Montgomery County Council

Committee: Directly to Council
Committee Review: N/A
Staff: Gene Smith, Legislative Analyst
Purpose: To receive testimony/final action - vote expected
Keywords: COVID, Economic development

AGENDA ITEM #8
January 26, 2021
Public Hearing/Action

SUBJECT

Special appropriation to the FY21 Operating Budget, Montgomery County Economic Development Corporation Non-Departmental Account, Restaurant Relief Grant Program; and amendment to FY21 Operating Budget Resolution 19-472, Section G, Designation of Entities for Non-Competitive Contract Award Status: Montgomery County Economic Development Corporation

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

The Executive requests approval of the subject resolution to implement a second round of funding for the Restaurant Relief Grant Program. This program is fully funded through a State grant. The Montgomery County Economic Development Corporation (MCEDC) will implement the program for the County like it did for the first round.

SUMMARY OF KEY DISCUSSION POINTS

- MCEDC requests an amendment to the proposed resolution (see ©11-12). MCEDC proposes to not replicate the same process as the first phase of the program to expediate disbursement of the second phase funding. MCEDC plans to administer the second phase funding by:

  Step 1: Providing an immediate $5,000 grant to all 793 awardees from the first phase; this totals about $4 million of the new funding provided by the State.
  Step 2: Aggressively market the remaining $1 million in addition funding to new businesses; these businesses must apply and be vetted before being awarded a $10,000 grant, like awardees of the first phase.
  Step 3: Providing an additional grant to all awardees for the first and second phase if any additional funding remains after the first two steps.

- MCEDC requests the following language be inserted after paragraph 9 of the proposed resolution on ©8:

  Awardees from the first round of the Restaurant Relief Program enacted through Resolution No. 19-660 are automatically eligible to receive an additional grant, not to exceed $10,000, as long as the business continues to meet the above criteria.

- At the time of publishing this report, Council staff had received no comments from Executive staff regarding MCEDC's proposed process or amendment.
- The source of funding is a State grant and the grant agreement between the County and State govern the use of the funds.
- MCEDC will administer the grant for the County. The resolution also amends Section G of the FY21 Operating Budget resolution, so the County can amend its contract with MCEDC to implement this funding.

This report contains:

Executive memo	© #1
CAO memo	© #3
State Grant Agreement	© #5
Proposed resolution	© #7
MCEDC amendment request	© #11

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

M E M O R A N D U M

January 13, 2021

TO: Tom Hucker, President, Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Special Appropriation #21-508 to the FY21 Operating Budget
Montgomery County Government, Montgomery County Economic Development Corporation Non-Departmental Account, Restaurant Relief Grant Program, $4,938,298

I am recommending a special appropriation to the FY21 Operating Budget of the Montgomery County Economic Development Corporation (MCEDC) Non-Departmental Account in the amount of $4,938,298. This appropriation will provide additional funding of the County's Restaurant Relief Grant Program.

The Governor has announced a $30 million additional investment to their original $50 million Restaurant Relief Fund. The Maryland Department of Commerce has conveyed that Montgomery County's allotment for this program totals $4,938,298, funds whose use and requirements will be governed by a grant agreement between the Department of Commerce and the County. According to the State, the purpose of this grant program is to enable Montgomery County to provide grants to restaurants in order to promote and encourage stabilization within the restaurant and hospitality industry.

MCEDC, collaborating with the County's Business Advancement Team, has agreed to administer the County's Restaurant Relief Grant Program, including promotional activities, application reviews, grant disbursements, and required reporting activities all in accordance with the Maryland Department of Commerce's grant agreement governing the use of these funds.

We are proposing that local entities eligible to receive a financial award up to $10,000 include: restaurants, food trucks, caterers, wineries, and breweries that directly provide food service, individual locally owned franchised restaurants, and restaurants in hotels and in arts/entertainment/recreational facilities. An entity will be eligible to receive assistance from the Restaurant Relief Grant Program if it: 1) has its principal place of business in Montgomery County; 2) is in good standing with the State of Maryland; 3) requires financial assistance to pay for the expenditures permitted by the State through its appropriation to Montgomery County; and 4) has not used, and will not use, funds received from this grant program for the same purpose as funds received through other Montgomery County grant programs. A business that has permanently closed will not be eligible for the Restaurant Relief Grant Program.

MCEDC and the County will market this program in conjunction with the existing 3R and Reopen Montgomery grant programs and will work with business organizations throughout the community to publicize the availability of these collective funding sources.

I recommend that the County Council approve this special appropriation in the amount of $4,938,298 and specify the source of funds as State Funds.

I appreciate your prompt consideration of this action.

ME:jf

Attachment: Special Appropriation #21-508 and amendment to Fiscal Year Operating Budget Resolution 19-472, Section G, Designation of Entities for Non-Competitive Contract Award Status
Memorandum from Chief Administrative Officer to Amend Resolution 19-472, Section G, Designation of Entities for Non-Competitive Contract Award Status

OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

January 13, 2021

TO: Tom Hucker, President, Montgomery County Council

FROM: Richard S. Madaleno, Chief Administrative Officer

SUBJECT: Amendment to the Fiscal Year 2021 Operating Budget
Resolution 19-472, Section G, Fiscal Year 2021 Designation of Entities for Non-Competitive Contract Award Status

The Office of the County Executive (CEX) is requesting to amend the Fiscal Year (FY) 2021 Operating Budget Resolution 19-472, Section G, FY21 Designation of Entities for Non-Competitive Contract Award Status to add a new contract with the Montgomery County Economic Development Corporation in the amount of $4,938,298 to administer a Restaurant Relief Grant Program.

The Governor has announced a $30 million additional investment to their original $50 million Restaurant Relief Fund. Montgomery County has been allocated $4,938,298 from the State for direct relief for restaurants in the County. The Montgomery County Economic Development Corporation has agreed to administer the County's Restaurant Relief Grant Program -- including promotional activities, application reviews, grant disbursements and required reporting activities -- in accordance with the Maryland Department of Commerce-Montgomery County Grant Agreement governing the use of these funds.

The amended FY21 Operating Budget Resolution 19-472, Section G, FY21 Designation of Entities for Non-Competitive Contract Award Status will read as follows:

> The Office of the County Executive (CEX) will establish a contract with the Montgomery County Economic Development Corporation in the amount of $4,938,298. The purpose of this contract will read as follows, "Develop and administer additional funds for the Montgomery County Restaurant Relief Grant Program in accordance with State guidelines and requirements."

I have determined that this action serves a public purpose and is in the public interest. Therefore, I recommend that the Council amend the Miscellaneous Provision in Section G of Resolution 19-472 for the FY21 Designation of Entities for Non-Competitive Award.

RM:jf

Attachment: Amendment to Section G, FY21 Designation of Entities for Non-Competitive Contract Award

c: Fariba Kassiri, Deputy Chief Administrative Officer
Avinash G. Shetty, Director, Office of Procurement
Jennifer Bryant, Acting Director, Office of Management and Budget
David Kunes, Chief of Staff to Council President

MODIFICATION TO GRANT AGREEMENT

MODIFICATION TO GRANT AGREEMENT (this "Modification") is entered into as of the _____ day of _____, 20__, by and between the **DEPARTMENT OF COMMERCE**, a principal department of the State of Maryland (the "Department"), and **Montgomery County MARYLAND**, a body politic and a political subdivision of the State of Maryland ("Grantee").

RECITALS

The Department and Grantee entered into a Grant Agreement dated November 16, 2020 (the Grant Agreement"), pursuant to which the Department approved a grant to Grantee (the "Grant" or "Grant Funds"), to enable Grantee to make grants to restaurants within Grantee's jurisdiction to promote and encourage stabilization within the hospitality and restaurant industry, all as more fully described in the Grant Agreement (the "Program").

In recognition of the continuing challenges faced by the hospitality and restaurant industry, Grantor has made available additional funding for the Program.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in the Grant Agreement and in this Modification, the parties agree as follows:

1. Subject to Grantee's continued compliance with the provisions of the Grant Agreement and to Sections 2 and 3 of this Modification, the Department agrees to increase the amount of the Grant to Grantee by an additional $4,938,298.

2. Grantee shall request disbursement of the additional Grant Funds by using the request for Disbursement form attached as Exhibit D to the Grant Agreement.

3. Section 1(b) (v) of the Grant Agreement is hereby modified to extend the date by which Grantee must disburse Grant Funds, including the additional Grant Funds, from December 31, 2020, to March 31, 2021.

4. The due date of the report describing the use of the Grant Funds (Exhibit C) is extended from February 28, 2021 to June 30, 2021.

5. Exhibit A of the Grant Agreement is hereby amended to incorporate Grantee's application for the additional Grant Funds.

6. In all other respects, except as expressly modified, amended or corrected by this Modification, the provisions of the Grant Agreement remain in full force and effect between the parties.

IN WITNESS WHEREOF, Grantee and the Department have caused this Modification to be executed, sealed and delivered as of the day and year first above written.

DEPARTMENT OF COMMERCE

By:_____
Kelly M. Schulz
Secretary

GRANTEE:

By:_____(SEAL)
Name: _____
Title: _____

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Special Appropriation #21-508 to the Fiscal Year 21 Operating Budget
Montgomery County Government
Montgomery County Economic Development Corporation Non-Department Account
Support for COVID-19 Response - Restaurant Relief Grant Program, $4,938,298
(Source of Funds: State Aid), and Amendment to Fiscal Year Operating Budget
Resolution 19-472, Section G, Designation of Entities for Non-Competitive Contract
Award Status

Background

1. Section 308 of the Montgomery County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.

2. On March 11, 2020, the World Health Organization declared coronavirus COVID-19 a pandemic and it has spread rapidly throughout the world. As of November 1, 2020, the Montgomery County Government COVID-19 data dashboard reported 26,114 confirmed cases and 833 confirmed deaths in the County. To slow the spread of the disease, Maryland Governor Hogan first declared a State of Emergency on March 5, and has issued several Executive Orders with actions that include, but are not limited to: closing schools; prohibiting activities by non-essential businesses that restrict traditional on-site operations; limiting the number of people that can gather; and closing all gyms, movie theaters, and bars and restaurants (excluding carryout and delivery service).

3. The efforts to contain the spread of the disease and the disease itself continues to have a crippling impact on Montgomery County's local business community, in particular its restaurants and related food service facilities.

4. On December 17, Maryland Governor Hogan announced an additional $180 million supplement to the 'Maryland Strong: Economic Recovery Initiative,' which will provide funding from the State's Rainy Day Fund to directly assist restaurants, small businesses, local entertainment venues, arts organizations, and Main Streets across the state. Thirty million dollars of this initiative has

been earmarked for direct relief for restaurants, funds that have been allocated to local jurisdictions to administer and disburse.

5. Montgomery County has entered into an agreement with the Maryland Department of Commerce for a grant in the amount of $4,938,298. The purpose of this financial grant is to enable Montgomery County to make grants to restaurants within the County in order to promote and encourage stabilization within the restaurant and hospitality industry.

6. The State grant agreement stipulates that Montgomery County may permit restaurants to fund the following expenses from grant proceeds provided by the State:

   - Working capital, such as rent, payroll, and job training;
   - Purchase of equipment and services to expand outdoor dining, such as tents, heaters, warmers, and carts;
   - Infrastructure improvements, such as HVAC system upgrades;
   - Technology to support carryout and delivery;
   - Purchase of PPE and disposable food containers and utensils;
   - Sanitization services; and
   - Any other costs permitted under a COVID-19 restaurant assistance program offered by Montgomery County.

7. The Montgomery County Economic Development Corporation (MCEDC), collaborating with the County's Business Advancement Team, will administer the County's Restaurant Relief Grant Program, including promotional activities, application reviews, grant disbursements, and required reporting activities in accordance with the Maryland Department of Commerce-Montgomery County Grant Agreement governing the use of these funds.

8. MCEDC will partner with the County and other economic development partners to broadly market the initiative to the County's business community.

9. The Council through this special appropriation is creating the Montgomery County Restaurant Relief Grant Program. Local entities eligible to receive a financial award up to $10,000 include: restaurants, food trucks, caterers, wineries and breweries that directly provide food service, individual locally-owned franchised restaurants, and restaurants in hotels and in arts/entertainment/recreational facilities. An entity will be eligible to receive assistance from the Restaurant Relief Grant Program if it: 1) has its principal place of business in Montgomery County; 2) is in good standing with the State of Maryland; 3) requires financial assistance to pay for the expenditures permitted by the State through its appropriation to Montgomery County; and 4) has not used, and will not use, funds received from this grant program for the same purpose as funds received through other Montgomery County grant programs. A business that has permanently closed will not be eligible for the Restaurant Relief Grant Program.

10. A Fiscal Year 2021 Operating Budget is requested for the Montgomery County Economic Development Corporation Non-Departmental Account:

Personnel Services	Operating Expenses	Total	Source of Funds
$0	$4,938,298	$4,938,298	State Funds

11. Section 11B-14 (a) (4) of the Montgomery County Code states that "a contract may be awarded without competition if the Chief Administrative Officer makes a written determination that the contract award serves a public purpose and proposed contractor has been identified in a grant or appropriation resolution approved by the Council." The result of this action is to amend the Fiscal Year (FY) 2021 Designation of Entities for Non-Competitive Contract Award status to include a new contract with MCEDC to develop and administer the Montgomery County Restaurant Relief Grant Program.

12. The Chief Administrative Officer has determined that funding for the contract with this entity serves a public purpose and that such an expense would be in the public interest.

13. Notice of public hearing was given and a public hearing was held.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

A special appropriation to the FY21 Operating Budget for the Montgomery County Economic Development Corporation Non-Departmental Account:

Personnel Services	Operating Expenses	Total	Source of Funds
$0	$4,938,298	$4,938,298	State Funds

This special appropriation must be used for the Restaurant Relief Grant Program under the guidelines described in paragraphs 6 through 9.

This resolution amends Resolution 19-472, Section G, FY21 Designation of Entities for Non-Competitive Award Status to allow the Office of the County Executive to enter into a contract with the Montgomery County Economic Development Corporation with the purpose to "Develop and administer the Montgomery County Restaurant Relief Grant Program in accordance with State guidelines and requirements."

This appropriation is needed to act without delay in the public interest.

This is a correct copy of Council action.

_____
Selena Mendy Singleton, Esq.
Clerk of the Council

From: Ben Wu <ben@thinkmoco.com>
Sent: Thursday, January 14, 2021 2:33 PM
To: Smith, Gene <Gene.Smith@montgomerycountymd.gov>; Bill Tompkins <bill@thinkmoco.com>
Subject: RE: Restaurant Relief Fund Grant

[EXTERNAL EMAIL]

Gene, if it is helpful, I'll share with you a message that had been sent to Jerome. This might provide useful context to the issues Bill had raised with you. Ben

Jerome, I know that Bill is juggling many things at once right now so let me offer a perspective that I hope with provide some clarity and not confusion. I think we have time to work through any changes if needed so we should all be fine. If necessary, we can always seek an amendment to the Council introduced legislation, as Bill mentioned.

Since all 24 Maryland jurisdictions have been asked to administer the Governor's Restaurant Relief Grants (the original $50M and the current $30M), we have reached out to our regional neighbors to determine best practices for how they are conducting their programs. It should be noted that the state did not mandate a strict construct and left it to each of the counties to determine how best to manage and distribute their funding. As a consequence, each jurisdiction has their own unique process.

We've learned the best practices and guiding principles should include:

a. Make the application as easy as possible for the restaurants to apply so as not to be overly burdensome (to the point where some jurisdictions didn't even require restaurants to submit a formal application);
b. Be effective and expeditious (the goal is to get the money out the door as quickly as possible to the restaurants that need the money); and
c. $10K is not nearly enough to support restaurants get through these difficult times, especially with the indoor dining restriction in place.

Given all of the above, we are not planning to merely replicate the Phase I program and offer an identical $4.9M Phase II program.
Just a few weeks ago before the holidays, we just completed the first phase of the Restaurant Relief Grant and gave out $10K in assistance to 793 restaurants.

Our general plan (with details still to be finalized) is the following:

1. We would supplement the $10K received by any Phase I restaurant recipient with an additional amount of no less than $5K.
2. Since it has been just a few recent weeks since restaurants applied, we will not be requiring a formal application for the supplement. Any Phase I recipient will automatically receive the $5K supplement. We will inform them though that the additional funding is coming. The total cost of doing the $5K supplement for the 793 Phase I restaurants would be $3.965M.
3. Therefore, $1M will remain in the $4.9 million allocation for new applicants. We want to be fair and equitable to allow for those who did not apply in Phase I to also be eligible for grant assistance and apply. Those in this category would have to formally apply in the same way as the Phase I recipients. Those new applicants would receive up to $10K in grant funding.

4. With the $1M remainder at $10K per recipient, we can accommodate an additional 100 new applicants.
5. We plan to have a two-week window for new applications. At the conclusion of the application window, all funds (new grants and the supplementals) would be disbursed.
6. Given that we very aggressively reached out to eligible restaurants in Phase I, especially for minority and underserved communities, it's possible we may not end up with 100 new applications.
7. In the event that we do not receive 100 new applications, we would seek to add on to the $5K supplement with the remainder of unexpended funds for new applicants. Consequently, the supplement may actually end up being higher than the $5K target. Our intention is to fully expend the $4.9 million and get the assistance into the hands of the restaurants as quickly as possible.
8. Therefore, it is important that any statutory appropriations language not be overly proscriptive in the amounts and provide us with the flexibility to carry out the disbursement as described.

If you have any questions, let me know.

Ben