



NATIONAL LANDING

PENTAGON CITY

CRYSTAL CITY

POTOMAC YARD

FY 2024 – Q2 BOARD MEETING

NATIONAL LANDING BID

Wednesday, October 25, 2023 | 9:30 – 11:00am

In-Person Meeting - Crystal + Clark - 2450 Crystal Drive

Minutes

Members Present: Stacey Brayboy, Mark Carrier, Gary Cook, Aubrey Fenton, Kimberly Driggins, Nora Dweck-McMullen, Richard Fernicola, Judy Freshman, Kingdon Gould III, Elizabeth King, Freddie Lutz, Donna Marquez, Abbie Oklak, Joe Oyler, Patrick Phillippi, Sahil Rahman, Regina Rees, David Ritchey, Harmar Thompson, Pamela Van Hine, Andy VanHorn

Members Absent: Shannon Flanagan-Watson, Andrea Murray, Robert Peck
Staff Present: Tracy Sayegh Gabriel, Rob Mandle, Malaika Scriven, Ben Wills, Luke Fichter, Mai Abdelaziz, Ashley Labadie

Others Present: Kedrick Whitmore (Venable LLP), David Castilleja (TKR), Kelley Cargo (George Washington University)

Welcome & Introductions

- Chair Andy VanHorn called the meeting to order
- Gary Cook gave an overview of the 2450 property and highlighted recent renovations; a tour of the space will be available following the meeting
- Andy noted that we would be joined by new BID staff member Ashley Labadie and new Board of Director Dave Ritchey from JBGS, but noted introductions would occur after the orientation following Dave's arrival to the meeting

Board Orientation

- Kedrick Whitmore led the board orientation which covered the following:
 - Governance and Management
 - Laws and Regulations
 - Governing Documents
 - Policies and Procedures
 - Board Responsibility and Accountability
- Tracy added that the BID will be looking to update their talking points and key measures so that board members are well equipped to speak about the area
- Tracy also shared comprehensive list of Board of Director expectations including participation on at least one committee, attendance at Board Meetings, and overall commitment to the work of the BID

Introductions

- Andy welcomed two new additions
 - David Richey, Chief Commercial Officer at JBGS
 - Ashley Labadie, BID's new Planning & Economic Development Senior Manager

Recent Wins

- New Openings/Leases/Announcements – Andy highlighted a number of milestones including Ikea showroom, the announcement of the

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Alzheimer's Association becoming the first tenant at National Gateway II, and the opening of Peruvian Brother's last week

- BID Summer Event Series – September marked the end of the summer series programming, including Sunset Yoga on Sundays in Potomac Yard, Wednesday morning fitness at Met Park, Thursday evening Jazz at Met Park, and movies in the park. The BID collected almost 5,000 registrations for our events at Met Park this summer, and we look forward to planning ahead for 2024 and beyond.
- Oktoberfest – Almost 500 people purchased tickets for Oktoberfest on September 30 of this year, delivering a resounding success for a Signature Event for the 23rd Street corridor. With the support of nearby businesses including Crystal City Sports Pub and Freddie's, the BID brought back the annual events and "Show Your Mug" campaign to 1.) activate an underused parking lot at the corner of 22nd & South Eads; 2.) bring the community together for a social event; and 3.) elevate awareness for local small businesses.
- Water Park - The crown jewel of openings was Water Park with amazing food and destination appeal. Big congratulations to JBG Smith for realizing this vision – it is already becoming a centerpiece of gathering and activity with some terrific food options. The BID also brought back Fridays at the Fountain, the beloved live music series this month.

Motion on Approval of Q1 Board Meeting Minutes

- **Motion: Stacey Brayboy**
- **Seconded: Harmar Thompson**
- **Discussion: None**
- **Approved Unanimously**
- **Opposed: None**
- **Time 9:42**

Treasurer's report

- Rob Mandle, Deputy Executive Director covered the report due to Robbie's absence
- Rob noted that Q1 is a particularly busy quarter for financials with the closing and audit of FY2023, preparation of the 990 tax filing, establishment of FY2024 financial forecasts, and drafting the budget for FY2025

FY2023 Audit

- Rob reported that this year's audit process was smooth, efficient, and did not identify any major deficiencies of concern to TKR or the audit committee.
- David Castilleja applauded the BID's Board Orientation expressing that auditors seek to encourage education for Board of Directors on roles and fiduciary responsibilities
- David C. shared the presentation provided to the Audit Committee on September 26th
- TKR applauded the BID's work and responsiveness throughout the audit process
- Rob noted that both the Audit Report and the 990 Tax Filing are available electronically in the Board's external folder and that hard copies of the audit were included in the printed Board packet

Motion to approve FY2023 Audit Report

- **Motion: Gary Cook**

- **Seconded: Nora Dweck-McMullen**
- **Discussion: None**
- **Approved Unanimously**
- **Opposed: No**
- **Time: 9:48**

FY2023 Post-Audit Close

- The BID ended up very close to where they anticipated in the “soft-close” as presented at the July board meeting differing only slightly with a \$30,700 increase in FY2023 expenditures
- The increase resulted primarily from FY2023 invoices that trickled in after the June close was completed
- It was noted that this is not unusual as vendors often need to be asked to send any outstanding invoices as quickly as possible in order to close the fiscal year
- This increase in FY2023 operating expenses does result in a reduction of the available carry over funds that were approved by the board earlier this year
- In keeping with the direction outlined in the carryover letter to the County Manager, this reduction in funds will be applied to the Downtown Wayfinding Initiative Reserve resulting in a total FY2024 program reserve balance of \$98,850.

FY2024 Q1 Financial Close

- The BID is a bit behind its spending plan in all program areas – about 78% of plan - function of being down two FTEs, some shifting of planned expenditures to December and the Spring, and purposefully being thrifty in anticipation of potential assessment appeals reductions
- Year-end projections show some substantial variances with higher spending in Community Events and Public Realm being balanced by reduced spending in Transportation
- The BID expects variances to continue to fluctuate over the course of the next few months as the BID refines cost estimates for programs and projects over the remaining three quarters and as we react to the potential assessment reductions
- NOTE - BID does not yet plan to utilize any program reserve funds this fiscal year though this may change depending on opportunities that may emerge in the wayfinding efforts or on reductions in assessments that impact the operating revenues’ ability to cover planned expense

FY2024 Scenario Planning

- The BID has been thinking about potential revenue reductions resulting from assessment appeals but feel confident we have sufficient protections in place to avoid any programmatic impacts
- First, the BID has approximately \$464,700 in available reserves – this includes the County-held appeals contingency, the operating contingency (full at 5% of budget), and the program reserve fund for the Downtown Wayfinding Initiative
- This cushion would enable the BID to weather a 9.4% reduction in assessment revenue
- As you can see from the historical look at assessment appeals impacts, that would have comfortably covered assessment reductions over the past three years

FY 2023 Annual Report

- Tracy covered key highlights of the Annual Report and noted minor changes that have already been flagged
- It was noted that this is an important reporting document for the Board to review and understand the accomplishments and work of the BID.
- Discussion
 - Kimberly asked to confirm that the report would be finalized at the end of November
 - Stacey commented that the draft looks good
 - Pamela asked “what are hotel keys”
 - It was clarified that this means “new rooms” in new hotels
 - Kimberly asked how many copies of the report are printed?
 - Tracy mentioned that last year we did not print, but noted the value of the report in explaining the what the BID does to members and others
 - Report distribution will be primarily electronic, but a small print run will provide copies on hand as needed
 - Kingdon noted that the report is attractive and useful for prospective tenants and provides strong marketing material

Motion to approve Annual Report

- **Motion: Kingdon Gould**
- **Seconded: Kimberly Driggins**
- **Approved Unanimously**
- **Opposed: none**
- **Discussion: none**
- **Time: 10:03**

FY 2025 Work Plan

- Tracy outlined the approach to the FY2025 Work Plan including two key goals:
 - Incorporating the new Strategic Framework approved at the Q1 Directors Meeting
 - Prioritizing and elevating the work outlined in the Equity in Action Plan approved in FY2022
- Repeated the County outreach efforts from last year’s meeting virtually with AED, DES, DPR, and CPHD to hear about County priorities and allow feedback and discussion on the BID’s draft priorities
- It was noted that the current version already incorporates comments from Shannon/Elizabeth with Arlington County; additional comments may follow as agencies conduct a more formal review in December
- Though typically shared as a designed version, the BID opted to provide only a substantive text version that would then be transitioned into an attractive deliverable to the County following approval
- Tracy solicited any feedback requested feedback/comments

2025 Scenario Planning

- Staff prepares the annual work plan budget before current year’s appeals decisions or new assessment updates are made for the forthcoming year
- As a result, the BID typically assumes a flat budget year-over-year
- Given the state of commercial office space in the post-pandemic environment, however, the BID estimated a 5% assessment reduction in revenues

- Assuming residential and hotel property values remain flat, this assessment reduction reflects an 11.25% decline in commercial property values
- Based on what the BID has been hearing and the fact that residential and hotel values may in fact increase, we feel our 5% assessment reduction assumption is a safe, conservative estimate for our planning purposes
- BID should have appeals decisions in time for Q3 meeting when any potential impacts/revisions to the budget can be evaluated/discussed
- Discussion
 - Rich Fernicola asked how the County might be approaching reduced revenues
 - Tracy noted that while the County will likely be considering tax rate increases, the BID's rate will remain static
 - Tracy added that the National Landing BID assessment is the lowest in the County
 - Many of the DC BIDS have an assessment based on square footage
 - Patrick Phillippi asked if the BID is considering reductions in programming
 - Major reductions may require reductions in programming, and if so, the BID will seek to fill gaps with sponsorships
 - May also be a place for the Foundation to assist with funding
 - Aubrey Fenton noted that both residential and hotel valuations may actually be reduced and that an assumption for these assets to remain flat may not be accurate
 - Rob noted that projects that delivered in 2023 and those anticipated to deliver in 2024 may continue to balance out any assessment declines as their valuations increase
 - BID will continue to plan scenarios so as to be prepared for a greater than assumed assessment reduction once appeals decisions are released in December and updated assessments published for FY2025 in January
 - Sahil asked if there are any events where the BID can generate revenue
 - Tracy noted it's something worth considering and thinking about - sponsorship is key
 - Rob noted that current budget assumptions include a conservative estimate of \$200k for sponsorship and that we exceeded that estimate in FY2023 and expect to do so in FY2024 as well

FY 2025 Work Plan Budget

- Based on the priorities outlined by Tracy earlier, built a budget based on the 5% assessment decline
- Budget allocations across programmatic areas remain relatively similar to those from FY2024
- Request feedback/comments

Motion to Approve FY2025 Work Plan and Budget

- **Motion: Sahil**
- **Seconded: Patrick Philippi**

- **Approved Unanimously**
- **Discussion: no**
- **Time: 10:22**

Nominating Committee

- The Nominating Committee discussed outstanding board vacancies and remained committed to working to identify the best potential candidates that also help us meet representation goals
- To help us with this effort, please expect to receive a new Board Census that will seek information from you on gender and race identity, age and veteran status, industry affiliation and special skills
- A formal process to proactively engage potential candidates and solicit applications will follow
- Goal is for the Nominating Committee to review potential candidates and recommend a slate of new directors for approval during the January Q3 Board Meeting
- Committee is pleased to welcome Dave Ritchey of JBG SMITH to the Board last month
- Given the scale of JBGS' ownership and Dave's extensive office leasing/tenant recruitment experience, the Nominating Committee recommends that he formally join the BID's Executive Committee
- Dave has confirmed his interest in joining the EC
- Per BID bylaws, EC membership requires a Board vote of approval

Motion to Approve Dave Ritchey joining Exec Committee

- **Motion: Kimberly Driggins**
- **Seconded: Gary Cook**
- **Approved Unanimously**
- **Discussion: None**
- **Time: 10:24**

Committee Updates

- Transportation (Harmar)
 - County provided update on the Performance Parking Pilot which has a goal to make it easier to find on street parking; Committee aims to provide a letter of support for the project
 - Committee also engaged on the NPS effort to widen the Mount Vernon Trail and the County's new project to add a safe multimodal facility along Long Bridge Drive to connect various other bike infrastructure investments including the Long Bridge bike-ped bridge, Boundary Channel multimodal improvements, and the Crystal City bike network
 - National Landing Station (VRE) is likely to start construction in late 2024 with an opening in 2026
 - Committee will provide letter of support for proposed VRE weekend service
- Equity (Sahil)
 - Since our last board meeting, the committee focused on a "guide book" to inform partners about DEI issues
 - Next meeting is being scheduled
 - The committee seeks additional participation and someone to fill the co-chair role
- Wayfinding Committee (Malaika)
 - Committee did not meet, but is continuing discussions with the County and is utilizing the Commercial Resiliency effort to deliver needed regulatory changes

- The committee is working closely with county agencies to figure out path forward for approving plan
- Andy shared that AED roundtable discussions focused heavily on the need for a signage overhaul
- 23rd Street (Freddie)
 - Freddie thanked the BID's for its involvement in Oktoberfest
 - He also noted challenges with the County's regulatory approach to TOSAs
- Planning and Development Committee (Rich)
 - During the first meeting, the committee focused on validating priorities which included:
 - Elevating National Landing as an innovation district
 - Streamlining regulatory process to facilitate economic development and tenant attraction
 - Identifying other opportunities for tenant attraction and retention
 - Next meeting is January 17

ReLaunch

- Tracy shared details on a new BID Legacy Business Support program
- \$75K BID commitment – covers at least 15 businesses
- White-label Re-Launch program for National Landing legacy businesses
- BID would pay consultants directly, but AED/BizLaunch would administer on BID's behalf
- Discussion
 - Kim asked if funds go to County for disbursement
 - Details to be finalized, but goal is to pay technical assistance consultant directly
 - Program would allow existing legacy businesses to get needed services now that would otherwise not be available to them for some time given the existing wait list for services directly from the County

Board Initiatives

- Three key initiatives to highlight that are priorities in our Strategic Plan that will require Board involvement to advance:
 - Foundation establishment
 - Ambassador / clean team exploration
 - Cross-jurisdictional innovation district & place making approach
- Discussion
 - Robust discussion regarding the cost and scope an Ambassador/Clean Team and the potential need for an assessment rate increase to fund
 - Tracy noted that a working group might need to be formed
 - This specific topic was noted in the survey that went out with the Board Documents
 - Rich Fericola asked what the process for approval of a rate increase would look like
 - Rob noted that the first step is engagement with County Manager's office as well as Voting Members
 - He added that a BID Board vote would be required to approve a recommendation to increase the tax rate that would in term require formal approval by voting members at the annual meeting

- BID would need to discuss with County what metrics for approval would be required to secure County Board support
- BID to follow-up on next steps for each of these items and staff encouraged participation from interested Directors to guide these discussions and efforts

Other BID Updates

- Excited to bring a major winter-themed festival for the holidays on the first weekend of December to Met Park
 - Programming for all ages – ax-throwing to lodge-themed happy hour to Santa photos
 - Great example of leveraging sponsorship for impact through a partnership with Amazon

Closing Remarks - Andy

The Chair noted that Q3 Date was moved out one week to the following Wednesday, January 31 to accommodate conflicts of Chair and Vice Chair