



**NATIONAL
LANDING**

PENTAGON CITY

CRYSTAL CITY

POTOMAC YARD

NATIONAL LANDING BID

Board Meeting – Q1

Wednesday, July 28, 2022, 9:30-11:00am

In-Person Meeting

Board Members Present: Matthew Bowyer, Robin Burke, Gary Cook, Kimberly Driggins, Nora Dweck-McMullen, Aubrey Fenton, Rich Fernicola, Shannon Flanagan-Watson, Kingdon Gould, Charles Hill, Freddie Lutz, Donna Marquez, Robert Peck, Regina Rees, Katelyn Thomas, Harmar Thompson, Andy VanHorn, Todd Yeatts

Virtual: Mark Carrier, Leslie Edelstein, Judy Freshman, Ked Whitmore (counsel)

Staff Present: Mai Abdelaziz, Lucas Fichter, Tracy Sayegh Gabriel, Matthew Jones, Robert Mandle, Malaika Scriven, Alexander Kline, Alex Michael

Absent: Katrina Adams, Jack Kelly, Glenda MacMullin, Pamela Van Hine, Sahil Rahman

Q1 Minutes

Introductions

- New Directors welcomed
 - Katrina Adams, Donna Marquez, Aubrey Fenton, Leslie Edelstein
- Member Introductions
- BID Staff Introductions

Chair's Report – Andy VanHorn

- Recent Wins
 - The BID is entering this new fiscal year fully staffed with 11 employees and one marketing fellow. This is the last major step in realizing the organization development work that has been underway.
 - The Annual Meeting was a great success with over 150 attendees and some excellent panelists. A major win was the publication at that event of Equity Forward – the BID's action plan and blueprint and the culmination of the BID's recent DEI efforts.
 - Last quarter we welcomed Boeing's announcement of the relocation of its global headquarters to National Landing and their new research and innovation hub.
 - With summer here, we're enjoying the full return of an exciting roster of longstanding as well as new summer programming.

**NATIONAL LANDING
BUSINESS
IMPROVEMENT
DISTRICT**

2011 Crystal Drive
Suite 205
Arlington, VA 22202
nationallanding.org

***Q4 Board Meeting Minutes and Business Portion of Annual Meeting
Minutes Motion***

- ***Motion to approve by Nora Dweck-McMullen***
- ***Seconded by Todd Yeatts***
- ***Approved Unanimously***

Treasury Report – Led by Rob Mandle due to Glenda’s absence.

- The financial close presented is subject to some change as late invoices come in and the auditors complete their work and potentially make recommendations for adjustments that change the bottom line.
- There are three key takeaways from the soft-close to convey.

TAKEAWAY #1 – PROGRAM AREA VARIANCES

- As expected, FY2022 is ending with relatively high budget to actuals variances
- Staff has been anticipating and preparing the Board for this outcome since at least the January Board meeting
- The variances primarily stem from:
 - Spending adjustments made to absorb a \$215k assessment decline
 - Slow spending for Transportation and Economic Development where hiring lagged, hence the unspent funds in those program areas
 - Unanticipated sponsorship and event revenue of approximately \$160,000 in specific program area buckets, notably Community Events & Outreach, Economic Development, and Public Realm & Beautification
 - Sponsorship and event income led to higher than anticipated spending in Community Events and Outreach (the sponsored events would not have been possible but for these sponsorships)
 - The BID also welcomed a \$50k sponsorship from Amazon to support implementation of a parklet placemaking project along 12th Street. The project is underway but the funds have yet to be spent and will be part of the carry over request.
- Per our service agreement, the BID is required to notify the County Manager when program area spending deviates more than \$50k from the approved budgets. This notification was sent to the County manager on June 30th. This letter was included in the board packet.

TAKEAWAY #2 – OPERATING FUNDS

- Due to the additional revenue, delayed hiring in Transportation and Economic Development the BID will end the year with approximately \$110,000 in unspent FY2022 OPERATING FUNDS

- This is a considerable improvement over FY2021 when we ended the year with \$640k in unspent funds primarily due to delayed hiring and reduced spending due to COVID.

TAKEAWAY #3 – RESERVE FUNDS

- Secondly, there is approximately \$366,400 in unspent FY2022 RESERVE FUNDS.
- Most of these unspent funds come from the BID’s FY2022 Operating Contingency Reserve.
 - Capped at 5% of the BID’s annual budget, the operating contingency fund is intended to be utilized for unexpected or higher than anticipated operating expenses or to cover greater than anticipated fluctuations in the BID budget due to assessment declines.
 - This fund was unused and has \$229,000
- Additionally, there were unspent funds in the Back-to-Business and Downtown Wayfinding Reserve
- Approximately \$100k remains in the Wayfinding Reserve and another \$36,600 remained unspent in the Back-to-Business Reserve.

CARRY OVER SUMMARY

- The BID was anticipating the presence of unspent funds since at least January of this year for the reasons already outlined.
- At the April Board meeting, the Board of Directors affirmed the decision to carry over any unspent operating funds into a continuing and potentially growing Downtown Wayfinding Initiative Reserve as the BID expects the project to remain a long-term, on-going project that will require significant implementation funds
- Additionally, the Board of Directors approved staff’s recommendation to create a reserve to fund the implementation of the 12th Street Placemaking Program
 - \$50k in unspent sponsorship funds from Amazon In addition to unspent operating funds will be devoted to this reserve.
- Finally, the BID’s Executive Committee concurred with a plan to utilize unspent Back-to-Business funds to finalize a number of incomplete projects to prepare the office for a return to the office for BID staff.
- In the June 30th letter to the County Manager, the BID outlined the anticipated carry over request and “not to exceed” amounts – that letter is available in your board packet.
- Following the June close, the BID revised these numbers.
- In total, the BID is anticipating a total carry over of \$477k consisting of:
 - \$229,000 for the Operating Contingency Reserve
 - \$112,000 for the Downtown Wayfinding Reserve
 - \$99,500 for the Placemaking Initiatives Reserve
 - \$36,600 for the Back to Office Reserve

Motion to approve FY22 reserves

Motion: Todd Yeatts

Seconded: Nora Dweck-McMullen

Discussion

- **Kingdon Gould expressed value in having a healthy reserve for emergencies noting that reserves help weather unexpected circumstances like COVID**
- **Tracy noted that other BIDs have much larger reserves but the County Service Agreement includes a 5% cap; Reserves may also be important in weathering assessment reductions**
- **Shannon Flanagan-Watson noted that the total carry over proposal presented to the board was less than what was shared with the County in June and sought clarification**
 - **Mandle shared that the June close provided additional clarity on the end of year finances including additional spending that hit the books after the letter had been sent to the County.**
 - **BID tends to provide a “not-to-exceed” carry over limit and estimates conservatively.**

Approved unanimously with Shannon Flanagan-Watson abstaining

FY2023 Outlook

- The BID took a pretty significant assessment hit last December that required utilization of our County-Held Delinquency Reserve Fund AND spending reductions.
- The BID was able to offset reductions with unanticipated income and actually ended the year with higher than budgeted income (approximately \$22k).
- The FY2023 Work Plan Budget assumed flat assessments and modest sponsorship and event income revenues for a slight budget increase of about 2%.
- There are rumblings of anticipated assessment revenue reductions again due to successful assessment appeals.
- This may result in the need for utilization of the delinquency reserve, operating contingency AND significant spending reductions.
- Staff intends to scenario plan over the coming months to ensure the BID can adequately respond and minimize impacts to staff and programming.
- Looking ahead to FY2024, the BID is optimistic that Assessment Revenues will grow as buildings currently under construction open and begin paying BID assessments.
- Tracy requested that board members share their experience with assessment appeals to assist with financial planning.
- A discussion ensued with board members regarding how to weather assessment reductions, raising the possibility of property owners to

voluntarily keep the BID whole through sponsorships to make up for any losses that may occur.

Board of Directors

- The BID is anticipating the formal resignation of Joe Chapman of Amazon as he takes on a new global role for them. Rebecca Rivard of Kimco has also officially stepped down from our Board as she had moved to North Carolina for another role with Kimco.
- Though these seats can be filled by a vote by the board, the backfilled seats are temporary and still need to be formally nominated and be included on the slate that is ultimately approved by membership at the annual meeting.
- Kimco has requested that Abbey Oklak, Director of Multifamily Residential take her place. Abbey has worked with the BID team on the 12th Street corner mural and comes from an architecture and planning background. The nominating/executive committee sees value in filling the board seat vacated by Rebecca with Abbey Oklak, whose bio is in the nominating committee folder.
- For the soon to be vacated Amazon seat, the BID would intend to backfill the seat with a candidate recommended by Amazon and approved by our nominating committee.

Motion to replace Rebecca Rivard with Abbey Oklak for the remainder of the fiscal year:

- **Motioned by Gary Cook**
- **Seconded by Robin Burke**
- **Passed Unanimously**
- **Abstained: None**

Friends of the BID

- Now with two years of an expanded district under our belt, the BID has received our first inquiry into additional adjustments to the BID boundary
- Representatives of the commercial ownership at Westpost at National Landing (recently rebranded) have expressed interest in marketing collaborations with the BID and potential BID membership
- Recall that this portion of Pentagon City, including Westpost, Riverhouse, and the Fashion Centre were left out of the new BID boundary due to opposition from Simon, the owner of the Fashion Centre
- This exclusion limits the BID's ability to expend funds in support of businesses or business interests at these properties.
- The BID, however, sees tremendous value to our existing stakeholders in pursuing collaborations that link Westpost's offerings and status as a destination with the broader National Landing identity and brand.

- The BID has been exploring two potential pathways to yielding a successful collaboration.
- First, a Friends of the BID sponsorship model structured around fee-for-service marketing, events, and promotion efforts at Westpost would avoid utilization of BID assessment funds outside of the BID's existing boundary.
- This model would allow the BID and Westpost to immediately collaborate and demonstrate value while also simultaneously continuing to explore the second pathway – BID membership.
- Based on precedent, BID membership requires significant County consultation, coordination, and support and requires at least 18-months to execute.
- The National Landing BID had an initial exploratory conversation with Arlington County staff in July 2022. The initial feedback was positive, including for further exploration of a pilot. Note that additional County engagement and due diligence would be required before full endorsement.
- A more detailed explanation and outline of this effort and the potential collaborations encompassed in a Friends of the BID pilot is included in a memo in your board packet.
- *Staff's recommendation is to proceed with a Pilot "Friends of the BID" Program modeled on a marketing/event sponsorship while also continuing to explore BID membership with FRIT and the County.*

Motion to support staff's recommendation for a pilot "Friends of BID" program.

Motion: Robert Peck

Seconded: Kingdon Gould

Approved Unanimously with Shannon Flanigan-Watson Abstaining

Strategic Plan Update

- The BID's current Strategic Plan was forged nearly 4-years ago.
- As the BID's first Strategic Plan, it served as an important guide and foundation for growing the BID into a larger, more effective, and more collaborative organization
- And though many of the foundations likely remain, the current economic development landscape has transformed over the past five years and a fresh look offers the opportunity to craft a new strategic plan that can guide the board and BID staff for another 5 years and beyond.
- The BID intends to launch an aggressive strategic planning schedule by bringing on board a consultant next month.
- Analyses and the kick-off of engagement efforts would begin in the fall and continue through the winter with a goal of adopting a new Strategic Plan at our Q4 Board of Directors meeting.

- Brainstorm/Discussion: What does success look like for National Landing over the next 5-years?
 - *-Kimberly Driggins noted that there is going to be a fundamental shift in how we do business – National Landing should look to be a leader in public realm and vibrant communities. What is the new normal? What are we going to be experiencing?*
 - *-Regina Rees noted that wayfinding was a key factor – National Landing becoming a recognizable destination.*
 - *-Andy VanHorn noted that ideally we build a package founded on economic development between National Landing and existing businesses.*
 - *-Todd Yeatts noted that one of the important aspects of Economic Development is the regional approach to a specified district – relationships with other economic development agencies, jurisdictions, and state efforts are important*
 - *-Robert Peck noted that if we become the place for regional talent that will attract people to the area.*

Committees Report Out

- Andy reminded everyone that every board member is expected to regularly attend at least one committee’s meetings. The following changes to our committee structure were made in April and we continue to reconsider committee format:
 - Retire geography committees (except for 23rd Street)
 - Retain Equity, Transportation and Wayfinding Committees
 - Continue Oversight/Governance Committees (Executive, Nominating, Audit)
- The BID recommends creating a Planning and Development Committee covering the full National Landing geography and are seeking interest from any directors that would like to serve as Chair of that committee.
- There is also an ongoing quarterly series of industry-specific roundtables with stakeholders including our longstanding transportation roundtable, and new additions: a hotels roundtable, residential property managers roundtable, and a restaurant roundtable.
- *Quick Committee Update*
 - 23rd Street (Freddie)
 - County funds are available for Pocket Park Enhancement
 - The Committee will also have to follow how the county manages TOSA’s moving forward.
 - Transportation (Rob)
 - CC2DCA and Rail Expansion
 - Major Infrastructure Project at Long Bridge

- Second Metro Entrance
- Crystal City Bike Network Plan

Other BID Updates

NL FOUNDATION

- FY2023 work plan priority but ongoing conversations with Arlington County are important.
- BID supplied responses to key questions from Arlington County.
- BID and County are planning to meet in early September to discuss.

NATIONAL LANDING QUARTERLY

- Draft version of the first Quarterly Market Report included in Board packet.
- The report builds on the work of the National Landing Market Study released in the spring.
- The staff are working collaboratively with AED and stakeholders to produce an insightful update.
- BID welcomes updates, suggestions, revisions to ensure it is most useful.

Meeting adjourned at approximately 11:05am