

11-04-2020 Town Council Meeting

Responses to Council Questions

ITEM #12: Receive Progress Report on County-wide Long Term Recovery Plan

Council Question:

Is the committee planning to create an agenda to propose to the state legislature for policy changes that would enable/support our local recovery, for instance clean energy policies, strengthened unemployment and health care policies, etc.?

Staff Response:

If this is the Council's interest, we can take it back to the Project Management Team for more discussion. The Project Management Team includes staff representatives from Carrboro, Hillsborough, Orange County and Chapel Hill.

Council Question:

During the presentation, I would appreciate understanding how these efforts are connected and aligned with Town efforts.

Staff Response:

The Project Management Team has been discussing the benefit of recovery strategies and initiatives that have existing staff, programming, planning, etc. This could include both Town efforts, as well as partnerships with other municipalities and the County. Examples of these connections include:

- *affordable housing planning*
- *racial equity planning*
- *park planning*
- *climate action planning*
- *community arts and culture programming*
- *partnership to end homelessness (County-wide)*

The Hagerty team will touch more upon this in the presentation.

Council Question:

What kinds of organizations were represented in the Visioning Workshop in Sept 2020 (e.g., businesses, non-profits)?

Hagerty Consulting Response:

The September 2020 Visioning Workshop included representation from local and regional government departments, non-profit organizations, academic institutions, and business

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networks. For a list of the RSF groups, please visit orangencforward.org and see pages 7-8 of [this document](#)².

Council Question:

What were the findings of the Recovery Support Function Focus Group meetings?

Hagerty Consulting Response:

Each of the Recovery Support Function Focus Group Meetings included a review of the overarching draft Recovery and Transformation Plan Goals, which were broadly validated and approved of by attendees. Each group reviewed sector-specific proposed initiatives, developed by the groups themselves and based upon the results of the Impact Assessment and Community Values Survey.

Broadly speaking, the Focus Groups helped to identify strategic areas of focus for the Recovery and Transformation Plan, as well as the key challenges that should be anticipated and efforts that should be undertaken to engage the Whole Community in developing and finalizing any long-term plan for Orange County. These goals and thematic areas informed by the Recovery Support Functions will be presented during the upcoming briefing.

Council Question:

What was the demographic breakdown of participants in the Visioning Workshop, the Community Values Survey and the focus groups?

Council Question:

Did the consultant collect demographic data with the public facing survey? If so, what were the results?

Hagerty Consulting Response:

Hagerty did collect some demographic data in the public facing Community Values Survey. Demographic information captured through the survey is summarized below.

Approximately 60% of respondents identified as female, while just under 20% of respondents identified as male. 12 respondents selected "other" for gender, while the remaining survey respondents did not provide an answer to the question about gender.

Hagerty worked with the Department of Human Rights and Relations to verbally administer the survey to non-native English speakers that would have represented the BIPOC community, however, timing constraints and unforeseen circumstance yielded a lower number of responses from members of those communities than we anticipated.

² https://www.orangencforward.org/wp-content/uploads/2020/10/Visioning-Workshop-Summary_FINAL.pdf

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Generally speaking, the lack of diversity in the survey results is what prompted subsequent meetings with BIPOC community leaders; it was important to the consulting team and the project management team that diverse members of the community were able to participate.

Race/Ethnicity	Responses
American Indian or Alaskan Native	6
Asian / Pacific Islander	24
Black or African American	43
Hispanic	27
I prefer not to answer.	107
Multiple Ethnicities / Other (please specify)	48
White / Caucasian	1034
No Response	246

Age	Responses
18-24	24
25-34	117
35-44	252
45-54	250
55-64	273
65+	327
I prefer not to answer.	71
No Response	196
Under 18	4

We did not capture demographic information of participants in the Visioning Workshop nor the Focus Group meetings, as participation is typically determined by a person's role in the recovery process, which is not typically determined or influenced by demographics.

The role of BIPOC Community Leaders and public-facing surveys is to provide the perspective that shape the plan, but then subject matter experts from the Long-Term Recovery Group are responsible for designing an implementation approach. For example, we heard from the Latinx community that childcare was especially challenging for their community; now we will take that information to the Social Services Recovery Support Function to ask the implementing organizations (government entities, private non-profits, etc.) how to design strategies that effectively addresses the childcare issues as described by the community

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Council Question:

Regarding the impact assessment detailing the impact of COVID-19 on the Orange County community, was any data recovered on the impact on local businesses? If so, can we be provided with that data?

Hagerty Consulting Response:

The complete Impact Assessment is available on the long-term recovery planning website (orangecforward.org). However, the attached draft economic impact assessment includes an even more comprehensive suite of data compiled related to the impact Covid-19 has had on local businesses. Please note that this document is still being reviewed and edited by the Economic Recovery Support Function.

Council Question:

Who is involved/has been identified to participate in the upcoming planning activity of engaging BIPOC community leaders?

Hagerty Consulting Response:

Annette Moore, Director of Orange County Department of Human Rights and Relations, is supporting identification of BIPOC community leaders to engage. Meetings have been scheduled with groups of Latinx, Black, Chinese-Mandarin speaking, and Burmese- and Karen-speaking community leaders.

Economic Impact Assessment Report

August 2020

As part of the communitywide effort to plan for Orange County's long term recovery from the COVID-19 pandemic, the Economic Recovery Support Function Team conducted an Economic Impact Assessment survey of businesses located in Orange County.

The survey yielded responses from over 300 businesses. This report summarizes the findings of the survey in five categories:

1. Profile of Respondents
2. Modifications to Business Operations During the Pandemic
3. Impact on Revenue
4. Impact on Employment
5. Revenue and Employment Outlook
6. Use of Pandemic Related Resources
7. Needs Assessment for the Future

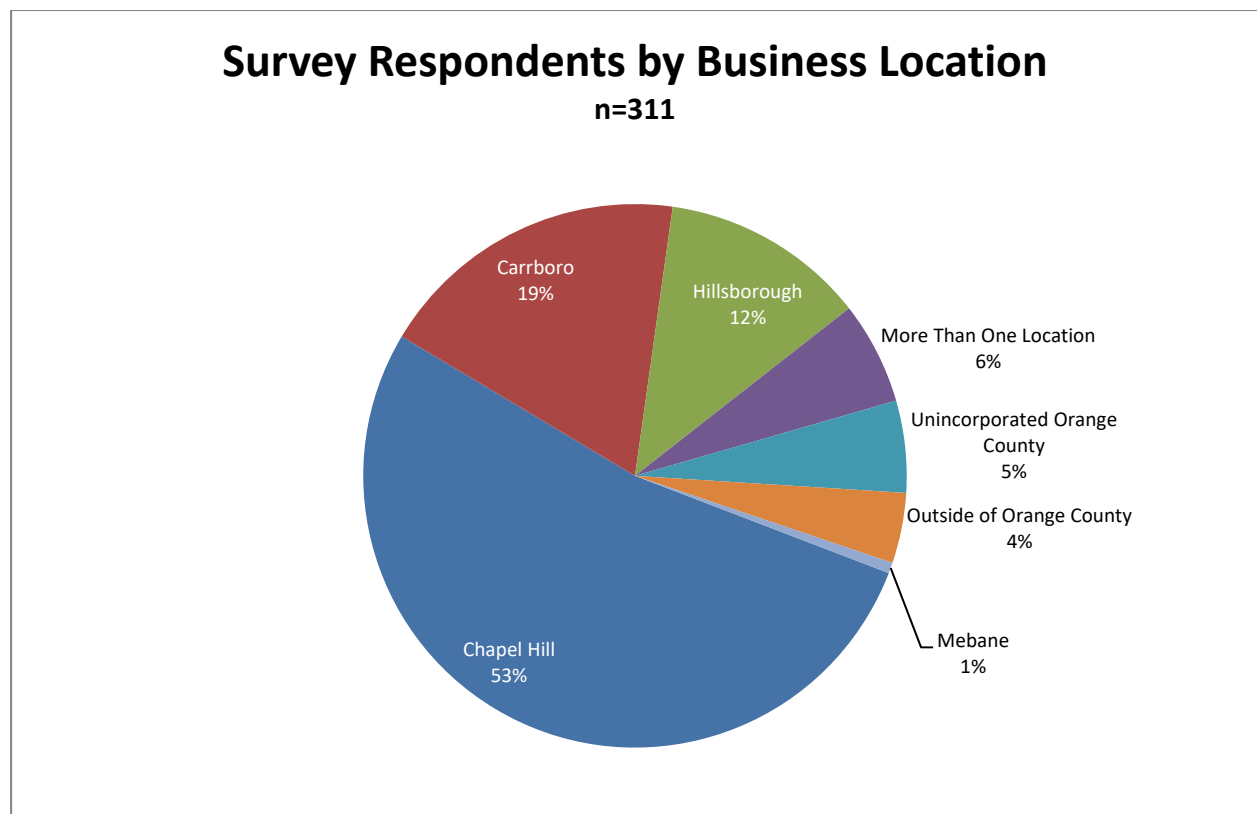
Key Findings

1. A vast majority of the respondents (87%) are located in a municipality.
2. The respondents largely represented small businesses. Seventy-five percent (75%) of respondents reported pre-pandemic gross revenues of under \$1 million.
3. The health of the local economy has suffered. Although some businesses report revenue gains, almost sixty percent (60%) are generating less revenue than one year ago.
4. The businesses that are reporting revenue losses represent severe losses. More than 70% of the businesses reporting losses indicate losses of over 20%.
5. The sector in which a business operates is related to revenue outcomes. Food service and drinking establishments, arts and entertainment venues, and personal services lead the sectors that have experienced the greatest revenue losses. These sectors represent 57% of the businesses reporting losses of 20% or more.
6. The professional service sector has performed well, experiencing the lowest number of losses and the highest number of gains overall.
7. Ownership demographics do not appear to significantly impact revenue outcomes. Woman owned business represent a higher percentage of the revenue gains than they appear in the survey population while businesses owned by non-woman, non-minority owners experienced a higher percentage of revenue loss than they represent in the survey population. Minority owned businesses reported about the same percentage of losses and gains compared to their representation in the survey population.
8. Over 80% of businesses have modified operations in response to the pandemic. The single most popular strategy is increasing online or virtual sales and services. The shift to online and virtual sales and services alone, however, does not generate consistently better revenue outcomes.

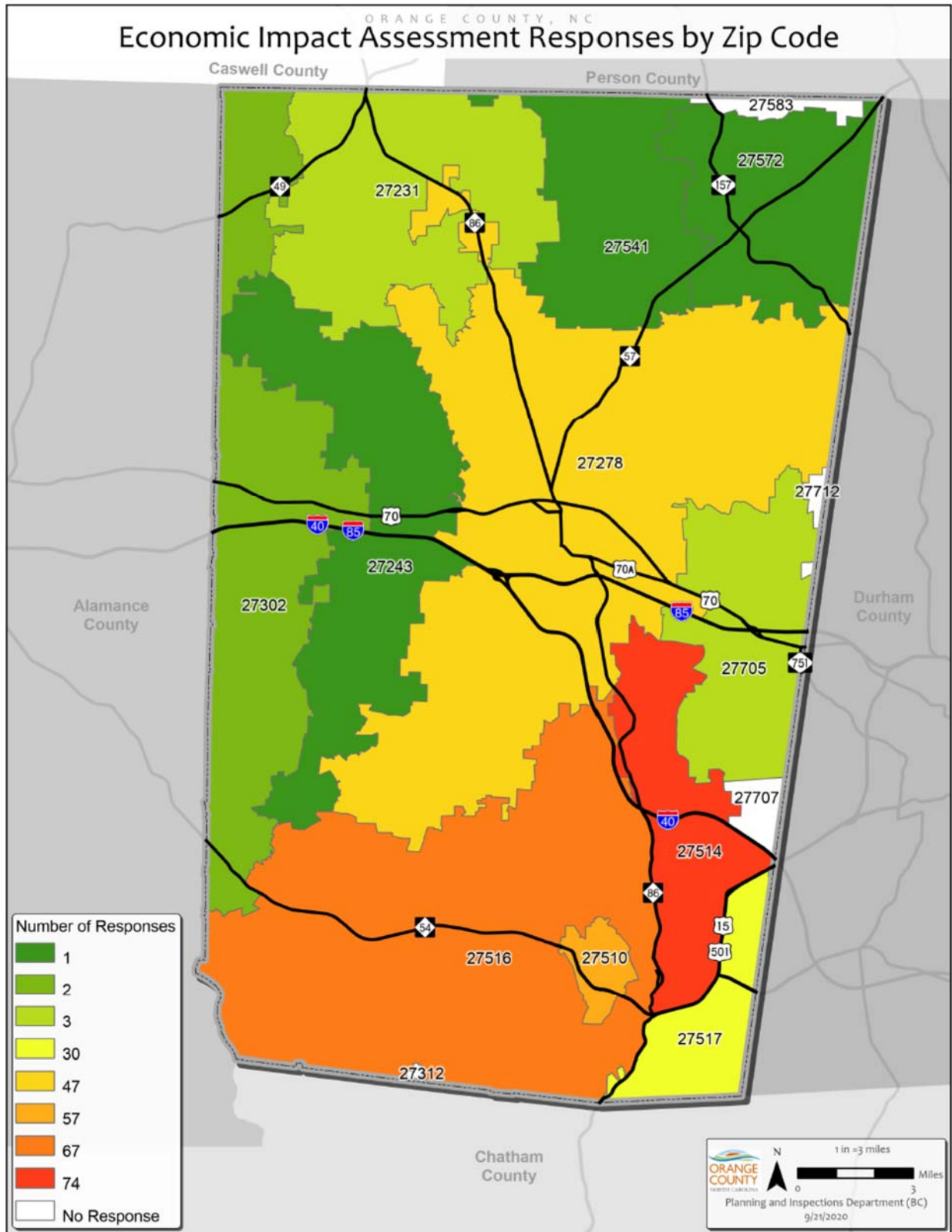
9. Forty-three percent of respondents used furloughs and/or layoffs to reduce payroll expenses between March and August.
10. Over the next three to six months, sixty-nine percent of businesses expect revenue to decrease, and 23% of the respondents expect that decrease to be more than 50% of gross revenues. However, most employers (76%) intend to maintain the size of their current workforce over the same period.

Profile of Respondents

The Economic Impact Assessment survey yielded 311 responses. Consistent with the County’s overall population distribution, most of the responses (53%) came from organizations located in Chapel Hill. Another 58 responses (19%) were from businesses located in Carrboro, 38 responses (12%) came from organizations in Hillsborough, and two responses came from businesses located in the portion of the City of Mebane located in Orange County. In total 84% of total responses came from businesses located in the incorporated municipalities. Five percent (5%) of the responses were from businesses located in the unincorporated part of the County.



The survey also asked respondents to identify the zip code in which their headquarters is located. The following map illustrates respondent distribution by zip code. Again, the highest concentration of respondents is located in zip codes that include the Towns of Chapel Hill and Carrboro.

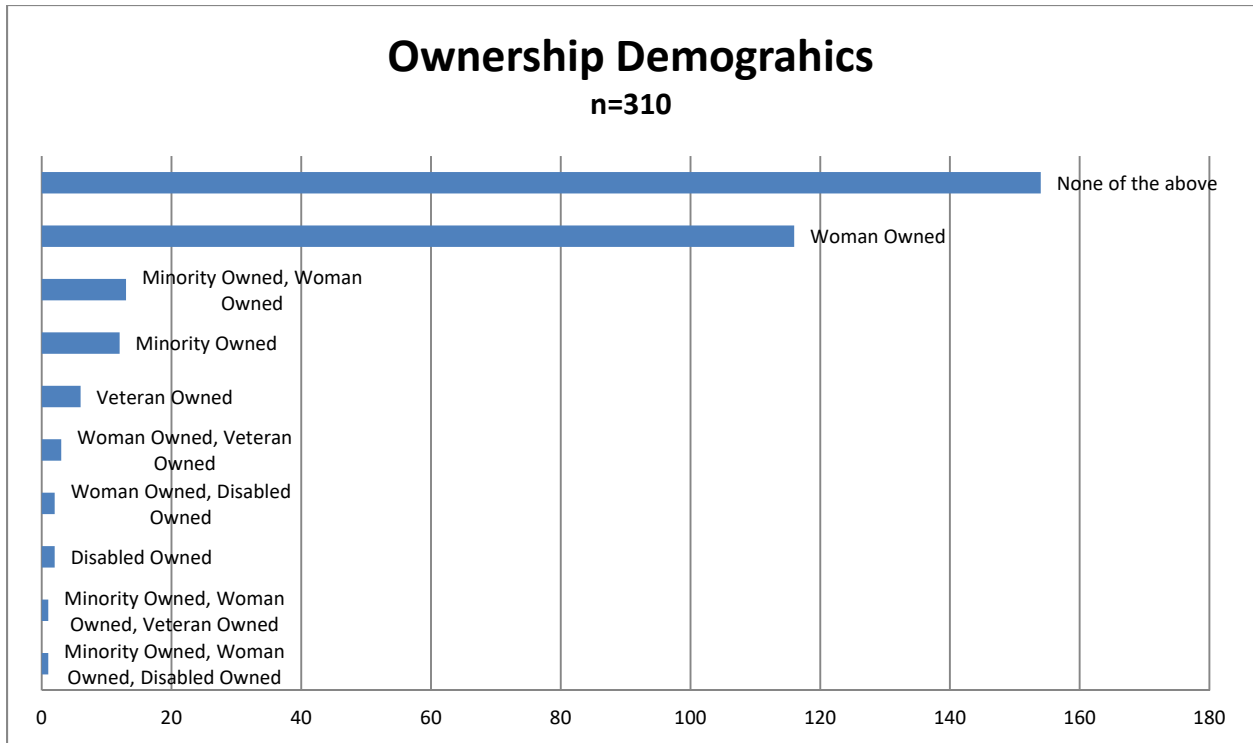


The survey gathered responses from a variety of different business sectors, representing the diversity of businesses located in Orange County. The table below shows the sectors which yielded ten (10) or more respondents.

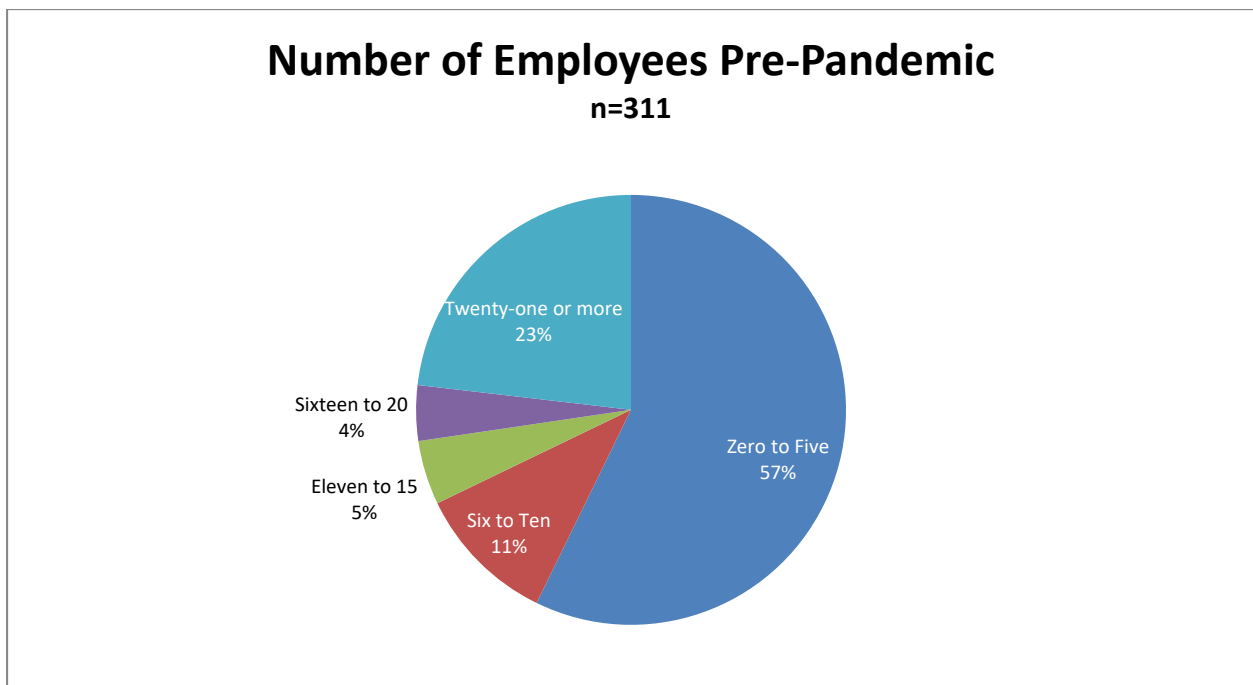
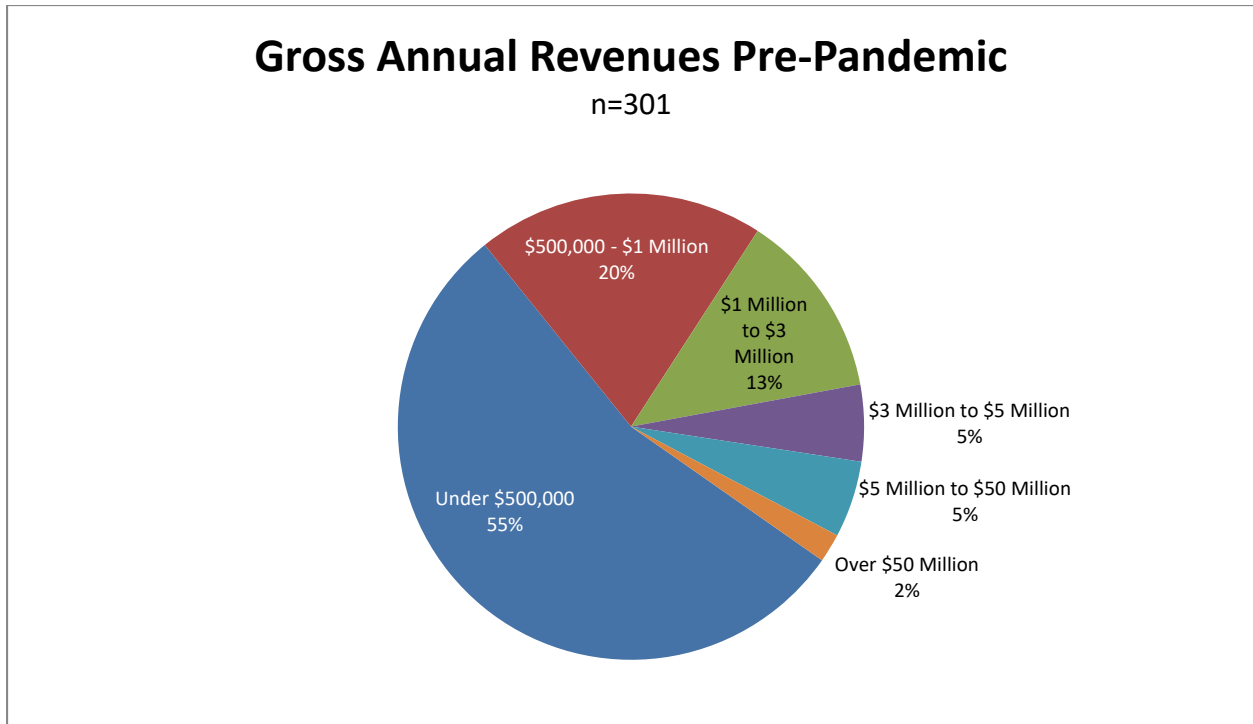
Primary Sector	Number of Respondents	Percentage
Professional Services (finance, insurance, legal, etc)	51	16.4%
Arts, Entertainment and Recreation	41	13.2%
Food Service and Drinking Places	39	12.5%
Retail	29	9.3%
Healthcare	22	7.1%
Personal Services (hair, nail, fitness centers, etc)	22	7.1%
Real Estate/Rental/Leasing	21	6.8%
Education	18	5.8%
Accommodations	11	3.5%
Other Services (HVAC, mechanic, plumbing, etc)	10	3.2%

The survey also sought information on the ownership demographics of the respondents. Of the 310 respondents to this question, thirty seven percent (37%) identified their business as woman owned. Approximately nine percent (9%) identified their business as minority owned.¹ Three percent (3%) of the respondents were owned by veterans and two percent (2%) where owned by individuals with a disability.

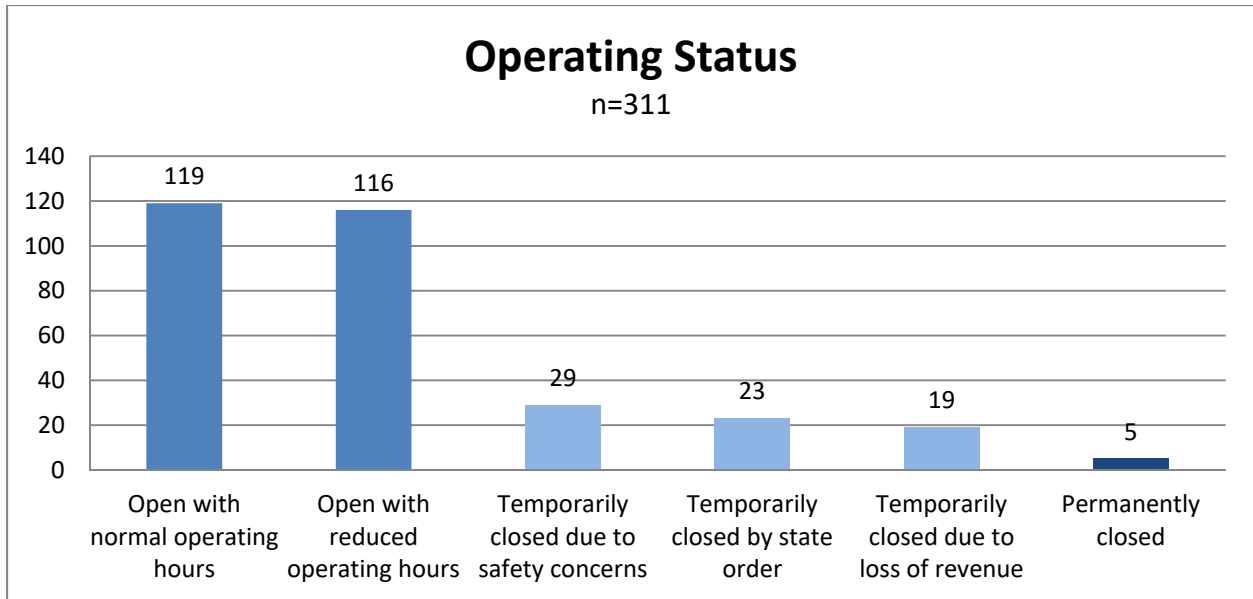
¹ The minority owned business count represents any ownership demographic that included at least one identifier indicating minority ownership.



The majority of the survey respondents were small businesses. Fifty-five percent (55%) indicated pre-pandemic gross revenues of under \$500,000 and employment of zero to five employees. If the small business definition is broadened to include pre-pandemic revenues of under \$1 million and fewer than ten employees, seventy-five percent (75%) of the total respondents reported gross revenues under \$1 million, and sixty-eight percent (68%) had fewer than 10 employees.

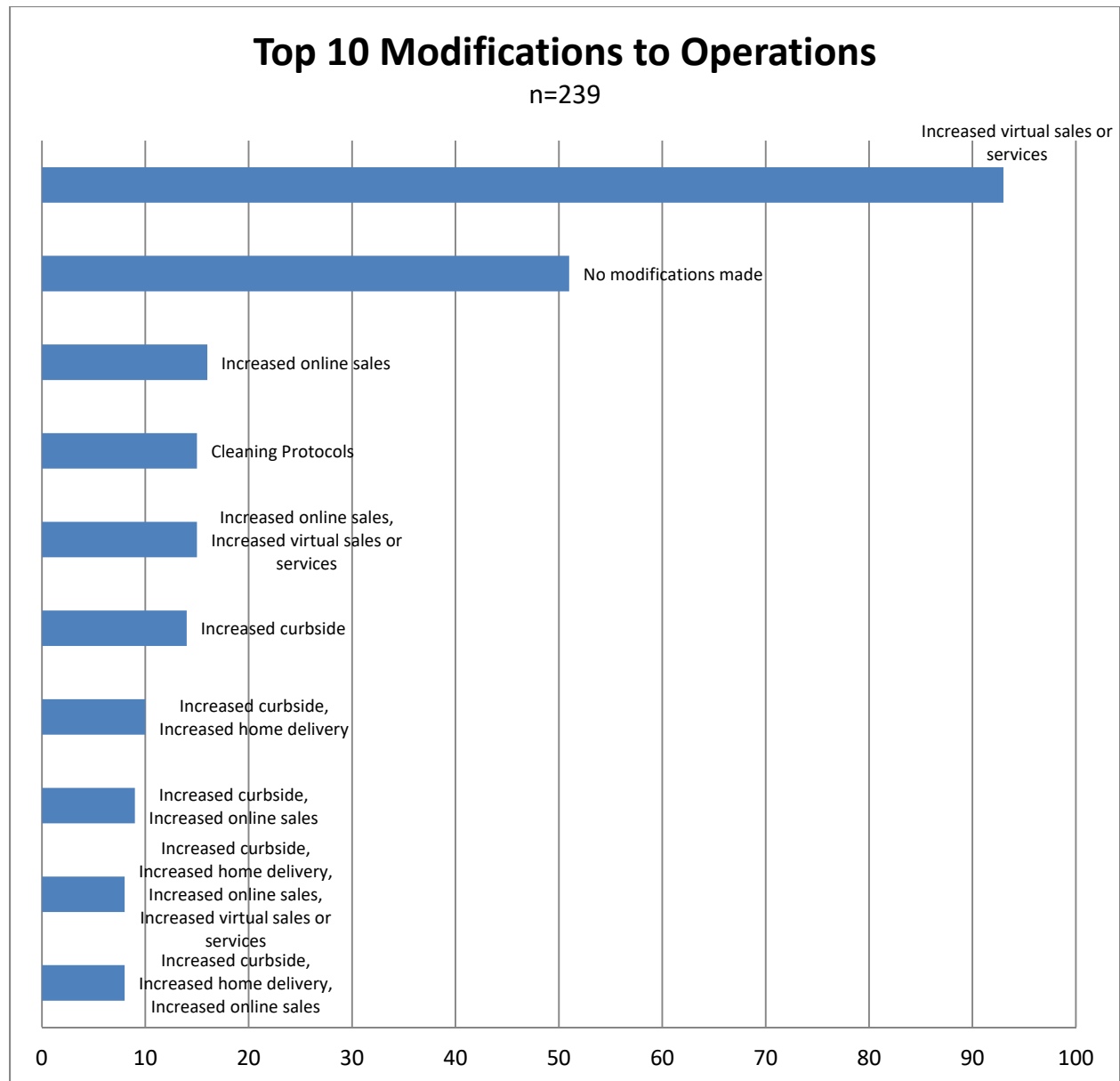


The pandemic has affected the operating hours of most businesses. Approximately thirty-eight percent (38%) were operating with normal operating hours while thirty seven percent (37%) were forced to reduce hours of operation. The remaining twenty three percent (23%) were temporarily closed due to safety concerns, state order, or loss of revenue. Five of the respondents, or two percent (2%), have not survived the pandemic. These firms reported permanently closing at some time between March and August of 2020.



Modifications to Operations

Most businesses also made one or more modifications to their operations to adapt to the COVID-19 environment. Over eighty percent (80%) used one or more strategies to survive pandemic conditions while only seventeen percent (17%) made no modifications during the pandemic. Not surprisingly, the most common strategies (67%) involved leveraging technology by increasing online or virtual sales and services. The other most common strategy (17%) represented a shift to curbside and home delivery. The chart below shows the top ten individual and combination of strategies that businesses made to their operations.



Impact on Revenue

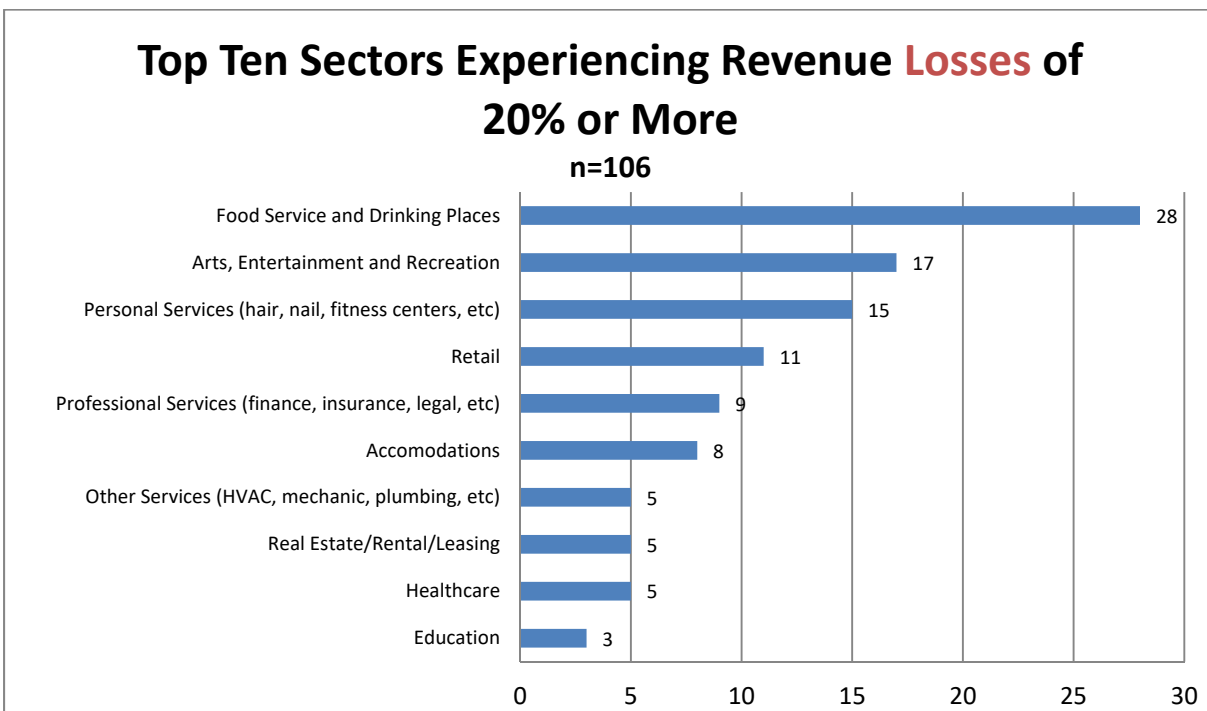
The pandemic’s impact on revenue losses is skewed to the extreme. A total of fifty-seven percent (57%) of respondents reported less revenue in 2020 compared to the same time period in 2019. However, of those firms experiencing a decrease in revenue, thirty-eight percent (38%) reported reductions of 50% or more, and over 33% reported a loss between 20% and 50%. This means that of the 162 firms that reported lower revenues of any amount, over seventy percent (70%) of those firms have experienced losses over 20% compared to 2019.

The number of businesses reporting revenue increases is more balanced. A total of forty three percent (43%) reported higher revenues compared to 2019. Of those 124 businesses that are outpacing last year’s revenue, twenty three percent (23%) reported over a 50% increase, and twenty five percent

(25%) reported increases between 20% and 50%. As a result, about half of the businesses reporting higher revenue during the pandemic have experienced gains of over 20% while the other half reported increases of under 20%.

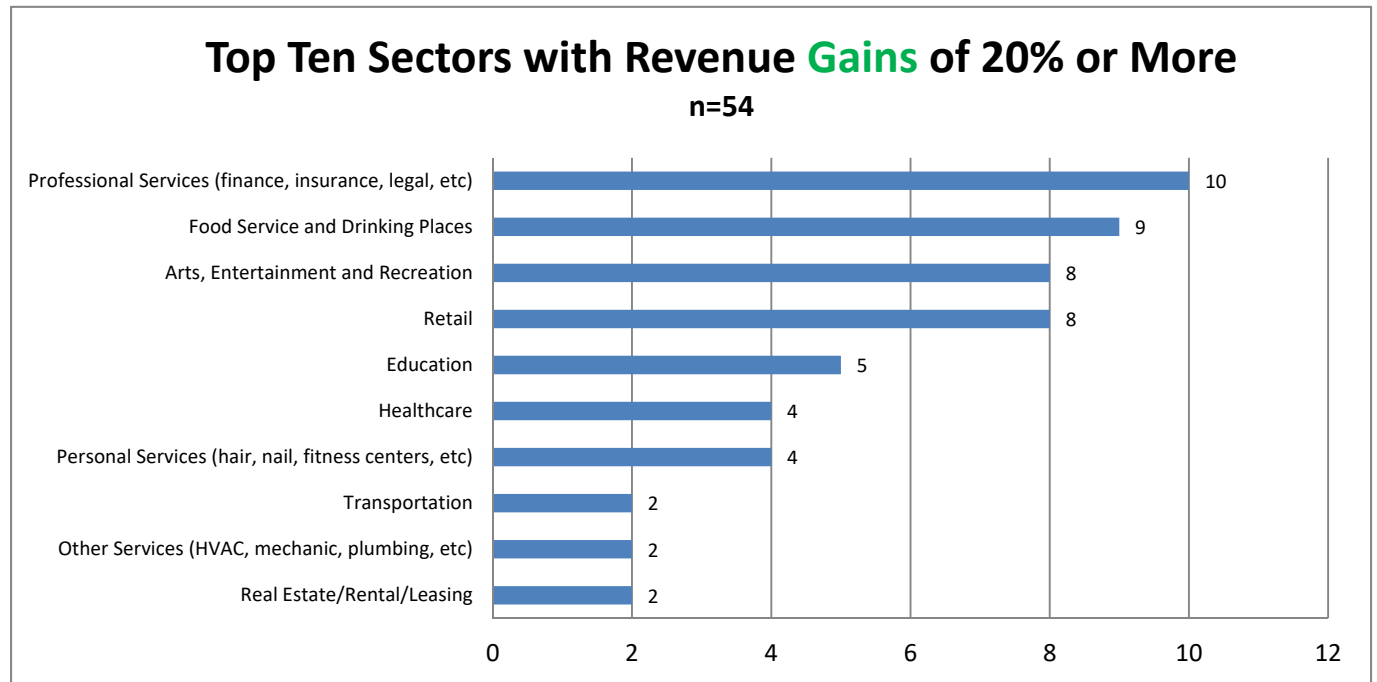
20. Percentage Change in Revenue	Count	Percentage
Down 0% to 5%	9	3.1%
Down 5% to 10%	14	4.9%
Down 10% to 20%	23	8.0%
Down 20% to 50%	54	18.9%
Down More Than 50%	62	21.7%
Up 0% to 5%	29	10.1%
Up 5% to 10%	12	4.2%
Up 10% to 20%	22	7.7%
Up 20% to 50%	32	11.2%
Up More Than 50%	29	10.1%
Grand Total	286	100.0%

The sector in which a business operates appears to be directly related to revenue outcomes. Of those firms that reported the most severe revenue reductions of 20% or more, over half of those businesses were engaged in food service and drinking places, arts and entertainment venues, and personal services such as hair salons and fitness centers.



Conversely, businesses that reported revenue increases of 20% or more included professional services such as legal services, accounting services, and others. However, some of the same sectors that

reported the most significant losses are also represented in the sectors that have fared well during the pandemic. Food service and drinking establishments, arts and entertainment venues, and retail shops represent forty-six percent (46%) of the businesses reporting revenue gains, although overall number of those reporting gains in those sectors (25) is less than half of those reporting the most severe losses (56).



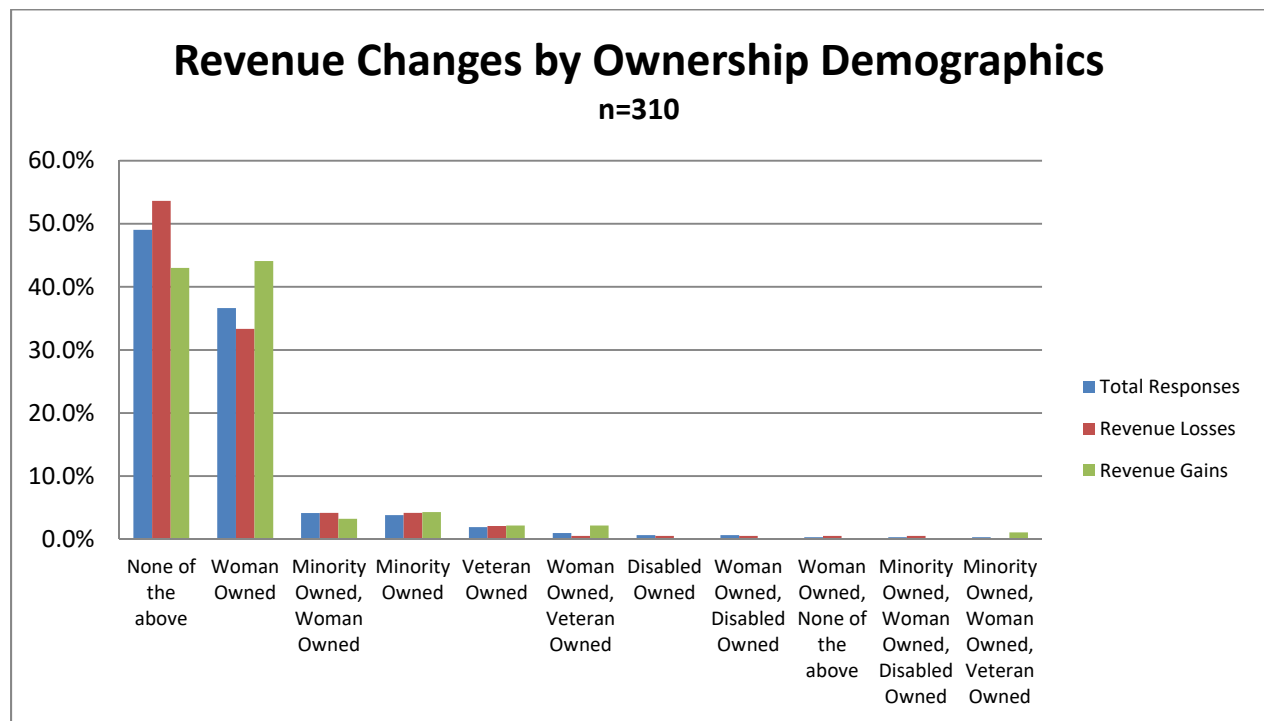
Of the 310 respondents to this question, thirty seven percent (37%) identified their business as woman owned. Approximately nine percent (9%) identified their business as minority owned.² Three percent (3%) of the respondents were owned by veterans and two percent (2%) where owned by individuals with a disability.

These results can be analyzed by revenue impact to discern economic injury disparities by ownership demographic. The following graphics compare the proportion of total survey responses by ownership demographic to gross revenue outcomes across those same demographics. For example, the percentage of total survey responses from woman owned businesses was approximately 37%. However, woman owned businesses accounted for 33% of revenue losses and 44% of overall revenue gains. As a result, woman owned businesses performed better than their representation in the overall survey population.

Ownership Demographics	Total Responses	Revenue Losses	Revenue Gains
None of the above	49.0%	54%	43.0%

² The minority owned business count represents any ownership demographic that included at least one identifier indicating minority ownership.

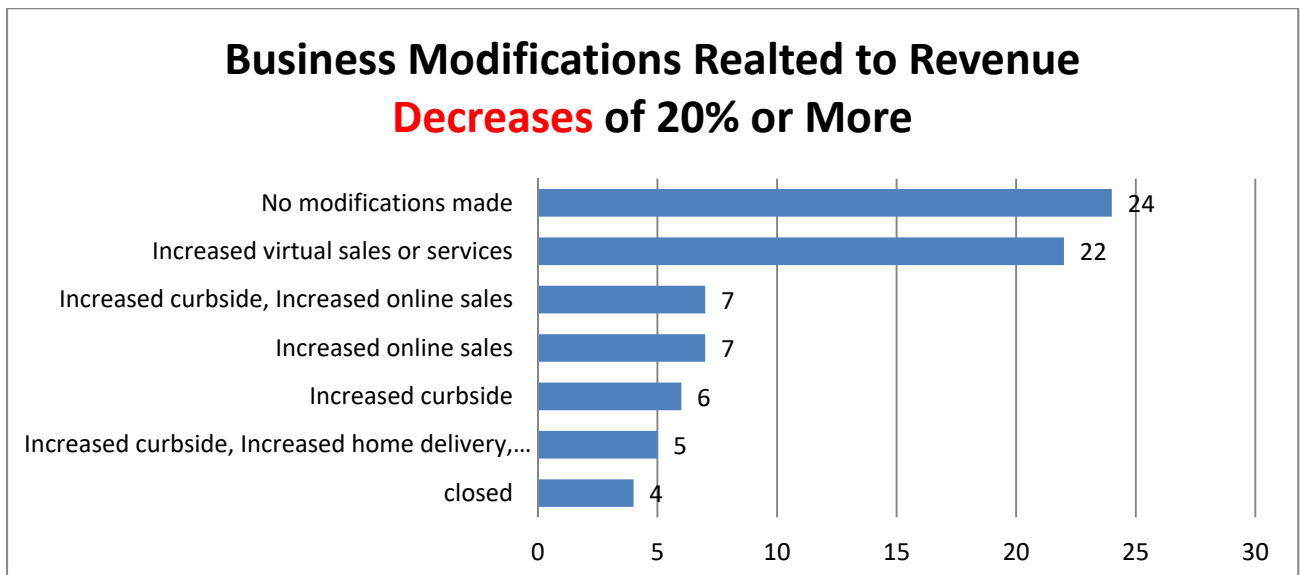
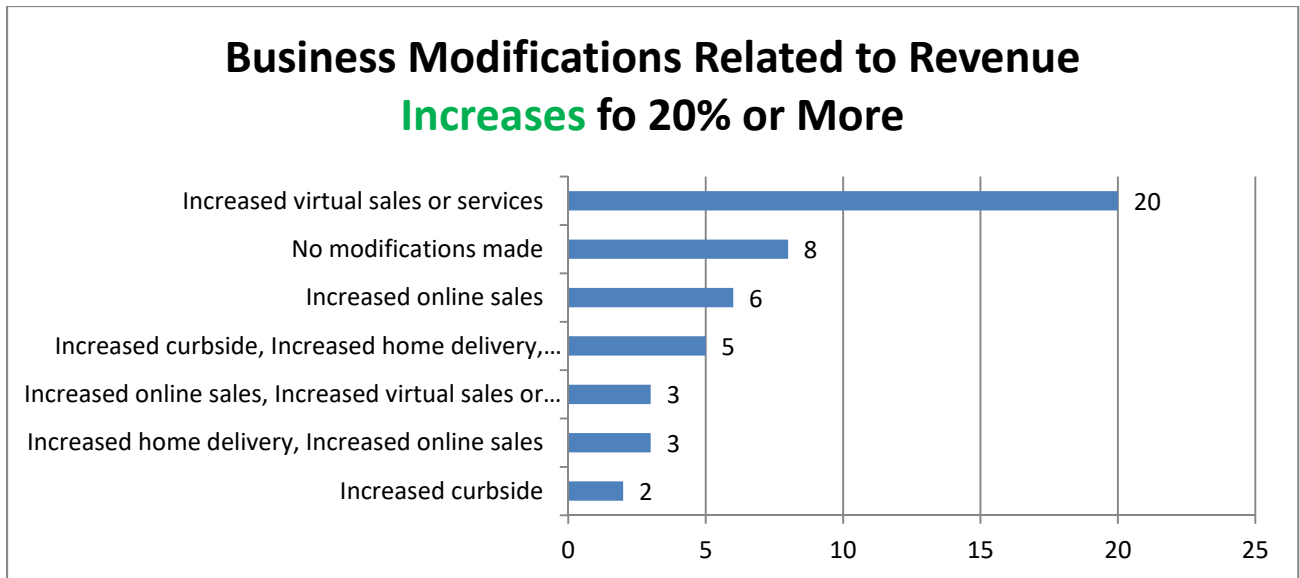
Woman Owned	36.6%	33%	44.1%
Minority Owned, Woman Owned	4.1%	4%	3.2%
Minority Owned	3.8%	4%	4.3%
Veteran Owned	1.9%	2%	2.2%
Woman Owned, Veteran Owned	1.0%	1%	2.2%
Disabled Owned	0.6%	1%	0%
Woman Owned, Disabled Owned	0.6%	1%	0%
Woman Owned, None of the above	0.3%	1%	0%
Minority Owned, Woman Owned, Disabled Owned	0.3%	1%	0%
Minority Owned, Woman Owned, Veteran Owned	0.3%	0%	1.1%
Grand Total	100.0%	100%	100%



On the other hand, businesses that identified as “none of the above” experienced a higher percentage of revenue losses compared to their overall representation in the survey population. In general, minority owned, veteran owned, and disabled owned businesses experienced about the same percentage of revenue gains and losses compared to their representation in the overall survey responses.

Another way to examine revenue outcomes is to evaluate those outcomes against the types of modifications that businesses have made during the pandemic to determine if some modifications were more successful than others in preserving or increasing revenue.

Those businesses that did not or could not make modifications led the number of firms that reported revenue losses by 20% or more. Businesses that reported higher revenues relied significantly on online and virtual sales and services. However, much like the results by sector, some of the same modifications appear on both sides of the revenue spectrum. Increased virtual sales and services, for example, are the most heavily employed strategies for businesses reporting significant revenue gains, but they are the second most popular modification made by businesses reporting revenue losses. Other strategies such as curbside sales and home delivery also appear on both the revenue increase and revenue decrease charts.



This means that the shift to online sales and services alone does not account for consistent revenue outcomes. Twenty two businesses that reported increasing virtual sales and services as the single

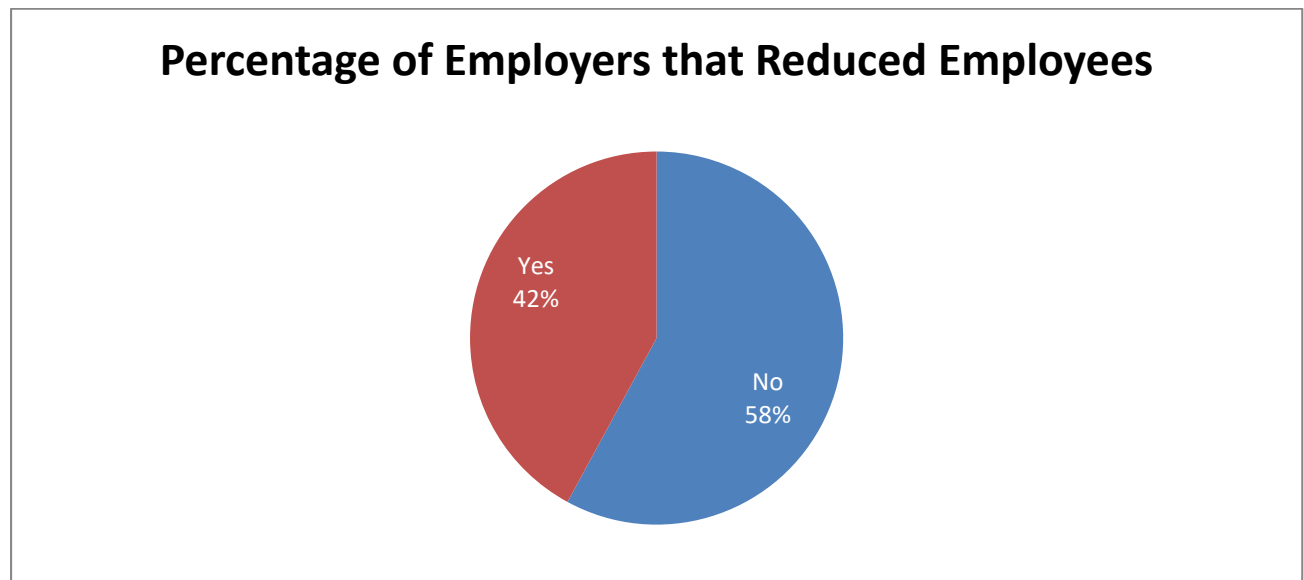
operations modification experienced revenue losses of 20% or more, and about an equal number (20) that used the same approach noted revenue increases of 20% or more.

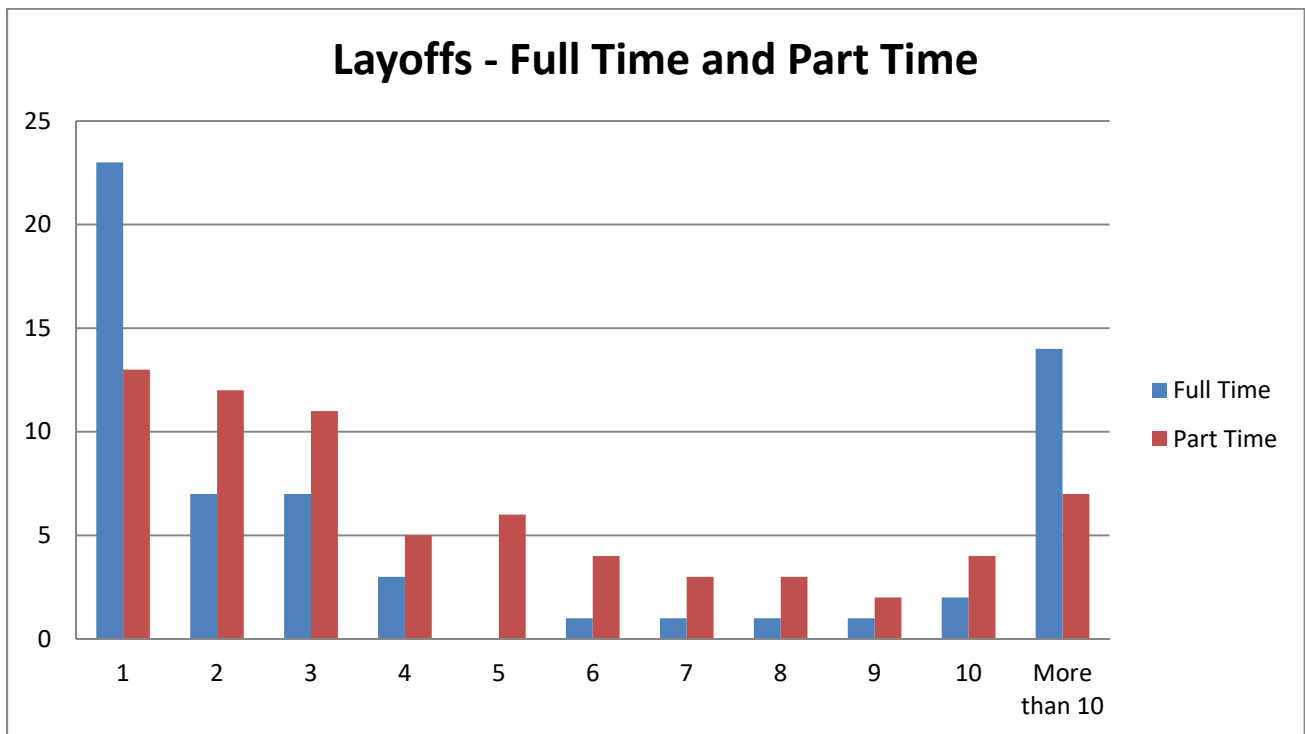
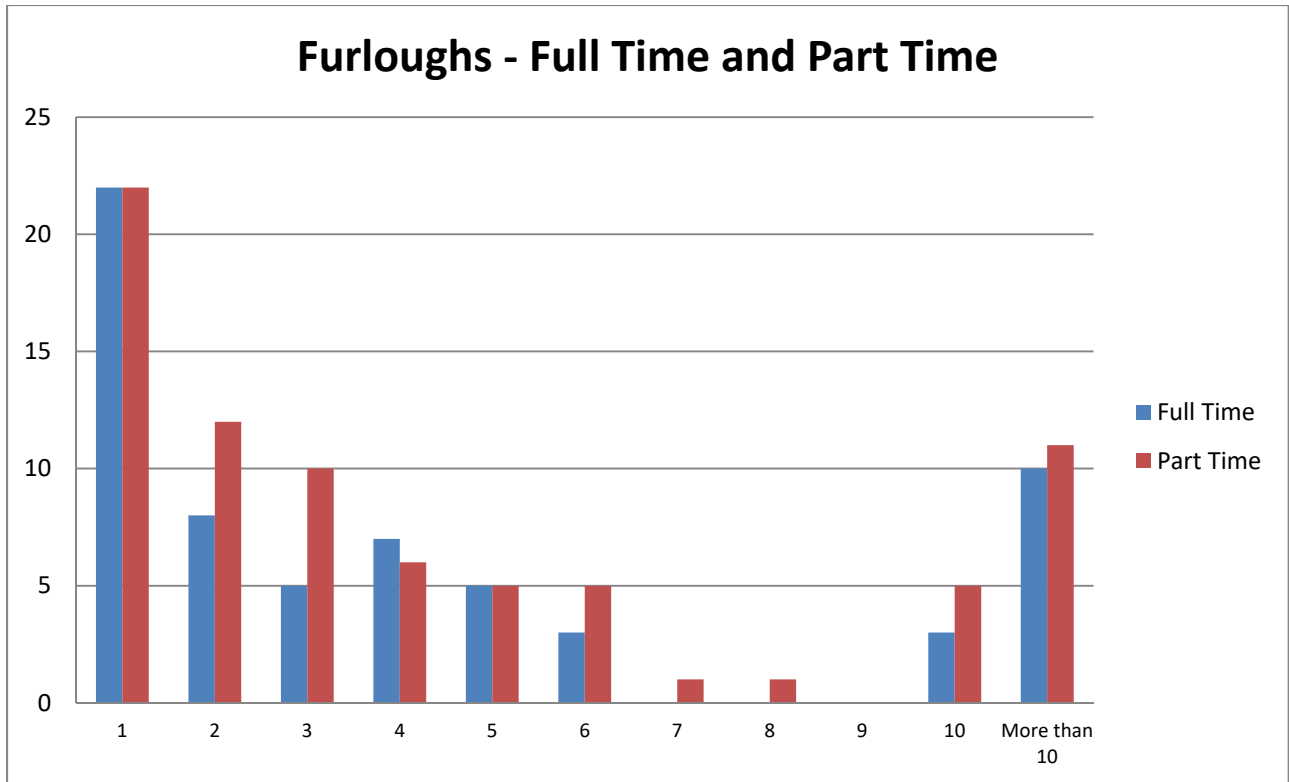
Impact on Employment

In response to declining revenues and increased uncertainty, forty-two percent (42%) of the survey respondents reduced payroll expenses through furloughs and/or layoffs. Each method was used in approximately equal proportion, although more part time employees were furloughed instead of being laid off.

Consistent with the small business profile of the respondents, those furloughs and layoffs largely involved five or fewer employees. Thirty percent (30%) of the firms reporting furloughs furloughed one employee, and seventy percent (70%) furloughed five or fewer employees. Forty two (42) businesses or thirty percent (30%) also reported recalling one or more furloughed employees between March and August of 2020.

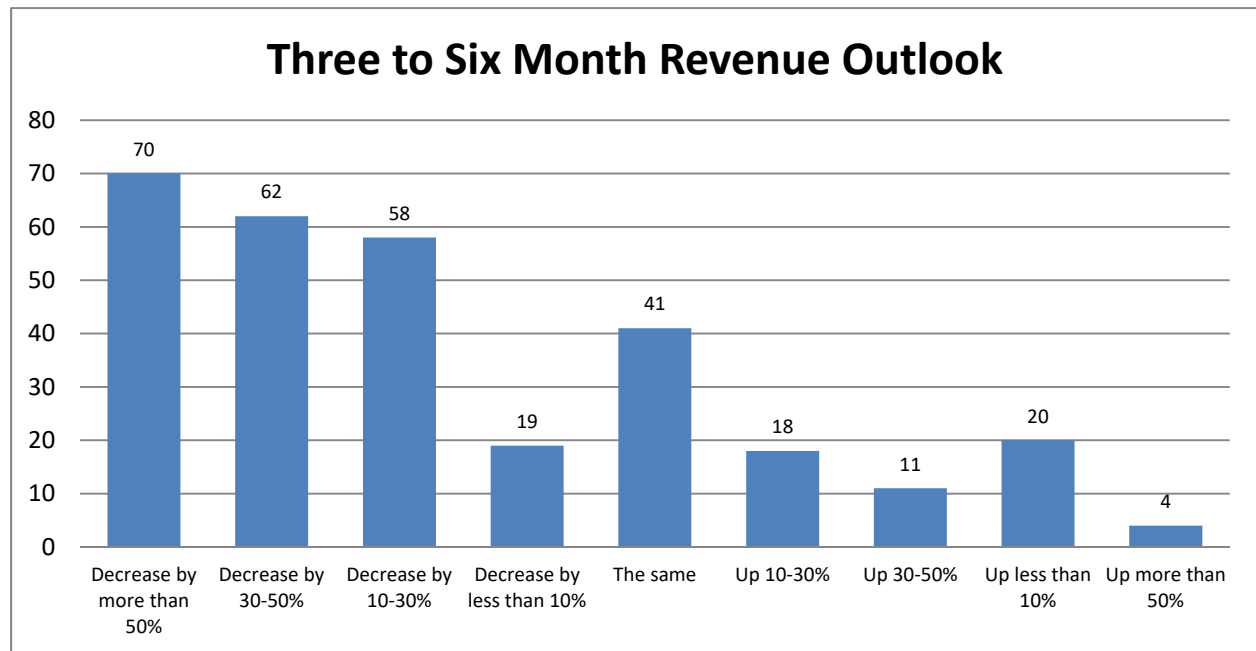
Of the firms reporting layoffs, twenty-eight percent (28%) laid off one employee, and sixty percent (60%) laid off five or fewer employees.



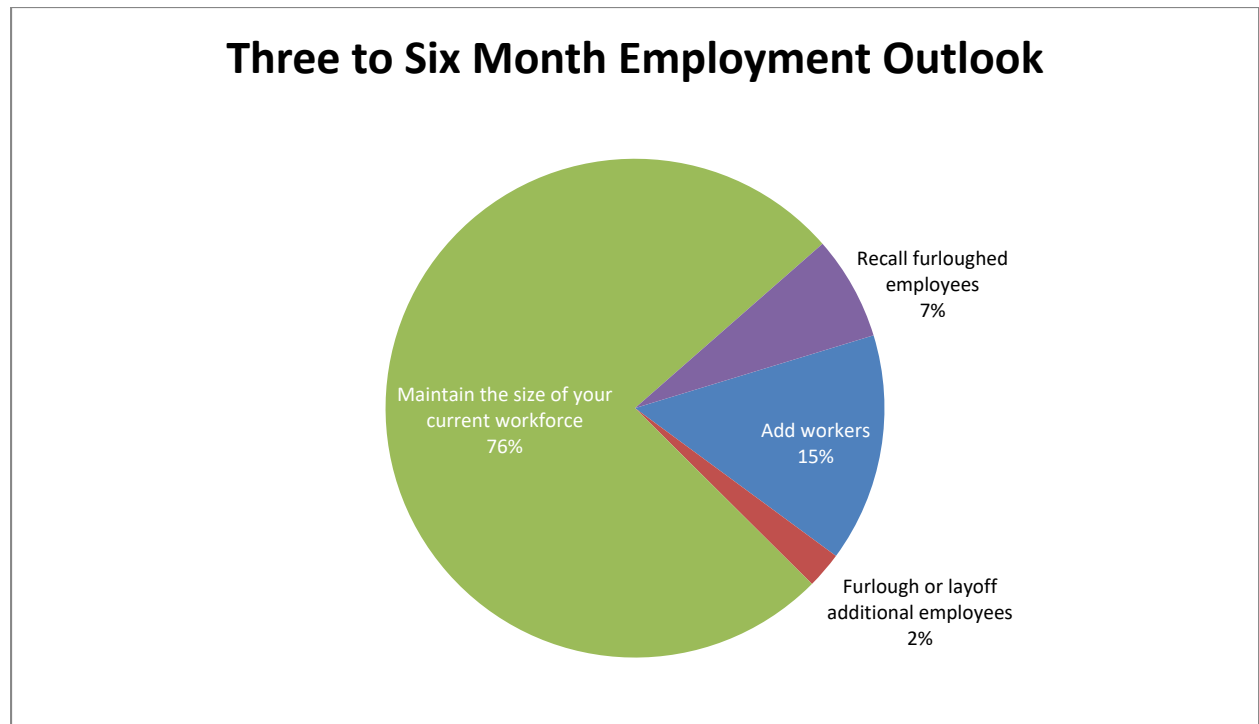


Revenue and Employment Outlook

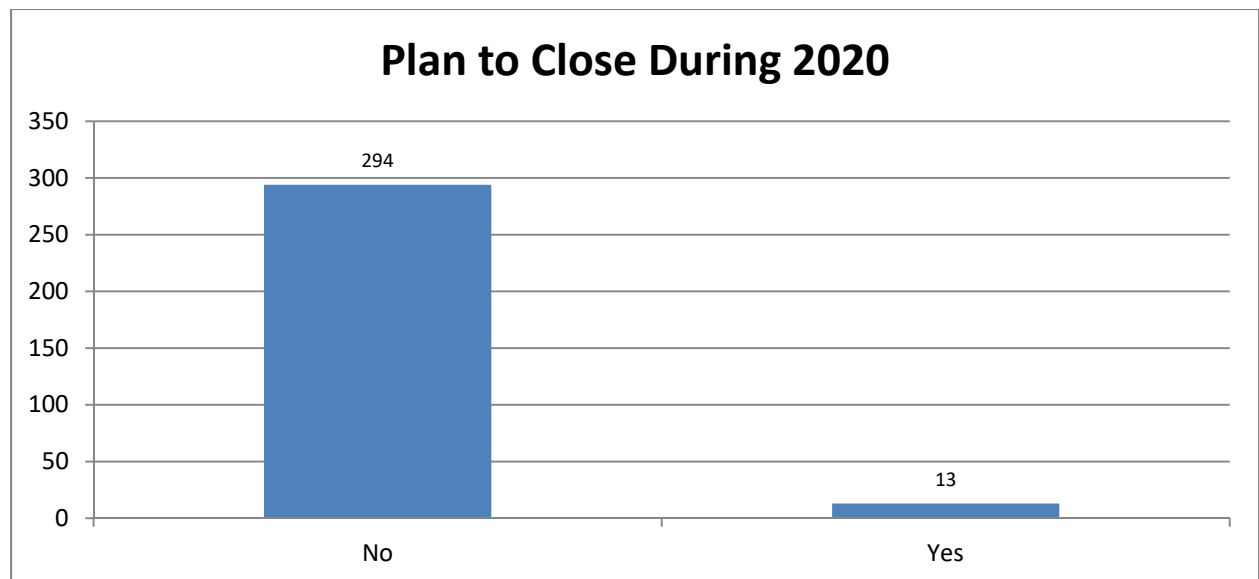
The businesses surveyed were also asked to predict their anticipated revenue and employment outcomes over the next three to six months. Sixty-nine percent (69%) of businesses expect revenue to decrease in the next three to six months, and twenty-three percent (23%) of the overall respondents expect that decrease to be more than 50% of revenues collected during the same period in 2019. Fourteen percent (14%) expect revenues to be about the same as in 2019. Seventeen percent (17%) expect higher revenues in the next three to six months, although most of those respondents predict modest increases of less than ten percent.



The three to six month employment outlook appears to be more stable. A large majority of businesses (76%) expect to maintain the current size of their workforce as of August of 2020. Only two percent (2%) anticipate additional layoffs and furloughs. Consistent with the seventeen percent (17%) of respondents that expect higher revenues in the next three to six months, fifteen percent (15%) of respondents also indicate that they intend to add workers during that timeframe. An additional seven percent (7%) expect to recall currently furloughed employees.

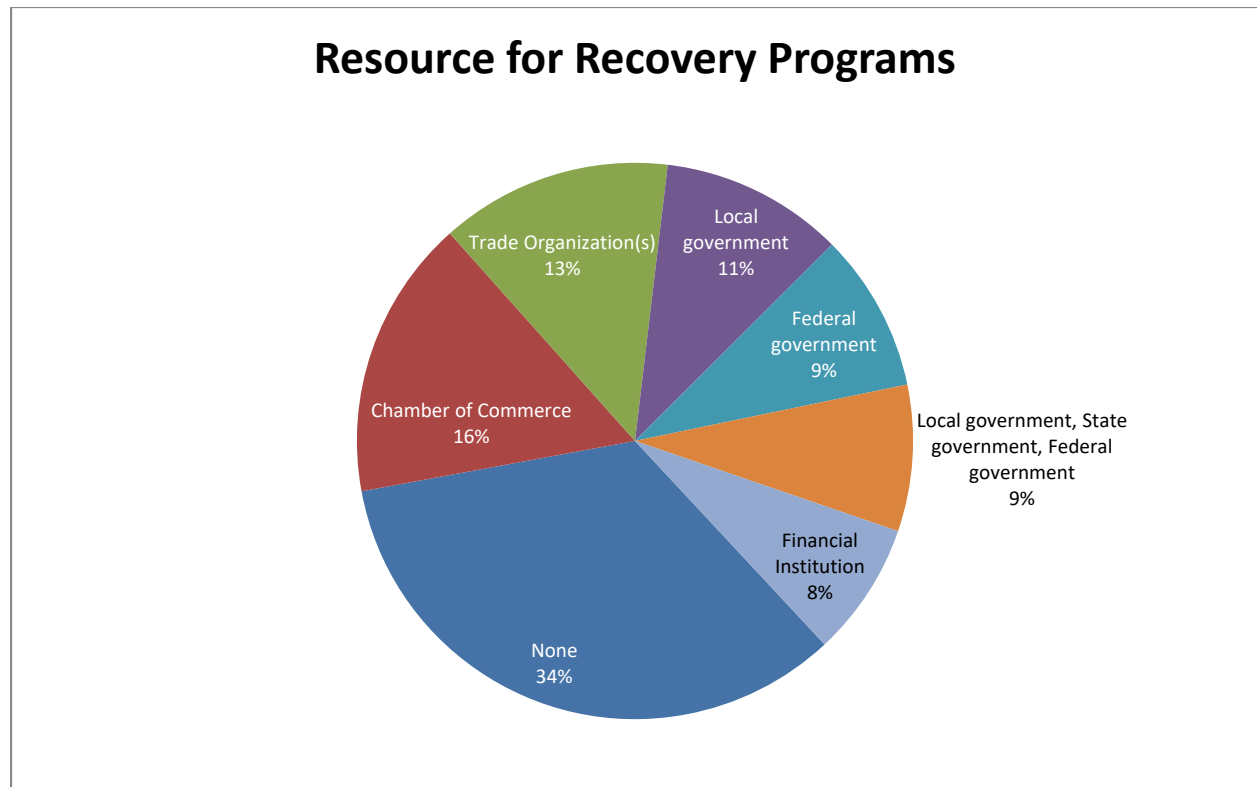


A large majority of respondents (96%) expect to remain open in 2020 while thirteen respondents or four percent (4%) expect to close during the remainder of the calendar year.



Use of Pandemic Related Resources

The business community has effectively accessed the local, state, and federal recovery programs available to sustain operations through the pandemic. Those businesses became aware of the recovery programs through a variety of sources as shown in the pie chart below.

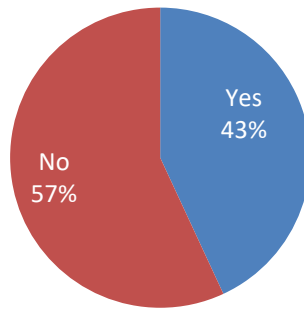


Forty-three percent (43%) of respondents applied for grants. The Economic Injury Disaster programs were the most commonly used grant programs. Although thirty-one (31) survey participants indicated they received a grant through the EIDL program, the EIDL program alone was a loan program, so these respondents likely received grants through the EIDL Advance grant program that was offered along with loan. Likewise, the respondents that indicated an SBA grant were also likely referring to the EIDL Advance program that was administered by the Small Business Administration.

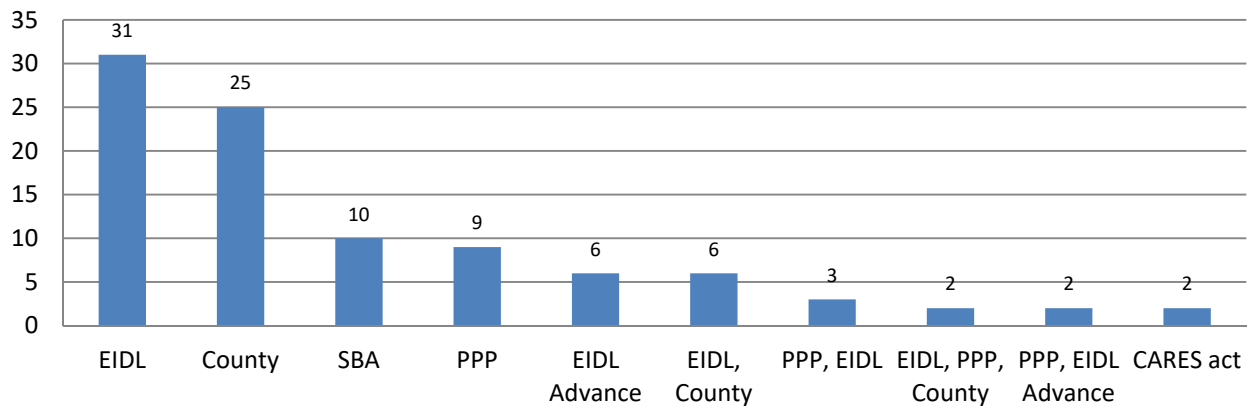
The Paycheck Protection Program (PPP) was a forgivable loan program that some respondents also identified as a grant. The forgivable nature of the loan was maintained as long as the employer maintained or quickly rehired back to pre-pandemic levels and sixty percent of the loan amount was used for payroll.

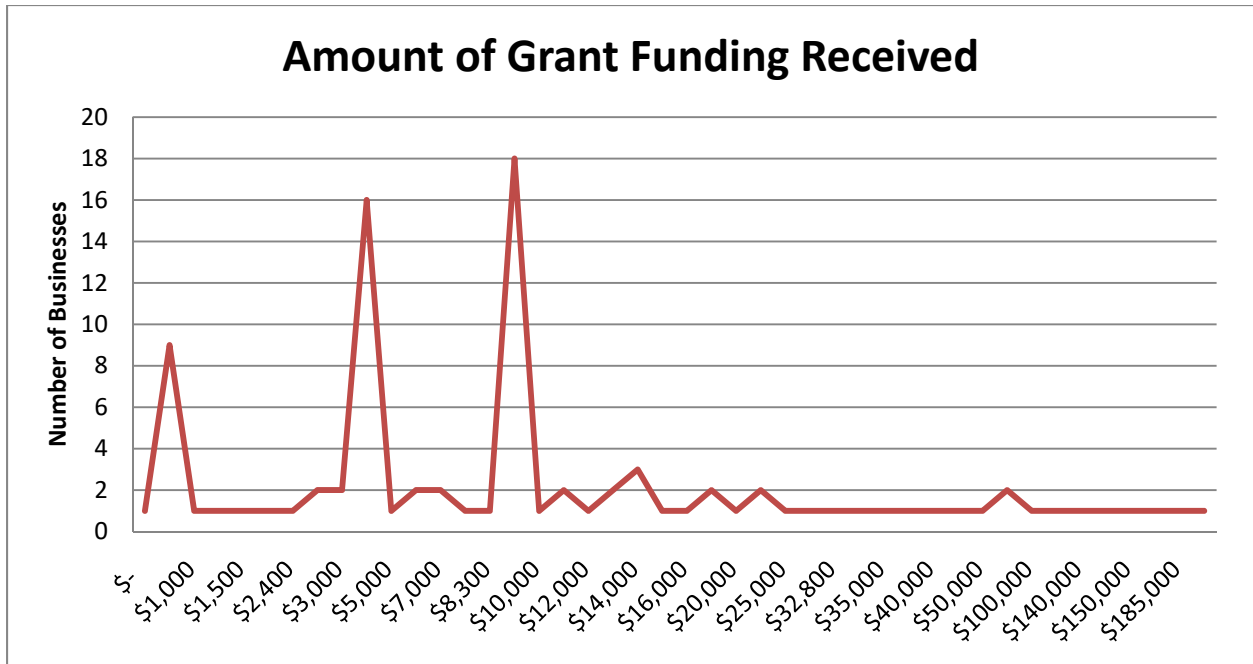
Twenty five (25) of the respondents were awarded grants through the Orange County Small Business Emergency Grant Program.

Percentage of Businesses Applying for Grants



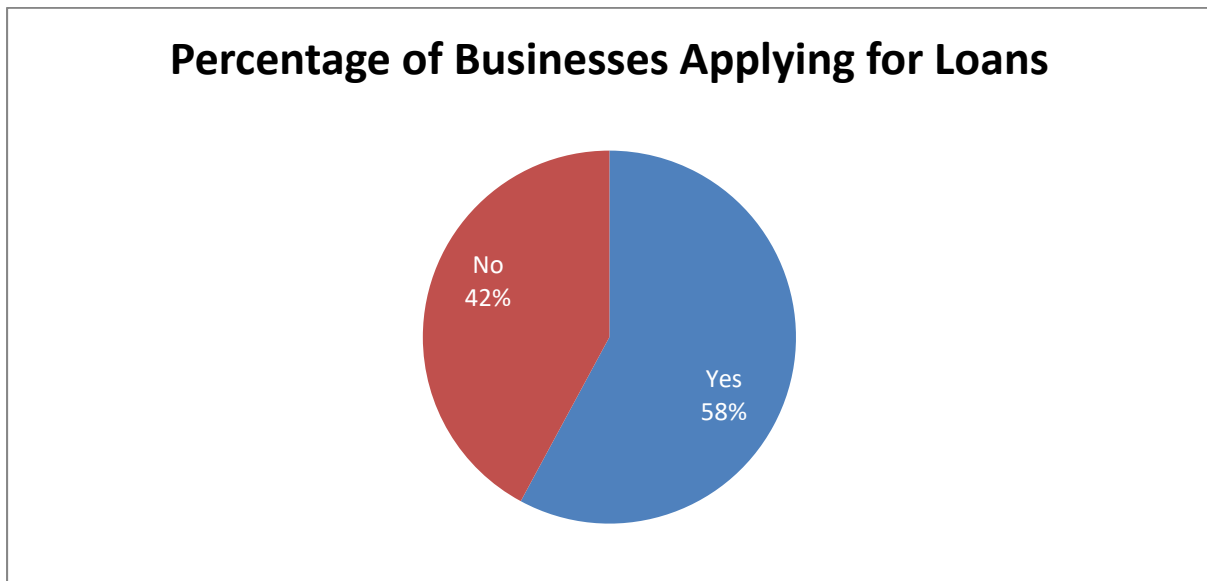
Grant Program Applications Top Ten Programs

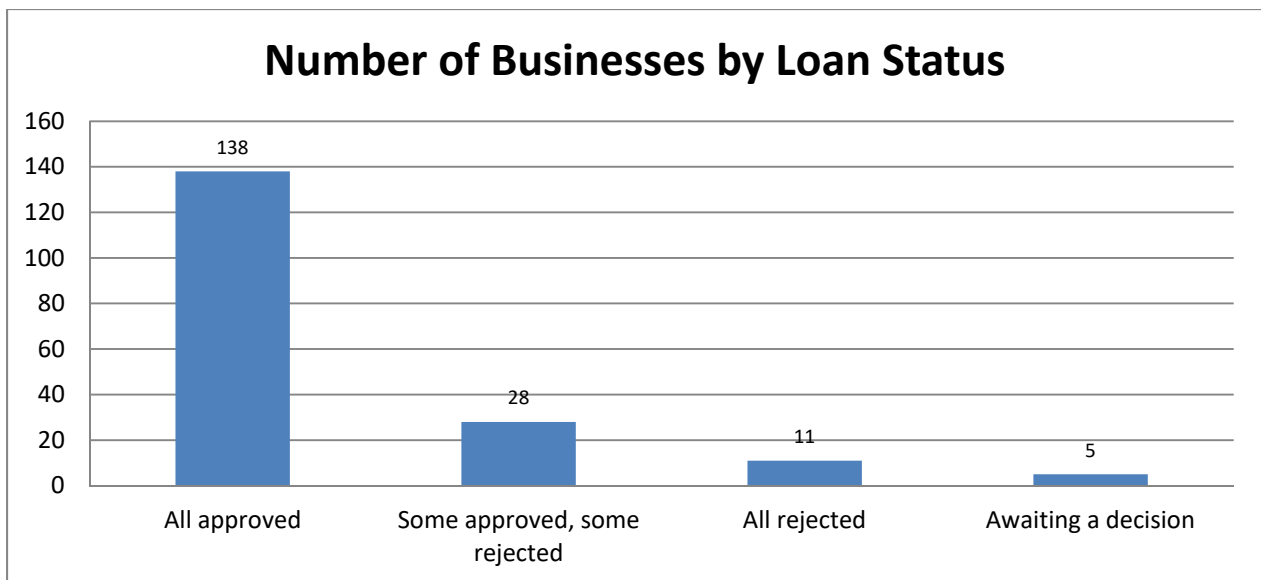
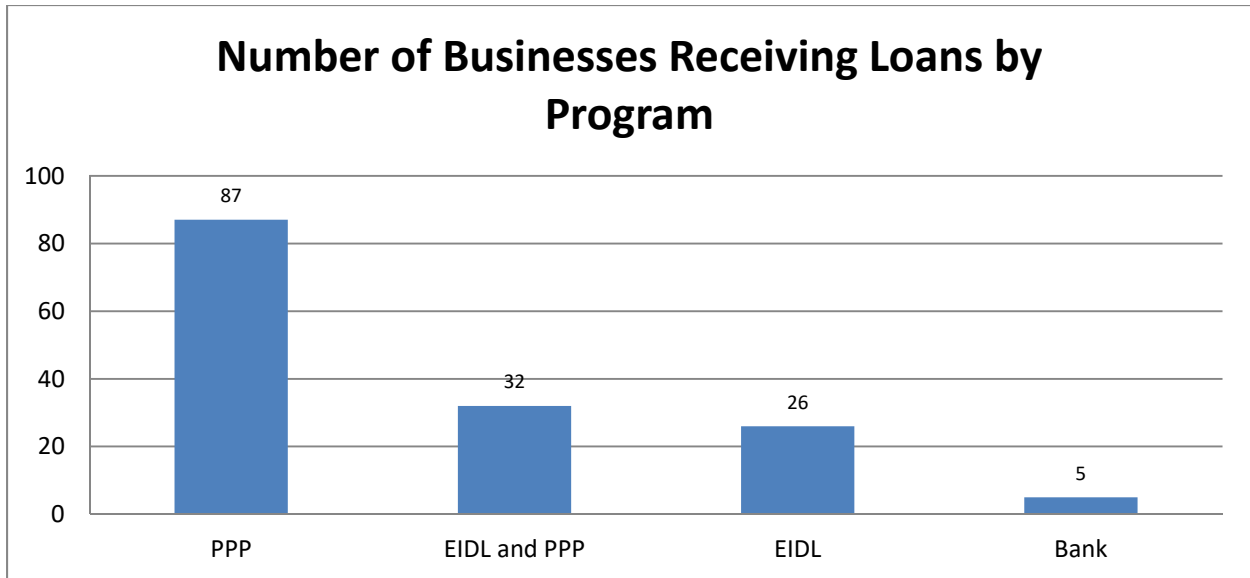




A total of ninety-five (95) businesses reported receiving a pandemic related grant. Although the total amount of grants received by local businesses ranged from \$0 to nearly \$200,000, approximately forty-five percent 45% of the firms that received a pandemic related grant received between \$1,000 and \$10,000.

A larger percentage of businesses applied for loans than for grants (58% compared to 43%). A total of 165 businesses reported receiving a pandemic related loan. Almost all of the loans were from the federally sponsored Paycheck Protection Program (PPP) or the Economic Injury Disaster Loan (EIDL) programs.





The businesses that applied for loans were largely successful in securing those resources. Over seventy-five percent (75%) of the businesses that applied for loans had all of those requests approved.

Needs Assessment

The final section of the survey solicited feedback on the short term and long term needs expressed by the respondents. As part of the survey design, respondents were allowed to identify up to five pre-populated fields as well as open ended field. This resulted in a variety of single responses and combination of responses.

The first question in this section asked about short term needs in the next 30 days. The most common response involved the term “Access” as shown in the word cloud below. This included access to information on COVID regulations, access to the university’s reopening plans, and access to personal

Finally, respondents were asked to share any lessons learned through the pandemic that other businesses or government agencies may find helpful or instructive to the recovery process. These responses focused on planning ahead, being flexible about how goods and services are delivered and where employees work, and being able leverage technology to quickly pivot to online/remote platforms.

