



Committee: PHED
Committee Review: Completed
Staff: Gene Smith, Legislative Analyst
Purpose: To receive testimony/final action - vote expected
Keywords: EDF, economic development

AGENDA ITEM #11
July 7, 2020
Public Hearing/Action

SUBJECT

Supplemental appropriation to the County Government's FY21 Operating Budget, Department of Finance, Economic Development Fund, Support for COVID-19 Response – Reopen Montgomery, \$14,000,000

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Planning, Housing, and Economic Development Committee's recommendation will be available on Monday, July 6, 2020 after its review.

DESCRIPTION/ISSUE

The subject resolution supports the creation of Reopen Montgomery. This grant program will be administered by the Department of Finance through the Economic Development Fund and will provide reopening grants for County businesses that incur reopening expenses to comply with State and County health regulations following the COVID-19 health crisis.

SUMMARY OF KEY DISCUSSION POINTS

- The source of funding is a combination of Federal grants at approximately \$10 million and unused appropriation from the Public Health Emergency Grant Program at approximately \$4 million.
- The maximum grant award is \$5,000 per eligible business.

This report contains:

Staff memorandum to the committee
Proposed resolution

1-2
© #1

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MEMORANDUM

July 1, 2020

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Gene Smith, Legislative Analyst

SUBJECT: Special Appropriation creating Reopen Montgomery Program

PURPOSE: Make recommendation for the Council

Those expected for this worksession:

Jerome Fletcher, Assistant Chief Administrative Officer, Office of the County Executive
Tina Benjamin, Special Projects Manager, Office of the County Executive
Mike Coveyou, Director, Department of Finance

The PHED committee will review the special appropriation introduced on June 23, 2020 to create the Reopen Montgomery Program. The public hearing and action are tentatively scheduled for July 7, 2020. Should new information be presented at the public hearing, the committee can determine if further review is required before action.

The Reopen Montgomery Program will provide grants to County businesses and non-profit organizations that incur reopening expenses to comply with new State and County health regulations due to the COVID-19. The total appropriation is \$14 million which will come from two sources. The first source includes approximately \$4 million in unused Public Health Emergency Grant funds, and the second source includes approximately \$10 million in Federal grants from the Coronavirus Aid, Relief and Economic Stability Act funding. The program is designed for all County businesses and non-profit organizations that meet the following criteria:

- Must have its physical location(s) only in the County; or its County-based locations must account for more than 50% of its total number of employees or more than 50% of its gross sales;
- Must employ 100 or fewer full-time-equivalent employees;
- Must not have already received financial assistance from the County for reopening expenses related to the COVID-19 health crisis; and

- Must incur “Reopening Reimbursable Expenditures” between March 16, 2020 and 30 days following the date when the County starts Phase 3 reopening.

Reopening Reimbursable Expenditures are further defined in Paragraph 9 of the attached resolution (see ©2). The list includes items such as Personal Protective Equipment, materials to create barriers, dividers, protected areas, contactless payment systems, cleaning supplies, signage, outdoor furniture, and disposable food containers and utensil. As stated in the resolution, allowable expenses are not limited to only those listed; rather, the list is illustrative of the types of expenses the Council supports reimbursing. The maximum award available to businesses and non-profit organizations through Reopen Montgomery is \$5,000.

The resolution provides guidance on the general structure of the program. Implementation of the program will be executed by Executive staff. Due to time constraints with this memorandum, Executive staff were unable to provide additional details about implementation but are prepared to discuss these details with the committee during the worksession. Below are the general questions about implementation that would aid the PHED Committee in its review of the program’s implementation.

- Application process. How will businesses apply? Who will manage this aspect of the process? How long will it take to begin taking applications?
- Award process. Will it be first-come, first-served, lottery, or some other alternative?
- Reopening Reimbursable Expenditures. Does Executive staff plan to have an exhaustive list of what is or is not eligible, given the general parameters in the resolution? If not, how will expenses be verified for eligibility?
- Timing generally. How long before applications open, before businesses or non-profit organizations are notified, before grants are processed, etc.?

Councilmembers may amend the resolution to provide further guidance, if necessary, to Executive staff for implementation based on today’s discussion or the public hearing.

This packet contains:
Proposed Resolution

Circle #
1

Resolution No.: _____
Introduced: June 23, 2020
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

Lead Sponsor: County Council

SUBJECT: Special Appropriation to the Fiscal Year FY21 Operating Budget
Montgomery County Government, Economic Development Fund, Support for
COVID-19 Response – Reopen Montgomery, \$14,000,000 (Source of Funds:
Federal Grant Funds and Unused Public Health Emergency Grant Funds)

Background

1. Section 308 of the 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. A new coronavirus disease, named COVID-19, appeared in China in December 2019 and spread extremely quickly. On March 11, 2020, the World Health Organization declared the disease a pandemic. The April 11, 2020 situation report from the World Health Organization stated that the number of confirmed cases worldwide has exceeded 1.6 million, (approximately 1.5 million more than 1 month earlier). As of June 16, 2020, there were 13,734 cases and 658 deaths in Montgomery County.
3. To slow the spread of the disease, Governor Hogan declared a State of Emergency 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; closing senior centers and adult medical day care programs; limiting the number of people that can gather; and closing all gyms, movie theaters, and bars and restaurants (excluding carryout and delivery service).
4. The efforts to contain the spread of the disease and the disease itself continues to have a crippling impact on Montgomery County's local business community and non-profit organizations.
5. The County has begun reopening in phases, with each phase limiting the types of

businesses and the operations of businesses to continue to contain the spread of COVID-19. The Council approved Executive Order 070-20 on May 29, 2020 to begin Phase 1 of reopening the County’s economy. The Council approved Executive 082-20 on June 16, 2020 to begin Phase 2 of reopening.

6. County businesses will incur additional expenses to comply with the State and County’s reopening requirements to prevent the spread of COVID-19 and maintain public health.
7. The Council through this special appropriation is creating the Reopen Montgomery to reimburse businesses and non-profit organizations for expenses incurred to reopen and comply with the State and County’s public health requirements.
8. A business or non-profit organization is eligible to receive assistance from the Reopen Montgomery if it: 1) has its physical location(s) only in the County; or its County-based locations account for more than 50% of the business’s total number of employees or 50% of the business’s gross sales; 2) employs 100 or less full-time-equivalent employees; 3) has not received financial assistance from the County for reopening expenses related to the COVID-19 health crisis; and 4) has incurred “Reopening Reimbursable Expenditures,” as defined in Paragraph 9, between March 16, 2020 and 30 days following the date when the County starts Phase 3 reopening.
9. Reopening Reimbursable Expenditures are expenses incurred during reopening to comply with Maryland and Montgomery County COVID-19 health regulations. Allowable expenses include but are not limited to the following: Personal Protective Equipment, materials to create barriers, dividers, protected areas, contactless payment systems, cleaning supplies, signage, outdoor furniture, and disposable food containers and utensils.
10. Each eligible business and non-profit may be awarded a grant up to \$5,000 for Reopening Reimbursable Expenditures. The actual grant will be based on actual, verified expenditures for each business and non-profit organization.
11. A FY21 Operating Budget special appropriation is requested for the Economic Development Fund:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$14,000,000	\$14,000,000	Federal Grant Funds and Unused Public Health Emergency Grant Funds

12. This special appropriation is needed to implement the Reopen Montgomery.
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:

A special appropriation to the FY21 Operating Budget for the Montgomery County Economic Development Corporation Non-Departmental Account:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$14,000,000	\$14,000,000	Federal Grant Funds and Unused Public Health Emergency Grant Funds

This special appropriation must only be used for the Reopen Montgomery under the guidelines described in paragraphs 8 through 10.

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



Committee: PHED
Committee Review: Completed
Staff: Gene Smith, Legislative Analyst
Purpose: To receive testimony/final action - vote expected
Keywords: EDF, economic development

AGENDA ITEM #11
July 7, 2020
Addendum

SUBJECT

Supplemental appropriation to the County Government's FY21 Operating Budget, Department of Finance, Economic Development Fund, Support for COVID-19 Response – Reopen Montgomery, \$14,000,000

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Planning, Housing, and Economic Development Committee recommended approval of the subject resolution with two amendments. The amended resolution is on ©1-3, and the two amendments are:
 - a. Specifically state that businesses that receive funding from the Arts COVID-19 Relief Fund, COVID-19 Early Care and Education Initiative Recovery Fund, or 3R Initiative are not eligible for funding from Reopen Montgomery.
 - b. Specifically state that Executive staff will implement the program based on a rolling random lottery system.

DESCRIPTION/ISSUE

The subject resolution supports the creation of Reopen Montgomery. This grant program will be administered by the Department of Finance through the Economic Development Fund and will provide reopening grants for County businesses that incur reopening expenses to comply with State and County health regulations following the COVID-19 health crisis.

SUMMARY OF KEY DISCUSSION POINTS

This report contains:

Proposed resolution as amended by the PHED Committee

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Resolution No.: _____
Introduced: June 23, 2020
Adopted: _____

**COUNTY COUNCIL
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Lead Sponsor: County Council

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7. The Council through this special appropriation is creating the Reopen Montgomery to reimburse businesses and non-profit organizations for expenses incurred to reopen and comply with the State and County’s public health requirements.
8. A business or non-profit organization is eligible to receive assistance from the Reopen Montgomery if it: 1) has its physical location(s) only in the County; or its County-based locations account for more than 50% of the business’s total number of employees or 50% of the business’s gross sales; 2) employs 100 or less full-time-equivalent employees; 3) has not received financial assistance from the County’s [for reopening expenses related to the COVID-19 health crisis] Arts COVID-19 Relief Fund, COVID-19 Early Care and Education Initiative Recovery Fund, or 3R Initiative; and 4) has incurred “Reopening Reimbursable Expenditures,” as defined in Paragraph 9, between March 16, 2020 and 30 days following the date when the County starts Phase 3 reopening.
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10. Each eligible business and non-profit may be awarded a grant up to \$5,000 for Reopening Reimbursable Expenditures. The actual grant will be based on actual, verified expenditures for each business and non-profit organization.
11. Executive staff will review applications based on a rolling random lottery system.

12. A FY21 Operating Budget special appropriation is requested for the Economic Development Fund:

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Action

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This special appropriation must only be used for the Reopen Montgomery under the guidelines described in paragraphs 8 through [10]11.

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