

## CASE STUDY

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### Keys to Economic Recovery from COVID-19

This case study was developed by NCGrowth and the ncIMPACT Initiative as part of the Testing the Keys for Economic Recovery project supported by the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill with funding from the North Carolina Coronavirus Relief Fund established and appropriated by the North Carolina General Assembly. Learn more about project findings, upcoming webinars, case studies and resources at <https://go.unc.edu/KeystoRecovery>.

## PUYALLUP, WA

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### Data Snapshot

DATA	DATA YEAR, ETC.
<b>Population:</b> 42, 361	<b>Data year:</b> 2019
<b>Municipal budget:</b> \$215,369,370	<b>Data year:</b> FY 2019 <b>Data source:</b> US Census Bureau
<b>Per capita income:</b> \$35,211	<b>Data year:</b> 2018
<b>Median household income:</b> \$70,711	<b>Data year:</b> 2018
<b>Poverty rate:</b> 8.2%	<b>Data year:</b> 2017
<b>Minority population:</b> 16%	<b>Data year:</b> 2019
<b>Proximity to urban center:</b> 10 miles	<b>Urban center name:</b> Tacoma, WA
<b>Proximity to interstate highway:</b> 5 miles	<b>Interstate name:</b> I-5

**Synopsis:** Through the Winter Ready Funds Program the City of Puyallup awards one-time \$5,000 grants (a total of \$150,000) to eligible local restaurant and retail businesses for purchasing equipment and making other necessary adjustments to be able to serve customers outdoors during the pandemic restrictions. The project is supported through a grant from the US Department of Treasury and administered by the Washington State Department of Commerce’s Local Government Coronavirus Relief Fund.

## **Overview/Introduction**

The City of Puyallup is a commuter city in the Puget Sound region of Washington. Puyallup's economy relies heavily on the retail, restaurant, and visitor services industry of its commercial district, anchored by South Hill Mall, and its historic downtown. The unique nature of the COVID-19 pandemic and the indoor capacity restrictions negatively impacted local businesses. To allow for retail and restaurant businesses to operate according to public health guidelines, the City created a grant to support businesses' efforts to prepare for the colder winter temperatures and continue to provide services outdoors.

In developing the program the City was particularly concerned about small, locally owned, and local franchise businesses in the downtown area to ensure that they remained viable. Only locally owned businesses, local franchises, and for-profit businesses qualified. The program was administered through the Washington State Department of Commerce's Local Government Coronavirus Relief Fund.

## **The Community and its History**

The City of Puyallup is in the Puget Sound region of Washington, at the foot of Mt. Rainier, 10 miles from Tacoma, 35 miles from Seattle, and adjacent to the Puyallup Indian Reservation. It is home to the busiest Sounder transit station, which serves the Seattle metropolitan area, in the region. The City is a suburban commuter town. Puyallup's economy relies heavily on the retail and visitor services industry of its commercial district, anchored by South Hill Mall, and its historic downtown. More than one million people visit Puyallup annually for the Washington State Fair, the largest in the state. In summer 2019, the City approved a downtown economic development plan to revitalize its historic city center—home to the region's busiest Sounder transit station – but then, the downturn caused by the pandemic hit in 2020.

There are 11,105 licensed businesses that needed help in Puyallup, so the City convened an economic recovery team for strategizing around short- and long-term recovery. Some of the other initiatives that emerged were small business relief grants, deferring business taxes, relaxing permitting regulations (for example, allowing operations on sidewalks and building "parklets" on private driveways and parking lots). This intervention was crucial to the local economy, as restaurants and retailers make up 63% of sales tax revenues in the city.

## The Strategy

During the pandemic, the Washington governor announced the redistribution of \$420 million from the state's CARES Act money to local governments that did not directly receive CARES Act funding to cover critical expenses related to the pandemic from public health measures, supplies, and safe-reopening strategies. The eligible recipients were cities and counties with a population less than 500,000. Puyallup received a total of \$1,870,650, which included \$150,000 for the Winter Ready Funds Program grants. The money was administered by the Washington State Department of Commerce's Local Government Coronavirus Relief Fund. In preparation for the economic revitalization plan, the City hired an economic development manager (a position that had been eliminated more than a decade earlier after the Great Recession) in January 2020. This proved to be important in crafting a successful economic response.

In the summer, the City launched the Choose Puyallup website to collect and distribute information to help businesses navigate the new rules and regulations. The City also advertised grants for business support through that website, such as the two rounds of \$2,000 one-time grants to local businesses to help them adapt to the pandemic restrictions (total of 110 applicants), including accommodating outside seating or building websites to allow for online orders.

However, many of the smallest local downtown businesses were not applying for the available grants nor reopening. When the City's economic development manager talked to the business owners of small downtown businesses at the end of summer 2020, they related they found some of the application components difficult to complete and were facing difficulties finding resources to remain afloat. Some of these businesses do not have relationships with banks to get loans, or do not have an official bookkeeper on staff, which made it difficult to provide financial statements and other documents required for the grant applications. To facilitate the application process, the City developed a phone-based application for their grants that did not require submission of statements demonstrating financial losses. The City trusted that restaurants and retail businesses were negatively affected by the pandemic and thus eligible for funding, as they had been unable to open due to restrictions on inside capacity and were suffering the consequences of reduced commuter traffic downtown.

The cool season in the Puyallup region lasts for approximately 3-4 months, from November to February, with an average daily high below 53°F, with the coldest days averaging a low in the mid-30s°F, and a high in the mid-40s°F. The idea for the Winter Ready Funds Program was inspired by the neighboring City of Kent, which gave its downtown association \$175,000 to collectively purchase tents and

heaters, as well as pay staff to manage the program. The City of Puyallup designed their program differently because various businesses need different things, and each business owner knew their needs best. For example, some businesses had small outdoor spaces that would not fit a tent well and some needed to build parklets on parking lots. Granting money to business owners directly would allow them to figure out what they need. Moreover, the funds had to be used and the products had to arrive by November 30 to meet deadlines for the CARES funds. Because of the low supply of tents and heaters in the market, it was unlikely that the Main Street Association would be able to fulfill these requirements. The plan was originally geared toward restaurants only, but eventually opened for retail businesses, as they were also financially struggling and are part of the downtown ecosystem.

The Winter Ready Funds Program was preceded by the “Puyallup is Open (Air)” pilot program, which relaxed zoning regulations to allow for outdoor operations. The pilot program set up temporary outdoor cafes, seven temporary parklet restaurants or markets, temporary street cafes, and pop-up retail and dining options to bring people back downtown. The Winter-Ready Funds and Puyallup is Open (Air) programs complement each other well.

Twenty-six businesses applied and qualified to receive the \$5,000 Winter Ready funds. Out of the 26, there were 18 restaurants and 8 retail businesses. Most of the restaurants were downtown, with a few located in the mall. Among those that applied, some used the funds to expand outdoor seating, build a semi-permanent metal outdoor structure in an adjacent private alleyway, or add online sales options. Although most grantee businesses use the funds to buy equipment or build outdoor structures, others use the funds to update their website to allow online ordering or set up drive-through services in adjacent driveways or parking lots.

The program required close collaboration between many local government agencies, including the economic development department, finance department, transportation engineers who supervise the traffic and parking changes resulting from usage of outdoor space, zoning, permit code, and building inspection departments that allowed for relaxation of zoning policies and extended outdoor use, and the fire marshal who ensured that heating equipment is safe and follows regulations. The Puyallup Fire Marshal currently allows propane and electric heaters, due to the shortage of electric heaters in the market.

## The Outcomes

- 26 small businesses received \$5,000 to prepare their locales for winter
- Funds from the grant combined with relaxed zoning restrictions, such as the construction of parklets on parking lots and repurposing of driveways and alleyways, allowed businesses to continue their outdoor operations during the winter
- The City created an easy-to-navigate application process that can be used in future applications
- Businesses collaborated with each other, and owners of property adjacent to the business locales, allowed some businesses to use private property for outdoor dining. One gym and one restaurant, for example, share the same outdoor space, with one business using it in the morning and the other in the afternoon and evening.
- Expansion of outdoor and online operations of businesses.
- Job retention and rehiring of people previously laid off by numerous businesses

## How and Why the Strategy is Working

**Hiring an Economic Development Manager.** The Economic Development Manager was originally hired to lead the downtown revitalization project, but when the pandemic hit she pivoted to dedicate her time to pandemic recovery efforts. This staff person was able to act as point of contact for different local government departments and business owners.

**Trust-building between local government and local business owners.** The Economic Development manager and other local government representatives spent considerable time talking directly with business owners, often having one-on-ones to understand the concerns of each business, and collectively develop solutions. One local restaurant owner said that she felt like “the city had her back.” The trust developed between the business owners and the local government allowed for the business owners to ask for what they need from the City, which in turn led to a grant program that was directly informed by local businesses owners.

### **Adaptations were made along the way to better serve business owners.**

When the local government heard that the application was difficult for smaller businesses to complete, they promptly adapted the application to an easy-to-navigate phone version to facilitate access. Instead of limiting the Winter Ready Funds Program grant money to the purchase of heating equipment or tents only,



the local government allowed for flexible use of the funds. This decision resulted in businesses making their choices according to their specific needs.

**Collaboration between local government departments and local businesses.** Numerous local government departments collaborated to make the transition to outdoor dining and retail efficient and safe, with the ultimate goal of keeping the City's local economy afloat and its residents employed. This collaboration led to greater understanding of each department's work and the creative opportunities and compromises that emerge from this understanding. Businesses and private property owners downtown also collaborated to share outdoor space, and to allow private property use for outdoor dining or retail.

## **Lessons Learned from the Story**

**Relationship building between local governments and local business owners is key.** The City was always ready to pivot in-real time according to the needs of the local business owners as directly expressed. Without this type of communication, it would have been difficult to understand the unique needs of each business and develop a program with as much flexibility as the Winter Ready Funds Program. Similarly, local business owners felt comfortable phoning the economic development manager to relate that the application process was too difficult and ask if a certain equipment purchase or construction would fall under the grant requirements. This type of relationship ensures maximum economic benefit from this type of grant program.

**Local economies benefit from collaboration among local government departments.** The close working relationships between different City government departments allowed for quick, coordinated pivots. As the zoning regulations relaxed, the traffic engineers developed solutions to potential zoning problems, and the fire marshal communicated with the economic development manager and business owners about potential fire hazards and solutions. This seamless collaboration allowed for an effective and comprehensive set of solutions for economic recovery.

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