



**Committee:** Directly to Council  
**Committee Review:** N/A  
**Staff:** Gene Smith, Legislative Analyst  
**Purpose:** Final action – vote expected  
**Keywords:** COVID-19, economic development

AGENDA ITEM #2N  
December 1, 2020  
**Action**

## SUBJECT

Amendment to Resolution 19-646; Office of the County Executive; COVID-19 Response: Tourism Stabilization Grant Program

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

## DESCRIPTION/ISSUE

Council Vice President Hucker and Councilmember Friedson are sponsoring a resolution to amend Resolution 19-646, the Tourism Stabilization Grant Program. The proposed amendments would allow for-profit businesses to apply for the program and clarify that COVID-related grants or funding does not qualify as public-sector operating support.

## SUMMARY OF KEY DISCUSSION POINTS

- The Council's rules allow the Council to act immediately on an amendment to a previously approved resolution.
- The proposed amendment does not increase the program's funding, but it allows for-profit businesses to apply. These businesses must meet the same criteria already in the program (e.g., must be tourist-oriented, receive operating or capital support from the public sector, attract a minimum of 25,000 visitors in 2018 and 2019, have been mandated to close due to the health emergency, and have experienced a reduction in revenue due to the pandemic).
- The proposed amendment also clarifies that COVID-related grants or funding does not qualify as public sector operating support. This aligns with the current application language on the County's website as the Executive implements the program.

### **This report contains:**

Proposed resolution

© #1-4

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Resolution No.: \_\_\_\_\_  
Introduced: \_\_\_\_\_  
Adopted: \_\_\_\_\_

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: Council Vice President Hucker and Councilmember Friedson

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**SUBJECT:** Amendment to Resolution 19-646; Office of the County Executive; COVID-19 Response: Tourism Stabilization Grant Program

**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 or for-profit business 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 25,000 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. NOTE: COVID-19 related grants and loans (PPP, MD State pandemic-related support, Montgomery County Public Health Emergency Grants, etc.) do not qualify as operating or capital financial support from the public sector.

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.

14. The County Council amended the resolution: 1) to reduce the minimum number of annual visitors in Paragraph 10 from 40,000 to 25,000; and 2) to explicitly approve the County Executive’s recommended reduction in spending in the Economic Development Fund to fund this appropriation.

15. On November 10, 2020, the Council approved Resolution 19-646, 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. The resolution authorized the Office of the County Executive to create and use the funds to provide a grant program for Tourism Anchor Institutions. The resolution limited the grants for non-profit organizations.

16. The Council considered whether the program should be expanded to all businesses, including for-profit businesses, before acting but determined a separate program for these establishments was the preferred approach.

17. Since approval, it was determined that a separate program will not be developed and implemented due to the December 30 deadline for use the Federal funds.
18. Council Vice-President Hucker and Councilmember Friedson recommended amending paragraph 10 to include for-profit businesses and noting that receipt of COVID-19 funding from the public sector does not qualify as operating support from the public sector.

**Action**

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

A FY21 Operating Budget special appropriation is requested for the Office of the County Executive:

| <u>Personnel<br/>Services</u> | <u>Operating<br/>Expenses</u> | <u>Total</u> | <u>Source<br/>of Funds</u>              |
|-------------------------------|-------------------------------|--------------|---|
| \$0                           | \$5,050,000                   | \$5,050,000  | Unused Reopen<br>Montgomery Grant Funds |

This special appropriation must be used for the Tourism Stabilization Program under the guidelines describes in paragraphs 8 through 10, as amended. 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.

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

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.

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Selena Mendy Singleton, Esq.  
Clerk of the Council