



Committee: Directly to Council

Committee Review: N/A

Staff: Gene Smith, Legislative Analyst

Purpose: To receive testimony/final action - vote expected

Keywords: Purple Line, Economic development

AGENDA ITEM #7

December 14, 2021

Public Hearing/Action

SUBJECT

Special Appropriation to the Fiscal Year 2022 Operating Budget, Montgomery County Government, Office of the County Executive – Purple Line Light Rail Project Business Grant Program, \$231,000 and Amendment to the FY22 Operating Budget Resolution 19-872, Section G, Fiscal Year 2022 Designation for Entities for Non-Competitive Contract Award Status – Latino Economic Development Corporation for Purple Line Light Rail Project Business Grant Program, \$231,000 (Source of Funds: State Aid)

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

This special appropriation provides funding to implement a State grant that supports businesses impacted due to the Purple Line Light Rail (Purple Line) construction (see ©1-1). The Latino Economic Development Center (LEDC) will administer the grant program for the County. The Chief Administrative Officer (CAO) has recommended an amendment to Section G of the County Government's Operating Budget resolution to implement this funding with LEDC (see ©3-4).

SUMMARY OF KEY DISCUSSION POINTS

- The source of funding is a State grant, and the grant agreement between the County and State governs the use of the funds.
- The State grant allows up to 10% of the grant to be used for administration of the program. The appropriation intends to use \$23,100, 10% of the total appropriation, for LEDC's administration of this program.
- The remainder of the State grant (\$207,900) will be used for direct relief to businesses that experienced revenue loss due to the construction of the Purple Line.
- The State grant agreement stipulates eligibility. Businesses are eligible for this grant if it: 1) was established prior to August 1, 2017; 2) is in good standing with the State of Maryland; 3) is still in operation; and 4) is physically located in the County. Eligible businesses will need to demonstrate revenue loss due to the Purple Line construction, but the State grant agreement does not specify how the County calculates it.
- The maximum grant available through this grant program is \$5,000 per business.

- The CAO has made the determination that implementing this funding through a non-competitive contract with LEDC serves a public purpose and is in the public interest.
- **The Council must amend the introduced resolution on ©1-2 to include the CAO's recommendation to amend Section G of Council Resolution No. 19-872 for this purpose.** A motion is required to amend the introduced resolution.
 - The Council may act on an amendment to a previously approved resolution without waiving the rules of procedure.
 - Council staff has provided amendment language on ©5-7 with the added text underlined to implement the CAO's recommendation. A clean version of the proposed resolution with amendments is on ©8-10 should the Council approve the CAO recommended amendment.
- Action is tentatively scheduled immediately following the public hearing.

This report contains:

Proposed resolution	© #1-2
CAO memo, re: Amendment to Section G	© #3-4
Amended resolution to include Section G amendment (draft)	© #5-7
Amended resolution to include Section G amendment (clean)	© #8-10
Council sponsored special appropriation: Racial Equity and Social Justice	© #11-12

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Resolution No.: _____
Introduced: November 30, 2021
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Councilmember Glass
Cosponsors: Council President Hucker and Councilmembers Katz,
Albornoz, Navarro, Jawando, Rice, Friedson and Riemer

SUBJECT: Special Appropriation to the Fiscal Year 2022 Operating Budget,
Montgomery County Government, Office of the County Executive – Purple Line
Light Rail Project Business Grant Program, \$231,000 (Source of Funds: State Aid)

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. Effective June 1, 2021, the State of Maryland established the Purple Line Construction Zone Grant Program to provide funds to qualified small businesses to assist in offsetting business revenue loss due to the construction of the Purple Line Light Rail Project.
3. The Purple Line Light Rail Project is a 16.2-mile light rail line that extends from Bethesda in Montgomery County to New Carrollton in Prince George's County. It will provide direct connections to Metrorail Red, Green, and Orange lines, as well as connections to MARC, Amtrak, and local bus services.
4. The Purple Line is owned by the Maryland Department of Transportation, Maryland Transit Administration (MDOT MTA) and Purple Line Transit Partners was selected to design, build, operate, and maintain the light rail system for 35 years. While MDOT MTA is project lead, it closely coordinates with a team including Washington Metropolitan Area Transit Authority, Montgomery County, Prince George's County, the Maryland-National Capital Park and Planning Commission, Maryland Department of Transportation State Highway Administration, and local municipalities in the project areas.
5. The County entered into an agreement with the Maryland Department of Commerce on

October 12, 2021 (the “State Grant Agreement”). The State Grant Agreement provides \$231,000 for the County to administer a Purple Line Light Rail Project Grant Program, which enables the County to make grants to eligible businesses impacted by construction of the Purple Line Light Rail Project that suffered revenue losses during the construction period.

6. The State Grant Agreement stipulates that Montgomery County may use up to 10% or \$23,100 of these grant funds to cover eligible administrative costs. The balance of \$207,900 will be distributed directly in grant amounts not to exceed \$5,000 for eligible business that meet all eligibility requirements set forth in the State Grant Agreement.
7. A FY22 Operating Budget special appropriation is requested for the Office of the County Executive:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$231,000	\$231,000	State Aid

8. This special appropriation is needed to implement the Purple Line Light Rail Project Grant Program.
9. 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 Office of the County Executive:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$231,000	\$231,000	State Aid

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



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

M E M O R A N D U M

December 9, 2021

TO: Gabe Albornoz, President
County Council

FROM: Richard S. Madaleno, Chief Administrative Officer
Office of the County Executive

SUBJECT: Amendment to the Fiscal Year 2022 Operating Budget
Resolution 19-872, Section G, Fiscal Year 2022 Designations for Entities for
Non-Competitive Contract Award Status - Purple Line Light Rail Project
Business Grant Program, \$231,000 from State Aid

The Office of the County Executive (CEX) is requesting to amend the Fiscal Year (FY) 2022 Operating Budget Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Contract Award Status. This will add an amendment to Contract Number 1045961 with the Latino Economic Development Corporation (LEDC), in the amount of \$231,000 to provide for the operation of the Purple Line Light Rail Project Grant Program.

Effective June 1, 2021, the State of Maryland established the Purple Line Construction Zone Grant Program to provide funds to qualified small businesses to offset business revenue loss due to the construction of the Purple Line Rail Project. The Purple Line Light Rail Project is a 16.2-mile light rail line that extends from Bethesda in Montgomery County to New Carrollton in Prince George's County. It will provide direct connections to Metrorail Red, Green and Orange lines at Bethesda, Silver Spring, College Park, New Carrollton; MARC; Amtrak; and local bus services.

The Maryland Department of Commerce is awarding Montgomery County \$231,000 to administer a Purple Line Grant Program for businesses affected by the construction of the light rail line, of which 10% or \$23,100 of these grant funds may be used to cover eligible administrative costs. The balance of \$207,900 will be distributed directly in grant amounts not to exceed \$5,000 for eligible businesses that meet all eligibility requirements outlined in the Grant Agreement between the Department of Commerce, and Montgomery County and any other

eligibility requirements as may be established for the Montgomery County Purple Line Grant Program.

The Latino Economic Development Corporation (LEDC) in collaboration with the County's Business Advancement Team, has agreed to administer the County's Purple Line Light Rail Project Grant Program, including promoting the grant program, accepting application submissions, reviewing applications for eligibility, distribution of grants, and reporting activities in accordance with the Maryland Department of Commerce and Montgomery County Grant Agreement.

The amended FY22 Operating Budget Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Contract Award Status will read as follows:

"The Office of the County Executive (CEX) will establish a contract amendment with Latino Economic Development Corporation in the amount of \$231,000. The purpose of this contract amendment will read as follows, "The Latino Economic Development Corporation (LEDC), collaborating closely with the County's Business Advancement Team, will administer all aspects of the County's Purple Line Light Rail Project Grant Program, including promoting the grant program, accepting application submissions, reviewing applications for eligibility, distribution of grants, and all reporting activities in accordance with the Maryland Department of Commerce and Montgomery County Grant Agreement governing the use of these funds."

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 19-872 for the FY22 Designation of Entities for Non-Competitive Award.

RM:sjss

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

Cc: Fariba Kassiri, Deputy Chief Administrative Officer
Avinash G. Shetty, Director, Office of Procurement
Jennifer Bryant, Director, Office of Management and Budget
Lisa Mandel-Trupp, Esq., Chief of Staff to Council President

Resolution No.: _____
Introduced: November 30, 2021
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Councilmember Glass
Cosponsors: Council President Hucker and Councilmembers Katz,
Albornoz, Navarro, Jawando, Rice, Friedson and Riemer

SUBJECT: Special Appropriation to the Fiscal Year 2022 Operating Budget, Montgomery County Government, Office of the County Executive – Purple Line Light Rail Project Business Grant Program, \$231,000 and Amendment to the FY22 Operating Budget Resolution 19-872, Section G, Fiscal Year 2022 Designation for Entities for Non-Competitive Contract Award Status – Latino Economic Development Corporation for Purple Line Light Rail Project Business Grant Program, \$231,000 (Source of Funds: State Aid)

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. Effective June 1, 2021, the State of Maryland established the Purple Line Construction Zone Grant Program to provide funds to qualified small businesses to assist in offsetting business revenue loss due to the construction of the Purple Line Light Rail Project.
3. The Purple Line Light Rail Project is a 16.2-mile light rail line that extends from Bethesda in Montgomery County to New Carrollton in Prince George’s County. It will provide direct connections to Metrorail Red, Green, and Orange lines, as well as connections to MARC, Amtrak, and local bus services.
4. The Purple Line is owned by the Maryland Department of Transportation, Maryland Transit Administration (MDOT MTA) and Purple Line Transit Partners was selected to design, build, operate, and maintain the light rail system for 35 years. While MDOT MTA is project lead, it closely coordinates with a team including Washington Metropolitan Area Transit Authority, Montgomery County, Prince George’s County, the Maryland-National

Capital Park and Planning Commission, Maryland Department of Transportation State Highway Administration, and local municipalities in the project areas.

5. The County entered into an agreement with the Maryland Department of Commerce on October 12, 2021 (the “State Grant Agreement”). The State Grant Agreement provides \$231,000 for the County to administer a Purple Line Light Rail Project Grant Program, which enables the County to make grants to eligible businesses impacted by construction of the Purple Line Light Rail Project that suffered revenue losses during the construction period.
6. The State Grant Agreement stipulates that Montgomery County may use up to 10% or \$23,100 of these grant funds to cover eligible administrative costs. The balance of \$207,900 will be distributed directly in grant amounts not to exceed \$5,000 for eligible business that meet all eligibility requirements set forth in the State Grant Agreement.
7. A FY22 Operating Budget special appropriation is requested for the Office of the County Executive:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$231,000	\$231,000	State Aid

8. This special appropriation is needed to implement the Purple Line Light Rail Project Grant Program.
9. 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.
10. The Chief Administrative Officer (CAO) transmitted a memorandum to the County Council on December 9, 2021. The CAO has determined that a non-competitive contract with the Latino Economic Development Corporation serves a public purpose and is in the public interest to implement this grant program.
11. 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 Office of the County Executive:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$231,000	\$231,000	State Aid

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

The Council approves an amendment to Council Resolution No. 19-872, Section G, FY 2022 Designation of Entities for Non-Competitive Award Status. The Chief Administrative Officer has recommended this action and stated that this action serves a public purpose and is in the public interest.

The FY22 Designation of Entities for Non-Competitive Contract Award Status is amended to reflect:

The Office of the County Executive will amend an existing contract with the Latino Economic Development Corporation (LEDC) in the amount of \$231,000 for LEDC, collaborating closely with the County’s Business Advancement Team, to administer all aspects of the County’s Purple Line Light Rail Project Grant Program, including promoting the grant program, accepting application submissions, reviewing applications for eligibility, distribution of grants, and all reporting activities in accordance with the Maryland Department of Commerce and Montgomery County Grant Agreement governing the use of these funds.”

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

Resolution No.: _____
Introduced: November 30, 2021
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

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Capital Park and Planning Commission, Maryland Department of Transportation State Highway Administration, and local municipalities in the project areas.

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6. The State Grant Agreement stipulates that Montgomery County may use up to 10% or \$23,100 of these grant funds to cover eligible administrative costs. The balance of \$207,900 will be distributed directly in grant amounts not to exceed \$5,000 for eligible business that meet all eligibility requirements set forth in the State Grant Agreement.
7. A FY22 Operating Budget special appropriation is requested for the Office of the County Executive:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
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10. The Chief Administrative Officer (CAO) transmitted a memorandum to the County Council on December 9, 2021. The CAO has determined that a non-competitive contract with the Latino Economic Development Corporation serves a public purpose and is in the public interest to implement this grant program.
11. Notice of public hearing was given and a public hearing was held.

Action

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

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This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

Council Sponsored Special Appropriation: Racial Equity and Social Justice

Subject

Special Appropriation to the County Government's FY22 Operating Budget, Office of the County Executive – \$231,000 for Purple Line Light Rail Project Business Grant Program (Source of Funds: State Aid)

- Introduced: November 30, 2021
- Public hearing and action: Tentatively scheduled for December 14, 2021

Description and Background

This special appropriation provides funding to implement a State grant that supports businesses impacted due to the Purple Line Light Rail ("Purple Line") construction project. The Latino Economic Development Center (LEDC) will administer the business grant program for the County.

The source of funding is a State grant, and the grant agreement between the County and State governs the use of these funds. The State grant allows up to 10% of the grant to be used for administration of the program. The appropriation intends to use \$23,100, 10% of the total appropriation, for LEDC's administration of the program. The remainder of the State grant, \$207,900, will be used as direct relief to businesses that experienced revenue loss due to the Purple Line construction.

The State grant agreement stipulates eligibility for the grants authorized by this appropriation. Businesses are eligible for this grant if it: 1) was established prior to August 1, 2017; 2) is in good standing with the State of Maryland; 3) is still in operation; and 4) is physically located in the County. Eligible businesses will need to demonstrate revenue loss due to the Purple Line construction, but the State grant agreement does not specify how the County calculates revenue loss. The maximum grant available per business is \$5,000 for this grant program.

Data

The Office of Legislative Oversight (OLO) commissioned a study of the County's Racial Equity Profile. This study found that Black and Latinx firms each accounted for 14.7% of all firms in the County in 2012, while Blacks were 19.8% and Latinx were 19.1% of the total County population respectively.¹

The LEDC administered a business assistance program in 2021 called the Small Business Rental Assistance (SBRA). This grant program provided approximately \$1.0 million to small businesses impacted by the pandemic. LEDC's final report to the County noted that: 1) Black-owned businesses represented 16.5% of the total applications for the SBRA and 9.3% of the total

awardees; and 2) Latinx-owned businesses represented 16.9% of the total applications for the SBRA and 13.9% of the awardees.² The total applications were 261 and the total awardees was 108 for the SBRA.

Council staff Comments

The requested special appropriation of State funds will support businesses negatively impacted by the Purple Line construction. The implementation of this special appropriation is governed by the State grant agreement. Businesses must be eligible for this program, based on the State criteria, including revenue loss due to the Purple Line construction. LEDC's administration and marketing will need to be consistent with the State agreement.

¹ Jupiter Independent Research Group, Racial Equity Profile Montgomery County, OLO Report 2019-7, Office of Legislative Oversight, July 15, 2019.

² LEDC Final Awardee Statistics, Small Business Rental Assistance Program, Office of the County Executive, July 2, 2021.