

**City of Falls Church  
Economic Development Authority  
Business Meeting Minutes - APPROVED  
Tuesday, June 7, 2016 – 7 p.m.  
Falls Church City Hall – Dogwood Room  
300 Park Avenue, Falls Church, VA 22046**

**I. Call to Order**

The EDA meeting was called to order at 7:04 p.m. by Chairman Novotny.

**EDA Board Members Present:** Mike Novotny, John Sandoz, Barry Buschow, Bob Young, and Brian Williams.

**EDA Members Excused:** Ed Saltzberg and Erik Pelton.

**EDA Youth Representatives Present:** Nuki Giorgadze and Nathan Holmes.

**EDO Staff:** Rick Goff, Becky Witsman, and Ingrid Racine.

**Public Attendees:** City Council Members Letty Hardi and Phil Duncan; Ross Litkenhous; Rachelle Barimany; and John Misleh.

**II. Approval of May 3, 2016 Minutes**

Mr. Buschow moved approval of the minutes, seconded by Mr. Young, and approved unanimously.

**III. Petitions from the Public:** None.

**IV. Petitions from the Board**

Mr. Buschow provided the board with information about Diamond Transportation, a private shuttle service company owned by a former City resident. The service operates around the region, including in McLean. He suggested that the company would have an interest in bringing its service to Falls Church if enough users are interested. The cost would be about \$10 per day for rides to/from the Metro stations. He said the company owner welcomes an opportunity to present his service to the board and would likely seek City assistance to advertise and promote the business to residents.

Mr. Williams observed that Uber could provide the same services for about \$5 per day. There was no immediate board consensus to pursue the private shuttle service.

Mr. Novotny welcomed two new EDA youth representatives and invited them to introduce themselves and express why they are interested in service on the board. Nuki Giorgadze said she and her family have a background and interest in economics. Nathan Holmes said he is interested in development projects and business activity in the City. Both representatives are sophomores at George Mason High School. Mr.

Young encouraged the students to participate in board discussions freely. Mr. Sandoz encouraged them especially to bring issues impacting the high school to the attention of the board. Mr. Novotny invited the students to make presentations to the board if they are working on school projects that touch on EDA-related issues and missions.

Mr. Novotny invited three EDA applicants attending the meeting to introduce themselves and express their interest in serving on the board. Mr. Misleh said that his career is in commercial real estate management and he has a family in the City. Ms. Barimany said she has family-owned businesses and property in the City, including Dominion Jewelers on W. Broad Street. Mr. Litkenhous said he is mid-Atlantic director of state and local tax advisory services for Altus Group with relevant skills and experience to share as a board member. Mr. Novotny thanked the applicants for their interest in the EDA and wished them the best through their interviews and the application process.

Mr. Goff announced that the City will host a community workshop on a 25-year vision for Falls Church on Saturday, June 18, from 9 a.m. to noon at the Falls Church Episcopal Church. There will be speakers on placemaking, demographics, and development, as well as roundtable discussions on City financial stability, community character, commercial redevelopment and transportation, he said.

Mr. Goff reported that the NVTC has awarded a grant to the City to operate a BikeShare program. The City's grant request to NVTA for BikeShare infrastructure awaits a decision in July.

The City has been accepted for the third time as a participant in the National Trademark Expo in Washington, DC in October, Mr. Goff said. He will provide more information to the EDA about event hours and the location as the date nears.

## **V. New and Continuing Business**

### **a. Business Improvement District Background Information**

Mr. Goff reminded the board of its previous discussions about the possibility of a BID in the City and its request for additional information from staff, including revenue projections. He identified three items related to BIDs in the board's packet: (1) an informational piece on what BIDs are, how they work, and their revenue potential in the City; (2) an aerial photo showing boundaries of a potential BID in core commercial areas; and (3) a passage from the Virginia code that gives full detail on the scope and powers of service districts.

Mr. Goff said BIDs are a way to finance services or improvements in commercial areas. There is no upper limit on the amount of additional ad valorem tax that can be levied within a BID under Virginia law. However, the tax levied in a BID must be collected by the City and it would be the City that obligates for and issues bonds for major capital investments. To set up a BID, the City could do so by approving an

ordinance following a public hearing that is properly noticed over a three-week period in advance of the hearing.

A BID can have a development board and can hire staff, Mr. Goff explained. In creating a BID, an approved ordinance must contain: (1) description of the purposes of the district and the facilities and services proposed within it; (2) description of a proposed plan for providing those facilities and services; and (3) benefits expected from the facilities and services.

Mr. Goff reported that about \$75,500 per year for each cent of additional tax levied could be generated in the commercial areas highlighted on the aerial photo. He referred to a table summarizing revenue projections at various taxing levels.

Mr. Young spoke to the City's need to find a dependable source of funding for streetscape and other improvements in commercial areas that he described as "looking sick" with lack of maintenance and outdated design of public infrastructure. He said a BID would be a difficult sell to businesses and property owners because of the additional tax burden. He suggested that increasing the City's transient occupancy tax (TOT) would be less controversial in that it would be paid by visitors to the City, as is common throughout the country.

Mr. Goff said that Falls Church currently charges a seven percent TOT on hotel rooms and at least 14 other cities in Virginia charge a higher rate. He reported that every one percent of TOT levied in the City produces about \$64,000 in tax revenue and, as new hotels open in Falls Church, that revenue stream will grow. Mr. Buschow commented that the TOT approach for funding programs and improvements would not have to be limited to defined commercial areas, providing more flexibility in the use of funds.

Ms. Giorgadze said that the City's downtown needs beautification to increase its appeal to residents and visitors, especially young people.

Mr. Young predicted that if improvements are implemented successfully in the City, landlords will be able to increase rents, thereby increasing property values and generating more tax revenue. Higher rent levels for office properties are a necessity to make new office development economically feasible in Falls Church, he said. Mr. Williams asked how a tipping point could be measured to determine when hotel occupancy is impacted by an additional TOT.

Mr. Sandoz said he supports the TOT approach and suggests a plan for tangible improvements as justification for a tax increase. Mr. Young suggested that potential uses of TOT revenue include streetscape, flowers, public art, wayfinding signage, landscaping and maintenance. Mr. Novotny requested that staff report briefly at the next board meeting about TOT revenue potential, legal constraints (if any), and city manager, City Council support for the concept.

**b. Participation in Meeting through Electronic Means: City Attorney's Clarification on Limits to Electronic Participation**

Mr. Goff said the city attorney considered the board's question about meeting participation via Skype and it is acceptable so long as a participant can be heard by everyone in the meeting room.

**c. 2016 EDA Retreat: Discussion of Date and Format**

The board tentatively confirmed its earlier decision to hold its 2016 annual retreat at Viget Labs headquarters on Saturday morning, August 13. Mr. Novotny suggested a format similar to last year's retreat, with a review of accomplishments, setting of goals, identification of action items, and creation of a work plan. Mr. Williams suggested these additional steps prior to the retreat: (1) board advance preparation to gather thoughts on projects and priorities for the year ahead; (2) inquire of City Council its thoughts on how the EDA can assume a stronger advisory role; and (3) poll other community stakeholders about the EDA's effectiveness and potential. Mr. Novotny asked Ms. Racine to look into creating an online community survey about the EDA and its role in economic development.

**VI. Staff Reports**

**a. Update on Development Projects**

Mr. Goff responded to a question about the status of the George Mason High School campus redevelopment process and a pending decision point for the school board and City Council regarding continuation or decoupling of the public-private partnership approach. Ms. Hardi and Mr. Duncan also shared with the board information and their thoughts on the topic. Mr. Novotny and other board members expressed support for the decoupling option, their strong interest to be more involved in development planning for the campus site, and optimism that more development industry interest will be achieved with decoupling.

The board asked about the status of the Lincoln at Tinner Hill project and its anchor commercial tenant, Fresh Market. Mr. Goff reported that Fresh Market had signed longer than a 10-year lease and had invested in build out of the grocery space to its specifications. However, the Fresh Market company was purchased by Apollo Global Management, an investment firm, in March, and a decision by the new owner to move forward with the Falls Church store has not been made. Lincoln and its commercial broker advise City staff that they are committed to filling the space with Fresh Market or a similar grocer and are actively showing the site to tenant prospects. There followed a discussion about lessons learned by the City from this experience and how a similar scenario could be prevented in new development projects in the future.

Mr. Goff reported on the status of the 301 W. Broad project: Harris Teeter will open in July and currently more than 40 percent of apartments are leased in the building. It is too early to have school impact data about the project. The two mixed-use development applications, Tradition Place and Insight's Broad and Washington proposal, are on hold pending application amendments by the developers.

**b. Business Report**

Ms. Witsman summarized the EDO's latest business and real estate report, answering a question about Value Vet, a new business tenant moving into West End Plaza. Mr. Young reported on progress with his Southgate Center on Fairfax Street across from Falls Church Episcopal Church. He said construction plans were submitted electronically for City review earlier in the day, a new process that he described as streamlined and helpful. He said four of ten leases are signed for space in the renovated buildings. Three or four displaced Falls Church businesses will be relocated to the shopping center, which he expects to feature a coffee shop, spa, day care center, dance studio, and possibly a restaurant, among other tenants. The center should open in September or October, he added.

**c. Marketing Report:** No report was given in the interest of time.

**VII. EDA Member Reports:** None

**VIII. Other Business:** None

**IX. Adjournment**

A motion was made to adjourn, which was seconded, and carried unanimously. The meeting adjourned at 9:20 p.m.