



Committee: PHED

Committee Review: At a future date

Staff: Gene Smith, Legislative Analyst

Purpose: To receive testimony – no vote expected

Keywords: COVID-19, economic development

AGENDA ITEM #10

February 23, 2021

Public Hearing

SUBJECT

Special Appropriation to the Fiscal Year 2021 Operating Budget, Montgomery County Government, Office of the County Executive, \$1,500,000 for Support for COVID-19 Response – Small Business Rental Assistance Program (Source of Funds: Undesignated Reserves)

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Councilmember Jawando requested this appropriation to support small businesses impacted by COVID-19, specifically to assist with arrears rent payments or current rent payments.

SUMMARY OF KEY DISCUSSION POINTS

- The source of funding is the undesignated reserves, but per Executive staff, an alternative source of funding may be identified prior to the PHED Committee review.
- Executive staff also notes that one of the County's partners may implement the program on behalf of the County. This information will be better known and available at the PHED Committee review.
- Businesses would be eligible for this grant if it: 1) has its physical location(s) only in the County; or its County-based locations account for more than 50% of the business's total number of employees or 50% of the business's gross sales; 2) receives \$500,000 or less in annual revenue prior to the pandemic; 3) is classified as a retail or service-related businesses but is not a restaurant or food service business; 4) has a commercial lease in the County; and 5) can demonstrate a revenue loss due to the pandemic.
- Councilmember Jawando supports priority considerations for minority- and women-owned, and to businesses that lease space in Zip Codes that have experienced the greatest impact from the pandemic based on number of cases.
- Eligible businesses may receive up to \$10,000 or three months rent based on review.
- A future PHED Committee will be scheduled to review the proposed appropriation.

This report contains:

Proposed resolution

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Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Councilmember Jawando

SUBJECT: Special Appropriation to the Fiscal Year FY21 Operating Budget Montgomery County Government, Office of the County Executive, Support for COVID-19 Response – Small Business Rental Assistance, \$1,500,000 (Source of Funds: Undesignated Reserves)

Background

1. Section 308 of the 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. A new coronavirus disease, named COVID-19, appeared in China in December 2019 and spread extremely quickly. On March 11, 2020, the World Health Organization declared the disease a pandemic. The April 11, 2020 situation report from the World Health Organization stated that the number of confirmed cases worldwide has exceeded 1.6 million. As of January 22, 2021, there were 55,951 cases and 1,220 deaths in Montgomery County.
3. To slow the spread of the disease, Governor Hogan declared a State of Emergency 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; closing senior centers and adult medical day care programs; limiting the number of people that can gather; and closing all gyms, movie theaters, and bars and restaurants (excluding carryout and delivery service).
4. 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.
5. Many businesses in the County are small retail or service-oriented businesses that depend on customer volume to meet basic liabilities, like rent payments. The pandemic has

significantly disrupted these businesses for more than 10 months.

6. The Council through this special appropriation is creating a program to provide grants to small businesses to support rental costs, either current or arrears rent payments, and based on the criteria in Paragraphs 7 and 9.
7. A business is eligible to receive assistance from this program if it: 1) has its physical location(s) only in the County; or its County-based locations account for more than 50% of the business's total number of employees or 50% of the business's gross sales; 2) receives \$500,000 or less in annual revenue prior to the pandemic; 3) is classified as a retail or service-related businesses but is not a restaurant or food service business; 4) has a commercial lease in the County; and 5) can demonstrate a revenue loss due to the pandemic.
8. Priority consideration should be given to businesses that are minority- and women-owned, and to businesses that lease space in Zip Codes that have experienced the greatest impact from COVID-19 based on number of cases.
9. Each eligible business may be awarded a grant up to three-months of rent based on its current lease or \$10,000, whichever is less, for this program.
10. A FY21 Operating Budget special appropriation is requested for the Economic Development Fund:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$1,500,000	\$1,500,000	Undesignated Reserve

11. This special appropriation is needed to implement this program.
12. 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 Economic Development Fund:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$1,500,000	\$1,500,000	Undesignated Reserve

This special appropriation must only be used to implement the program as defined in Paragraphs 7 and 9.

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