

**Fairfax County Board of Supervisors
Economic Initiatives Committee (EIC)
Fairfax County Government Center
Board Auditorium
July 20, 2021**

Meeting Summary

Board Members present: EIC Chairman Supervisor John W. Foust, BOS Chairman Jeffrey C. McKay, BOS Vice Chairman Penelope A. Gross, Supervisor James R. Walkinshaw, Supervisor Walter L. Alcorn, Supervisor Pat Herrity, Supervisor Kathy L. Smith

Board Members participating remotely: EIC Vice-Chairman Supervisor Daniel G. Storck (New Mexico), Supervisor Dalia A. Palchik (Providence District)

Board Members absent: Supervisor Rodney L. Lusk

Preliminary Motions to Allow Remote Participation

EIC Chairman Foust recognized BOS Chairman McKay to make preliminary motions to allow for remote participation in the Economic Initiatives Committee. Chairman McKay moved that “the Economic Initiatives Committee adopt the Economic Initiatives Committee’s Policy for Participation in Meeting by Electronic Communication.” It was seconded by Supervisor Gross. The seven members present voted unanimously to adopt the policy.

EIC Chairman Foust then established communication with EIC Vice Chairman Storck and Supervisor Palchik to make sure they could be heard. He then handed the floor back to BOS Chairman McKay for the second motion. He moved that “the Economic Initiatives Committee certify that the voices of the remotely participating members can be heard by all persons assembled here in the Government Center and I further move that this Committee confirm that such remote participation by Supervisor Storck and Palchik fully conforms with The Economic Initiatives Committee Policy for Participation in Meetings by Electronic Communication.” It was seconded by Supervisor Gross. The seven members present voted unanimously to adopt the motion.

Chairman’s Opening Remarks

EIC Chairman Foust provided a brief review of the meeting agenda. The minutes of the March meeting were approved with no changes.

Item 1. PIVOT Business Recovery Grant Application

DEI Director Rebecca Moudry introduced DEI Manager of Economic Mobility Coordinator Theresa Benincasa to provide an update on the PIVOT Business Recovery Grant Application. Benincasa reviewed the timeline and purpose of the grant program. It was established by the Board of Supervisors at its June 8 meeting to assist those businesses and nonprofit organizations that were most negatively impacted by the pandemic as well as those business sectors with a high proportion of low income and minority workers. The program was approved with \$25 million in funding to help four targeted business

sectors: food services; lodging; retail, services, and amusements; and arts organizations, museums, and historic sites. The grant operator is the Latino Economic Development Center (LEDC), who helped develop an online portal for the applications. Benincasa remarked that LEDC has been excellent in providing other technical support, including live chats and multilingual proficiency. There were other key partners and county agencies that assisted with the establishment of the program and outreach.

Benincasa reported that extensive communications were conducted to reach the target audiences. For example, like the RISE Grant program, postcards were sent to over 31,000 businesses and included links to the information in four languages. It included outreach to the 4,800 RISE Grant recipients, 3,400 restaurants and food trucks, 66 chambers of commerce, 44 real estate managers, and all hotels and arts organizations in Fairfax County. Non-traditional outreach, including webinars in English and Spanish (with slides also translated in Arabic, Vietnamese and Korean), and social media (6,334 users).

Benincasa gave a summary of Phase 1 of the PIVOT Business Recovery Grant program. The application was open from June 23 through July 9. Eligibility requirements included being located in Fairfax County, demonstrating a 15% drop in revenue from 2019 to 2020, having fewer than 500 employees, and occupying a commercial storefront. Here are some of the results of the process:

- 1) 1,597 eligible applications
 - 1,178 applicants from retail, services, and amusements
 - 309 food service (including food trucks)
 - 61 lodging
 - 49 arts organizations, museums, and historical sites
- 2) \$24,440,500 in total funds requested
- 3) No lottery needed.
- 4) Eligible applicants reported 46% average decline in revenue.
- 5) Eligible applicants reported 25% average reduction in number of employees.

There were 921 applicants that were deemed ineligible in this first application phase, with 533 not reaching the 15% reduction in revenue and 311 not having a commercial store front. It was pointed out that 172 food service establishments were excluded as they had already received an SBA Restaurant Revitalization Fund (RRF). The average amount of funding for the RRF grants was \$283,000

The PIVOT application process has three phases. Participants have completed Phase 1 Initial Eligibility questionnaire as of July 9. Phase 2, which will occur in August and September, involves submission of required documentation to verify eligibility. Phase 3 from September to November includes submission of eligible expense invoices for the grant amount awarded.

Discussion

- Chairman Foust was impressed that DEI was able to pull together all of the partners in a very short period of time.
- BOS Chairman McKay inquired about the accuracy of the lodging figures on slide 3. Benincasa indicated that not all eligible hotels applied for the grant. Some hotels may have been ineligible because the companies who own them have more than 500 employees.
- BOS Chairman McKay expressed concern over the ineligible applicants due to lack of a storefront. He asked for clarification on what is a storefront, and if there is another requirement that can be used for those entities, such as the BPOL taxes paid. Benincasa replied that the intent was to target those businesses who had customers come to their establishment, so it did not

include home-based businesses. Moudry offered to conduct some analysis of the data to see how many of the ineligible businesses were disqualified solely due to lack of storefront and share with the Board of Supervisors.

- Supervisor Alcorn asked if hotel franchises deemed to be small businesses were included. The answer was yes.
- Supervisor Gross asked if there were any gaps in applications from the cultural communities. Benincasa said that demographic data will be collected in Phase 2 that will help answer the question about gaps in outreach. County Executive Hill added that the One Fairfax team led by Karla Bruce is also looking at this data to include in One Fairfax dashboard.
- Supervisor Palchik inquired as to whether the data will include all applicants, including those who were successful in obtaining a grant and those who are not. DEI will investigate if there is a way to analyze data from those who were ineligible.

Item 2. Fairfax Founders Fund

The Fairfax Founders Fund proposal was presented as a Board Matter at the June 13 Board of Supervisors meeting to bring before the Economic Initiatives Committee to then decide whether to move forward. It would be funded through the Economic Opportunity Reserve if approved. Chairman Foust introduced DEI Division Manager for Innovation and Strategy Jamie Gaucher to present the program concept for consideration.

Gaucher began by saying that the Fairfax Founders Fund would be addressing the lack of early-stage capital for innovation-based businesses in Fairfax County, especially those that are started by women and minorities. He described it as an onramp to the venture capital highway. The goals of the program are to grow innovative businesses, develop technology clusters and promote economic mobility and diversity. Underrepresented founders would be engaged and paired with angel investors.

Grants and technical assistance would be available to those founders who are on a path to access additional capital, including a funding award from Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR). These funds focus on innovative technologies (SBIR) and transferring them (STTR) for commercialization. He mentioned DoD, National Science Foundation and USDA as a few examples of the SBIR's partnering agencies. SBIR's Phase 1 focuses on the evaluation of the idea or proposal. Phase 2 evaluates whether the company can make a prototype. Phase 3 is the commercialization of the product in the market. The STTR program is similar but has academic institutions as partners.

The scope of the Founders Fund would include a third-party Advisory Committee made up of industry experts who would review applications and recommend award amounts. Gaucher then identified some of the emerging technology clusters that currently exist in Fairfax County: artificial intelligence, blockchain technology, autonomous vehicles, and others. He remarked that the types of technologies should be flexible and include all types of innovation-based technologies.

Regarding the program structure, the representatives of the Advisory Committee could include CIT, Smart City Works, FCEDA, SBDC, and those from industries. The technical assistance and funding would cover prototyping, networking, branding, IP strategy and market intelligence. He presented a process map with four phases and five distinct actions. Once the application is reviewed by the Advisory Committee it would be reviewed by County staff, who would then put together an action plan that includes technical assistance and an eventual handoff to SBDC network, CIT or other partners.

DEI recommended launching the program as a one-year pilot with an investment of \$525,000, with \$25,000 identified specifically for marketing and outreach. There would also be a maximum grant amount of \$50,000. Key metrics to track include economic diversity and the inclusion of a broad cross-section of technology companies. Gaucher went through a couple of examples of potential companies receiving a Fairfax Founders Fund grant.

Gaucher highlighted initial discussions about the program proposal to key partners, but also pointed out the connection to Chairman McKay's Task Force to build ecosystems that foster investment businesses of black, indigenous and people of color. He concluded by saying that staff recommends the support of the proposal with program details and metrics to be presented at a future Board meeting.

Discussion

- Chairman Foust requested that details on how to address challenges along the venture capital path will be addressed so that we make it easier for Fairfax County businesses to be funded. He also wanted to be sure that DEI is working very closely with FCEDA on the program as it is developed.
- BOS Chairman McKay asked about the rationale in getting to the \$50,000 maximum award amount as well as the \$25,000 for marketing and outreach. He also inquired as to how this program would compare to other programs in the region and beyond. There is no directly comparable fund at the local level in the region. Rebecca Moudry added that there is the CIT Founders Fund at the state level that could be another step for the aspiring companies. The amount for the engagement and outreach was based on the experiences with the RISE and PIVOT programs.
- Chairman McKay also added that emerging green technologies should be considered. There have been discussions about green banks to support them. He also commented how important the equity piece is for this program.
- Supervisor Gross asked how awarded companies will maintain presence in Fairfax County. An agreement would be entered into with each successful awardee. However, the more important incentive to keeping these companies is connecting them to the community to provide additional needed support. Supervisor Gross recommended that mention of an agreement should be in future presentations.
- Supervisor Alcorn suggested that any proposed agreement be as easy as possible. It should only focus on how to keep them in Fairfax County. He also recommended that private sector organizations be on the Advisory Committee (e.g. NVTC). He also concurred that the County's role in this effort should be as a catalyst with the right mix of partners.
- Supervisor Herrity said that it may be better to use the funding to create the business culture for the venture funding. He said the big problem is getting our defense contractors to make investments in these companies as they are too risk averse. He requested metrics on the CIT Fund and its success. He strongly recommended having a venture capitalist on the Advisory Committee.
- Supervisor Herrity inquired about the metrics to measure success for the program. Such a metric will be developed and brought back to the Board of Supervisors for consideration. He wants to be sure we are making a difference with these companies seeking the funds.
- Chairman Foust asked that the proposal be developed with more detail and be brought back to the Board at the EIC or a BOS meeting. He emphasized the important on the outreach to not just the businesses but also to the venture capitalists.

Item 3. Thrive Business Growth Initiatives

Chairman Foust introduced DEI Director Rebecca Moudry for the presentation. She began by reviewing where the county has been from the beginning of the pandemic through where we need to go to support a just and resilient economic recovery for small businesses through a continuum of support (RISE, PIVOT, THRIVE, GROW). The third step in the continuum, the THRIVE Programs, moves beyond response to the economic crisis and toward addressing the Economic Recovery Framework in building a just and resilient economy. They are designed to identify gaps and to take advantage of opportunities that will result in significant outcomes for individual businesses, business sectors and the economy through providing needed tools and resources. These programs will be built upon best practices from around the region and country as well as the recommendations from the Economic Recovery Framework and the Chairman's Task Force.

She presented three THRIVE Program categories:

1) Business Capacity Building and Tools

- Topic and sector-based experts would provide workshops, counseling, or other technical assistance. Some topics include e-commerce, digital presence, branding and marketing, access to financial resources, lease negotiations and other legal assistance, and local supplier development.
- The tools would include an enhanced starting a business portal, such as an enhanced BizEx site.
- The proposed funding for the capacity building and tools is \$500,000. It could fund 5-10 programs.
- The next steps include working with county partners to identify funding, structure, and contracting methods. Private sector partners will be consulted to ensure the programs are relevant and timely.
- The proposed launch of this program will be fall/winter 2021 but will depend on the conclusion the PIVOT program.

2) Hospitality Impact Initiatives

- Moudry remarked that it will take 2-3 years for the hospitality sector to fully recover from the pandemic. She pointed out that we are very reliant on business travel, which stopped when the crisis began. Joint assistance through key partners such as Visit Fairfax has had the most impact thus far and should continue.
- This initiative could include creative campaigns targeted toward groups (e.g., family reunions) and business travelers, special promotion of new attractions (e.g., Suffragette Memorial, National Museum of the United States Army), local visitor campaigns and experiences (e.g., craft brew trail or history trail), and buying local through networks like Made in Fairfax.
- The next steps are to develop work plans, budget, and timelines to bring back to the Board at a future EIC meeting.

3) Business District Support (Pilot)

- Moudry stated that the program incorporates several recommendations from the Economic Recovery Framework. It would be a competitive fund for business support organizations to conduct project specific activities designed to support businesses and to enhance the business districts in which they are located. Some examples include:

- Pop-up events
 - Building out a community gathering space
 - Community interactive art
 - Story-telling stations about the businesses or the district.
- Program components
 - Developed through existing business development organizations, including chambers of commerce and business associations.
 - Conducted through partnerships with other local entities.
 - Linked through strategies and other plans for the business district.
 - Determined by geographic area whether specific to revitalization area or countywide
 - Funded with a percent match
 - Determined with specific metrics and structure.
- Next Steps
 - Engage partners to build out program
 - Confirm funding amounts and sources
 - Bring details back to EIC

Discussion

- Supervisor Foust asked for clarification on the role of Visit Fairfax in the second program targeted toward the hospitality industry. This program would enhance what has already been done but would go further in promoting initiatives like the Made in Fairfax network and new attractions. There would be a detailed work plan that has specific budget line items to make sure there is no duplication of efforts.
- BOS Chairman McKay recommended partnerships with LDS and how they could support the project-based activities in the Business Support District pilot. It would include making the processes for plans, permits and inspections easier for small businesses.
- Supervisor Storck inquired about the robustness of intra-Fairfax activities and how they have supported the business community. He did mention the Tourism Task Force is working closely with Visit Fairfax to create a Tourism Improvement District. Moudry responded that DEI created a Business Continuity Partners group in March 2020 which met weekly for several months at the beginning of the pandemic. It now meets on a quarterly basis. She also mentioned significant engagement with FCEDA and Visit Fairfax on several topics, including the PIVOT program.
- Supervisor Smith asked about what the business support district is as she would like it not limited to revitalization districts. Moudry replied that it would be determined by analysis and engagement with partners and the Board whether by geography, revitalization district or other criteria.
- Supervisor Herrity pointed out that sports tourism was not considered. There are assets coming soon such as Fairfax Peak and Patriot Park North that could be included in the new attractions.
- Supervisor Walkinshaw proposed that remote work should be promoted in Fairfax County as it is the top place for job openings that pay \$100,000 in the United States.
- Supervisor Alcorn suggested micro targeting and micro promoting specific types of jobs as well as business startups.

Meeting was adjourned.