

February 22, 2021

By E-mail

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West, Miller Senate Building
Annapolis, MD 21401

RE: Critical Amendment to Small Business COVID-19 Relief Act of 2021 (the “Act”) is needed to protect hundreds of high-quality jobs at BWI Thurgood Marshall Airport (“BWI”)

Dear Chairman Guzzone,

The signatories to this letter are concessionaires at BWI, who collectively employ hundreds of Maryland residents in high-quality jobs. We are writing you to express our strong support for W/Amendment SB 772- Small Business COVID-19 Relief Act of 2021 (the “Airport Amendment”). The Airport Amendment would offer extensions of subleases at BWI by up to five years, **giving businesses at the State’s flagship airport a chance to navigate and recover from the devastating impact of the COVID-19 pandemic.**

To date, Fraport and the Maryland Aviation Administration have provided much needed rent relief and have proposed a universal two-year lease extension which provides some tenants with leases through December 2027, which is appreciated. For those with leases expiring prior to December 2025, however, longer-term lease extensions, up to five years, providing *all tenants* with extensions that take them through 2027, and *allow all concessionaires the same opportunity* to recoup losses that have been incurred, and will continue to be incurred until passenger traffic returns to pre-pandemic levels. Accordingly, the Airport Amendment is a critical legislative solution for the BWI airport concessionaire community, including employees, airport patrons, and the State of Maryland. Here is some important background:

- 1. Decimated Passenger Traffic Has Led to Millions of Dollars of Losses.** Airport concessionaires have been devastated by the COVID-19 pandemic and the associated decrease in enplanements and passenger traffic (currently down 65%-70% relative to 2019). This loss of passenger traffic has driven down revenue since the beginning of the pandemic (now approaching a full year) and has resulted in millions of dollars of losses.
- 2. The Employees and Entire Community at the State’s Flagship Airport are Harmed.** These long-term losses threaten the viability of concessionaire operations and therefore the jobs and livelihoods of airport employees, the investment and efforts of concession owners, the travel experience of airport patrons at BWI, and the revenue received by the State.
- 3. Rent Relief and Short-Term Extension aren’t Sufficient; Longer-Term Lease Extensions Needed.** The rent relief provided to date, and the universal *short-term* extension proposed by the Maryland Aviation Administration, while appreciated, aren’t sufficient for concessionaires with leases expiring prior to December 2025 to offset these devastating long-term losses and provide the cash needed to continue operations. For those with leases expiring prior to December 2025, longer-term lease extensions providing all tenants with extensions that take them through 2027 are needed to level the playing field and allow concessionaires an opportunity to recoup losses that have been incurred and will continue to be incurred for years to come. All industry sources indicate that airline travel is not expected to return to pre-pandemic levels for **at least three years**. Moreover, longer-term lease extensions also provide the ability to secure capital to fund ongoing losses.
- 4. Longer-Term Lease Extension is a No-Cost Solution; Inaction is Costly.** A longer-term lease extension costs the State no money, while inaction will lead to further concessionaire closures, depriving the State of much needed revenue provided by experienced operators once travel resumes, and leading to significant further job losses at the airport.

5. Lease Extensions Have Worked for Other Airports. Other airports (e.g., Atlanta and Minneapolis-St. Paul), at the early stages of the pandemic put together similar economic support packages for concessionaires that include longer-term lease extensions that help ensure concessionaire viability as well as allow concessionaires to realize the potential of their investment and efforts once the pandemic is over.

This matter needs your urgent attention, as concessionaires cannot continue to lose money at such an incredible rate without assurance of a long-term post-pandemic future at BWI. We ask that as the Budget and Taxation Committee considers the Act, they favorably consider the addition of the Airport Amendment. Of course, we would appreciate the opportunity to speak with you as soon as possible. Please let us know a time that works for you.

Sincerely,

Silver Diner, Inc.

- 1) Creative Foods- 3 locations
 - Phillips Seafood - Local Maryland based
 - Sir Veza's Kitchen
 - Market Express
- 2) On Site Retailers - ACDBE 4 locations and partners in 3 others
 - Onsite News - 2 locations
 - Pinkberry Frozen Yogurt
 - Charm City Market
- 3) CRC Restaurants - Obryki's ACDBE Local owners 3 locations
 - Obryki's A
 - Obryki's B
 - R&R Seafood
- 4) Sky's the Limit of Maryland - Local 3 Locations
 - 2 Auntie Anne's Pretzel
 - 1 Auntie Anne's Pretzel