology employers.

One of their conclusions is that there is no need for more training programs, but better outreach for the ones that exist. The existing issues and challenges need a more tactical approach. Also, the talent pool needs to grow faster, and that there may be a lot of nontraditional workers that may be suited for a technology career if they were informed about it. A marketing strategy could help with those workers interested in considering tech jobs. The biggest issue in the tech industry right now is the lack of talent.

- **Discussion**

- Some EAC members in the technology industry provided observations. Kevin McNulty commented that Cox Communications is working to make sure all students and adults have access to the internet so they can be successful in a technology career. They are working with Fairfax County to discuss the best way to use American Rescue Plan funding to expand broadband access.

- The region does not have apprenticeship programs for the tech industry, and internships and other similar programs are not coordinated. Most tech companies have training during the onboarding process but is company specific. There needs to be a distinct between internships, apprenticeships, and summer jobs. There also needs to be a change in policy in Virginia to make apprenticeship programs more readily available.
- The pandemic has changed the nature of the workplace. Workers will want to work where they live so we must address this change to attract workers who may work for a company not based in Northern Virginia.
- Aberman and Clower are looking at the types of businesses being attracted by the Amazon HQ2 arrival and how it will shape the business ecosystem in the region.
- Stephen Keat pointed out that our education system in Fairfax County and in the United States does not allow for the same opportunity to learn higher level courses (i.e., math) and is an impediment to filling the talent pipeline.
- Vienna Town Council Member Potter shared an observation that his wife, who works for a government contractor, has seen former restaurant and hospitality employees working at the front desks while getting training by the contractor. These displaced workers are also entering the logistics sector for jobs. Aberman confirmed that some of the CEOs he met with mentioned that have hired employees with these backgrounds. However, there is no effort for a unified process.
- There is a need to identify skills set and find those which are transferrable to a particular company or industry. Training in soft skills could be beneficial for both the employee and the employer. We need to credential employees beyond the traditional ways so they can have more opportunities to grow in their careers.
- Janice Brangman mentioned a program in which the government paid a company to provide six months of hands-on training instead of receiving unemployment directly from the government.

Meeting was adjourned.

EAC MEETING ATTENDANCE LIST 6/01/2021 (with locations)

PRESENT: Hon. Walter Alcorn (Hunter Mill District), Barry Biggar (Fairfax), Yusuf Shakeel for Dr. Scott Brabrand (Falls Church), Janice Brangman (Fairfax), Mark Carrier (Bethesda, MD), Anthony Chang (Mason District), Taylor Chess (Fair Lakes), Dr. Terry Clower (Stafford, VA), Clayton Medford for Julie Coons (Woodbridge), Angelica Delboy (Fairfax), Hon. Pradip Dhakal (Herndon), Corey Holeman for Sheila Dixon (Woodbridge), William Drohan (Great Falls), Hon. John Foust (Dranesville District), Kristina Francis (Chantilly), Paul Gilbert (Fairfax Station), Sol Glasner (Montgomery County, MD), Luanne Gutermuth (Annandale), Kelly Pride Hebron, Michael Hewitt (Centreville), Bryan Hill (Fairfax), Alex Iams for Victor Hoskins (Arlington), Todd House, Mark Ingrao (Chantilly), Evan Kaufman (Richmond, VA), Thomas Dana Kauffman (Franconia), Stephen Keat (Alexandria), Esther Lee (McLean), Robert Makheja (Tysons), Sean Mallon (Herndon), John McGranahan (Tysons), Kevin McNulty, Phillip Niedzielski-Eichner (Oakton), Hon. Steve Potter (Vienna), TJ Radtke (Reston), Kevin Reynolds (Fairfax), Todd Rowley (Tysons), Mohammed Siddique Sheikh (Occoquan, VA), Sharon Steele, Hon. Dan Storck (Mount Vernon District), Julie Strandlie (Alexandria), Linda Sullivan (Falls Church), James Tholen (Dranesville District), Hon. James Walkinshaw (Braddock District), Tom Weithman (Vienna), Carol Welti (Vienna), Brian Winterhalter (Washington, D.C.), Frank Woodruff (Franconia), Hillary Zahm (Chicago, IL), Ed Zaptin (Fairfax/Merrifield)

NOT PRESENT: David Baker, Dominic Bonaiuto, Hon. Penelope Gross, Hon. Patrick Herrity, Hon. William Holloway, Edythe Kelleher, Hon. Rodney Lusk, Hon. Jeffrey McKay, Hon. Dalia Palchik, James Quigley, Shelton Rhodes, Brian Schoeneman, Hon. Kathy Smith, John Thillman, Clifford Yee, Niki Zimmerman