

Route 29 Solutions Package Business Assistance Program Outline

Introduction/Overview

Roadways constitute an economically vital form of transportation infrastructure that have great potential to contribute to the productivity and economic growth of a community. Road construction projects have wide-ranging impacts that, depending on the size of the project, can affect neighborhoods and the business community, along with road users. As construction projects become larger and of longer duration, small businesses can be at risk for challenges arising from construction impacts. Working proactively with small businesses to provide them with the information they need to understand the potential impacts of a project and the available resources to manage their business during construction is especially important.

Construction mitigation/business assistance programs are designed to limit the negative economic impact of construction projects on surrounding businesses, from simple measures such as maintaining access to business entrances, to more in-depth actions such as business education programs. A comprehensive and effective construction mitigation program is important to maintain a healthy business community and protect the tax base. It is critical to involve business owners and managers as well as property owners in a mitigation program.

Justification for Use of Business Assistance for Route 29 Solutions

While road construction projects of varying magnitude occur on a regular basis in the County, Albemarle is considering the implementation of a comprehensive construction mitigation program for the Route 29 Solutions Package based on a number of criteria that make this a unique circumstance, including the following:

- **Duration of project** – Projects in the Route 29 Solutions Package are scheduled to begin in 2015 and end in 2017, with the most significant construction occurring during the summer of 2016.
- **Involvement of significant number of businesses** – A significant number of businesses are located in the combined project footprints of the Route 29 Solutions Package projects, making it a critical business district for the County and region.
- **Public infrastructure improvement project of benefit to the entire community** – The \$230 million investment will result in improved mobility and reduced traffic congestion that will have broad benefits to the entire community and broader region.
- **Construction occurring along a U. S. designated highway** –U.S. 29 is a major traffic artery and a County entrance corridor, with a very significant volume of traffic passing through the corridor daily.

Goals of the Program

- Provide accurate and complete information in advance to help businesses plan for the construction period
- Provide resource expertise to support affected businesses
- Create a rapid response communication network during construction that identifies critical business issues and responds to needs of businesses
- Ensure fair and equitable assistance for all qualifying businesses
- Leverage opportunities for partnership – take advantage of ideas, services and relationships that partners can offer to help businesses manage the challenges of construction
- Actively engage construction contractor to positively affect business outreach and support

Implementation Team – Public/Private Partnership

Given the broad nature of the proposed assistance program and the need to bring a variety of skills and resources together to insure success, County staff suggests the formation of a public/private partnership to finalize program details and guide implementation, including making adjustments as the construction projects proceed. This team would be led by the County Executive's Office. Members of all entities below have been briefed on the program and have had the opportunity to participate in its development, and have indicated a willingness to provide their support.

Suggested team members:

- Small Business Development Center (SBDC)
- Senior Corps of Retired Executives (SCORE)
- Central Virginia Partnership for Economic Development (CVPED)
- Charlottesville Albemarle Chamber of Commerce
- Albemarle County Economic Development Office
- Albemarle County Community Development
- Albemarle County Economic Development Authority
- Virginia Department of Transportation

Current Efforts Already Underway

It is important to acknowledge that some construction mitigation efforts aimed at assisting businesses are already underway as part of the Route 29 Solutions process. The team would insure that these efforts stay on track as the project continues, in addition to implementing the new recommended strategies.

- Early engagement – several outreach efforts, including a business open house, Board of Supervisors stakeholder meeting, and drop-in opportunities in various locations at the project site, have been ongoing.
- Business representatives serving on project advisory committees – Project Delivery Advisory Panel (PDAP) and the Business Assistance sub committee have business representation.
- Communication – information has been shared on the VDOT and County Route 29 Solutions websites and via email and other tools.
- Direct conversations – VDOT and County economic development staff continue to meet on site and in the office with businesses to share project information and to solicit input on how to mitigate impacts, including those related to traffic, access and parking.

Contractor Obligations

The firm selected as the design-build contractor for the Route 29 Solutions projects has contractual obligations for supporting business activity during construction. Required specifications are detailed in the areas of access management, signing, business communication and engagement and emergency/incident response that will be important aspects of an overall construction mitigation program. Responsibilities include coordination with individual businesses and other stakeholders during construction concerning detours, pedestrian and roadway access, utility disruptions, access limitations, and other critical activities. The Construction Mitigation Team described earlier would work with the contractor/VDOT team to insure that these obligations are being met and that the needs of businesses are fully considered and addressed.

Recommended Strategies

Geographic tiers – impacts will be significantly different, depending on the geographic location of businesses along the Route 29 Corridor. This program recommends general strategies that are appropriate for businesses located along the entire corridor, defined as Tier 1, and also targeted strategies that are focused on the businesses specifically impacted by the Rio Interchange project, defined as Tier 2. While these tiers are defined below, it is important to acknowledge that there may be an exception that places a business in Tier 2 due to significant access or other construction impacts.

Tier 1 – all businesses located in the footprint of any of the Route 29 Solutions projects as defined by VDOT

Tier 2 – those businesses identified in the Rio Interchange project footprint as defined by VDOT

Duration - Different elements of the mitigation program will be appropriate and meaningful at various stages of the construction projects. Some elements should be implemented as soon as possible and should run for the entire package construction period, while others are better suited for the most intense period of construction related to the Rio Road intersection.

Technical

Recognizing that the involved businesses have different levels of interest and desire for technical support regarding business counseling and/or education, we would envision developing a survey mechanism that could help us more finely tune the technical assistance element of the program. Generally speaking, we would recommend activities in the following areas:

- Preconstruction package of information for all businesses in the entire project footprint, including construction details, single point of contact, In This Together worksheet/checklist, Survival Toolkit, etc.
- Onsite workshops on topics like building customer loyalty (rewards), mastering social media, creating a marketing plan, etc. for businesses that would find this helpful – provide support for businesses to broaden exposure, increase sales opportunities, and build their brand
- One-on-one consulting for businesses looking to position themselves to weather a potential slowdown in customers – expand sales channels, share costs, cut unnecessary inventory, revise business plan, reassess financing, etc.
- Program liaison to provide one stop assistance – a “go to” person who would be the first stop for assistance
- Provide targeted demographic information to help with expanded new customer identification
- Peer mentor program
- Explore the possibility of Chamber member discounts for Tier 2 businesses

Marketing

We see an opportunity to establish visibility and an identity for mid town Albemarle County as a vibrant and attractive destination for shopping, dining, entertainment, etc. A coordinating marketing effort will help tell the compelling stories of the long standing and new businesses in this district and reinforce the concept of a well functioning shopping and entertainment district that is lively and accessible both during and after construction.

- Fund collective marketing campaign, including development of a group website and regular advertising regarding construction updates and access to businesses – based on the midtown quadrant branding approach

- Create a matching grant program for business-specific construction-based advertising
- Develop advertising templates and ideas to distribute to businesses
- Host “marketing bootcamp” programs on site - open and free to all interested business owners – for the duration of the project
- Plan a Buy local campaign – identify local businesses along the corridor to channel work to once construction begins such as sign makers, restaurants, print shops, etc. - encourage lunch promotions, etc. for construction workers, create reoccurring business
- Work with the Chamber to encourage sponsorship of After Hours events, coordination of a coupon book for midtown businesses, and other appropriate Chamber support activities, including consideration of a business passport program to maintain customer traffic

Communication

Effective two-way communication is obviously a very critical element of a Construction Mitigation program. Many elements of business communication are incorporated in VDOT’s overall communication plan, but the following outlines some additional targeted strategies to insure good communications.

- Establish project space at the new Northside Library – provide regular on-site project briefings, including extensive face to face communication opportunities during construction
- Provide weekly emailed updates with graphics and photos to keep business owners and customers abreast of construction status – businesses can resend or post to their own websites
- Perform outreach in cooperation with business owners to provide access maps in advance of and during construction
- Coordinate with the comprehensive communications effort well in advance of construction – posters, flyers, email blasts, etc. - partner with businesses ahead of time to alert/prepare customers
- Establish a clear and immediate line of communication between businesses and project team – VDOT and County Economic Development staff to be the “front lines”
- Create a Get – Around Guide/ Map that helps people navigate the area during construction assures people that they can find their way around
- Work closely with GPS services such as Google Maps to communicate pertinent traffic information
- Recruit business block captains (at least one per quadrant) that meet regularly with project staff on site and serve as a sounding board for issues – does not lessen the need for regular communication and outreach with all businesses in the construction area
- Conduct regular surveys of businesses and citizens to measure effectiveness of communications

Signage

- The County recognizes the importance of effective signage as a key component of the overall Construction Impact Mitigation Program and is working proactively with VDOT and PDAP on all aspects of signing/wayfinding for the construction projects
- The signage needs are being assessed in three project phases – temporary signage for businesses whose signs will be removed; temporary signage for businesses in the affected area during construction; and changes to permanent signage for businesses in the affected area.
- The Business Assistance Team outlined above will continue to work closely with those involved in the signage effort to insure that the needs of establishments in the corridor are being met.

Regulatory

- Propose use of expedited review with single point of contact for non-legislative processes, i.e. zoning clearances, site plans, signage, ARB review, for existing Tier 2 businesses for duration of Route 29 Solutions package construction – specific details would need to be clarified if this is an area of interest for the Board.
- Longer term, the Places 29 small area plan can greatly assist in this by working with the property owners in establishing zoning standards that avoid or reduce the need for rezoning applications, special use permits, waivers or variations. This reduces both time and uncertainty for property owners, as well as gives a better understanding of the long-term plan for the neighborhood.

Strategies with Significant Financial/Policy Implications

The strategies mentioned in the categories above are fairly standard in construction mitigation programs researched, and staff believes they could be implemented with reasonable ease and within identified funding sources. Several of the suggestions that came forward during our input sessions, primarily those to do with tax relief and/or other forms of financial compensation and those involving an economic analysis, are more complex and involve significant financial and/or policy implications. These types of strategies are much less common among the communities researched than the items discussed earlier. Rather than attempting to incorporate those items into the recommendations section above, staff is providing background for the Board's review and consideration to determine if there is interest in proceeding further in any of these areas.

Enterprise zone or other specialized zones - There are several federal and state programs that use geography for specifying economic levels of support, including local incentives such as BPOL reduction. Both the federal HUB zone and Enterprise zone have requirements that tie to Census tracts with defined poverty thresholds (or high unemployment areas) and do not fit the circumstances of these construction projects. These zones are tied to job creation and qualified investments to commercial, industrial and mixed use buildings or facilities, and incentives are not available for personal service, retail, food and beverage positions and thus do not fit the business assistance associated with roadway construction. There are other state economic tools that also tie to a geographic definition: 1) Tourism Development zone, 2) Technology Zone and 3) Defense Enterprise Zones. These programs offer resources that also are based on expected investments and job creation from either existing enterprise expansion or new enterprise location and are not available tools to assist retail enterprise in a construction impact scenario.

Tax relief – Some form of tax relief has been suggested for businesses affected by road construction. State law does not enable localities to offer property tax relief in this instance. In fact, a temporary local property tax reduction, not offered County-wide, would violate [Article X, Section 1 of the Virginia Constitution](#), which provides (with limited exceptions): “All property, except as hereinafter provided, shall be taxed. All taxes shall be levied and collected under general laws and shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax.” Action by the General Assembly and an amendment to the Virginia Constitution would be required to enable this option.

While tax relief is not immediately possible in this instance, other mechanisms for providing financial assistance are possible if the Board is interested in exploring any of these options. Many of these options would likely involve working through the Albemarle County Economic Development Authority as a funding entity because the County itself is not legally able to act in that role.

Line of Credit – This involves establishing a credit source to help with cash flow during construction and is a source of funds to be used at the business owner’s discretion based on need. Some communities have secured a line of credit that could then be used to distribute funds to business owners through a mechanism like the County’s EDA or have acted as a guarantor for a line of credit from other sources. Many communities have acted in more of a facilitator role to connect business owners with willing financial institutions.

Loans – (carries an expectation of repayment) - Several communities involved with major rail construction projects have established their own loan programs, most with an element of forgiveness built in. Some examples:

- Businesses apply to the City of St. Paul for loans supporting their efforts to secure new parking, create new parking, and find ways to share parking with other businesses. The city has pledged to forgive at least half of the loans they are able to fund.
- Forgivable loan program – to qualify, small businesses must be able to produce records showing a loss of revenues directly correlated to construction impacts by submitting three years of tax returns – forgivable loans are limited to \$20,000 for which 20% is forgivable each year the recipient remains in business

Direct compensation and grants – (distributed without expectation of repayment) – Several communities involved with major rail construction projects have established their own grant programs, some focused on funding business improvements and some focused on addressing business interruptions. In many cases, decision to directly distribute funds was made on a case-by-case basis and only if the construction project included unexpected closures or extended well beyond the scheduled end date.

- Some jurisdictions offer façade grants to help businesses improve the exterior of their facilities, believing that businesses may have a better opportunity to renovate or remodel while traffic to their store is impacted as a result of the construction project.
- In a rail project in Seattle, local transportation planners set aside \$50 million for the Rainier Valley Community Development Fund. Within that allocation, \$12 million was dedicated to grants for business interruption grants. Such grants reimbursed business owners for loss of revenue during the construction period. Loss is calculated by subtracting the revenue during the construction period to revenue during a comparable period of time.

The County’s role in implementing these types of financing options could range from serving as a facilitator in helping interested businesses connect to potential sources to actual involvement in providing loans and grants through the Albemarle County EDA. Staff has made preliminary contact with several financing providers, including the Virginia Small Business Financing Authority Micro Loan Program and Virginia Community Capital, regarding the possibilities of adapting or developing a lending program that can assist with the cash flow needs of businesses along US 29 during the construction period, and will continue those discussions depending on the Board’s direction. It is important to note that currently there is no source of funds available to funnel through the EDA for a loan or grant program.

Economic Impact Analysis:

Some of the input received during our outreach focused on the idea of conducting an economic impact analysis. VDOT has already prepared a Benefit-Cost Analysis on the US 29/Rio Road Grade Separated Intersection project to determine the cost effectiveness of the project as requested by the Federal Highway Administration (FHWA). An executive summary of that report is included as Attachment C, a complete copy is available from VDOT. Details on that report are provided below.

- **VDOT's Route 29 Solutions US 29/Rio Road GSI Benefit-Cost Analysis** - The Federal Highway Administration (FHWA) requested further analysis of the US 29/Rio Road Grade Separated Intersection project to determine the cost effectiveness of the project. This document was developed to meet the level of information requested by the FHWA. The benefit-cost analysis demonstrates that the US 29/Rio Road Grade Separated Intersection Project has value that exceeds the estimated project costs (adjusted for inflation) with benefit-cost ratios of 1.93 and 6.38 for the 22 year and 50 year analysis period respectively. In addition, there are several factors which further enhance the projects' value, which are less quantifiable, including (1)providing pedestrian crosswalks across Rio Road and Route 29, (2)removing vehicles from signalized intersections, thereby reducing crash frequency, (3)reducing fuel consumption by decreasing stop and go traffic, and (4)reducing emissions by reducing stop and go traffic.

If the Board is interested in pursuing an additional economic impact analysis, below is some background on measuring the economic impact of transportation projects. This information is summarized from reports published by the Transportation Research Board of the National Research Council and the Federal Highway Administration. Full reports are available on request.

Major reasons/purposes for undertaking an economic impact analysis:

- Guide decision making to maximize benefits of public investments – evaluate the relative benefits and costs of alternative options for constructing facilities, providing services or maintaining the status quo – which is the best alternative or option
- Provide an objective evaluation of the economic value of maintaining an existing facility or service or constructing a new facility or service
- Ensure that projects are appropriately designed with recognition of both positive and negative economic impacts

Types of impacts that should be measured and the ways in which they should be counted depend on the purpose of the analysis. As a general framework, highway impact assessments have three parts: (1) measuring gross change in economic growth, (2) isolating the component of change that is over and above existing trends, and (3) determining causation between the highway and the economic change.

Several basic factors must be addressed in a meaningful study:

- Impact measures – there are several different measurement indicators of economic activity spanning property values, construction, employment and income – use of multiple indicators is important
- Data sources and analysis methods – appropriate data resources include public data at the federal, state, regional and local level and private data. There are different approaches to analysis ranging from complex statistical methods to simple survey comparisons.
- Time dimension – economic impacts have an important time dimension – property transactions tend to be a leading indicator followed by building permits, private investment and construction activity. This is followed later by jobs and income. Impacts must be measured over a time span that will most effectively capture the changes in each indicator
- Geographic dimension – The geographic scale of the study also is important since it can affect the magnitude of observed impact and the extent to which they reflect significant shifts between areas
- Causality – a simple measure of the economic changes in an area before and after a highway project is not adequate to establish that the project caused the changes – must also look at changes in trends using comparison areas, i.e. general economic conditions, seasonal variations, etc.