



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

AGENDA ITEM #11
November 10, 2020
Public Hearing/Action

SUBJECT

Special Appropriation to the County Government's FY21 Operating Budget, Office of the County Executive - \$5,050,000 for Support for COVID-19 Response - Tourism Stabilization Grant Program, and Amendment to FY21 Operating Budget Resolution 19-472, Section G, Designation of Entities for Non-Competitive Contract Award Status: Conference and Visitors Bureau

EXPECTED ATTENDEES

Tina Benjamin, Office of the County Executive
Kelly Groff, Visit Montgomery

COUNCIL DECISION POINTS & COUNCIL STAFF RECOMMENDATION

- Council staff recommends that the Council amend the action section as follows:

The Council approves the reduced spending of \$5,050,000 in the Economic Development Fund as recommended by the Executive to fund this appropriation.

The Executive may not reduce spending without Council approval; therefore, the Council should explicitly state that it approves the recommended reduction in spending, not implicitly through only approving the new appropriation.

DESCRIPTION/ISSUE

The County Executive requested the subject resolution to create the Tourism Stabilization Grant Program. This grant program will be administered by the Office of the County Executive and will provide grants to eligible non-profit organizations in the tourism industry and fund an accreditation program through Visit Montgomery.

SUMMARY OF KEY DISCUSSION POINTS

- The source of funding is unused appropriation from the Reopen Montgomery Program, which was funded with a Federal Grant.
- The resolution creates the Tourism Anchor Institution Grant Program at \$5,000,000.
- The resolution defines the eligibility criteria for the program.

Specifically, a business qualifies for this program if it: 1) is a nonprofit organization; 2) is tourist-oriented and has a mission that focuses on arts, culture, agriculture and/or recreation; 3) receives operating or capital financial support from the public sector, such support may include a subsidized ground or facility lease; 4) attracted a minimum of 40,000 visitors annually in both

2018 and 2019; 5) under the Governor’s and County Executive’s Executive Orders, was mandated to close or substantially reduce operations due to public health concerns related to COVID 19; and 6) experienced a reduction in revenue due to COVID-19.

- Executive staff provided a copy of the eligibility criteria as well as the application procedure on ©9.
- The resolution also amends Section G of the FY21 Montgomery County Operating Budget resolution, so Visit Montgomery may oversee the \$50,000 accreditation program.

This report contains:

Executive Memo	© #1
CAO Memo	© #3
Proposed resolution	© #5
Program criteria and application procedure	© #9

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

October 16, 2020

TO: Sidney Katz, President
County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Special Appropriation #21-493 to the FY21 Operating Budget
Montgomery County Government, Office of the County Executive,
Tourism Stabilization Grant Program, \$5,050,000

I am recommending a special appropriation to the FY21 Operating Budget of the Office of the County Executive in the amount of \$5,050,000. This appropriation will fund the creation of the County's Tourism Stabilization Grant Program, funding that will be reprogrammed from unused Reopen Montgomery Grant Program monies.

This appropriation is needed because of the severe impact of COVID-19 on Montgomery County's hospitality industry. 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. Smith Travel Research depicts that August 2020 hotel occupancy in the County was at 32.8%, a 49.9% decrease compared to August 2019.

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 – 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.

Based on recommendations from the County's Hospitality, Culture, Recreation and Entertainment (HCRE) Recovery Stabilization Program, Executive branch staff has been working with Councilman Friedson and Visit Montgomery to create the County's Tourism Stabilization Program. The initial components of this initiative will consist of: a) a \$5,000,000 Tourism Anchor Institution Grant Program, to be administered by the Business Advancement Team in the Office of the County Executive; and b) a \$50,000 Global BioRisk Advisory Council (GBAC) STAR Program – a cleaning, disinfection and infectious disease prevention best practices accreditation program – to be administered by the Conference and Visitor's Bureau of Montgomery County, MD, Inc.

The Business Advancement Team in the Office of the County Executive will establish a contract with the Conference and Visitors Bureau of Montgomery County, Maryland, Inc. in the amount of \$50,000 for the purpose of developing requirements and responsibilities for hospitality industry facilities to demonstrate appropriate cleaning, disinfection, and infectious disease prevention work practices, protocols, procedures and systems have been established and implemented.

I recommend that the County Council approve this special appropriation in the amount of \$5,050,000 and specify the source of funds as unused Reopen Montgomery Grant Program. Additionally, I have determined that this action serves a public purpose and is in the public interest. I also 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.

I appreciate your prompt consideration of this action.

ME:tb

Attachment: Special Appropriation #21-493



OFFICES OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

October 16, 2020

TO: Sidney Katz, President.
County Council

FROM: Richard S. Madaleno, Chief Administrative Officer *RSM*

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 Conference and Visitor's Bureau of Montgomery County, Maryland Inc. in the amount of \$50,000 to provide for the creation of a program to ensure that hospitality facilities in the County are implementing the best possible health and safety precautions and training.

The tourism industry has been particularly hard hit by the COVID-19 pandemic on both a national and local level. Smith Travel Research depicts 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.

Given the reluctance of consumers to travel and patronize tourist establishments, a program to ensure that local facilities are implementing the best possible health and safety precautions and training is necessary and can also be used to promote Montgomery County as a healthy community to visit. Therefore, I recommend that a Global BioRisk Advisory Council (GBAC) STAR Program – a cleaning, disinfection and infectious disease prevention best practices accreditation program – be created in the County and administered by the Conference and Visitor's Bureau of Montgomery County MD, Inc. The Conference and Visitor's Bureau is the County's official destination marketing organization and represents the hospitality industry

and its local establishments.

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 Conference and Visitor's Bureau of Montgomery County, Maryland Inc. in the amount of \$50,000. The purpose of this contract will read as follows, "develop requirements and responsibilities for hospitality industry facilities to demonstrate appropriate cleaning, disinfection, and infectious disease prevention work practices, protocols, procedures and systems have been established and implemented."

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.

RSM:ng

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
Lisa Mandel-Trupp, Esq., Chief of Staff to Council President, Montgomery County Council

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Special Appropriation to the Fiscal Year 21 Operating Budget Montgomery County Government, Office of the County Executive, Support for COVID-19 Response - Tourism Stabilization Grant Program, \$5,050,000 (Source of Funds: Unused Reopen Montgomery Grant Funds); and Amendment to Fiscal Year 21 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 October 8, 2020, the Montgomery County Government COVID-19 data dashboard reported 23,923 confirmed cases and 812 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 issued several subsequent Executive Orders with actions that include, but are not limited to, limiting the number of people that can gather, which impacted facilities in the tourism industry such as arts, culture, recreation, and agricultural venues.
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 in order 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 6, 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 depicts 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 Tourism Stabilization Program, whose initial components will consist of: a) Tourism Anchor Institution Grant Program; and b) a Global BioRisk Advisory Council (GBAC) STAR Program – a cleaning, disinfection, and infectious disease prevention best practices accreditation program – to be administered by the Conference and Visitor's Bureau of Montgomery County, Maryland, Inc.
10. A non-profit organization will be eligible to receive assistance from the Tourism Anchor Institution Grant Program if it: 1) is tourist-oriented and has a mission that focuses on arts,

culture, agriculture and/or recreation; 2) receives operating or capital financial support from the public sector, such support may include a subsidized ground or facility lease; 3) attracted a minimum of 40,000 visitors annually in both 2018 and 2019; 4) under the Governor’s and County Executive’s Executive Orders, was mandated to close or substantially reduce operations due to public health concerns related to COVID 19; and 5) experienced a reduction in revenue due to COVID-19.

11. The GBAC STAR Program will be established in Montgomery County and will develop requirements and responsibilities for hospitality industry facilities to demonstrate that appropriate cleaning, disinfection, and infectious disease prevention work practices, protocols, procedures, and systems have been established and implemented. The Conference and Visitors Bureau of Montgomery County, Inc. will manage, promote, and oversee this program on behalf of the County’s tourism industry.

12. A FY21 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	\$5,050,000	\$5,050,000	Unused Reopen Montgomery Grant Funds

Of the amount provided for the County’s Tourism Stabilization Program, \$5,000,000 will be used to implement the Anchor Institution Grant Program and \$50,000 will be used to establish the GBAC STAR Program.

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:

14. A FY21 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	\$5,050,000	\$5,050,000	Unused Reopen Montgomery Grant Funds

This special appropriation must be used for the Tourism Stabilization Program under the guidelines describes in paragraphs 8 through 10. Of the amount provided for the County’s Tourism

Stabilization Program, \$5,000,000 will be used to implement the Anchor Institution Grant Program and \$50,000 will be used to establish the BGAC STAR Program.

This resolution amends Resolution 19-472, Section G, FY21 Designation of Entities for Non-Competitive Award Status to allow the County Executive's Office to enter into a contract with the Conference and Visitor's Bureau of Montgomery County, Maryland Inc., with the purpose to "develop requirements and responsibilities for hospitality industry facilities to demonstrate appropriate cleaning, disinfection, and infectious disease prevention work practices, protocols, procedures and systems have been established and implemented" in the amount of \$50,000.

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

Tourism Anchor Institution Grant Program

Eligibility:

1. Must be a non-profit tourist-related organization whose mission focuses on arts, culture, agriculture and/or recreation.
2. Must receive operating or capital financial support from the public sector; such support may include a subsidized ground or facility lease.
3. Must have attracted a minimum of 40,000 visitors a year in 2018 and 2019 to Montgomery County.
4. Under the Governor's and County Executive Orders, was mandated to close or substantially reduce operations due to public health concerns related to COVID 19.
5. Experienced a reduction in revenue due to COVID-19.

Procedures:

1. An application period will be established with an opening and closing date. All applications must be received within the designated timeframe. Applications to be a fillable PDF with required back-up documentation.
2. Documents that applicants must email for review by staff include:
 - a) The completed, signed .pdf application form
 - b) Articles of Organization
 - c) Documentation confirming Annual Visitor numbers (i.e. brochure, annual report, webpage, etc. confirming visitation numbers as reported to MD Arts Council, Montgomery County or other funding agency)
 - d) 2019 AND 2020 Q2 Quarterly Financial Statements
3. All supporting documentation will be reviewed to determine that the applicant meets the minimum eligibility criteria.
4. If applicant meets the criteria, reviewers will determine the organization's Annual Operating Budget and where they fall in the following categories.

Annual Operating Budget

\$25,000 - \$100,000
\$100,001 - \$250,000
\$250,001 - \$500,000
\$500,001 - \$1,000,000
\$1,000,001 - \$3,000,000
\$3,000,001 +

Grant awards will be made according to the "band/tier" of the organization's annual operating budget. Grant sizes will be based on the number of qualified applications that are received by the deadline. Awardees must be in Good Standing with the State of MD.