



**Committee:** Directly to Council  
**Committee Review:** N/A  
**Staff:** Gene Smith, Legislative Analyst  
**Purpose:** To receive testimony/final action - vote expected  
**Keywords:** Economic Development, Conference Center

AGENDA ITEM #12  
February 8, 2022  
**Public Hearing/Action**

## SUBJECT

Special appropriation to the County Government's FY22 Operating Budget, Conference Center Non-Departmental Account, \$1,920,000

## EXPECTED ATTENDEES

None

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

## DESCRIPTION/ISSUE

The Executive requests this special appropriation to support operating expenses of the Montgomery County Conference Center (see ©1-6). The Council previously approved a \$1.5 million appropriation to address any revenue shortfalls in July 2020 and \$2.5 million in January 2021. Due to the ongoing pandemic, another appropriation is required. The County owns the property jointly with the State, and the management agreement with Marriott requires that the County cover operating losses in an event the property does not generate a profit.

## SUMMARY OF KEY DISCUSSION POINTS

- Since its opening in 2004, the County has received a profit from the center's operations. Most years the profit is in the range of \$1.4 million to \$1.9 million per the Executive's transmittal.
- The Conference Center's operations were restricted due to State and County health regulations in 2020. Based on cancellations due to the omicron variant, the Conference Center estimates a loss through the remainder of FY22 (see ©4-6).
- Action is tentatively scheduled immediately following the public hearing.

### **This report contains:**

Executive transmittal	© #1
Proposed resolution	© #2-3
Conference Center Budget Forecast	© #4-6

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
County Executive

MEMORANDUM

January 21, 2022

TO: Gabe Albornoz, President, County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Special Appropriation #22-46 to the FY22 Operating Budget  
Montgomery County Government  
Montgomery County Conference Center Non-Departmental Account: \$1,920,000

I am recommending a special appropriation to the FY22 Operating Budget of the Conference Center Non-Departmental Account within the Office of the County Executive, Business Advancement Team, in the amount of \$1,920,000 to support the working capital needs of the Montgomery County Conference Center. These funds will provide for nominal essential operating expenses for the Conference Center until it can return to profitability and resume contributing its net profits back to the County's General Fund.

The Conference Center was closed due to the COVID-19 pandemic but is now open. However, the operation continues to be impacted by insufficient revenue to cover expenses due to recent surges in COVID-19. The current worst-case scenario, prepared by Marriott, supports a need of \$1,920,000 to ensure the property has adequate cash on hand through June 30, 2022.

I recommend that the County Council approve this special appropriation in the amount of \$1,920,000 and specify the source of funds as General Fund Undesignated Reserves. This special appropriation will reduce County General Fund Undesignated Reserves by \$1,920,000 and is consistent with the fund balance policy for tax supported reserves.

I appreciate your prompt consideration of this action.

ME:rs

Enclosure: Special Appropriation #22-46

cc: Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive  
Jennifer R. Bryant, Director, 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 FY 2022 Operating Budget, Montgomery County Government, Conference Center Non-Departmental Account, \$1,920,000

**Background**

1. Section 308 of the Montgomery County Charter provides that a special appropriation: (a) may be made at any time after public notice by news release; (b) must state that the special appropriation is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest; (c) must specify the revenues necessary to finance it; and (d) must be approved by no fewer than six members of the Council.
2. The County Executive has requested the following FY22 special appropriation for the Conference Center Non-Department Account:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$1,920,000	\$0	\$1,920,000	General Fund Undesignated Reserve

3. The special appropriation is needed to fund essential costs of the Conference Center until it can return to profitability. It was closed due to the COVID-19 pandemic and is now open but unable to generate sufficient revenue to produce a profit.
4. The County Executive has requested a special appropriation to the FY22 Operating Budget in the amount of \$1,920,000 for the Conference Center Non-Departmental Account. The source of funds will be the General Fund Undesignated Reserves.
5. Notice of a 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 Conference Center Non-Departmental Account is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$1,920,000	\$0	\$1,920,000	General Fund Undesignated Reserve

The County Council declares that this action is necessary to meet an unforeseen disaster or other emergency and that this appropriation is needed to meet that emergency.

This is a correct copy of Council action.

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Selena Mendy Singleton, Esq.  
Clerk of the Council



# Bethesda North Marriott Hotel & Conference Center

January 10<sup>th</sup> 2022

# Cash Flow Projection – Jan'22 to June'22

<b><u>Cash in hand (as of 12.31.2021)</u></b>		<b>\$1,522,318</b>
<b>Minus ( Advance deposits - Refundable to Guests)</b>		<b>(\$722,841)</b>
<b>Trade Payables</b>		<b>(\$317,276)</b>
<b><u>NOI (Jan-June'22 ) Worst care Scenario</u></b>		<b>(\$1,436,667)</b>
<b><u>2020-21 Approved Capex Projects</u></b>		
a) Pumps and water Treatment		<b>(\$27,000)</b>
b) UPS System		<b>(\$7,500)</b>
d) \$ 0-20K Discretionary		<b>(\$25,000)</b>
<b><u>Siemens Energy Savings Cost (net of Pepco Rebate)</u></b>		<b>(\$43,365)</b>
<b><u>2022 Capex Projects</u></b>		
a) Kitchen Redo		<b>(\$250,000)</b>
b) Air Handling Units and Excaust fans		<b>(\$275,000)</b>
c) Fire Alarm system		<b>(\$67,500)</b>
d) Plate & Fram Heat Exchanger		<b>(\$27,500)</b>
e) Banquet Equipment (M/S/E)		<b>(\$50,000)</b>
f) Point of Sales System		<b>(\$45,500)</b>
g) Back Office Network - LAN		<b>(\$14,000)</b>
h) Exterior Buidling Other (Loading Dock Net)		<b>(\$12,500)</b>
i) \$ 0-20 K Discretionary		<b>(\$113,067)</b>
<b>Net Cash</b>		<b>(\$1,912,398)</b>

# 2021-2022 Projections (Worst Case scenario)

Bethesda North Marriott Hotel and Conference Center							
Conference Center Only (Montgomery County)							
2022 Forecast (Worst case scenario)							
	TOTAL 2022 - Jan- June	2022					
		JANUARY Forecast	FEBRUARY Forecast	MARCH Forecast	APRIL Forecast	MAY Forecast	JUNE Forecast
<b>Sales</b>							
Garage	107,750	3,125	7,125	9,925	27,536	29,967	30,072
Restaurants	395,639	24,189	35,450	83,098	116,485	76,852	59,565
Lounge	8,439	1,170	1,195	1,260	1,320	1,702	1,793
Audio Visual	112,046	11,178	13,863	21,958	38,750	21,087	5,212
Banquet	791,648	26,825	111,881	148,985	318,348	94,868	90,741
Total F&B	1,307,773	63,361	162,388	255,302	474,902	194,509	157,311
Misc. Income	40,196	368	3,212	7,753	15,908	7,470	5,485
<b>Total Sales</b>	<b>1,455,719</b>	<b>66,854</b>	<b>172,725</b>	<b>272,980</b>	<b>518,346</b>	<b>231,946</b>	<b>192,868</b>
<b>Profit</b>							
Garage	15,557	(3,620)	(905)	3,467	11,791	3,327	1,497
Restaurants	112,206	2,108	(1,402)	36,685	36,678	31,928	6,209
Lounge	(7,522)	(2,658)	(1,477)	(952)	(2,170)	(1,874)	1,610
Audio Visual	106,444	10,619	13,170	20,860	36,812	20,032	4,951
Banquet	408,039	(2,164)	61,375	67,912	212,080	41,203	27,633
Kitchen	(461,845)	(23,642)	(48,461)	(81,056)	(154,449)	(82,556)	(71,680)
Total F&B	157,322	(15,737)	23,204	43,448	128,951	8,733	(31,277)
Other	40,196	368	3,212	7,753	15,908	7,470	5,485
<b>Total Dept Profit</b>	<b>213,075</b>	<b>(18,990)</b>	<b>25,511</b>	<b>54,669</b>	<b>156,650</b>	<b>19,530</b>	<b>(24,295)</b>
	<b>14.6%</b>	<b>-28.4%</b>	<b>14.8%</b>	<b>20.0%</b>	<b>30.2%</b>	<b>8.4%</b>	<b>-12.6%</b>
<b>Undistributed Operating Expenses</b>							
Administrative	531,385	77,394	72,437	98,263	85,464	94,037	103,790
Information & Telecom Serv.	79,956	13,836	21,844	9,449	13,411	11,059	10,357
Utilities	258,619	43,125	40,027	48,197	46,585	40,929	39,756
Property Ops & Maintenance	243,103	36,698	38,222	39,501	45,167	37,162	46,354
CTR	26,686	2,658	2,657	2,657	13,399	2,657	2,657
S&M	372,742	51,805	56,020	68,587	63,872	64,673	67,784
<b>Total Undistributed Operating Expenses</b>	<b>1,512,490</b>	<b>225,515</b>	<b>231,208</b>	<b>266,654</b>	<b>267,897</b>	<b>250,518</b>	<b>270,698</b>
<b>Gross Operating Profit</b>	<b>(1,299,416)</b>	<b>(244,505)</b>	<b>(205,697)</b>	<b>(211,985)</b>	<b>(111,247)</b>	<b>(230,988)</b>	<b>(294,993)</b>
	<b>-89.3%</b>	<b>-365.7%</b>	<b>-119.1%</b>	<b>-77.7%</b>	<b>-21.5%</b>	<b>-99.6%</b>	<b>-153.0%</b>
<b>Non Operating Inc &amp; Expenses</b>							
Equipment Rental	6,594	1,099	1,099	1,099	1,099	1,099	1,099
Management Fee	43,672	2,006	5,182	8,189	15,550	6,958	5,786
Insurance/Tax	14,200	1,654	939	2,267	3,183	3,737	2,420
Ground Rent	-	-	-	-	-	-	-
Replacement Reserve (FFE) 5%	72,786	3,343	8,636	13,649	25,917	11,597	9,643
<b>Total Non Operating Inc &amp; Expenses</b>	<b>137,252</b>	<b>8,101</b>	<b>15,856</b>	<b>25,204</b>	<b>45,750</b>	<b>23,392</b>	<b>18,948</b>
<b>Net House Profit</b>	<b>(1,436,667)</b>	<b>(252,606)</b>	<b>(221,553)</b>	<b>(237,189)</b>	<b>(156,997)</b>	<b>(254,380)</b>	<b>(313,942)</b>
The foregoing financial information is based upon a variety of assumptions and estimates. These assumptions and estimates may be subject to significant uncertainties and Inc. and its affiliated companies. There can be no assurance that the projections stated will be realized. Actual results may vary significantly from those shown.							

