

THE BROOKINGS INSTITUTION

WEBINAR

MITIGATING THE ECONOMIC IMPACTS OF  
COVID-19 IN RURAL AREAS

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## P R O C E E D I N G S

MS. LOH: (audio drop) rural areas in the United States, how their communities are adapting, and what their concerns and needs are looking ahead. U.S. rural economies were the hardest hit by the 2008 recession, and many have not been fully included in the recovery. As of 2017, average rural unemployment was still 2-percent lower than in 2007. Small businesses were hit especially hard in the first 4 years of the recovery, counties with populations under 100,000, people lost 17,500 businesses while the economies in counties over one-million people added 99,000 businesses.

The coronavirus is potentially déjà vu. The shutdown of commerce has already put small businesses, a key driver of rural economies, scrambling to survive. In particular, almost twice as many rural areas rely primarily on the recreation industry as urban areas. The total disruption of discretionary spending, domestic and international travel, and tourism is an existential threat to these communities, but so is the coronavirus itself whether it has thrived yet or not.

With that, I'd like to introduce you to our panel today and have them tell you a little bit about their communities and their experiences. Todd, can we start with you?

MR. WOLFORD: Sure. Thank you. Can you hear me, Tracy?

MS. LOH: Yes.

MR. WOLFORD: Okay, I'll tell you a little bit about Wytheville. Wytheville is a small town of 8,200 residents. Interstates 81 and 77 intersect in our county. We are traditional small with newly revitalized downtown with essentially a public investment on that frontend of four-plus million-dollar infrastructure and revitalization project. We are quickly becoming a tourist destination and that one-off experience that the folks are looking for when they travel, so that's a little bit about Wytheville.

MS. LOH: And Wytheville's in Virginia?

MR. WOLFORD: That's correct.

MS. LOH: Okay.

MR. WOLFORD: Sorry.

MS. LOH: And, Lindsey, how about you?

MS. DOTSON: Hi. I'm Lindsey Dotson, and I'm located in Charlevoix, Michigan, which is on the northwest portion of the lower peninsula right on Lake Michigan. It is a town of about 2,500 people

year-round, but our economy is heavily reliant on seasonal tourism related to our waterfronts, and we have a few historic neighborhoods that have been in the same generations for a long time with people that travel from areas like Chicago and St. Louis to escape the heat in the summer, so we're very much a resort community and very picturesque, but just a very popular spot for tourism, and a lot of the work that we've been doing is to strengthen our downtown so that it can be more fruitful year-round, essentially.

MS. LOH: Thanks for that, Lindsey. So Todd and Lindsey lead Main Street organizations that are focused upon the economic vitality and wellbeing of customer-facing storefront businesses along the commercial corridors at the center of their communities. Matt, can you tell us about yourself, your organization, and a little bit more about what Main Streets are?

MR. WAGNER: Sure. So thanks, Tracy, and thanks, Brookings, for hosting this important topic and focusing on rural issues. So, yeah, I am the vice president, revitalization programs, at the National Main Street Center. We're a 40-year-old organization. We're a subsidiary of the National Trust Historic Preservation and really dedicated to the revitalization of downtowns and urban neighborhood commercial districts all across the U.S. We're really a cohort group of about 1,600 folks like Lindsey and Todd that really make up the fabric of downtowns all across the country. About 85 percent of our network, in fact, are rural communities and really speak to the need for sort of economic revitalization within these areas.

MS. LOH: Thanks for that, Matt. Okay, so let's start by jumping into the time machine and going back to March, which may feel like it was long, long time ago. Todd and Lindsey, could you each tell us a little bit about how the coronavirus has impacted your communities? Lindsey, let's start with you.

MS. DOTSON: Okay, thank you. So we in Michigan saw a shutdown of our state on March, I believe, 16<sup>th</sup>, and so of course many of our restaurants were able to kind of pivot their business model at that point and served curbside pickup and takeout orders only, but a lot, of course retailers, were forced to close along with theaters and barbers. You know, the story; it's pretty universal at this point.

But with that came a lot of loss because of the fact that we are very dependent on a couple of months a year to make a lot of the income and the profits that come into our community, and

many of our merchants were preparing for is that busy season and had, you know, huge orders of merchandise that they, you know, couldn't get rid of and had to kind of adjust payment structures with their vendors.

And of course rents still had to be paid and very few actually had a really vibrant online sale ability, and so that, you know, a lot of people just weren't able to make money for a good, you know, eight or nine weeks, so we have actually already had some businesses close, unfortunately, but thankfully there are some assistance programs that have stepped up and helped others weather the storm a little bit.

MS. LOH: Is the coronavirus itself present in your community?

MS. DOTSON: Sorry, I didn't touch on that at all. We've been lucky in the sense that I think we've had less than 15 for confirmed cases in our county. But that also is a little tricky because we do have a transient community that comes and goes. If someone was tested positive, that would actually count for their home versus their second residence, and so those numbers might not be completely accurate, but according to our health department we've had a very few pet (phonetic) cases.

MS. LOH: And do you feel that your health department is on top of it and that you --

MS. DOTSON: Yes.

MS. LOH: -- understand the situation? Todd, what about in your community?

MR. WOLFORD: I'll echo what Lindsey said. I mean, we're going through the same things. That's the thing about Main Street, is we're all kind of going through the same issues with our downtowns, but, you know, we were on record pace. I mean, this was our year. Our organization is five years old, so we have been developing, and we were on record pace for sales, lodging, meals tax this year, and everybody was looking forward to 2020 summer, and all of a sudden we got hit, so it's been a drastic change.

You know, like Lindsey said, everybody's had to pivot, essentially change their business models to how they do business, and we have as an organization as well. So it's been a challenge for our organization. I mean, like I said, we're only five years old, and in that five years, we've undergone a complete water-run infrastructure project in our downtown that hugely impacted business, and then two years later we did the full streetscape revitalization project which again totally impacted our businesses,

and now we're at the pandemic, so we've always kind of been a resilient bunch here, and it's going to be no different with this situation.

So we're going to look to rise above again and essentially rebuild to a certain extent or get back to at least a new normal and what that might look like, but, you know, I can't say enough about our partnership with our local government and other partners. I mean, everybody in our community is kind of on the same page with moving forward collectively and making this work for everyone moving forward, but it's a challenge for sure.

MS. LOH: And, Matt, I know that you're speaking with communities throughout your network in terms of thousands of small rural towns across the United States. What are you hearing from your network about how coronavirus is impacting small towns in rural America?

MR. WAGNER: Yeah, I think there is a lot of consistent themes that stretch across rural America especially with small mom-and-pop businesses, so I think, you know, first is really just understanding safety guidelines. We're starting to reopen obviously in all 50 states around the country. Some of those were a little bit, you know, earlier than later, and many small businesses are just trying to better understand not only how they keep their customers safe but also their own employees and then themselves.

And so while you can have a proclamation to reopen, certainly what we're hearing is it's not always that easy. You know, business models, as Todd alluded to, are shifting and trying to better understand sort of the stickiness of those shifts, you know, to delivery pickup, you know, Internet service, and the ability to have sales channels online. You know, we're hearing that that's been very problematic for many small businesses in rural America because for the most part, many didn't have ecommerce capacity or opportunities that they were exploring, so this is a real big need for them, again, as they seek to pivot in a reopen/recovery situation.

MS. LOH: But, Matt, in terms of health and safety, is there not guidance for small businesses about how to safely reopen?

MR. WAGNER: Yeah, I think, you know, on the federal side, there has been sort of very generic guidelines, and what we've seen to be effective for, you know, especially mom-and-pop businesses, has actually been the industry associations. I think they've really stepped up

to the plate to assist, you know, their members, their sector, you know, areas.

You think about like from restaurants to, you know, hair salon associations, both at the state and the national level, fitness center, all different sectors have really stepped up to really to apply more specific guidelines that I think have been helpful, so organizations like ourselves and others have really just tried to agglomerate those resources and then Main Street programs at the local level serving as the connectors to those small business owners.

MS. LOH: Todd and Lindsey, can you guys tell us anything about how implementing new health and safety procedures has gone with your small businesses? I'm just trying to imagine, you know, a small business that has a micro business with fewer than 10 employees reading a ton of documentation and guidance. It just sounds like yet another burden in the middle of a crisis. Are folks struggling or has it been possible to get these new health and safety standards and practices in place?

MR. WOLFORD: Well, I'll say that from our standpoint, we just opened Phase II which allows 50-percent indoors for businesses, but we've got to remember that a lot of these storefronts are very, very small, so the social distancing is a challenge when there's so many people in this store, and 50-percent capacity for some of these folks can mean a lot of people, and kind of policing that is a challenge when you have most of these small business that run on tight margins anyway and they have very few employees.

So that's been a challenge; even though everybody's excited to open, we made our community understand that respect these businesses as they try to open slowly because just because the governor says that doesn't mean everybody locally is ready to do that, so we have been kind of the liaison to kind of put that message out there, although we want to see people open and we have our outdoor spaces open as well which is a nice thing, but these businesses got to open when they're ready, and they got to do things on their own terms for safety precautions for their customers.

MS. LOH: I hear what you're saying. Lindsey, what about Charlevoix?

MS. DOTSON: Yes, some similar comments also of Todd, but one of the things, like especially with dining establishments, or even just bars, it's, you know, policing the 50-percent or 25-percent capacity, depending on what type of business you are, sometimes requires additional staff, and then you're only serving half of the customers that you normally would anyway, and so, you know, you're

not really looking at an actual profit of being open, so a lot of businesses are having to weigh a lot of those metrics and kind of decide for themselves if it's even worth the effort which is really interesting.

It's definitely a new way of approaching a business model, but, yeah, and the other part of it is just getting your hands on, you know, necessary equipment like, you know, masks and hand sanitizer and things like that. I am sure it's been happening in a lot of places, but in Michigan we have a lot of distilleries, and thankfully those people have again pivoted their business model into producing hand sanitizer, and we've been lucky enough to be able to tap into large purchases of things like that so that everyone can get their hands on some for their customers and their employees.

And so, yeah, we also have to have, you know, a plan; like everyone has to have a plan for how they're protecting their employees and their customers and, you know, Michigan Retailers Association put together kind of a template, but then, you know, that's additional work for the businesses to have to do while they're scurrying to figure out how to function in our new reality, so there have been some bumps. But I think collectively, we've been doing as well as we can with all of it.

MS. LOH: We hear you. All right, Ladies and Gentlemen, you heard it here first, pure Michigan hand sanitizer available at independent Michigan retailers. I'd like to learn a little bit more about your communities' coronavirus response in the early days. You know, we're hearing a lot about how small businesses were impacted by having to shut down. What kind of relief has been made available to these small businesses? Todd, what have small businesses been leaning on in your community?

MR. WOLFORD: So when all this first happened in essentially the end of March, a lot of these organizations and businesses were looking to our organization as to what is our response, so that was the situation that we were like, "Oh, gosh, so we got to figure out what the response is going to be," so we were actively researching and trying to figure out what this means because in our community, I mean, people are seeing what's going on in the bigger cities and things, and a lot of the mindset here was, "Oh, it'll never make it here; we won't have to worry about it," and lo-and-behold, here we are.

So we were pretty hugely impacted by it, and so our organization created what we called Support Local Safely Campaign, and we took all the information that we could gather, took the time to research that information, and put it together in one consistent area so people didn't have to go searching all over the place for what's this loan mean, or do I qualify for this, so we put that on our website.

And then we collectively made a website with some other local partners to share that one-stop shop for information, and that was very beneficial for the businesses because, again, they were trying to switch their models, trying to figure out, can I be open, do I need to shut down, when does that need to happen, so this information that we could collectively get them in a one-stop shop method was very beneficial to them.

So, again, they were looking to us and we had to respond, like Main Streets usually do, so we were putting things together, and we were researching all these grant opportunities because it would essentially be irresponsible for us just to pass on information of this grant without knowing the details on how it impacts people because we don't want one of our small businesses signing up for something that they think is a grant, which is really a loan they may have to pay back later, so the education part of it for us to learn about these programs on our own and then try to help our small business community, essentially teach them and walk them through steps.

Luckily we had a lot of really good banking partners that we were able to lean on for the PPE and the EIDL loans that we could kind of turn them to some of our partners there, and they were able to answer the big questions about who qualifies for what because the last thing we would want to do is set somebody up for something and then two years down the road they come back to us and say, "Well, you told me this was forgivable or this and that," so with the liability on our banking partners, we felt more comfortable in having them do that, and luckily we had those partners at the table.

MS. LOH: And, Todd, let's translate that for our audience a little bit. It sounds like you looked at a lot of different kinds of programs.

MR. WOLFORD: Right.

MS. LOH: The PPP is the Paycheck Protection Program --

MR. WOLFORD: Correct.

MS. LOH: -- which was a federal program that was part of the CARES Act, and then what was that other program you mentioned?

MR. WOLFORD: The EIDL loan, E-I-D-L, Emergency -- you'll have to help me with that one, Lindsey or Matt.

MR. WAGNER: Yeah, the Emergency Impact and Disaster Loans.



MR. WOLFORD: Yeah.

MS. DOTSON: That's the one. Yeah.

MS. LOH: Emergency Impact Disaster Loans, and those were administered by the U.S. federal Small Business Administration.

MR. WOLFORD: That's correct.

MS. LOH: Okay. So, Todd, I'm really interested in the research that you did and, you know, the work that you did with your bank partners, and with the small businesses you're trying to serve; of all these forms of relief, which resonated the most and which seemed the most useful to your stakeholders?

MR. WOLFORD: So in the beginning, the EIDL loan was the easiest to get, or which we thought was going to be the easiest. It was the less strings attached, less paperwork involved, emergency loan of up to \$10,000 in the beginning or what we thought. They later bumped that down to \$2,000 per employee, so what we thought was the easiest one to get ended up being you don't get as much money in the long run, but the PPP, that was a challenge, too, in the beginning because the money ran out so quick and by the time they got to the small towns and the smaller businesses, they were out of money. So that was a challenge. During the first round, none of our small businesses got the PPP funding, so that was --

MS. LOH: Not one?

MR. WOLFORD: Not one. So that was very frustrating to them and to us as well, so when the second round --

MS. LOH: And, Lindsey, what -- I'm sorry to interrupt, Todd; you were saying?

MR. WOLFORD: No, it's just when the second round of PPP funding came out, we had some business that were able to obtain that funding, but the first round was a little bit of a nightmare really, to be honest with you, for the true small businesses.

MS. LOH: And, Lindsey, what about in your community?

MS. DOTSON: Yeah, right when everything started, we actually sent out -- I overburdened our business owners with surveys, but I was really in the mode of capturing data that we could use to really understand the scope of the issue that we were dealing with, and, yeah, you know, we

had a really amazing local bank that works with a lot of our business owners that already had an account with them, but those who were dealing with other banks in the area didn't have the success rate with applying for some of these programs as they did with one of our local banks.

And so most of the people that I've gotten information from, really, they got like the \$2,000 from the EIDL funding and maybe \$4,000 from paycheck protection, and especially because we have businesses that, you know, are seasonal and have seasonal staff, it wasn't necessarily beneficial in the way that the program was meant to be beneficial because some of those staff people weren't on.

They changed the guidelines so much that eventually you could look back at, you know, more historical information to provide documentation of what your table might look like during the busy season, but at first that wasn't an option, so there were definitely a lot of obstacles, and even just with the systems in general kicking people out, not being able to apply just because it was overburdened with the obvious need that was out there, and then couple that with possible slow Internet connection in rural America, right, and it kept some people up at night for sure.

MS. LOH: So some structural issues in terms of the design of the program to serve seasonal businesses, and infrastructure issues both in terms of Internet connectivity and in terms of the finance, in terms of the critical importance of having access to a local bank. Matt, what can you tell us about what relief was most useful to the small businesses throughout the Main Street network in rural America?

MR. WAGNER: Yes, so sort of two comments, one aligning with Lindsey and Todd's, you know, anecdotes from their own communities. This was consistent all across rural America where there are far less businesses being successful in applying, especially for PPP, certainly in that early round as we all know, and it got better in the second round, and our national survey demonstrated that there was more success at that point but still much lower than urban counterparts, and I think a lot of that has to do essentially with, you know, some of the infrastructure changes in banking that really has pulled away from rural America on the commercial lending and commercial banking areas.

So consolidations that have pulled back to more regional centers are doing that business, and as we know with PPP, that relationship was really critical as a component of that. On the flipside, and I think one that's been very positive throughout Main Street communities across the U.S., is really trying to

localize the support on the financial side.

And so while the federal support great as well, what we found was many programs looking from within, whether that was through community foundations, you know, crowdfunding tools, local governments and partnerships with Main Streets setting up like low-interest loan pools or smaller grants to assist with recovery, I think that just speaks to the heart that you see throughout rural America, that they also look from within.

MS. LOH: And interestingly to the ability of Main Street organizations like the ones that Lindsey and Todd (inaudible) fund to, you know, be jacks of all trades in trying to create capacity where it's needed to build these bridges and relationships to make sure that these small businesses aren't left behind. So --

MR. WAGNER: Well, (inaudible) -- oh, sorry, Tracy.

MS. LOH: Oh, sorry, Matt. You go ahead.

MR. WAGNER: No, I was just going to just comment real quickly. I think one of the sort of valued propositions of leaders like Lindsey and Todd in these communities is that small businesses, not only do they need sort of these programmatic efforts, but they need connectivity, the connections to them. They need education about them. They need people to convene around certain issues and that's a really critical role that you find that folks like Main Street programs Lindsey and Todd fulfill in rural America.

MS. LOH: Yeah, can you paint a little bit more of the picture of what are the institutions that play a role in economic development in rural America?

MR. WAGNER: Me?

MS. LOH: Yeah.

MR. WAGNER: Yeah. Sure. Certainly, you know, Main Street programs we feel are a really important connector. They have partners like chamber of commerces, you know, tourism and visitors bureaus, county or local economic development corporations, and I think what we've seen over time is that all of those sort of central players are figuring out that it's not about competition for those resources. It's really about an alignment of resources. It's about bringing capacity and know-how to those particular communities, and so in as such, they all play a very strategic role in moving those

economies forward.

MS. LOH: Lindsey and Todd, I see you guys nodding. I think we could really benefit from learning a little bit more about what's under the hood of your organizations. Can you tell us how your organizations are funded and who your partners are? Lindsey, let's start with you.

MS. DOTSON: Okay. So in Michigan we still have what we call DDAs, Downtown Development Authorities, and so we are housed within one which is essentially here; it's kind of a city department, but we actually have a separate fund of tax dollars that we use for most of our income. But we do own some properties, that we have some rental income, and we do have a levy on our downtown district, but most of that is kind of earmarked for projects that we've implemented years ago that we're still paying the debt off for it.

And so all of our other programming whether it's summer concerts in the park, restaurant week, and things like that, we primarily have to do fundraising for, and so we have a lot of community partners that step up and assist with some of that. We have a really good working relationship, as Matt mentioned, with our chamber of commerce, that the city in general, our CBB (phonetic) and even our area schools, and, I mean, our downtown businesses, even though we're here to help them, they're always the ones that step up to the plate to sponsor a concert and things like that.

And an example of fundraising that's had to be done lately, because Matt mentioned this, because our tax revenue is very restricted in how it can be spent, we were unable to create a grant fund with that money because it's just not -- that's not the way the law is written, so we had to go to the community, essentially, and we did create a crowdfunding campaign to start raising dollars for communities or a business support fund.

And thankfully we've had a lot of success with that, and our community foundation is stepping up to the plate and contributing to that as well. So, yeah, even though we have, you know, a lot of income that comes from tax dollars, most of our actual programming is funded through other means.

MS. LOH: And, Todd, what about in your community in your rural section?

MR. WOLFORD: Yeah, a little bit of a similar situation to what Lindsey was saying. Our organization is a little bit unique and we have a really, really good partnership with our local government, so they predominantly fund us to a level of about 75 or 80 percent and the rest is done through, you

know, contributions, individual campaigns, you know, fund raising, corporate sponsors, events, revenue, and things like that is really how we operate.

But, you know, the partnership -- and I see this all through Main Streets throughout the country, it's the partnership of the local government that can be really the most important one to you if you solicit that partnership properly, because all Main Streets to a certain extent have fundraising and dollars hung over their head to essentially operate, so on top of everything else that we do as an organization, to have to worry about all the fundraising campaigns and all of that stuff can really drag you down, and I think Lindsey would agree.

But it's a unique partnership that we have with our local government where they trust us to do a job, that we work as the liaison between the property and business owner to the local government which is a very, very strong partnership that we have, and it's a very business-friendly community is what has come out of it, thus far, because if there's an issue on the ground level, we take that issue and we handle it if we can, but if we can't, we go straight to local government and we find solutions.

We create incentives and initiatives that help small business so there's always an ear to the ground and there's always open communication from the business property owner standpoint straight to the local government, so everybody knows what's going on and the communication is key with that. So that's a big thing for us, and kind of to allude to what Lindsey was talking about, some of the grant funding, we created what we call a 2020 fund, and it was a 0-percentage loan program that we were able to solicit funds and work with our state agency and Virginia Main Street to -- they asked us, "What do you need as directors? What do you need to impact your community?"

So I was able to put a program together and basically pitch it to them, and we were able to get some grant funding in which we matched with our local chamber of commerce, and then our local joint industrial development authority; all of a sudden, we've got this pool of money that can impact not just downtown but community-wide, so that started at the state agency that we were able to solicit those funds and they were willing to work with us and hear our ideas out, so I can't say enough about the Virginia Main Street Program and everything they do and work with us and listen to our ideas, so that was a successful program and we continue to build on that, so, yeah.

MS. LOH: That's a testimonial for Virginia. Lindsey, what can you tell us about the role

of state funding in your work, and for both of you, what about federal funding?

MS. DOTSON: So the MEDC, Michigan Economic Development Corporation, is where Michigan Main Street lives, in the same department as the Care Michigan Campaign, so essentially, we don't get direct funding from them. Instead, we get services that are awarded to us, and all of which have been extremely valuable, but they have recently really kind of focused in on how they can assist small businesses whether they're startups or looking to expand, and so they have launched a program called Match on Main which has been incredible.

I can't say enough about it where businesses or actually Main Street programs can apply on behalf of a business for funding up to \$25,000 for operating expenses, and it's a grant. And so we were lucky enough to be able to bring some of that money into our community for a new business that opened last year, and it's definitely -- I mean, opening a business, people sometimes definitely don't realize how much capital you need upfront to do it well, and especially in a town like ours where you are seasonal and so you might have to ride out a long period without actual profit before you're feeling good about your decision of opening a business.

And so it's those types of programs are definitely helpful in the world that we live in. And they've actually changed that program now where they're making the dollars available to communities on behalf of multiple businesses and we should be hearing any minute now on whether or not we got some of that funding to support our businesses for a COVID relief effort, so they really have been focusing on small businesses and it's wonderful. I'd rather see the money go to them, to our programs, so I think it's great.

MS. LOH: That's outstanding. That was a great story. Thanks, Lindsey. And, Matt, what have you heard as you speak to communities nationwide about the role of state and federal funding?

MR. WAGNER: Yeah, I think on the federal side, what we're seeing that's extremely helpful from a support perspective, you know, as we move beyond the PPE and that sort of thing was also maybe not as highlighted as much in the CARES Act, but the funding that went to small business development centers across the U.S. There's about 265 million that was sort of channeled out, and, you know, the small business development centers are those that do provide a lot of the one-on-one

counseling and technical assistance and have historically been great partners with Main Streets across the country.

We think there's a real opportunity to, you know, help connect, facilitate those sort of resources in rural America, noting that, you know, if you think about it just in terms of geography, there's only about 1,100 small business development centers across the U.S. It's a lot of territory to cover, and the need is great, so I think having extended partners like Main Street, chambers, local economic development corporations will be sort of key to the roll out of that extra funding for TA.

And then on the state level, I think it's a little bit of kind of wait and see, you know, whether or not there's another stimulus packet. You know, I think the states really had to focus initially through this period on, you know, the fundamentals of public health and healthcare, and certainly unemployment, you know, at 40-million plus, and so, you know, as we think about stages of roll out, certainly economic development, you know, local community development is the next realm, and we certainly that, you know, a spotlight on mom-and-pop Main Street kinds of businesses and the organizations that assist them is paramount to the recovery.

MS. LOH: Okay. And on the topic of recovery, Lindsey and Todd, one thing I heard both of you already mention is that, you know, the reality is that a lot of your existing small businesses are going to have to reinvent themselves not just to cope during this period, but, you know, potentially for the much longer term. What kinds of outcomes for your businesses are you thinking about; what is that reinvention going to look like, and how will you know if it's working? Lindsey, can we start with you?

MS. DOTSON: Sure. Sorry, we're like waiting; like, who's going to go first? So we've already seen a lot of people taking the time off that they had taken advantage of trying to get online, so entering into that, that realm of either online sales or online ordering if you're a restaurant because these are just services that they hadn't had -- you know, there wasn't an urgent need to do that in order to survive, and so I would say that we've seen a lot of people that have moved forward with those types of initiatives, but there are still others who might not be able to financially, and so that's a limitation where it's kind of like we've been catapulted forward into the world of modern technology and commerce.

But still, it's not that easy to just, you know, create a website where you can sell things, and so

definitely trying to channel some educational opportunities and funding opportunities to move some of those initiatives forward for people who aren't able to because of the impact of COVID-19.

MS. LOH: So potentially some momentum to close the ecommerce divide.

MS. DOTSON: Mm-hmm.

MR. WOLFORD: Mm-hmm.

MS. LOH: Todd, is that what's happening in your community?

MR. WOLFORD: Yeah, ecommerce and online sales and things like that are becoming a huge point for people. We're seeing that the businesses that had those platforms during this situation have been much more successful, so that's been a positive thing, and we're trying to educate our business community and some of our older business owners about what that looks like and try to teach them how to do so.

I mean, some of our businesses don't even have a social media presence, and we all know that's everything for a small business, so we're trying to be that organization that helps them reinvent themselves because we're the boots on the ground, so we're trying to make sure that our business remains sustainable, and we keep the ones that we currently have and we don't lose any, but also we need to pivot ourselves to be able to reinvent the wheel a little bit on what business recruitment and economic development looks like for Main Street in the future, you know, what kind of businesses do we want to look to target and recruit, and how are we going to pitch that to them now because we have some good incentives in place.

But we can creatively figure out some other pitches to these folks that will essentially hopefully close the deal and help us get more business but keep the ones we currently have in our minds and sustainable for the foreseeable future is kind of our approach, and we're taking -- organization is kind of taking a look at the next two or three years of what that might look like for our organization to connect those dots and kind of be that catalyst for information for our businesses, that they can come to us and trust us that we're going to have -- we don't have the information as staff and a Board, we're going to make sure we have the partners at the table that can help these people because the last thing we want to do is tell somebody, "Well, I'm not sure," or things of that nature. We need to have the answers, and we're going to make sure that we do that moving forward.



MS. LOH: Yeah. And, Matt, the stereotype about an organization that evolved from the National Trust for Historic Preservation might be that y'all look to the past for successful models. But as you look to the future and you talk to Main Street organizations around the country, what do you think rural Main Street America is going to look like in three to five years?

MR. WAGNER: Wow, that's a big question, Tracy, and I think but an important one especially as we look at the recovery. I think that the most significant thing, and certainly it's embedded as you mentioned in our background from an organization, but the place remains important. I don't think that changes at all. People are concerned about their communities.

We looked at our second round of surveys, and we asked small businesses about how their local communities responded just by using one word, and it was amazing how they thought about their local communities in terms of the support, the togetherness that really helped to move them through, and I don't think that goes away in this particular situation. I think that it's only enhanced, and so place will continue to matter.

The work of and the need for small business activity as a bedrock of communities remains so important, and as we think about, you know, new opportunities moving forward, you know, reflecting on what will things like remote work going to rural economies and the potential for new talent coming to communities, the rise in entrepreneurship that we typically see after, you know, high unemployment and recessions. I think there's a lot of opportunities on the horizon, and many, if we can overcome some of the technology hurdles, as talked about before can relate to rural economies.

MS. LOH: You know, but I've heard people say that investing in small businesses is like pouring money into a leaky bucket, and that, you know, these are, you know, high-risk endeavors and that, you know, in a world of finite resources, you know, maybe that's not where we should focus our recovery efforts. Lindsey and Todd, can you guys help us understand a little bit more; why are small businesses so important to rural areas, and why do y'all put so much effort into them?

MS. DOTSON: (laughs)

MR. WOLFORD: Yeah. Go ahead, Lindsey.

MS. DOTSON: In Michigan, especially in our region of Northwest Michigan which is,

again, heavily supported by tourism, our largest employer in the region are small businesses. We do have manufacturing and we do have other, you know, of course hospitals and schools, but if you look at the numbers, you have the most jobs created by small businesses, and so that's why they're the job creators.

They're the backbones of our communities, and so, you know, obviously all those other things have to be there to make a community a community, but if small businesses weren't supported the way they are, and if people didn't take those high risks investing into a place that they love -- because if you talk to an entrepreneur, most of the time they realize that they're taking that risk and they're doing it for the community that they live in or want to live in, not necessarily because they want to get rich, right, so it's less about the bottom line and more about the place when it comes to small business, I think.

MR. WOLFORD: Yeah, I would echo everything that Lindsey said, and it's what makes your community unique, it's what builds tourism, it's what makes people want to come to your community, it's what -- you know, our hospital, our local hospital, when they bring new doctors and our corporate people, when they bring new people to locate in our community, they bring them downtown, and what does it say about your downtown if you have nothing there, it's in blighted condition.

That's the heart of your community, so if you don't have that thriving and vibrant then that right there says everything about that town that you want to know. So when we travel, when I go places, we do downtowns because the experience factor. I don't want to do the same old thing that I can do in any community, so that's where downtowns thrive is, they create that experience that I think more and more people are going to be looking for in this post-COVID situation. They're going to be looking for these one-off experiences and get away from the masses of people, and I really think that's where downtowns can thrive moving forward.

MS. LOH: Certainly, and then growth of the experiential economy is a pre-pandemic trend that there's no reason to think that that will disappear and go away and every reason to think that it may become more dominant as a trend because of the pandemic in the long-term. Matt, did you want to chime in on this?

MR. WAGNER: Yeah, just a couple of quick things speaking off of Todd's comments, and he really speaks to a competitive advantage of small towns and small businesses in the Amazon

world, right, you know, how do you compete? And that experience, that uniqueness is definitely part of that value proposition. I want to actually look at year-over-year sales in March of a group like Etsy, which is an ecommerce business, but, you know, therefore the artisans, the makers.

They were up 47 percent from March of last year compared to this March, and so I think it just speaks to people's yearning for that, and as doors become open, you know, I think that the experiential economy is really important for small towns and small businesses.

And then finally, is, you know, the necessities. I mean, I think you can overlook that if you're a small, you know, rural community out in like Wyoming or Montana in a business close, that might mean you have to drive literally two hours or three hours to get something that you need, you know, your son or daughter's homework assignment, or, you know, a project that you're working on. They fill an important need for the basic necessities of people throughout the country.

MS. LOH: I hear what you're saying. Okay, I'd like to just pause for a moment and let everyone who's tuning in know that we would love to hear from you. We want to hear your questions, which you can email to events, that's events plural, at brookings.edu, or you can tweet @BrookingsMetro using the hashtag, #COVIDInRuralAreas. That's #COVIDInRuralAreas.

Tune in your questions so that we can involve you in the conversation. While we wrap up some questions from folks, I have just one image that I'd like to share with everyone. This is a map of coronavirus cases per capita in the United States as of April 14<sup>th</sup>, 2020. So what we're looking at here is really the first month of the pandemic. So just to be clear for everyone, this map's quite out of date to today, but the reason why I show this map is because we see that in the early weeks of the pandemic that rural winter recreation and vacation destinations were major coronavirus hotspots on a per capita basis.

That's what we're seeing in Blaine County in Idaho, and in the ski counties of Colorado. So I'd like to ask Lindsey and Todd, your communities are summer recreation destinations that are places to escape the heat and enjoy mountains or water; are you concerned about the possibility of summer outbreaks of coronavirus in your community, and do you feel your community is prepared for this possibility? Lindsey?

MS. DOTSON: Yeah, our health department; I mean I've had weekly meetings with a couple of health officials and other partners in town and they're certainly concerned especially because

we do have a lot of people that are coming from larger cities and out of state and just down state in the Detroit area that are visiting the area and not necessarily bringing their germs with them but the potential is there, right, and so there is definitely a heightened sense of worrying when it comes to the possibility, and also, you know, relating that to general human behavior and what we're observing all the things are opening up.

You know, all of our small businesses have been pretty diligent about requiring masks inside stores, but there are people that are just not really interested in doing that, and that, you know, raises some flags, too, and makes you hope that, you know, nothing bad happens, and we don't, you know, have a spike in cases here, but, you know, if the virus continues to circulate the way it has been, then it might not be great.

MS. LOH: Hopefully be insufficient.

MS. DOTSON: Right. And thankfully we do have a hospital, but in Northern Michigan we've had some hospitals that are dubbed dirty and clean. Our hospital has been clean meaning no COVID patients or, you know, people that have been exposed are going to that hospital, and I can't speak to the plans on whether or not, you know, cases, if they were to rise, what the response would be, but I'm hoping and I'm pretty confident in our health system that they have a plan just kind of waiting in case it's needed, but, yeah, our closest hospital that does take COVID patients is about an hour drive, maybe a hour and a half, so it's interesting. Hopefully we just --

MS. LOH: This could be tough.

MS. DOTSON: Yeah. Yeah. Hopefully things will be okay, though.

MS. LOH: And, Todd, what about in your community?

MR. WOLFORD: Yeah, and it's a real concern. I mean, we've cancelled a lot of our big-time events that are revenue generators, and we had a huge July 4<sup>th</sup> event that we had to cancel with Fireworks Associated. Even though we're at the Phase II and likely still be at Phase II, there's still a huge concern because the last thing we would want to do as an organization is put our community in jeopardy by inviting the masses of people to an event even though maybe we could maintain a distance factor, but that's so hard when you do mass-scale events, so we unfortunately had to cancel that event because of that reasoning.

We have other events in, you know, later on in the year, September, October that where still it's in the back of our mind, again, there's not a cure, and with the 50 percent that the governor has mandated in Phase II, we've actually seen our cases go up here locally. So that's a concern as well, and as long as that continues to trend upward here like that, that's a scary situation because we don't want to put our community in jeopardy by inviting people out or doing certain situations that would encourage people to come out, risking that we could have an outbreak here because we've seen certain outbreaks around the region in the state have happened, and we definitely don't want to be known for that.

So it's a real concern, and we're kind of trying to play it by ear, keep up with all the mandates, all the phases and what they mean and work with our small businesses to educate them on what all of this means to them, so it's a real concern for our organization and our community and our hospital moving forward.

MS. LOH: Todd, does your community have access to testing?

MR. WOLFORD: We do now, but in the beginning, you know, that was a real situation because we didn't know. You know, obviously people have it, but you just don't have the access to testing so you don't truly know who has it, and that was the initial panic in the beginning was kind of crazy when everything was happening, and then the panic kind of wore off as the cases went up and some people were taking it seriously and some people weren't taking it seriously, and it's like if you didn't have - - you know, it's like people were against each other for having a mask and not having a mask, and it was quite a situation to be a part of, and it's just the diversity between people just not agreeing on what you should do and how you should protect yourself was quite an issue here locally, and some people still don't take it seriously, but others do, so it's interesting, like Lindsey said, for sure.

MS. LOH: So there's ongoing confusion about exactly what precautions are most necessary and most effective in order to inhibit the spread of the coronavirus?

MR. WOLFORD: I would say yes to that question. I mean, people know what they need to be doing. You're taught what you should do through the governor and everything, but it's people not doing it, and then people not policing people not doing it, so that's a little bit of the issue.

MS. LOH: The whole community is not together on it?

MR. WOLFORD: Yeah, I guess that's -- yeah, you could say that.

MS. DOTSON: Yeah, and then, I mean, with enforcement even some, you know, local law enforcement agencies or even county or, you know, state, depending on where you are some of the mandates haven't been interpreted as law that can be enforced, and so it's no one really knows who to turn to when you have someone who is not abiding by the mandate rules and the recommendations for being in public, and so, yeah, and I wouldn't say there's confusion because like Todd said people know.

We know that, you know, keep your distance and wear a mask, and all that kind of stuff, but it's more of a -- I think it's just personal choice that people are just like, you know what, I don't believe that that's going to help me, and there is definitely a lot of that going on in rural America.

MR. WOLFORD: And people are so divided with that choice of what to do and what not to do, it's not really a good situation.

MS. LOH: I hear what you're saying, and there is no consensus that these are precautions that we engage in in order to not just to keep ourselves but to keep the community safe.

MR. WOLFORD: Right. And when I say policing, I want to be clear. I don't mean that our actual police station going out and telling people they should -- I just mean from a personal health standpoint, it's just like, you know, do what you should be doing, and then when others don't do what they should be doing, that attracts other people to kind of get lax with it, and then all of a sudden we have a situation where there's 50 people hanging out and, you know, I don't know; it's weird.

MS. LOH: And if there is anything that America has learned in the last two weeks, it's that I hope we've learned that the precautions required to inhibit the spread of coronavirus should not be a law enforcement responsibility, but rather our need to be a community responsibility, something that we all do in order to keep each other safe. And so it is important that we all be aware that this is still a divisive issue, and that the consensus that we need to stay safe is not out there, and that is hard to hear, but I think that it's very important to hear. Matt, did you want to join in on that?

MR. WAGNER: No, I think what Lindsey and Todd have spoken to is what we hear all across --

MS. LOH: It's real.

MR. WAGNER: -- the country. You know, it's for real. That's exactly right, so there's a community side of it and there's a respect side to it.

MS. LOH: Okay, I'd like to bring forward a question from Will Ross of Tandon (phonetic) who sent this off from Twitter. Lindsey and Todd, you both have mentioned issues with Internet connectivity, and certainly COVID-19 has revealed a digital divide across the country. We hear about that in the context of education, right, school and distance learning, but how is the Internet connectivity in your towns, and is there anything that needs to be done about it?

MS. DOTSON: I live six miles outside of our downtown, and that is considered the country if you ask people in town, and I can't get Internet. So --

MS. LOH: You do not have Internet in your home?

MS. DOTSON: No. It's either satellite or we use a hotspot, so we're using, you know, satellite or data to connect to the Internet, and so --

MS. LOH: Your access is through your phone?

MS. DOTSON: Yep. And that is, you know, not everywhere in Charlevoix. You know, in town Broadband is the thing, but it's limited. But because of students being out of school, the library actually promoted people using the parking lot so they could use the Wi-Fi from the library to get homework done and things like that. So, yeah, we're out in the sticks when it comes to being connected in that realm for sure.

MR. WOLFORD: Yeah, I --

MS. LOH: And, Todd, what about in your community?

MR. WOLFORD: I don't think it's quite as severe as Lindsey was mentioning, but, you know, obviously we have issues, but our Internet is fairly -- we have one provider, maybe two at the most, but, again, we have connectivity in our downtown. We have redundant fiber in our downtown area and throughout, so we definitely have the opportunity to expand on it, but people likely in the country here will tell you that the Internet is not the best.

I mean, they can get Internet, but the speed quality and the uploading speed of the Internet is definitely not good, but I had a similar situation to Lindsey when we first moved about five miles out of town, we couldn't get Internet, and we had to do the hotspot route, and luckily there was a grant for rural Internet connectivity that luckily just went through our location and now we're able to get pretty fast Internet.

MS. LOH: And was that local?

MR. WOLFORD: I'll have to look back on that. I'm not sure. One of our local farmers actually solicited that, and he allowed them to come across his property to do this, but I'm not exactly sure which grant that was, but it was something for rural Internet connectivity, and we were able to tap into that which was a gamechanger for us. If we didn't have that, we'd still be on a hotspot, I guess.

MS. LOH: Matt, are there structural barriers to improving connectivity in rural areas; what's the state of play here, and what's the policy solution?

MR. WAGNER: Yeah, well, I think it's that we're treating rural cell and Internet connectivity as a business-demand issue, a market issue, and what it really needs to be about is an infrastructure policy issue, you know, much like we funded Interstate highways in 1956 all through the country. We have to think in the same domain, like water and sewer and electricity, that these are fundamental foundational infrastructure that is necessary throughout the U.S., and until we can come together as a country and get behind that kind of investment strategy, the business market side of it, that it's a supply-and-demand issue and there's not enough there.

MS. LOH: Right. So, you know, these communities can't market themselves is the, you know, remote work paradises, you know, until the infrastructure is in place.

MR. WOLFORD: That's right. I believe it was a USDA grant.

MS. LOH: Okay.

MR. WOLFORD: Yeah.

MS. DOTSON: That makes --

MS. LOH: Okay, thanks for that, Todd. That's fascinating.

MS. DOTSON: Yeah, we do --

MS. LOH: Okay. Well --

MS. DOTSON: Oh, moving on. Sorry, go ahead.

MS. LOH: So we are coming up on time. So I just want to be respectful of the fact that we're about to hit 3 p.m., and I would just like to conclude by thanking all of our participants and everyone who tuned in online to listen to this conversation today. I'd like to end by just asking Lindsey, Todd, and Matt, as you do the important work that you do in communities, what gives you hope? Lindsey, let's start



with you.

MS. DOTSON: What gives me hope? The people, small towns are just so connected and supportive of one another, and it's inspiring; just, you know, I'm not from the town that I work in. I only moved here three-and-a-half years ago, and I am still very much moved and inspired by what everyone does for each other in this community. It's great.

MS. LOH: And, Todd, what about you?

MR. WOLFORD: Yeah, I would say, you know, moving forward a sense of community. I mean, we will last together. We've been through a lot together, and we had a hashtag that we created about a year ago. It was "Together We Are Better," and it never rings so true right now as we move forward with our local government, with our small businesses, property owners, everybody on the same page to collectively move forward in a positive fashion. I think when you have that, it's very powerful, and all those people are at the table, I really feel like you can achieve anything as a community. and I feel sure that we're going to do that.

MS. LOH: Thanks, Todd. Matt?

MR. WAGNER: Yeah, I'm going to echo a lot of this. I'm humbled every time I talk to Main Street directors all across the country. They are the most, the tireless leaders throughout the country working in these communities, bringing their stakeholders together. They're the most innovative, creative entrepreneurial folks you'll find, and so that really lends, I think, to the spirit and the hopefulness through the recovery and onward.

MS. LOH: Thank you. Yes, thank you all. I have to say that I've learned some important lessons today, but I also have cause for hope, and I look forward to continuing this conversation and looking for ways that policy can support your work. Thank you.

MR. WAGNER: Thank you.

MR. WOLFORD: Thank you.

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