

# Major Urban Construction

## Impact Policy and Program

### City of Norfolk

#### STATEMENT OF INTEREST & INTENT

As a city that is fully built out, such as Norfolk, strives to redevelop itself; reconstruct its infrastructure; incorporate present and future day technology; construct inter-modal transportation and provide other public amenities for the benefit of the public as a whole, it may result in the acquisition, displacement and/or major temporary disruption of businesses.

Longer term, major public construction projects, while beneficial to the overall economic climate once completed, often have short-term negative impacts on local business which can become longer term detrimental effects. This policy is intended to mitigate these negative effects during construction and beyond. The Major Urban Construction Impact Program is established to provide a fair and consistent method of evaluating and assisting non-franchised businesses in districts, directly attributed to the City of Norfolk's major and/or extended construction work.

This policy is a result of comprehensive, strategic meetings with City staff, EDA, and local businesses.

#### STRATEGIC PROGRAM GOALS

- Retain existing businesses
- Mitigate the negative impacts of major public construction projects
- Retain jobs in Norfolk
- Create as much goodwill as possible for these projects with business owners and consumers
- Help shape positive perception of projects and of the ability to do business in the project areas.
- Maximize communication to business owners, employees, visitors and customers of the area in which the construction project takes place

#### THRESHOLD TEST FOR MAJOR PUBLIC CONSTRUCTION PROJECT

Before any construction project is considered it must pass a "threshold test" which includes:

- 1) The project must be a City of Norfolk construction project that benefits long-term public infrastructure goals, including but not limited to:
  - a) Public road widening and/or major reconstruction
  - b) Public Utilities (Water and Sewer) upgrades
  - c) Private Utility upgrades
  - d) Public right-of-way construction such as the Light Rail or other mode of transportation

- e) Public building construction that impacts public right-of-ways
- 2) The project must be at least six months in duration with daily impacts to surrounding businesses during business hours
  - 3) The City Council delegates to the City Manager to determine for this policy whether or not a project qualifies as a Major Urban Construction Project.

#### OTHER GOVERNMENTAL AGENCY OR ORGANIZATION ASSISTANCE

Depending on the genesis and/or nature of a construction project, other assistance may be available to businesses. The City will coordinate with these agencies and organizations to provide comprehensive assistance to the extent feasible and avoid duplication of efforts. An example of such collaboration is the Light Rail Starter Line project wherein Hampton Roads Transit (HRT) has initiated assistance in the form of special signage and the "Stay and Play" program promoted through the Downtown Norfolk Council (DNC).

#### IMPACTED BUSINESSES ELIGIBILITY CRITERIA

The eligibility criteria reflect the City's strategy to support business development and retention, particularly small, locally owned businesses. Of course there may be cases where the City is seeking to assist larger companies, which also fit with the City's overall goals and objectives for long-term sustainable growth and may be considered for inclusion in this program.

As part of this program, the City in its sole discretion, and subject to funding availability, may provide financial assistance to address 1) the price differential in the case of a required business relocation and/or 2) sustainability during temporary, but substantial, disruption of business operations at the existing location. Affected property owners covered under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) may be supplemented as part of this Major Urban Construction Impact Policy and Program at the City's discretion.

It is not the intent of this Policy and Program to create an entitlement or guarantee benefits or participation; however, in order to provide guidance to the City Administration and businesses that may be considered under the Program, the following eligibility criteria have been developed.

#### *Eligibility Criteria and Program Definition include:*

##### *For Permanent Relocation Assistance*

- Must be a property owner operating a business requiring relocation or a tenant operating a business that must be relocated in order for the major construction project to be realized and relocation must be in City of Norfolk.
- Coverage under the Uniform Act would be used first to mitigate any negative impact in relocation.



- City may choose to fund the EDA's further mitigation – in extreme cases of negative impact whereby the business could not afford to relocate in the City. In this case, the costs of the business replacement facility would need to significantly exceed assistance available under the Uniform Act. In determining the amount of this grant, the City would utilize State Code 25.1-406. As a guideline funding to the EDA, may be provided for items such as:
  - Differences in rent
  - Loss of property – fixtures, built-in, etc.
  - Utility/technology installations
  - Moving costs exceeding those provided for under the Uniform Act
  - Advertising of new business location and replacement of lost collateral materials.

The Department of Development will work with these businesses to identify new locations that meet their needs in the City of Norfolk, counsel them of the use of existing programs (i.e., tax abatement, tax credits, Enterprise Zone benefits, etc.), as well as assist the City Manager in determining recommended level of relocation benefits.

#### Temporary Business Disruption Assistance

- Must be an Existing/Remaining Business which:
  - Is located adjacent to the construction project and/or have blocked main corridor problems wherein multiple detours are required,
  - Is directly across from construction and who the City recognizes as having had restrictions placed upon it for daily customer visits and/or its source of parking
  - Business will be required to have been in existence at the same location at least two years prior to the start of the construction

Business must provide audited financial statements, IRS and/or Commission of Revenue tax filings, along with financial analysis of a documented significant business revenue decline during construction.

If a business on a given property is owned in whole or in part by the property owner and he/she has received compensation for the property, that owner's business may not be eligible for funding.

### FORMS OF ASSISTANCE MAY INCLUDE:

- 1) EDA's financial Assistance to Temporarily Affected Businesses
- 2) EDA's timing Advantage Remodel Loan Assistance
- 3) Signage and Way Finding Marker Program
- 4) Marketing the Destination Efforts
- 5) Vendor Registration Outreach Program
- 6) Parking Concessions

### 1. Financial Assistance to Temporarily Affected Businesses

- A. EDA's loans are in the form of an unsecured, subordinated loan. Each year that the loan is outstanding, the prospective borrower will provide and review with the City's Department of Development staff its business plan, projections and operations.
  1. As a general guideline, the grant/loan amount will range between \$10,000 and \$125,000 for businesses temporarily affected by Major Urban Construction Projects. Prior to funding the EDA, the City will

require documentation that the significant downturn in revenues the business has had is due to Major Urban Construction Projects,

2. As a Guideline, taking into account the uniqueness of the business and the City's analysis the loan will be paid back over 5 years under the following end of year schedule:

Year 1: no repayment required

Year 2: 10% of loan amount

Year 3: 20%

Year 4: 20%

Year 5: 50%

In the event of a business closure any outstanding balance shall be due in full.

- B. In addition, the City may fund the EDA to provide grants to businesses that lose physical assets, such as awnings for outside dining or signs, to help defray the costs to remove and/or replace such assets. In the event such a grant is awarded for this purpose, in no case shall the value of such grant exceed 50% of a business' actually incurred and documented costs.

### Loan and/or Grant Selection Criteria

The EDA using the staff of the Department of Development, will employ the following selection criteria to ascertain whether an applicant qualifies for the program's subordinated loan. In evaluating an application, Development staff will determine the extent of negative impacts relative to any major public infrastructure or public construction project. A minimum adverse impact threshold requirement would be that the business is disrupted to the point that its patrons declined by at least 20% and/or revenues drop by 20%, during the time period of the Major Urban Construction Project.

### 2. Timing Advantage Remodel Grant Program

During Major Urban Construction, affected businesses may find that it is a good time to remodel and expand their businesses. Utilizing the Façade Improvement Program as a policy guideline, businesses in affected areas would be eligible for a matching grant of up to \$15,000 to remodel and expand their businesses. Examples of eligible items include those that increase floor area, update antiquated commercial kitchens or bathrooms or other items deemed to have the potential to increase business activity and thereby revenues to the City. Again, funding the EDA's grant assistance is at the discretion of the City on a case by case basis.

### 3. Signage and Way Finders

In the case of a major construction project, the City may assist by working with the business(s) to implement a combination of programs ranging from vehicular and pedestrian traffic directions, to accessing our marketing outreach program. The goal is to assist people in finding nearby parking facilities and/or access to promote businesses in the impacted areas while maintaining an aesthetic balance of signage. Any such signage and way finders shall:

- Conform to zoning regulations
- Promote way finding to parking facilities, as well as from parking facilities to businesses
- Support promotion and marketing programs.

- Include "Businesses open during construction signs", indicating that (named) businesses are open for business
- Provide "Follow me" and pathway signage and/or fencing banners
- Regularly updated route maps that can be accessed for application to business websites, advertising flyers or linked within emails.
- Include detours and special traffic instructions

- 20 cents on the dollar, on coupons valued up to five dollars
- Total grant per business would be capped at \$500

#### 4. Marketing Outreach Program

A marketing outreach program may be created on a project by project basis to support businesses and celebrate the City's redevelopment through these Major Urban Construction Projects. The program will encourage and leverage individual businesses and/or associations to collaborate in a unified marketing outreach program. This marketing outreach program will ensure that signage programs, way finding, and communications are all synchronized. Elements of the marketing outreach program may include:

- Construction Updates
  - Weekly update/input meetings including businesses, contractors, city departments and civic league officers
- Special signature event or combination of events, products or services
- The Marketing Outreach Program
  - A print, multimedia or advertising awareness campaign distributed on a frequent and regular basis (such as an electronic newsletter) that offers link and provides access to the business associations, Norfolk.gov, radio and television stations, businesses and other program partners to build support for businesses being inconvenienced due to construction. This campaign may have the following characteristics:
    - A branded communication
    - A guide to topics of the week supported by city-wide facts and influential data for media editorial buy-in
    - Event calendar for in-store promotions and milestone celebrations that can link to the participating business websites
    - Progress report
    - "Business of the Week" spotlight which may include photograph and article focusing on its innovativeness in dealing with construction.
    - A mechanism in place to allow signup to receive instant alerts, RSS articles and such as part of the Norfolk email subscriber list
    - Links or inclusion into other products driven by City departments such as Norfolk Tube, channel 48 media clips that document construction (infrastructure investment), and meet the business segments.
    - Business association electronic newsletter developed on Norfolk website
  - Multimedia Campaign
    - Radio campaign to direct listeners to instant events such as radio personality appearances, instant discounts and more in support of special events and promotions.
- Customer Discounts and Promotion
  - Collaborate in the development of a Business Coupon Program whereby the City will provide grant assistance to local business associations:

#### 5. Vendor Registration Outreach Program

The City will proactively assist businesses to register with the City's Purchasing Agent in order to become an "approved vendor." Within the requirements of law, agencies receiving support from the City and City departments will be encouraged to procure goods and services from the approved vendor list of businesses deemed to be incurring financial hardship as a result of major construction.

#### 6. Parking and Access to Affected Areas

As Major Urban Construction Projects are typically very visible and may create challenges regarding access and ease of parking, the City will take a pro-active approach to ensure that consumers have a clear picture that the area affected by construction is an "open and convenient place to do business." In order to encourage consumers and workers in an affected area to view these projects favorably, the following elements will be included:

- 1) Completion of a Traffic Management Plan – which can then be incorporated into the comprehensive marketing outreach program. In this regard, it important to identify the basic routes into and out of an impacted area that can be advertised as providing "construction or hassle free" access.
- 2) Establish a distinctive construction or "hassle free" route way finding signage program – to mark the above ingress/egress routes identified above.
- 3) Utilize parking related programs in defined areas such as Downtown
  - a) City funded and managed valet parking program (using contracted services) in specific areas.
 

The City may engage, through competitive procurement, a valet firm(s) and provide on-street or garage parking for patrons to restaurants and entertainment venues.

The City will evaluate the use and customer satisfaction with this program and expand or stop the valet parking program as it deems appropriate.
  - b) Special rate program may be established to allow for garage patrons to pay on entry during evening and nighttime hours.

#### PROCESS

The City Manager administers this policy and any associated programs for Major Urban Construction Projects. The City Manager will direct staff to conduct private, preliminary (information gathering) discussions with affected businesses in order to determine eligibility and to make proposals for assistance. The City Manager and designated staff will be the point of contact for the EDA and businesses throughout this process. No individual elected official has authority to negotiate on behalf of the City or to make commitments on behalf of the City. At all times, elected officials shall observe an "at-arms-length" participation in the program. The City Manager shall be ultimately responsible for evaluating and making recommendations in each proposal. In the case of a loan or grant, the Norfolk EDA will use City funds in accordance with its agreements with the City.

The City Administration shall also oversee other aspects of assistance, including the Marketing outreach program, Parking Program, so forth.

## PROGRAM PARTNERS

- Norfolk Economic Development Authority
- Business Associations

## CONCLUSION

Through the adoption of this Major Construction Projects Policy and Program, the City will provide a context (priorities and goals) and a consistent process for supporting business retention during Major Construction Projects. The acknowledgment of the Threshold Tests and Eligibility Criteria will allow for the proper consideration of adversely affected businesses. The Program provides for several tools which will help mitigate negative impacts and keep people focused on a revitalized City of Norfolk.



**N O R F O L K**

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