



CITY OF FREDERICKSBURG, VIRGINIA
CITY COUNCIL
MINUTES
Council Chambers, 715 Princess Anne Street
Fredericksburg, Virginia 22401

ITEM #9B

HON. MARY KATHERINE GREENLAW, MAYOR
HON. WILLIAM C. WITHERS, JR., VICE -MAYOR, WARD TWO
HON. KERRY P. DEVINE, AT-LARGE
HON. MATTHEW J. KELLY, AT-LARGE
HON. JASON N. GRAHAM, WARD ONE
HON. DR. TIMOTHY P. DUFFY, WARD THREE
HON. CHARLIE L. FRYE, JR., WARD FOUR

**Council Work Session
October 15, 2019**

**Tour of Old Stone Warehouse
Joint Work Session with Economic Development Authority**

The Council of the City of Fredericksburg, Virginia held a work session on Tuesday, October 15, 2019, beginning at 5:30 p.m. Old Stone Warehouse 923 Sophia Street; 7:00 p.m. in the City Hall, Large Conference Room.

Council Present. Mayor Mary Katherine Greenlaw Presiding. Vice-Mayor William C. Withers, Jr., Councilors Kerry P. Devine, Timothy P. Duffy, Charlie L. Frye, Jr. (7:03) Jason N. Graham and Matthew J. Kelly.

Economic Development Authority Present. Mary Beth Black, Chair. Mitzi Brown, Will MacIntosh, William Murray and Suzy Stone.

Economic Development Authority Absent. William Beck, Vice-Chair and Christian Waller.

Also Present. City Manager Timothy J. Baroody, Assistant City Manager Mark Whitley, City Attorney Kathleen A. Dooley, Economic Development Director Bill Freehling, Business Development Manager Angela Freeman, Economic Development Specialist Amy Peregoy and Clerk of Council Tonya B. Lacey.

Tour of Old Stone Warehouse. The Council was taken on a tour of the Old Stone Warehouse.

Joint Work Session with Economic Development Authority. The Economic Development Authority explained their objectives was to give the Council comprehensive updates on two critical programs of the EDA, which they requests Council's support, the workforce development and their loan program which is called Invest FXBG. She explained that the loan program was created because they no longer offered the grant program and a business owner, worthy of support wanted a grant and they did not have a grant to offer her and the EDA

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challenged themselves to find a way to help. Ms. Black spoke of how supportive the Economic Development and Tourism (EDT) staff had been to them through the process of trying to create the loan program. They have met with Rappahannock Economic Development Corporation (REDCO) and Virginia Community Capital (VCC) and they have drafted a credit policy, a manual and an application to launch this program and they hope to have it up and running by spring 2020.

Mr. MacIntosh said they have a mission statement that says they want to provide capital for business community and economic development purposes with the goal of creating jobs, encouraging private investment and recirculating capital through prudent lending practices within the City. Their five goals are: provide capital for small and growing businesses below the level at which commercial banking is interested in working with, support investments that create jobs particularly jobs that create life sustaining wages, provide capital increase to business ownership/entrepreneurship particularly under represented communities, stimulate development of underutilized or deteriorated industrial properties and seeking out investment opportunities in which EDA capital leverages additional private capital investments.

Mr. Murray said banks will loan \$100,000 and up, Main Street will loan \$5,000 max and they landed on a target range of \$15,000 to \$50,000 with the caveat that they could go outside of that range if they needed to. He said they will eventually need seed money. Mr. Murray said they were not asking the Council for anything at this point but may in the future. The loans will charge interest and they were working with REDCO who will serve as the underwriters of the loans.

Mr. MacIntosh said they would be investing some of their own capital to start with but they also talked about teaming up with a commercial bank. Ms. Black said VCC suggested teaming up with a private foundation as a secondary investor in the program with the EDA.

Vice-Mayor Withers said he liked the idea but he asked why the EDA would do large loans if businesses could get those from a bank and Mr. Murray explained that if the business checked all the boxes of the EDA and City Council but only checked one box of the bank they may consider it. Vice-Mayor Withers cautioned if a bank would not do a loan he would be concerned with the EDA doing the loan.

Councilor Kelly noted that REDCO was not only helping Fredericksburg's EDA but also the Stafford program. He also mention a program in northern Virginia and the program give a lot of loans through it but they are very hands on and they teach businesses how to do business plans and how to get it started. Ms. Black said they have included in their plan to refer business to the University's Small Business program.

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Vice-Mayor Withers asked who would be making the decisions on the loans and Ms. Black said the initial applications would go to EDT and there would be a pre-application process that information would be given to the loan committee who would send the information to REDCO and they will do a lot of the research and get it back to the loan committee who would make a recommendation to the EDA and the EDA would discuss. She said the EDA was also in the process of hiring an outside attorney to look at their application for purposes such as making sure they were not discriminating against anyone.

Councilor Kelly asked if the City was brought to the table to provide funding how much involvement would the City have in the decisions and EDA representative said they had not thought through that and asking for city assets would be a phase II and they wanted to see what the requests looked like first.

Mr. Murray said REDCO had been very helpful with documentation and figuring out what the document should look like for Fredericksburg. He said they also have language in the package so that they don't overweight and any one area with one type of business.

Councilor Devine said this was a great avenue to start small businesses especially for those women owned and minority businesses. Mr. MacIntosh said they are looking at creative ways to get this information out.

Mayor Greenlaw said this was very impressive work.

Councilor Dufy said he was enthusiastic about this and it would be great for attracting new groups to the City.

Mr. Murray said this program would give those who may not have an opportunity otherwise to start a business. Ms. Brown said they were being very intentional to get those who assume they would not be eligible and help them to become entrepreneurs or to be better entrepreneurs.

Councilor Frye suggested maybe there could be some type of program where businesses could talk shop so that people could learn about minority businesses in Fredericksburg.

Ms. Black clarified that the loans were for expansion or new businesses as long as it furthers the joint objective of the City and the EDA.

Mayor Greenlaw said the EDA had full support of the Council to move forward.

Workforce Development. Ms. Black said fifty percent of their 2020 budget had been devoted to workforce development. They dedicated \$50,000 toward the Germanna Allied Health building at the Locust Grove campus. She said Germanna does a remarkable job with its nursing and health tech which aligns with the Mary Washington Hospital workforce. They dedicated \$26,000 to the Library Maker Lab because of their committed to STEM education and City Schools

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and because it revitalized the Princess Anne corridor. Ms. Black said they continue to support FREDCAT. They gave them \$25,000 and they devoted \$7,000 to UMW CISSP (Cyber Security Professionals Program). The CISSP program certifies cyber security professionals and gets them into jobs that are not fulfilled in this region. The EDA said the workforce development and the education was closely tied. The EDA passed a resolution requesting that two members of the EDA be put on the Workforce Development Committee and joint taskforce between the City Schools and the City Council. They were requesting a seat at the table when discussing the capacity taskforce because they believe the two are intertwined.

Ms. Stone said she would hope they would be able to work together because they are intertwined. She said there are many tradesman missing in the taskforce and she said the City could fill that by getting students involved in those trades in school.

Ms. Brown said businesses come where there is a workforce and the City does not have a workforce. She said to provide as many avenues as possible to provide a workforce in IT, trades, internships and apprenticeship so that kids would not drop out of school. She said it was important that they be a part of the group so they can make plans on first-hand knowledge.

Mayor Greenlaw clarified that there was no Workforce Development group and she said it was appropriate for them to be involved in the School Capacity Group.

Superintendent Cattlet said they know they need to advance the offering in the schools but there was an issue with affording a facility that would support a Career Technical offering. She said they were being creative with including partners. She said they have a small group working on this and they would like to branch off and partner with everyone else as well.

Ms. Freeman reported that the "Good Jobs" program was a collaborative effort lead by the Planning District Commission in partnership with Fredericksburg Regional Alliance and it would deliver a regional economic development plan that has a shared vision and a large component of that was fed by workforce needs and the identification among businesses, agencies, partners, school systems and how everyone will pull in the same direction.

Councilor Frye noted that he talks about workforce development at every opportunity. He asked the EDA at what level did they want to be involved. He added that the City was the bank for the school and the Schools make the decision on how they use the money. He said Mayor Greenlaw and Councilor Kelly were working with the School Working Group and he did not want people getting confused with the EDA at the meetings.

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Ms. Stone explained that the EDA was hoping to get involved because there were not going to be enough tradesman coming out of high school and there must be a push in the schools and she said they hoped they could work with the schools to make it happen.

Ms. Brown said they want to provide an avenue for the students because businesses come where there is a workforce and right now the City does not have one.

Ms. Black stated that if they were at the table they expect to have a voice. She said although they are an independent body but if they could help and they wanted to help.

Ms. Brown said it would be easier for the EDA to fill in the gaps if they were a part of the process from the beginning they can be part of the solution.

Councilor Kelly said there are things administratively and programmatic that the EDA could do that the City Council could not. He said they will need some funding to get workforce development on track and the city must have people in place to do this.

Councilor Devine said a workforce development group does excite her and could make a difference. She said the schools have attempted programs over the years but they have not been sustainable. She noted that college was not for everyone and there had not been other options for the students. Councilor Devine said staffing and space would be an issue but they were solvable and she said maybe that's where the EDA could help.

Dr. Catlett said there were needs for internships and apprenticeships and she said they needed to continue the academic diploma for higher education but all student needed other skills as well. She said this is an opportunity for economic development to help form partnerships.

Councilor Devine said there was only room for opportunity and that this was an exciting potential partnership.

Councilor Graham noted that more of the capacity issues were felt more in the elementary classrooms and he said there must be some focus on the lower age range and not on the higher levels.

Ms. Black said that was why they issued funding for the Maker's Lab (STEM research) because of the developmental skills that early education would have on the students in the City.

Mayor Greenlaw recapped that the EDA would like to help anyway they can with workforce development and she said the Council offered to help fund a position in the schools. She said the school Working Group had been appointed and the Capacity Taskforce have not all been appointed and the EDA would like a seat at that table and any Workforce Development Group that may be formed. Mr. Baroody clarified that the Taskforce had been appointed and Mayor Greenlaw corrected it by saying the community representatives had not been appointed.

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Ms. Brown said they would like a seat at both groups working and taskforce and Mayor Greenlaw explained that the working Group was set up for Council and School Board only so that they could discuss budgeting issues so there were no surprises.

Councilor Kelly said the EDA had been involved for months now on the Working Group and he believes it would be important to continue to work with them.

Adjournment. There being no further business to come before the Council at this time. Mayor Greenlaw declared the session officially adjourned at 8:12 p.m.

**Tonya B. Lacey, MMC
Clerk of Council
City of Fredericksburg**