



Committee: Directly to Council
Committee Review: N/A
Staff: Gene Smith, Legislative Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: Economic Development

AGENDA ITEM #4B
May 10, 2022
Introduction

SUBJECT

Special appropriation to the County Government's FY22 Operating Budget, Office of the County Executive, \$4,690,000 for COVID-19 Business Rental Assistance and Hotel Relief Programs (Source of funds: Federal aid); and amendment to FY22 Operating Budget Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Contract Award Status: Latino Economic Development Corporation of Washington, D.C.

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

The Council reviewed the proposed funding options for the remaining \$27.5 million in unallocated American Rescue Plan Act (ARPA) funding on [April 19, 2022](#). The Council supported these proposals with some amendments to the total amounts for certain proposed items. The subject resolution appropriates the tranche identified for the Small Business Rental Assistance and Hotel Relief Programs.

SUMMARY OF KEY DISCUSSION POINTS

- The subject resolution appropriates \$2,000,000 for the Small Business Rental Assistance Program.
 - This appropriation provides funding for previously awarded but unfunded businesses and also for new businesses to apply and receive a grant.
 - This program will use the same criteria as previously approved in [Council Resolution No. 19-782](#).
 - The Latino Economic Development Center will administer the program like previously.
- The subject resolution also appropriates \$2,690,000 for the Hotel Relief Program.
 - This appropriation provides new funding for accommodation providers.
 - This program will use similar criteria as previously approved in [Council Resolution No. 19-718](#).
 - Accommodation providers must demonstrate gross profit reduction for September 2021-January 2022 when compared to September 2019-January 2020 for this round of funding.

- The public hearing and action for the subject resolution are tentatively scheduled for Tuesday, May 17, 2022 at 1:30 PM.

This report contains:

Proposed resolution

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Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Special Appropriation to the Fiscal Year 2022 Operating Budget Montgomery County Government, Office of the County Executive, COVID-19 Business Rental Assistance and Hotel Relief Programs, \$4,690,000 (Source of Funds: Federal aid) and amendment to FY22 Operating Budget Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Contract Award Status: Latino Economic Development Corporation of Washington, D.C.

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.
3. President Biden signed into law the American Rescue Plan Act (ARPA) on March 11, 2021 to support the country's recovery from the COVID-19 pandemic. The County Government is expected to receive \$204.1 million in two equal tranches to support its efforts to recover from the pandemic.
4. The Council approved a special appropriation on April 6, 2021 to support the Small Business Rental Assistance program. This program was implemented through the Latino Economic Development Center (LEDC) and provided grants up to \$10,000 to small businesses that experienced revenue loss due to the pandemic. LEDC prioritized these grants based on ranked factors that included revenue loss and number of years that a business had been established.
5. A business is eligible to receive assistance from the Small Business Rental Assistance

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 business but is not a restaurant or food service business, medical practice, professional services business, religious organization, or daycare facility; and 4) has a commercial lease in the County; and 5) can demonstrate a revenue loss due to the pandemic.

6. An eligible business may receive a grant up to three-months of rent based on its current lease or \$10,000, whichever was less, for the Small Business Rental Assistance Program.
7. LEDC estimated that 153 eligible businesses qualified for a grant from the Small Business Assistance Program but were not awarded funding due to insufficient funds.
8. The Council approved funding for the Hotel Relief Program on January 26, 2021 and May 18, 2021. These grants were funded by entirely by State grants to support the hospitality industry. The County's Business Advancement Team and Visit Montgomery partnered to market and administer the Hotel Relief Program.
9. An accommodation provider will be eligible to receive assistance from the Hotel Relief Grant Program if it: 1) is a provider of an accommodation subject to: the sales and use tax under § 11-102 of the Tax-General Article of the Maryland Code generated for the tax codes 111 or 901; or the accommodations tax imposed by the jurisdiction in which the accommodations provider is located; 2) be in good standing with the State of Maryland; 3) have at least 10 sleeping rooms or if the accommodation is a bed and breakfast establishment as defined under § 9-201 of the Public Safety Article of the Maryland Code, have at least 5 sleeping rooms; 4) demonstrate a reduction in year-over-year gross revenue of at least 25% for the period of September 2021 – January 2022 compared to the gross revenue of September 2019 – January 2020; 5) be open to the public for the provision of accommodations by no later than March 31, 2021.
10. Eligible accommodation providers may receive up to \$500 per key/room based on demonstrated revenue loss from September 2021 – January 2022 compared to September 2019 – January 2020.
11. The Council seeks to augment both the Small Business Rental Assistance Program and Hotel Relief Program through its ARPA allocation.
12. The U.S. Treasury final rule for ARPA funding states that ARPA funds may be used to assist small businesses and impacted industries.

13. A FY 2022 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	\$4,690,000	\$4,690,000	Federal aid

14. This special appropriation is needed to implement this program.
15. 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.
16. 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 FY 2022 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	\$4,690,000	\$4,690,000	Federal aid

This special appropriation must be allocated as follows:

- \$2,000,000 for the Small Business Rental Assistance Program; and
- \$2,690,000 for the Hotel Relief Program.

The \$2,000,000 appropriation for the Small Business Rental Assistance must be prioritized for previously unfunded awardees if the eligible business remains a going concern and in good standing with the State of Maryland. Remaining funding in the \$2,000,000 appropriation, after funding previously unfunded awardees, may be granted to new small businesses that apply and meet the eligibility requirements in Paragraphs 5 and 6 of this resolution. Up to 5% of the \$2,000,000 appropriation may be used for administrative costs associated with implementation of this program.

The \$2,690,000 appropriation for the Hotel Relief Program must be awarded to accommodation providers that meet the eligibility requirements in Paragraphs 9 and 10 of this resolution.

The Council approves an amendment to Council Resolution No. 19-872, Section G, FY22 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 increase an existing contract with the Latino Economic Development Corporation of Washington, D.C. by \$2,000,000. The purpose of the contract will be amended to include: “Provides for rental costs support to eligible small and retail-oriented businesses.”

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

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council