

February 23, 2021

The Honorable Anne Kaiser
House Ways and Means Committee
Chairwoman Anne Kaiser
Room 131
House Office Building
Annapolis, Maryland 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 Chairwoman Anne Kaiser

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 HB 1014 - 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. See attached article from the Wall Street Journal documenting the 3 year time frame for industry recovery. Delta customer surveys forecast around 70% of pre-pandemic corporate travel will resume by 2023.

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/Cinnabon
- 5) D and D Food Company LLC/Star Global Hospitality - ACDBE 3 Locations
 - Arby's
 - 2 - Gachi Sushi
- 6) SUSDEWITT - ACDBE 2 locations
 - McDonalds - A/B
 - McDonalds - D
- 7) Travel Retail Solutions - 2 Locations
 - BGR The Burger Joint
 - Nature's Kitchen Fresh Café
- 8) Silver Diner Inc

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/covid-19-pandemics-impact-on-business-travel-hitting-local-economies-11610879401>

U.S. ECONOMY

Covid-19's Blow to Business Travel Is Expected to Last for Years

Local jobs and economies take the brunt from the decline in corporate trips and conferences



International air travel, including that at Miami International Airport, seen in December, is down 90% through November compared with 2019.

PHOTO: JOE RAEDLE/GETTY IMAGES

By [Doug Cameron](#) and [Eric Morath](#)

Updated Jan. 17, 2021 9:23 am ET



Listen to this article

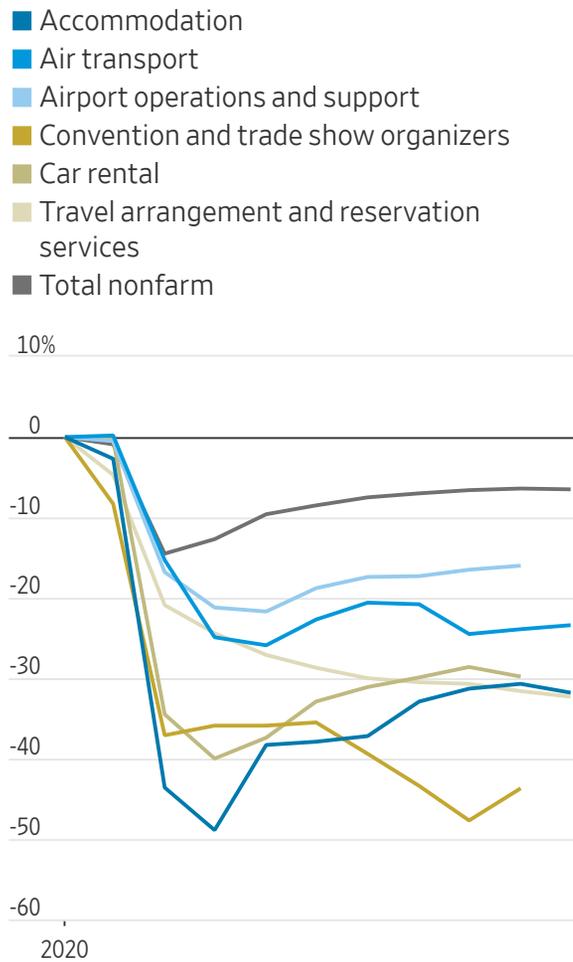
8 minutes

The coronavirus pandemic delivered a lingering, and possibly permanent, hit to business travel that is likely to weigh on employment and economic growth in some communities for years.

Beyond the blows to airlines, hotels, travel agents and rental-car companies, the drop in business travel is rippling through whole ecosystems of related commerce, including airport shops, downtown bars and restaurants, construction companies building convention stages, entertainers, taxi drivers and aircraft-parts manufacturers.

Domestic and international business travelers in the U.S. directly spent \$334.2 billion in 2019, supporting 2.5 million jobs, according to the U.S. Travel Association. But when considering the follow-on effects, it estimates the economic output and jobs supported by business travel were roughly double those figures before the pandemic.

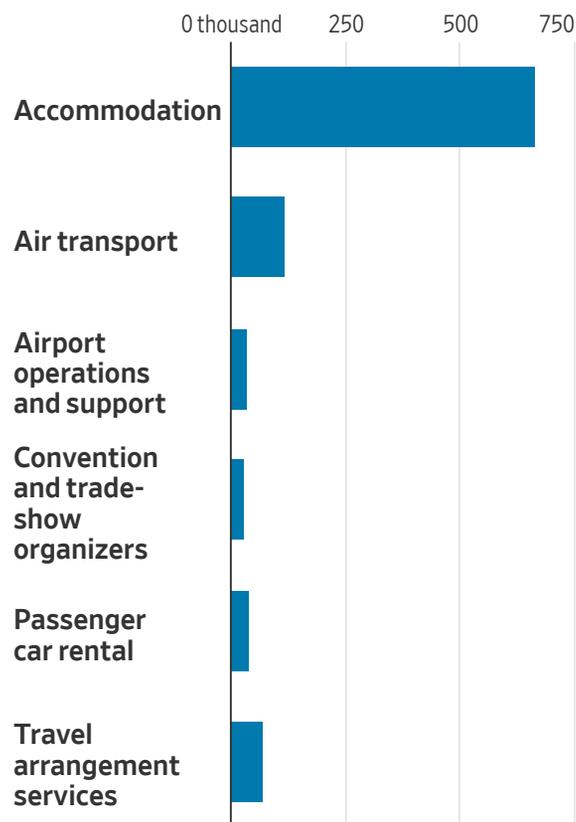
Change in employment for select travel-related sectors, from February 2020



Note: Seasonally adjusted
Source: Labor Department

Job Losses

Decline in employment from Feb. 2020 in select travel-related sectors



Note: Seasonally adjusted; Airport operations, convention organizers and car rental reflect job losses through November 2020, others through December 2020

Source: Labor Department

“When a large convention or event is happening, the entire city is involved,” said Tori Emerson Barnes, the association’s head of public affairs and policy. “The florist that provides the flowers, the dry cleaners that prepare the linens, the coffee shop that serves travelers. Whole downtown areas have been revitalized due to the meeting and events business, and they’ve really struggled this past year.”

When global restrictions to control the spread of Covid-19 were put into place last spring, businesses and road-warrior workers were forced to adjust, making sales calls and attending board meetings through videoconferences rather than on-site visits, and adapting to virtual training and networking instead of conference-center seminars.

Executives learned that remote work, to a degree, was more possible than they previously envisioned, which could lessen the need for some types of business travel in the future, even after vaccines conquer the coronavirus. And some companies stung by the pandemic’s economic effects may be slashing travel budgets to compensate for years of lower revenue.

Delta Air Lines Inc. Chief Executive Ed Bastian this past week said on an investor call that the airline's recent customer surveys forecast around 70% of pre-pandemic corporate travel will resume by 2023, including international trips.

In the near term, the travel business still faces painful adjustments. "Perhaps by the end of 2021, our assessment is that domestic business could be in the range of down 50% to 60%" from the pre-pandemic level, Southwest Airlines Co. CEO Gary Kelly said at an industry conference last month.

The job losses have already been severe. About one million travel-related jobs have been lost since February, according to the Labor Department, including more than 600,000 hotel positions and 120,000 airline and related staff. Also cut were thousands of positions in fields ranging from restaurants to aerospace manufacturing to convention-center operations.



Frank Culbertson was laid off from his job as an event custodian at the Oregon Convention Center in Portland.

PHOTO: FRANK CULBERTSON

Frank Culbertson, 62 years old, was laid off in March from his job as an event custodian at the Oregon Convention Center in Portland. He said it was a well-paying job he enjoyed, building stages, arranging seating, cleaning and directing visitors at events ranging from the Grand Prix of Portland race to trade shows to country music concerts.

His last day of work was March 16, when Oregon's Gov. Kate Brown, a Democrat, banned gatherings of more than 25 people. "Most everyone assumed it would be two months, max," Mr. Culbertson said. Events aren't expected to be scheduled at the center until the fall, and Mr. Culbertson said his union warned not to expect a return to the normal slate of events until 2023 or 2024.

"The international convention business has just evaporated," he said.

To get by, Mr. Culbertson applied for food assistance and public health care offered by the state. He has been unable to find employment, outside of a few shifts cleaning the convention center when it served as a shelter for wildfire victims last year. That has curtailed his ability to spend at locally owned shops he liked to frequent.

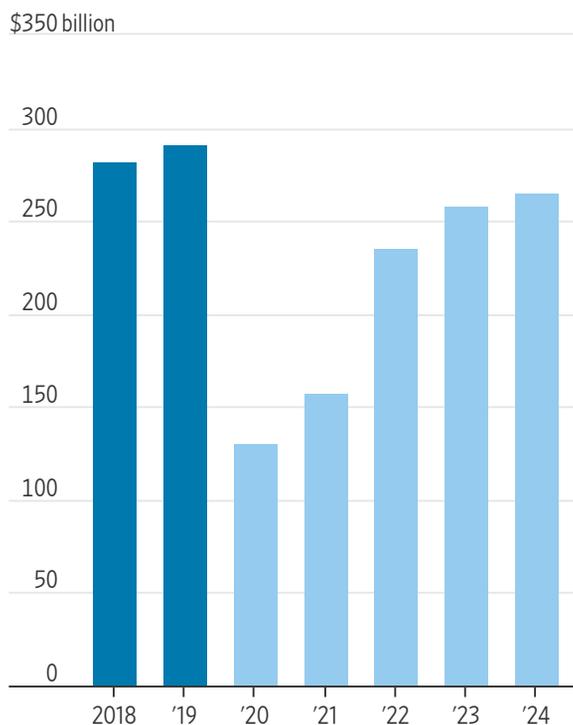
"I manage my money as carefully as possible because I don't know when my next job is coming," he said.

Meeting and event cancellations caused 70% of the convention center's workers to be laid off or have hours cut, according to its management.

"The global pandemic brought an immediate closure to large-scale venues resulting in economic impacts at a scale never seen in our lifetime," said Craig Stroud, Oregon Convention Center executive director. "When conventions and meetings resume, we will return to the generation of vast economic benefits for our region."

Travel Budget

Direct business travel spending in U.S., by U.S. residents



Note: 2020-2024 figures reflect Nov. 2020 forecast
Source: U.S. Travel Association

Travel industry executives and corporate leaders remain split on when—if ever—pre-pandemic levels of business travel will return. Some project a permanent decline, while others are more optimistic.

“There will be different types of travelers, different reasons for people traveling, but I think business travel has got a very, very strong opportunity to return over the next two years,” Delta’s Mr. Bastian said.

Big U.S. airlines typically generated half their profit from the higher fares paid by business travelers, who accounted for less than one-fifth of their seats before the pandemic.

Joseph Palma, 41, said he was laid off in March from a customer-service representative job at a unit of Spain’s Eulen SA, working for American Airlines Group Inc. at Miami International Airport. After the \$600 federal unemployment supplement expired at the end of July, he moved out of his apartment and into a small room. To save money, he limits trips to the grocery store and purchases bruised produce and food near expiration since it is less expensive.

He said he has applied for jobs at retailers, which are likely to pay less than the \$17 an hour he earned at the airport, but he hasn’t been called back. He said his feeling of despair

rivals that of when Hurricane Andrew struck the city when he was child.

“I thought Andrew was the end of the world, and I feel this way again,” he said. “There are no jobs for me in Miami.”

Mr. Palma’s challenge will be similar to that of other travel-industry workers. While jobs in airports and hotels tend to pay below-average wages, the pay is often better than at retailers and restaurants.



Joseph Palma was laid off in March from a customer-service representative job at Miami International Airport.

PHOTO: FRANCISCO AGUILA

Mr. Palma was among 600 Eulen employees laid off in Miami last spring. Since then, 191 have been rehired, a company spokesman said. Employees were laid off due to contract cancellations or suspensions from the airlines, he said. As airline passenger traffic improved, the company started rehiring workers as needed, though a December bump in bookings hasn’t carried through into the new year.

“People who worked for the airline industry and major hotel chains had reasonably well-paying jobs, and good job security. You could have a career there,” said Steven Davis, an economist at the University of Chicago. “Those folks who lost jobs could have a hard time getting back on that track.”

Overseas air travel has been hardest hit, down almost 90% through November compared with 2019, according to the International Air Transport Association. Travel bans, quarantines and a broader economic slowdown have forced companies to adjust sales and marketing practices to reduce or eliminate in-person meetings, especially overseas.

“Our teams have become very creative in how we continue very good sales work with our customers,” said Rob Smith, CEO of Konecranes Oyj, the Finland-based maker of heavy lifting equipment for ports and factories. Rather than send four or five staff to a customer, the company is sending a local representative with colleagues joining remotely. Mr. Smith said he expected reduced business travel would be part of the new normal.

Have you experienced job loss due to the Covid-19 pandemic? Tell us more about what you do, how you’ve been impacted, and what you know about the future of your employment here. To start, were you laid off or furloughed since March 1?*

If you were laid off or furloughed, have you been recalled to work?*

Name: *

Contact: *

City/state of residence: *

SUBMIT

By submitting your response to this questionnaire, you consent to Dow Jones processing your special categories of personal information and are indicating that your answers may be investigated and published by The Wall Street Journal and you are willing to be contacted by a Journal reporter to discuss your answers further. In an article on this subject, the Journal will not attribute your answers to you by name unless a reporter contacts you and you provide that consent.

Write to Doug Cameron at doug.cameron@wsj.com and Eric Morath at eric.morath@wsj.com

Appeared in the January 19, 2021, print edition as 'Virus's Blow to Business Travel to Linger.'

Would you like more stories like this?

YES

NO

Copyright © 2021 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.