



**Committee:** Directly to Council

**Committee Review:** N/A

**Staff:** Gene Smith, Legislative Analyst

**Purpose:** To receive testimony/final action - vote expected

**Keywords:** COVID, Economic development

AGENDA ITEM #7

November 16, 2021

**Public Hearing/Action**

## SUBJECT

Special Appropriation to the FY22 Operating Budget, Montgomery County Government, Office of the County Executive – Online Sales and Telework Grant Program, \$869,733 (Source of Funds: State Grant) and an amendment to FY22 Resolution 19-872, Section G, FY22 Designation of Entities for Non-competitive Award Status – Conference and Visitors Bureau

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

## DESCRIPTION/ISSUE

The Executive requests approval of the subject resolution to implement a State grant that supports businesses recovering from the pandemic (see ©1-5). The grant will assist businesses to develop an online sales framework and/or offer employees telework opportunities. The County will administer the grant program and Visit Montgomery will assist with creating a new business directory, marketing, and business outreach for the program.

## 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 Executive proposes using \$80,000 for administrative purposes and will provide a grant to Visit Montgomery. This \$80,000 grant will allow Visit Montgomery to:
  - Market and conduct business outreach for the grant program; and
  - Create, launch, and manage a new business directory called Discover MoCo on Visit Montgomery's website.
- The remainder of the State grant (\$789,733) will be used for direct grants to eligible businesses. The County will administer the grant program.
- The State grant agreement stipulates eligibility. A business is eligible for this grant if it: 1) was established prior to March 9, 2020; 2) is registered and in good standing with Maryland SDAT; 3) is currently in operation; 4) is physically located in the County; and 5) is registered on the Discover MoCo Business Directory on the VisitMontgomery.com website. Priority consideration will be given to applicants that do not have more than 20 total employees and/or businesses that have

not previously received a COVID-19 Business Relief Grant or Loan from the Maryland Department of Commerce or a grant from the Maryland Department of Labor for the purchase of equipment to assist in the expansion of opportunities for telework.

- The Office of Racial Equity and Social Justice finds that this supplement, as currently proposed, is unlikely to advance racial equity and social justice in the County. See the full racial equity impact analysis on ©6-9.
- Action is tentatively scheduled immediately following the public hearing.

**This report contains:**

Executive memo	© #1-2
Proposed resolution	© #3-5
Racial Equity Impact Analysis by ORE	© #6-9

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OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich  
County Executive

**MEMORANDUM**

November 3, 2021

TO: Tom Hucker, President  
Montgomery County Council

FROM: Marc Elrich, County Executive 

VIA: Richard S. Madaleno, Chief Administrative Officer 

SUBJECT: Special Appropriation #22-18 to the FY22 Operating Budget  
Montgomery County Government, Office of the County Executive and  
Amendment to FY22 Resolution 19-872, Section G, FY22 Designation of Entities  
for Non-competitive Award Status - Conference and Visitor's Bureau  
Online Sales and Telework Grant Program; \$869,733 - State Grant Funds

I am recommending a special appropriation to the FY22 Operating Budget of the Office of the County Executive in the amount of \$869,733 for funds disbursed from the State of Maryland from the American Recovery Act grant for the Online Sales and Telework Grant Program. From this special appropriation, \$789,773 will fund Online Sales and Telework grants to businesses and \$80,000 will be granted to Conference and Visitor's Bureau of Montgomery County, Maryland, Inc. (CVB).

This appropriation is needed to support businesses that have been impacted by COVID-19. The program will provide grants, not to exceed \$10,000, to eligible businesses to assist with an online sales framework and/or offering employees telework opportunities. The County will administer these grants, including application development, reviewing applications, distributing grant proceeds to qualifying applicants, and reporting as required.

In addition, the Special Appropriation #22-18 resolution will update Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Award Status to allow the Office of the County Executive to amend a current noncompetitive award. The action will increase the amount of the award with CVB and amend the award's purpose to allow the organization to perform marketing and business outreach activities for the Online Sales and Telework Grant Program and establish and manage an online business directory. The Chief Administrative Officer has determined that funding for this contract with this entity serves a public purpose and that such an

Tom Hucker, President, County Council

November 3, 2021

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expense would be in the public interest.

I recommend that the County Council approves this special appropriation in the amount of \$869,733 and specify the source of funds as State Grant Funds.

I appreciate your prompt consideration of this action.

ME:sjss

Attachment: Special Appropriation #22-18 to the Fiscal Year 2022 Operating Budget and Amendment to FY22 Resolution 19-872, Section G, FY22 Designation of Entities for Non-competitive Award Status

cc: Richard S. Madaleno, Chief Administrative Officer  
Judith Costello, Special Projects Manager, Office of the County Executive  
Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive  
Michael Coveyou, Director, Department of Finance  
Kelly Groff, President, Visit Montgomery Rockville  
Jennifer R. Bryant, Office of Management and Budget

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

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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By: Council President at the Request of the County Executive

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SUBJECT: Special Appropriation to the Fiscal Year 2022 Operating Budget, Montgomery County Government, Office of the County Executive – Online Sales and Telework Grant Program, \$869,733 (Source of Funds: State Grant) and Amendment to the FY22 Resolution 19-872, Section G, FY22 Designation of Entities for Non-competitive Award Status – Conference and Visitor’s Bureau NDA

**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. The County Executive has requested the following FY22 Operating Budget appropriation increases for the Office of the County Executive:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$869,733	\$869,733	State Grant Funds

3. This appropriation is needed to support businesses who have been impacted by COVID-19. The program will provide grants to businesses to assist with an online sales framework and/or offering employees telework opportunities. In addition, it will update Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Award Status to allow the Office of the County Executive (CEX) to establish a contract amendment with the Conference and Visitor’s Bureau of Montgomery County, Maryland, Inc. (CVB) with the purpose of performing marketing and business outreach activities for the Online Sales and Telework Grant Program and establish and manage an online business directory.
4. Montgomery County, Office of the County Executive has entered into an agreement with the State of Maryland, under the American Rescue Plan Act, for a grant in the amount of

\$869,733 for the Online Sales and Telework Grant Program. The agreement allows for the use of up to 10% of this grant to be utilized to support administrative cost of the program.

5. CVB collaborating with the County's Business Advancement Team, will receive \$80,000 to provide marketing and business outreach activities to promote the Online Sales and Telework Grant Program. In addition, CVB will create, launch, and manage a new business directory, Discover MoCo, on their established website, VisitMontgomery.com.
6. The balance of \$789,733 will be distributed directly in grant amounts not to exceed \$10,000 for eligible businesses. The County will administer these grants, including application development, reviewing applications, distributing grant proceeds to qualifying applicants and reporting as required. An entity will be eligible to receive assistance from the Online Sales and Telework Grant program if it: 1) was established prior to March 9, 2020; 2) is registered and in good standing with Maryland SDAT; 3) is currently in operation; 4) is physically located within Montgomery County; and 5) is registered in the Discover MoCo Business Directory on the VisitMontgomery.com website.

Priority will be given to eligible applicants that: 1) that have not received a COVID-19 Business Relief Grant or Loan from the Maryland Department of Commerce or a grant from the Maryland Department of Labor for the purchase of equipment to assist in the expansion of opportunities for telework; and 2) do not have more than 20 total employees, including part-time employees, excluding the owner.

7. Per the terms of the "Modification to Grant Agreement," the County will administer these grants, including application development, reviewing applications, distributing grant proceeds to qualifying applicants, and reporting as required.
8. 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." The result of this action is to amend FY22 Designation of Entities for Non-Competitive Contract Award status to include a new amendment to the award for Conference and Visitor's Bureau of Montgomery County, Maryland Inc., to perform all the marketing and business outreach activities related to the Online Sales and Telework Grant Program and establish and manage an online business directory.
9. The Chief Administrative Officer has determined that funding for this contract with this entity serves a public purpose and that such an expense would be in the public interest.
10. 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	\$869,733	\$869,733	State Grant Funds

This resolution amends Resolution 19-872, Section G, FY22 Designation of Entities for Non-Competitive Award Status to allow CEX to amend a noncompetitive contract with Conference and Visitor’s Bureau of Montgomery County, Maryland Inc. The CEX will increase the value of a current award with the Conference and Visitor’s Bureau of Montgomery County, Maryland, Inc. by \$80,000 for a new total award of \$1,712,834. Furthermore, the purpose of the award is amended to read: “Provides for promotion of tourism in Montgomery County, perform marketing and business outreach activities for the Online Sales and Telework Grant Program, and establish and manage an online business directory.”

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



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich  
County Executive

Tiffany Ward, Director  
Office of Racial Equity and Social Justice

MEMORANDUM

October 28, 2021

To: Jennifer Bryant, Director  
Office of Management and Budget

From: Tiffany Ward, Director  
Office of Racial Equity and Social Justice 

Re: Supplemental Appropriation: #22-18 Online Sales and Telework Grant

- I. **FINDING:** The Office of Racial Equity Social Justice finds that Supplemental Appropriation #22-18 is unlikely—as currently proposed—to advance racial equity and social justice in the Montgomery County. Providing grant funding to support small businesses' online sales and telework plans is a necessary step in the County's pandemic recovery, however ORESJ cannot conclude that such a program will advance racial equity as there is no evidence that specific approaches or strategies will be used to address the pandemic's disproportionate impact on business owners of color.
- II. **BACKGROUND:** Supplemental Appropriation #22-18 will authorize use of funds from the State of Maryland to provide grant funding to small businesses in the development of their online sales systems and teleworking options for employees. A key feature of this grant program includes the promotion of grantees' businesses on the Discover MoCo online sales platform. Application criteria for the grant program were established by the Maryland Department of Commerce and include:
- Have been established prior to March 9, 2020;
  - Be registered and in good standing with Maryland SDAT;
  - Applicants that have not received a COVID-19 Business Relief Grant or Loan from the Maryland Department of Commerce, or a grant from the Maryland Department of Labor for the purchase of equipment to assist in the expansion of opportunities for telework, will receive priority consideration;



- Currently be in operation; and
- Have a physical location within Grantee's jurisdiction.

Priority will be given to applicants who do not have more than 20 total employees (including part-time employees), excluding the owner. Available information indicates that county staff will administer the grant program, including reviewing applications and disbursing funds to qualifying applicants. Information about this grant opportunity will be available on MCG website, social media channels, and the Business Portal webpage. The Business Advancement Team will host an informational webinar about the grant (one in English and one in Spanish) to explain eligibility requirements and how to apply. The information will also be shared with community business partners, chambers of commerce (geographic and ethnicity specific), and economic development agencies. Available information did not indicate specific outreach targets, strategies, or tactics that would support the prioritization of businesses with fewer than 20 employees or businesses owners of color who have experienced disproportionate impacts from the pandemic.

Impacts of the pandemic on small business owners of color are well documented<sup>1</sup> and continue even as jurisdictions reopen and demand patterns shift. The pandemic has highlighted stark economic and health inequities that will persist and continue to disproportionately affect business owners and workers of color if they are not clearly identified and addressed. Current inequities in access to banking services and business development supports as well as histories of red-lining, employment discrimination, and wage inequality have contributed to few opportunities for and lower levels of wealth accumulation among people of color, an important precondition for business startup and survival. Analysis conducted by researchers at the JP Morgan Chase Institute, show that black and Hispanic-owned businesses face challenges of lower revenues, profit margins, and liquidity<sup>2</sup>. Inequities in educational opportunities and histories of occupational segregation also shape the industries entrepreneurs of color enter. As explained by Farrell, et al., "Education, prior work experience, and personal financial resources—all of which may have been shaped by race—can affect whether individuals start a small business and the types of small businesses they found." As a result, businesses owned by people of color are often concentrated in sectors like retail, accommodations, and personal services, which were particularly vulnerable to the effects of pandemic related stay-at-home orders, social-distancing, and health and safety measures. These factors alone make clear the importance of affordable safe credit and financial products in enabling small businesses owned by people of color to survive and grow. The pandemic has created an environment of even greater financial precarity, thus generating demand for capital with greater flexibility and at low or no cost. In a Color of Change/Global Strategy Group survey covering the period April 30-

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<sup>1</sup> <https://www.forbes.com/sites/rohitarora/2021/01/29/small-business-owners-of-color-continue-to-face-challenges/?sh=2a94d00e58aa>

<sup>2</sup> Farrell, Diana, Chris Wheat, and Chi Mac. 2020. "Small Business Owner Race, Liquidity, and Survival." JPMorgan Chase Institute. <https://www.jpmorganchase.com/corporate/institute/small-business/small-business-owner-race-liquidity-and-survival>.

May 12<sup>th</sup>, 2020, “receiving a grant from a local or state government relief or assistance program” was among the top three supports considered most helpful by business owners of color in the study.<sup>3</sup>

In addition to financial support, targeted technical assistance and coaching is often necessary to support business owners in maximizing financial resources and successfully pivoting operations in response to new market conditions—particularly those created by the pandemic, where demanded became more variable and new health and safety measures were necessary. Poll results published in January 2021 by the Small Business Majority indicate that 30% of Black and AAPI business owners and 29% of Latinx business owners reported changing their business model drastically because of the pandemic; 19% of White business owners reported drastically changing their business model<sup>4</sup>. This disparity highlights potential differences in business development needs among business owners. Overall business owners who responded to the survey, reported that help attracting new customers would be the most useful form of support, followed by building an online presence and improving health and safety<sup>5</sup>. Due to the above-described inequities, business owners of color are often less likely to have access to these and other necessary business supports. Lack of access to business development supports could hinder the potential impact of grant dollars or other investments, if the business owner is unable to quickly and strategically operationalize changes to their business.

Since the early stages of the recovery, there have been important lessons learned about the connection between racial inequities and efficacy of programs in reaching business owners of color and addressing their experiences during the pandemic. Research shows, for example, that the Paycheck Protection Program (PPP), the Federal Government’s most well-known small business relief programs consisting of forgivable loans intended to function like grant dollars, was not designed or implemented in a way that effectively reached smaller of firms or firms owned by people of color<sup>6</sup>. Even when business owners of color received PPP funding, they were less likely to report receiving the full amount requested<sup>7</sup>. In January 2021, the Small Business administration released a report that suggests the overwhelming majority of approved loans (among borrowers who reported their race/ethnicity) went to white business owners<sup>8</sup>. A recent article in Forbes explained how the SBA attempted to redress some shortcomings of the PPP program by providing Community Development Financial Institutions (CDFIs) access to the latest round of PPP funding a week prior to opening the window to all other approved PPP

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<sup>3</sup> Prepared by Global Strategy Group for Color of Change and Unidos US. *Federal Stimulus Survey Findings*” Slide 7: In order to survive, small business owners need grants and other forms of assistance from the federal government” <https://theblackresponse.org/wp-content/uploads/2020/05/COC-UnidosUS-Abbreviated-Deck-F05.13.20.pdf>.

<sup>4</sup> <https://smallbusinessmajority.org/sites/default/files/research-reports/COVID-19-national-small-business-poll.pdf>

<sup>5</sup> <https://smallbusinessmajority.org/sites/default/files/research-reports/COVID-19-national-small-business-poll.pdf>

<sup>6</sup> Policy Link. “10 Priorities for Advancing Racial Equity Through the American Rescue Plan A Guide for City and County Policymakers”. Accessed at: <https://www.policylink.org/resources-tools/american-rescue-plan-10-priorities>

<sup>7</sup> <https://smallbusinessmajority.org/sites/default/files/research-reports/COVID-19-national-small-business-poll.pdf>

<sup>8</sup> [https://www.sba.gov/sites/default/files/2021-01/PPP\\_Report\\_2021\\_01\\_24-508.pdf](https://www.sba.gov/sites/default/files/2021-01/PPP_Report_2021_01_24-508.pdf)

lenders<sup>9</sup>. By prioritizing access for CDFIs, it was envisioned that the program would be more likely to reach smaller businesses and businesses owned by people of color—the customer base of many CDFIs. This adjustment demonstrates how applying a racial equity lens to disparities in resource access can help to expand opportunity to those who have faced disproportionately negative impacts during the pandemic.

cc: Ken Hartman, Director, Strategic Partnerships, Office of the County Executive  
Judith Costello, Special Projects Manager, Office of the County Executive  
Nicole Gyapong, Administrative Coordinator, Office of the County Executive  
Veronica Jaua, Analyst, Office of Management and Budget

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<sup>9</sup> <https://www.forbes.com/sites/rohitara/2021/01/29/small-business-owners-of-color-continue-to-face-challenges/?sh=2a94d00e58aa>