

Resolution No.: 19-718
Introduced: January 19, 2021
Adopted: January 26, 2021

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: Council President at the Request of the County Executive

SUBJECT: Special Appropriation to the Fiscal Year 2021 Operating Budget
Montgomery County Government, Office of the County Executive, Support for
COVID-19 Response – Hotel Relief Grant Program, \$6,232,666 (Source of
Funds: State Aid)

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, 2020 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. On September 18, 2020, Governor Hogan issued State Executive Order 20-09-18-01 that reduced restrictions, subject to local regulations, for all Maryland businesses, including those previously not allowed to open. The County Executive issued Executive Order 114-20 on September 21, 2020 after determining that it was necessary and reasonable to continue to impose limitations on business and personal activities that are more restrictive than those permitted by State Executive Order 20-09-18-01 to prevent the spread of COVID-19. Since the County has remained at a medium risk infection level, the County's Executive Order continued the closure or significant capacity restrictions of many facilities and activities, including those in the tourism industry.

4. Nationwide, the continued efforts to contain the spread of the disease and the disease itself has had a disproportionate negative economic impact on the country's tourism industry. Since the beginning of March, the U.S. travel economy's losses from the COVID-19 pandemic have exceeded \$396 billion according to the U.S. Travel Association. TSA checkpoint throughput on October 6th, 2020 (590,000) was 29% of what it was in 2019 (2.1 million). Leisure and hospitality jobs in the United States in April 2020 were down 48% from April 2019.
5. Montgomery County welcomes 9 million daytrip and overnight visitors annually that leave behind \$18 billion of spending in the local economy. Performance venues, outdoor and indoor sporting facilities, hotels, meeting spaces, and all components of the local tourism industry have experienced millions of dollars of revenue losses due to cancellations during the April-December 2020 timeframe, which has triggered tremendous job losses in the industry.
6. A survey conducted by Visit Montgomery showed that the 36 responding tourism businesses experienced a \$110 million cumulative loss for the April to August 2020 timeframe, with projections for year-end losses to exceed \$200 million. Smith Travel Research reports that August 2020 hotel occupancy in the County was at 32.8%, a 49.9% decrease compared to August 2019. According to the Bureau of Labor Statistics/Center Employment Statistics, Montgomery and Frederick Counties experienced a 44% decline in leisure and hospitality jobs from April 2019 to April 2020, compared to a 11% employment decline in all job losses during the same period.
7. Due to this impact, the County's Hospitality, Culture, Recreation, and Entertainment (HCRE) Recovery Workgroup has recommended approximately \$10 million in support to assist the tourism/hospitality sector of the County's economy.
8. In order to support the recovery of the tourism industry in Montgomery County, a multi-prong approach is needed. The survival of the County's tourism anchor institutions – those facilities that attract an abundance of visitors – through direct financial support is critical to maintaining the County's leisure and hospitality industry and outstanding quality of life. Given the reluctance of consumers to travel and patronize tourist establishments, a program to ensure that hospitality facilities are implementing the best possible health and safety precautions and training is necessary and can be used to promote Montgomery County as a healthy community to visit.
9. The Council through this special appropriation is creating the Hotel Relief Grant Program, to be administered by the Business Advancement team with support from the Conference and Visitor's Bureau of Montgomery County, Maryland, Inc.
10. 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 April 2020 - November 2020 compared to the gross revenue of April 2019 - November 2019; 5) be open to the public for the provision of accommodations by no later than March 31, 2021.

11. Except as provided under subsection below, to ensure grant funding is available for accommodations providers throughout the State, no single accommodations provider shall receive more than the maximum amount stated in Exhibit C of the grant agreement with the State. This amount represents the per room tax revenue generated for 100 rooms.
12. Costs permitted to be funded with grant proceeds from the Program may include: normal operating costs, such as rent, payroll, job training, taxes, debt service, or similar costs or the purchase of PPE, sanitization services, or other COVID-19 related costs.
13. The State grant agreement stipulates that Montgomery County may permit to fund the prior expenses from grant proceeds provided by the State:
 - Montgomery County shall provide two opportunities (“Rounds 1 and 2”) for accommodations providers to submit applications for Eligible Grants under the Program.
 - After receiving applications for Round 1, Montgomery shall promptly determine the eligibility of each applicant for grant funding from the Program, subject to the maximum grant amount described in Section (b)(vii) of the State Agreement.
 - As some accommodations providers located within Montgomery County’s jurisdiction might not meet the requirements for grant funding set forth; grant funds could remain in the Program after the award of grant funding in Round 1. In that case, the Grantee (the County) may accept a second round of applications.
 - For applicants for funding in Round 2 that did not apply for funding in Round 1: those first-time applicants shall receive priority consideration for the remaining Grant Funds.
 - Grant funding requirements for those first-time applicants are the same as those previously specified for Round 1.
 - For applicants that applied during Round 1, were awarded grant funding, and apply again in Round 2:
 - Grant funding in Round 2 will be awarded to applicants on a pro-rata share of remaining Grant Funds in the Program based on the number of rooms the accommodations provider maintains in the jurisdiction.
 - Applicants that were awarded the maximum grant amount described in the State’s Agreement during Round 1 are eligible for additional grant funding from Round 2. These applicants may not be awarded during Round 2 an additional grant amount that exceeds the amount described in Section (b)(vii) of the State’s Agreement.

14. Fiscal Year 2021 Operating Budget 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	\$6,232,666	\$6,232,666	State Funds

15. 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 2021 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	\$6,232,666	\$6,232,666	State Funds

This special appropriation must be used for the Hotel Relief Grant Program under the guidelines describes in paragraphs 8 through 13.

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