

**Worksession**

**MEMORANDUM**

April 19, 2010

TO: Planning, Housing and Economic Development Committee  
FROM: Justina J. Ferber, Legislative Analyst   
SUBJECT: Worksession - Executive's Recommended FY11 Operating Budget -  
**Department of Economic Development (DED)**

Those expected for this worksession:

Steve Silverman, DED Director  
Tina Benjamin, Chief of Staff, DED  
Peter Bang, Chief, Finance, Administration and Special Projects Division, DED  
Jeremy Criss, Chief, Agricultural Services, DED  
Barbara Kaufmann, Chief, Workforce Services  
Jennifer Shovlin, Senior Financial Specialist, DED  
John Cuff, Management and Budget Specialist, OMB

The Executive's Recommended FY11 Operating Budget for the Department of Economic Development (DED) can be found on pages 59-1 to 59-8 of the budget. A copy is attached at ©1.

**Overview**

For FY11 the Executive recommends an operating budget of \$8,583,750 for the Department of Economic Development (DED); this includes approximately \$2,344,020 in grant funding for Workforce Services. The overall DED budget has decreased \$1,744,490 or -16.9% from FY10. The operating budget of DED funded by the General Fund is down -18.2%. Not included in the FY11 budget are \$445,000 and 3.0 workyears charged to the CIP for the Agricultural Preservation Program and \$122,810 and 1.0 workyear charged to the Economic Development Fund. An organizational chart is attached at ©9.

The Executive recommends a net decrease of 9.8 workyears – a reduction of over one million dollars in personnel costs. Total workyears proposed in the DED FY11 budget are 30.8 workyears compared to 40.8 workyears in FY10. The reduction includes 1.2 workyears for furlough days. Lapse for the department is budgeted at \$87,470 for 0.8 workyears. Accomplishments are outlined on page 59-1 of the budget.

DED (in \$000's)	FY09 Actual	FY10 Approved	FY11 CE Recommended	% Change FY10-FY11
<b>Expenditures:</b>				
General Fund	8,408,186	7,628,240	6,239,730	-18.2%
Grant Fund	2,510,613	2,700,000	2,344,020	-13.2%
<b>TOTAL Expenditures</b>	<b>10,918,799</b>	<b>10,328,240</b>	<b>8,583,750</b>	<b>-16.9%</b>
<b>Positions:</b>				
Full-time	49	46	38	-17.4%
Part-time	3	3	3	0%
<b>TOTAL Positions</b>	<b>52</b>	<b>49</b>	<b>41</b>	
<b>WORKYEARS</b>	<b>45.6</b>	<b>40.8</b>	<b>30.8</b>	<b>-24.5%</b>

Workyear Changes in DED	Workyears	Expenditures
<b>New positions for FY11</b>	0	0
<b>Positions Eliminated for FY11</b>		
Abolish OSC in Agricultural Services	-1	(\$61,150)
Abolish Resource Conservationist	-1	(\$117,690)
Abolish OSC in Finance and Administration	-1	(\$69,840)
Abolish IT position	-1	(\$130,930)
Abolish 3 Business Development Specialists	-3	(\$341,030)
<b>Positions Reallocated/Lapsed</b>		
Shift Sr Finance Specialist to GF from WIA Grant	0.2	\$17,340
Shift position to GSA - Redevelopment Office	-1	(\$125,610)
Lapse Marketing Manager for full year	-1	(\$181,250)
<b>Furloughs</b>	-1.2	(\$133,640)
<b>Technical Adjustments</b>	-0.5	\$0
<b>Annualization of FY10 Personnel Costs</b>	0.7	\$79,680
<b>Net Change</b>	<b>-9.8</b>	<b>(\$1,063,120)</b>

### Expenditure Issues

Additions to the DED budget are for increased costs for the Germantown (\$130,000) and Rockville (\$75,000) Innovation Centers, various adjustments in personnel costs and benefits, and a minuscule increase in office expenses for Agricultural Services (\$1,660) for a copier lease.

Council staff's review of the Department of Economic Development's FY10 budget issues aligns with DED's six program areas, listed below. There was a minor reorganization for FY11.

- Marketing and Business Development Division
- Business Empowerment Division
- Division of Workforce Services
- Agricultural Services Division
- Special Projects Division
- Finance and Administration

**Marketing and Business Development Division (MBD) ©2**

<b>Marketing and Business Development (MBD)</b>	
<b>FY10 Expenditures \$1,652,260</b>	<b>FY10 9.5 Workyears</b>
<b>FY11 Expenditures \$980,970</b>	<b>FY11 6.8 Workyears</b>
-125,610; -1.0 wy	Shift Position in Redevelopment Office to General Services - a Senior Development Specialist for the Wheaton Redevelopment Office has been operating out of DGS so that position will moved to DGS
-\$181,250; -1.0 wy	Lapse Marketing and Business Development Director for full year
-\$302,740	Reduce Marketing Expenses – less advertising, fewer sponsorships/partnerships, reduced travel, less outreach
-\$61,690; -0.7 wy	Miscellaneous adjustments – some reductions in expenses were part of the FY10 savings plans

The Marketing and Business Development program conducts DED’s outreach and promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses in an effort to increase the number of businesses and organizations created, attracted, retained, and expanded in the County. This program coordinates with the Maryland State Department of Economic Development and the Conference and Visitor’s Bureau. The program is described in more detail on page 59-2 (©2) of the budget and on ©10-12.

**Issue:** The Marketing budget for FY11 has been reduced by \$302,740 with approximately \$244,800 remaining for marketing. DED will have to be creative in its marketing efforts in FY11. Council staff asked for comments on the reductions in the Marketing budget and Marketing plan:

DED Comments: The reductions within MBD are a result of the departments’ need to meet the FY11 Budget MARC, and because MBD contains the majority of the department’s discretionary funds the reduction in MBD is almost 50 percent of the department’s required savings. Marketing and advertising have been reduced, which will limit the department’s media platform options and result in fewer opportunities to market the County and the services that are offered. In addition the FY10 savings plan impacted the department’s ability to contract out web development services to improve the DED website. The permanent reductions will limit the department’s ability to contract with a company in FY11, but DED is trying to identify more cost neutral options including the use of existing staff and through the use of unpaid college interns.

The expenses for the \$244,800 budget are planned as follows: CoStar Contract \$27,000; Marketing Materials \$15,000; Non-Local Travel \$14,000; Local Metro Travel \$5,000; Local Conferences \$4,300; Advertising \$39,000; BIO \$45,800; Souvenirs \$5,000; Sponsorships \$14,700; Special Meetings Events \$5,000; Greater Washington Initiative \$25,000; Tech Council \$30,000; World Trade Center Institute \$10,000. The remaining funds are miscellaneous costs for dues, subscriptions, and professional memberships. FY10 marketing activities and activities planned for FY11 are outlined on ©10-12.

Marketing and Business Division	FY11	\$980,970	6.8 Workyears
Budget history	FY10	\$1,652,260	9.5 Workyears
2007-2011	FY09	\$1,913,380	12.0 Workyears
	FY08	\$1,907,070	12.0 Workyears
	FY07	\$1,897,280	12.8 Workyears

**Council Staff Discussion and Recommendation**

- The Marketing Director position has been vacant for two and ½ years and is lapsed for a full year. Funding for the position and also the workyear has been removed from the DED budget.
- The marketing budget is substantially reduced and \$244,800 remains for marketing efforts. Staff recommends approval of Marketing Division budget as submitted.

**Business Empowerment Division (DBE) ©2-3**

<b>Business Empowerment Program (DBE)</b>	
<b>FY10 Expenditures \$1,074,120</b>	<b>FY10 8.0 Workyears</b>
<b>FY11 Expenditures \$1,053,780</b>	<b>FY11 7.8 Workyears</b>
-\$20,340; -0.2 wy	Miscellaneous adjustments – some reductions in expenses were part of the FY10 savings plans

The Business Empowerment Program provides a variety of programs and services to the County’s small and minority business community. This program manages the business incubator program and small and minority business service programs. The program is described in more detail on page 59-2 and 59-3 (©2-3) of the budget. There are no major changes in this division.

**Incubator Program.** The Montgomery County Business Innovation Network is a program operated by the Department of Economic Development. The mission of the program is to create a positive economic impact to the County by supporting the growth and development of local small businesses. These businesses are located in the incubator facilities for a short period of time with support on business training, access to resources and concentrated networking.

Currently, the incubator network includes five facilities:

- Germantown Innovation Center – 89% occupied; 23 tenants
- Rockville Innovation Center – 100% occupied; 30 tenants
- Shady Grove Innovation Center (formerly MTDC) – 89% occupied; 46 tenants
- Silver Spring Innovation Center – 98% occupied; 24 tenants
- Wheaton Business Innovation Center – 90% occupied; 22 tenants; 20 virtual tenants

The Network also hosts a Virtual Incubator Program that is primarily used for companies waiting for space to become available by recent graduates from the Network. Occupancy rates have improved over last year and range from 89% to 100%. Within the next two to three years, the County is planning to open an additional incubator in the East County Science & Technology Park. *Updated Information on the incubator program will be distributed in an addendum to the packet.*

**Issue:** During last year’s budget discussions, the PHED Committee expressed concern about the rise in costs each budget year for incubators. The Committee was briefed on the incubator program in October 2009 and was advised that DED was working to stabilize costs. The DED explanation for cost increases for Germantown (\$130,000) and Rockville (\$75,000) Innovation Centers is as follows:

DED Comments:

*Germantown Innovation Center* – The current FY10 budget for the GIC is \$312,000 and the rent for the Incubator costs the department over \$550,000 per year, the increased subsidy amount is needed to avoid shifting other DED funds to cover the deficit. DED requested \$200,000 during the FFI (Future Fiscal Impact) process to set the FY11 Budget MARC but only \$130,000 was approved.

*Rockville Innovation Center* – This state of the art facility opened in May, 2008 and the downturn in the economy made it difficult for the department to find companies to occupy the space; however, occupancy rates at the facility as of today are around 98%. Despite the high rate of occupancy, particularly at a time when many commercial real estate properties are seeing 10, 20, and even 30% occupancy, due to condominium fees, and the \$88,000 plus special tax payment to the City of Rockville, the revenue generated from incubator tenants is simply not enough to cover the facility’s operating expenses. Since the department lacks the necessary funding appropriation to bridge this gap, the Executive recommended an increase to help cover the operational costs of the facility. With the City of Rockville requesting an increase in the tax rate and PILOT payment, FY12 funding might require an additional \$10-\$15,000 increase.

**Staff Recommendation**

- Staff recommends approval of the Business Empowerment Division budget as submitted.

**Division of Workforce Services (DWS) ©3-4**

<b>Workforce Services (DWS)</b>	
<b>FY10 Expenditures \$3,748,310</b>	<b>FY10 4.0 Workyears</b>
<b>FY11 Expenditures \$3,262,830</b>	<b>FY11 3.8 Workyears</b>
\$17,340; 0.2 wy	Shift Senior Financial Specialist from Workforce Investment Act (WIA) Grant to General Fund [In FY10, Workforce Services transferred .2 workyear from the general fund to the grant fund, which was to have been paid through the Administration portion of the WIA grants. The Administration portion of WIA was not awarded to any jurisdiction in FY10 and is not projected for FY11, therefore the department made a technical adjustment to move the workyear and expenses from the grant fund back to the general fund.]
-\$10,000	Reduce costs of Workforce Services Administrative Funds see explanation above
-\$125,320	Shift Wheaton One-Stop Career Center Lease from General Fund to Federal Grant – this was shifted from the General Fund in FY10 as part of the savings plan
-\$338,640	Reduction in Workforce Investment Act Grant the decrease is partially due to a reduction in funding because of the one-time federal allocation in ARRA funding and also due to conservative estimates for the FY11 WIA allocations
-\$28,860 -0.4wy	Miscellaneous Adjustments

The Workforce Services (DWS) Division administers the funding tied to the Federal Workforce Investment Act of 1998 and oversees the performance of the local workforce investment system.

This includes the administration of all federal workforce and job training funds and the oversight of two one-stop career centers. DWS is advised by a Workforce Investment Board (WIB) composed of business representatives and community leaders and public officials. The program is described in more detail on page 59-3 (©3) of the budget and on ©12-15.

DWS funds support employment services offered at the two MontgomeryWorks One-Stop locations. Services offered at these locations include vocational assessment, job readiness, job training, job placement and job retention services. The One-Stops serve dislocated workers, low-income adults, older workers, disadvantaged youth, and individuals with disabilities, as well as small and large businesses. There are two locations - Westfield Mall (Wheaton) and the new location in the Upcounty Center in Germantown. Accomplishments for FY10 are listed at ©13-14.

**Issues**

**No additional ARRA Funds:** The federal economic stimulus funds are one-time funds that were appropriated through an FY09 Council supplemental appropriation. The County has until June 30, 2011 to expend these funds, and all dollars have been expended or obligated. The funds were used for Summer Jobs Program for youth during the summer of 2009, and will be used for a smaller summer program in 2010 and meeting other demands on services.

**Reduced County Support:** The FY11 budget reduces County funding for Workforce Services by \$125,000 which previously provided rent at the MontgomeryWorks Wheaton One-Stop Career Center located in Wheaton. Previously, support from the County General Fund to pay the administrative costs associated with rent allowed more federal funds to be used for services to individuals and businesses. Rent will be paid from the federal grant in FY11.

**Reduced WIA Allocation:** The DWS reduction in funding is also due to conservative estimates for the FY11 WIA allocations. Official notification of the amount Montgomery County is receiving in federal funds for its regular WIA allocation had not been received as of April 12th.

**Workforce Development Funding Sources for FY11**

	FY 10	FY 11 Estimated
FEDERAL WORKFORCE INVESTMENT ACT FUNDS	\$1,328,898	\$1,328,898
ARRA FUNDS (MBW & EARLY INTERVENTION)	101,673	0
EARLY INTERVENTION (STATE/FEDERAL)	151,900	151,900
MARYLAND BUSINESS WORKS (FEDERAL)		47,000
DISABILITY NAVIGATOR (FEDERAL) (ESTIMATED)	165,054	165,054
RAPID RESPONSE (FEDERAL) (ESTIMATED)	5,000	5,000
MD STATE GENERAL & STATEWIDE – FOREIGN TRAINED HEALTH CARE	154,500	0
<b>TOTAL</b>	<b>\$1,907,025</b>	<b>\$1,697,852</b>

<u>MONTGOMERY COUNTY FUNDING</u>	FY 10	FY 11
GENERAL ONE-STOP ACTIVITIES	122,000	119,600
ONE STOP FACILITIES (RENT)	122,100	0
SALES & SERVICE CENTER	160,000	160,000
COUNTY GANG PREVENTION CONTRACTED POSITION	62,500	62,000
YOUTH PROGRAM	50,000	50,000
SUMMER YOUTH EMPLOYMENT	50,000	50,000
<u>TOTAL</u>	<u>\$566,600</u>	<u>\$441,600</u>

**Staff Recommendation**

- Staff recommends approval of the Division of Workforce Services budget as submitted.

**Agricultural Services Division ©4**

<b>Agricultural Services</b>	
<b>FY10 Expenditures \$863,020</b>	<b>FY10 6.8 Workyears</b>
<b>FY11 Expenditures \$626,630</b>	<b>FY11 4.6 Workyears</b>
\$1,660	Increase Misc. office expenses – Cost increase for copier lease.
-\$41,000	Decrease Cooperative Extension Services – reduction of \$30,000 because of vacancy in state-funded position and \$11,000 for various expenses
-\$61,150; -1.0 wy	Abolish Office Services Coordinator – Part of the FY10 savings plans
-\$117,690; -1.0 wy	Abolish Resource Conservationist Position – part of the FY10 savings plans
-\$18,210; -0.2wy	Miscellaneous adjustments – some reductions in expenses were part of the FY10 savings plans

Agricultural Services promotes the preservation of farmland and the promotion of agriculture as a viable component of the County business and economic sector. The Soil Conservation Service and the Cooperative Extension Service are included in this program. For FY11 \$445,000 and 3.0 workyears are charged to the CIP. The program is described on page 59-4 (©4) and on ©16.

**Issues:**

**CIP Amendment** - On March 29 the County Executive submitted a CIP amendment for Council consideration. The Agricultural Land Preservation Easements Capital Program PDF No. 788911 was amended to update the PDF for FY11 agricultural services charged to the program.

**Agricultural Land Preservation Easements PDF No. 788911--**

OTHER: FY11 estimated investment income expenditure before partial closeout adjustments is \$445,000 and is made up of \$374,000 (*personnel*): one workyear Business Development Specialist III, one workyear Business Development Specialist I, one workyear MLS Manager II; *and* \$30,000 – Deer Donation Program; \$10,000 – Montgomery Weed Control Program; and \$31,000 for Cooperative Extension Partnership.

**Funding in the CIP:** The department was asked about shifting additional Ag services to the CIP. The response was that given the anticipated balance in the CIP there is no more capacity to fund any other agricultural initiatives at this time. The department will be monitoring the budget over the next year to see if there is a possibility that additional capital funds can be utilized.

**Master Gardener Program - Cooperative Extension Services:** Councilmembers received numerous letters and emails in support of funding for the Master Gardener Program. This program is not reduced for FY11.

**Abolish Resource Conservationist Position:** One Resource Conservationist Position remains in the Ag Services budget.

**Staff Comments and recommendations**

- Staff recommends approval of the amendment to the Agricultural Land Preservation Easement Capital Program PDF No. 788911.
- Staff recommends approval of the Division of Agricultural Services budget as submitted.

**Special Projects Division ©5**

<b>Special Projects</b>	
<b>FY10 Expenditures \$701,530</b>	<b>FY10 5.5 Workyears</b>
<b>FY 11 Expenditures \$439,150</b>	<b>FY11 3.0 Workyears</b>
-\$10,950	Decrease cost of special projects – decrease in budget primarily for non-local travel and some miscellaneous expenses
-\$251,430; -2.5 wy	Miscellaneous Adjustments *Abolish 2 Business Development Specialist positions these positions are footnoted in the budget because the RIF process may cause a shift in positions across divisions

The Special Projects division administers all aspects of DED’s public-private partnerships programs, encompassing the Department’s capital projects, legislative activities, strategic planning endeavors and new program development. The program is described in more detail on page 59-5 (©5).

**Issue:** Two Business Development Specialist positions will be abolished.

**Staff Comments**

- Request a mini-update on the East County Center for the Science and Technology project.
- Staff recommends approval of the Special Projects Division budget as submitted.

**Finance and Administration ©5**

<b>Finance and Administration</b>	
<b>FY10 Expenditures \$2,289,000</b>	<b>FY10 7.0 Workyears</b>
<b>FY11 Expenditures \$2,220,390</b>	<b>FY11 4.8 Workyears</b>
\$130,000	Increase cost of Germantown Innovation Center - see page 5
\$75,000	Increase cost of Rockville Innovation Center - see page 5
-\$9,670	Reduce office expenses
-\$50,000	Wheaton Innovation Center Rent Reduction
-\$69,840; -1.0 wy	Abolish Office Services Coordinator position – Part of the FY10 savings plans
-\$130,930; -1.0 wy	Abolish IT position – Part of the FY10 savings plans
-\$13,170; -0.2	Miscellaneous adjustments – Some reductions in expenses were part of the FY10 savings plans. *Abolish 1 Business Development Specialist position this position is footnoted in the budget because the RIF process may cause a shift in positions across divisions

The Finance and Administration Division is responsible for all departmental administrative efforts, which enable direct services for fiscal, procurement, IT, and human resources management. This division administers four financing programs under the Economic Development Fund and works in concert with Marketing and Business Development and Business Empowerment to promote the development of high technology and professional services companies in the County. The program is described on page 59-5 (©5).

DED's update of its Action Plan (Strategic Plan) will be distributed as an addendum to the packet.

**Staff Comments**

- Staff recommends approval of the Finance and Administration Division budget as submitted.

If the Council is seeking additional decreases, extra reductions in departmental operating expenses could be taken. General Fund operating expenses have been reduced by -11.2% from \$2,890,290 in FY10 to \$2,565,950 in FY11. A 1% reduction would be approximately \$25,000. Council staff does not recommend any additional changes to the DED budget.

**DED Budget Packet Attachments -**

- DED Operating Budget ©1
- DED Organizational Chart ©9
- DED Response to Council Staff Budget Questions ©10
- Agricultural Land Preservation Easements PDF No. 788911 ©16
- Recommended Workforce Reductions Report ©18

# Economic Development

## MISSION STATEMENT

The mission of the Department of Economic Development (DED) is to create, attract, retain and expand businesses in Montgomery County, expand employment opportunities for the residents of the County, enlarge the County's economic base, enhance the competitiveness of the businesses located in the County and promote Montgomery County as a SmartLocation for business - globally.

## BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Department of Economic Development is \$8,583,750, a decrease of \$1,744,490 or 16.9 percent from the FY10 Approved Budget of \$10,328,240. Personnel Costs comprise 42.8 percent of the budget for 38 full-time positions and three part-time positions for 30.8 workyears. Operating Expenses account for the remaining 57.2 percent of the FY11 budget.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *A Responsive, Accountable County Government*
- ❖ *Healthy and Sustainable Neighborhoods*
- ❖ *Strong and Vibrant Economy*
- ❖ *Vital Living for All of Our Residents*

## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Implemented the new Stimulus Opportunity System (SOS), which provides direct links to stimulus grant opportunities.*
- ❖ *Implemented the eBIZ Update, which is an online newsletter that provides the latest information on economic development activities and department sponsored events.*
- ❖ *The County's new One-Stop Career Center successfully moved operations to the UpCounty Services Center.*
- ❖ *Productivity Improvements*
  - *Implemented the Salesforce Database, which will improve data integrity and allow for better tracking of departmental data.*
  - *Implemented a reorganization that realigned functions based on the goals outlined in the revised strategic plan for economic development.*

## PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### Marketing and Business Development

This program promotes the assets, advantages, and opportunities available within Montgomery County for domestic and international businesses. The division provides services that result in the attraction and retention of those businesses to the County. This includes industry sectors including telecommunications, biotechnology, information technology, advanced engineering, green energy, and professional services. The major focus of the program includes pursuing leads generated by the Department's business development specialists and a business visitation program to retain existing businesses. Business specialists meet with company representatives during business visits, conferences, and other events to offer assistance. They also serve as liaisons to business organizations to help identify and assist new and expanding companies. Assistance includes needs assessment, financial and training assistance, site identification, and expediting and coordinating business development. The program provides clients with land-use planning expertise, economic analysis, financing and international trade assistance.

Promotional activities include media relations; event coordination; local, regional, national, and international advertising; and development of informational and sales materials including the Department's website. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact. Activities and materials are directed toward achieving balanced economic growth with a positive business climate and are often closely coordinated with local, regional, and State partners, such as the Maryland State Department of Business and Economic Development and the World Trade Center Institute.

The program also establishes and maintains high-level relationships with local government and private industry organizations, State and Federal agencies, and national and international governments and organizations. These important contacts are sought through meetings, trade shows and conferences, national and international missions, and other major events that provide exposure and opportunities to market and promote the County's economic vision.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Projected jobs created by existing business expansion within three years of DED involvement	378	1282	620	760	887
Projected jobs created by new business attraction within three years of DED involvement	800	844	752	635	744
Total new capital investment by newly attracted businesses and start-up businesses through DED involvement (in millions)	8	26	17	16	20
Percent of active prospects successfully closed per fiscal year	38%	34%	39%	40%	40%
Total new capital investment by businesses currently located in the County through DED involvement (in millions)	110	156	155	128	133
New commercial space occupied by newly attracted businesses and start-up businesses through DED involvement (sq. feet)	190,987	229,800	170,235	140,000	160,000
New commercial space occupied by businesses currently located in the County through DED involvement (sq. feet)	890,094	954,625	913,679	919,466	929,257
Total new prospects developed	132	69	107	75	75
Actual total jobs created by DED per fiscal year	686	686	600	500	500

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,652,260</b>	<b>9.5</b>
Shift: Position to General Services-Redevelopment Office	-125,610	-1.0
Decrease Cost: Funding for Marketing and Business Development Director	-181,250	-1.0
Reduce: Marketing Expenses- Less paid advertising, fewer sponsorships/partnerships, reduced travel, and less outreach	-302,740	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-61,690	-0.7
<b>FY11 CE Recommended</b>	<b>980,970</b>	<b>6.8</b>

### Business Empowerment

The Division of Business Empowerment provides a variety of programs and services to the County's small and minority business community through creative initiatives and partnerships with community organizations, business groups, private enterprises, and other public agencies. Services include providing technical publications and services, workshops and conferences, the business mentorship program, and convening targeted business development events in areas such as procurement and contracting. Serving as the primary resource and advocate for small businesses in Montgomery County, this program addresses the unique needs of the small business community and helps with short and long range economic development strategies for the County.

In addition, this program manages the Business Innovation Network, which currently includes five facilities in Wheaton, Silver Spring, Shady Grove, Rockville, and Germantown and encompasses over 140,000 square feet of leaseable space. These facilities provide office and lab space, high-level business support services, and innovative programming to over 145 promising entrepreneurs.

The newest facility, the Germantown Innovation Center, opened in October 2008. The Innovation Network is poised for expansion within the next few years with the Department currently seeking a developer for Site II, the future home of the East County Center for Science and Technology. The program also operates a virtual network that provides identical programs and services to over 20 participating businesses without incurring the cost of leasing office space.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Amount of federal grant funding received by County incubator companies (in millions)	5.0	3.7	4.3	5.2	4.4
Amount of private equity funds received by County incubator companies (in millions)	27	28	10.8	11.8	16.9
Number of intellectual property licenses, patents, or trademarks received by County incubator companies	57	58	60	58	59
Number of new jobs created by incubator companies during the incubation period	121	171	123	138	144
Number of new jobs created by incubator companies post graduation	52	46	51	50	49
Number of intellectual property issued to and amount of federal research grant and private equity financing received by incubator companies	57	58	60	58	59
Percent of participants satisfied with DED sponsored technical assistance and training programs	NA	NA	92%	94%	96%

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,074,120</b>	<b>8.0</b>
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-20,340	-0.2
<b>FY11 CE Recommended</b>	<b>1,053,780</b>	<b>7.8</b>

## Workforce Services

The Workforce Services (WS) program ensures that Montgomery County has a well-prepared, educated, trained, and adaptable workforce to meet the current and future needs of business, and that the County's workforce has the tools and resources to successfully compete in a global economy.

The Workforce Investment Board (WIB) provides advice and oversight on workforce development activities and policy. The 30-member WIB is composed of business representatives (51%), community leaders, and public officials. The Board is appointed by the County Executive in accordance with the Workforce Investment Act (WIA) of 1998 and Montgomery County Executive Order No. 159-02. The WIB does much of its work through its committees, which include the Board Development, Communications and Outreach, Executive, Finance, Program Operations and Oversight, and Youth Council committees. Staff provide support to the Board by implementing directives and policy initiatives.

WS is funded by \$2 million in Federal Government, State of Maryland, and Montgomery County funds. In FY 09, WS received \$1.3 million dollars from the American Reinvestment and Recovery Act. The funds must be spent by June 30, 2011, although the majority of funding will be expended in FY10. The majority of annual formula funding received is through WIA grants to implement the One-Stop career system. This system is operated locally as MontgomeryWorks, and provides an array of vocational assessment, job readiness, job training, and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers, and youth.

The WIB provides policy oversight and guidance for the expenditure of funds, which enables local businesses and the public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County. Program staff provide overall administrative support of the WIA grants and are responsible for fiscal monitoring and accounting, program monitoring and review, new program and grant development, legislation development, and contract management for the WIA and County programs.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Germantown and are operated as a consortium with the Department of Licensing, Labor, and Regulation, the Workforce Solutions Group (formerly Career Transition Center, Inc.), Maryland Job Service, and other non-profit and local agency partners. MontgomeryWorks serves the businesses of the County on an ongoing basis and also provides direct services to adult and youth residents. In FY09, MontgomeryWorks served over 13,000 adult and youth clients with core services, intensive counseling services, and occupational skills training. Youth services are provided through the Maryland Multicultural Center, which is operated by the Latin American Youth Council (LAYC) while TransCen offers a full range of services to youth with disabilities.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Number of employers assisted with training	40	40	40	40	40

	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Number of employers assisted with recruitment	110	120	120	120	120
Number of DED job related placements for unemployed adults-dislocated, older, and disadvantaged workers <sup>1</sup>	15,797	13,775	12,650	12,900	13,200

<sup>1</sup> The County received additional federal stimulus grants in 4thQ FY09. Despite the increase in the funding directed toward training, the decrease in placements is more a result of the continuing rise in unemployment. To reflect the anticipated improvement in the job market, DED projects a gradual increase in placements in FY11 and FY12.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>3,748,310</b>	<b>4.0</b>
Technical Adj: Shift Workforce Services Senior Financial Specialist from Grant Fund to General Fund	17,340	0.2
Decrease Cost: Workforce Services Administrative Funds	-10,000	0.0
Shift: Wheaton One-Stop Career Center Lease from General Fund to Federal Grant	-125,320	0.0
Decrease Cost: Reduction in Workforce Investment Act Grant to Reflect Projected FY11 Revenue	-338,640	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-28,860	-0.4
<b>FY11 CE Recommended</b>	<b>3,262,830</b>	<b>3.8</b>

## Agricultural Services

This program encompasses the promotion of agriculture as a viable component of the County's business and economic sector, as well as the preservation of farmland as a resource for future agricultural production capabilities. The Department of Economic Development co-sponsors farmers' markets, an annual farm tour, and other activities which promote agricultural products. The goal of the Agricultural Preservation Program is to acquire easements to protect 70,000 acres of farmland in the Agricultural Reserve. This goal was achieved in January, 2009, one year prior to the 2010 target date. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control program.

The Montgomery Soil Conservation District (MSCD) is considered a political subdivision of the State and is staffed by County, State, and Federal employees. Programs offered by MSCD include an array of technical advice for conservation and natural resource planning, as well as a variety of educational opportunities. MSCD staff assist farmers and landowners in the County with Soil Conservation and Water Quality Plans, provide technical assistance for conservation practices, and administer a variety of Federal and State cost-share programs which help fund projects to prevent soil erosion and improve water quality. Many of these programs are designed to help protect local waterways and the Chesapeake Bay. The MSCD provides a number of programs that focus on educating Montgomery County residents about the benefits of agriculture, conservation, and natural resources management. Other services include small pond review, drainage advice for residential landowners, and administering the Cover Crop program in the County.

The Cooperative Extension Office serves as the agricultural outreach education component of the University of Maryland. This agency is funded cooperatively through local, State, and Federal governments. Farmers, families, and youth are the primary audiences of the Extension Office. Educational programs for farmers include raising crops and livestock, protecting the environment, farm and business management, marketing commodities, and pest management. Programs for families and youth include: home horticulture, family budgeting, consumer education with a focus on promoting positive parenting skills and healthful diets and lifestyles, leadership development, and traditional 4-H programs. The Extension Office's professional staff utilizes an extensive network of volunteers to assist them in program delivery. Extension Office personnel manage a diverse group of over 3,000 volunteers to respond to over 100,000 information requests a year. Outreach education programs are delivered informally through one-on-one contacts, telephone assistance, the internet, classes and workshops, field days, radio, TV, and print media.

<b>Program Performance Measures</b>	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Cumulative farm acres protected	70,092	70,832	71,332	71,832	71,832
Number of farm businesses assisted	175	94	140	160	160

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>863,020</b>	<b>6.8</b>
Increase Cost: Miscellaneous Office Expenses	1,660	0.0
Decrease Cost: Agricultural Services-Cooperative Extension Services	-41,000	0.0
Decrease Cost: Abolish Agricultural Services-Office Services Coordinator Position	-61,150	-1.0
Reduce: Abolish Resource Conservationist Position- Delays in service delivery to farmers	-117,690	-1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-18,210	-0.2
<b>FY11 CE Recommended</b>	<b>626,630</b>	<b>4.6</b>

## Special Projects

The Division of Special Projects administers all aspects of DED's public-private partnerships programs, encompassing the Department's capital projects, legislative activities, strategic planning endeavors and new program development. The program builds programmatic relationships with local academic institutions and Federal research installations to advance the County's economic base. The program also administers the Department's overall communications efforts through public communication, maintenance of the Department's web site, and media relations. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for new science and technology centers in Germantown at the Montgomery College campus and in the east County area at White Oak, and manages the Conference Center NDA.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>701,530</b>	<b>5.5</b>
Decrease Cost: Special Projects	-10,950	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-251,430	-2.5
<b>FY11 CE Recommended</b>	<b>439,150</b>	<b>3.0</b>

Notes: Two Business Development Specialists in this Division will be abolished in FY11.

## Finance and Administration

This program is responsible for all departmental administrative efforts, which enable direct services for fiscal, procurement, IT, and human resources management. This program administers four financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, the Impact Assistance Fund, and the Small Business Revolving Loan program. This program also works in concert with Marketing and Business Development and Business Empowerment staff to promote the development of high technology and professional services companies within Montgomery County.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>2,289,000</b>	<b>7.0</b>
Increase Cost: Incubator Subsidy-Germantown Innovation Center	130,000	0.0
Increase Cost: Incubator Subsidy - Rockville Innovation Center	75,000	0.0
Decrease Cost: Miscellaneous Office Expenses	-9,670	0.0
Decrease Cost: Wheaton Innovation Center Rent Reduction	-50,000	0.0
Decrease Cost: Abolish Finance and Administration-Office Services Coordinator Position	-69,840	-1.0
Reduce: Abolish IT Position- resulting in fewer productivity enhancements and increased reliance on Help Desk support	-130,930	-1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-13,170	-0.2
<b>FY11 CE Recommended</b>	<b>2,220,390</b>	<b>4.8</b>

Notes: One Business Development Specialist in this Division will be abolished in FY11.

# BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	3,746,639	3,693,300	3,564,340	2,814,740	-23.8%
Employee Benefits	999,464	1,044,650	983,620	859,040	-17.8%
<b>County General Fund Personnel Costs</b>	<b>4,746,103</b>	<b>4,737,950</b>	<b>4,547,960</b>	<b>3,673,780</b>	<b>-22.5%</b>
Operating Expenses	3,662,083	2,890,290	2,684,940	2,565,950	-11.2%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>8,408,186</b>	<b>7,628,240</b>	<b>7,232,900</b>	<b>6,239,730</b>	<b>-18.2%</b>
<b>PERSONNEL</b>					
Full-Time	48	46	46	38	-17.4%
Part-Time	3	3	3	3	—
Workyears	44.6	40.6	40.6	30.8	-24.1%
<b>REVENUES</b>					
State Salary Reimb: Soil Cons District Mgr	36,879	48,710	48,710	48,710	—
<b>County General Fund Revenues</b>	<b>36,879</b>	<b>48,710</b>	<b>48,710</b>	<b>48,710</b>	<b>—</b>
<b>GRANT FUND MCG</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	0	13,060	13,060	0	—
Employee Benefits	0	4,280	4,280	0	—
<b>Grant Fund MCG Personnel Costs</b>	<b>0</b>	<b>17,340</b>	<b>17,340</b>	<b>0</b>	<b>—</b>
Operating Expenses	2,510,613	2,682,660	2,673,660	2,344,020	-12.6%
Capital Outlay	0	0	0	0	—
<b>Grant Fund MCG Expenditures</b>	<b>2,510,613</b>	<b>2,700,000</b>	<b>2,691,000</b>	<b>2,344,020</b>	<b>-13.2%</b>
<b>PERSONNEL</b>					
Full-Time	1	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	1.0	0.2	0.2	0.0	—
<b>REVENUES</b>					
Workforce Investment Act Grants	1,661,627	2,700,000	2,691,000	2,344,020	-13.2%
Disability Program Navigator	162,043	0	0	0	—
MD Incumbent Worker	104,062	0	0	0	—
MD Neg Brac	52,587	0	0	0	—
MD Works Re-Entry	136,665	0	0	0	—
MD Summer Youth Connection	9,865	0	0	0	—
State General Funds	200,840	0	0	0	—
DBED Cooperative Marketing Grant	5,000	0	0	0	—
DBED - AT&T Sponsorship	20,000	0	0	0	—
TANF	157,924	0	0	0	—
<b>Grant Fund MCG Revenues</b>	<b>2,510,613</b>	<b>2,700,000</b>	<b>2,691,000</b>	<b>2,344,020</b>	<b>-13.2%</b>
<b>DEPARTMENT TOTALS</b>					
<b>Total Expenditures</b>	<b>10,918,799</b>	<b>10,328,240</b>	<b>9,923,900</b>	<b>8,583,750</b>	<b>-16.9%</b>
<b>Total Full-Time Positions</b>	<b>49</b>	<b>46</b>	<b>46</b>	<b>38</b>	<b>-17.4%</b>
<b>Total Part-Time Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>—</b>
<b>Total Workyears</b>	<b>45.6</b>	<b>40.8</b>	<b>40.8</b>	<b>30.8</b>	<b>-24.5%</b>
<b>Total Revenues</b>	<b>2,547,492</b>	<b>2,748,710</b>	<b>2,739,710</b>	<b>2,392,730</b>	<b>-13.0%</b>

# FY11 RECOMMENDED CHANGES

	Expenditures	WYs
<b>COUNTY GENERAL FUND</b>		
<b>FY10 ORIGINAL APPROPRIATION</b>	<b>7,628,240</b>	<b>40.6</b>
<b><u>Changes (with service impacts)</u></b>		
Reduce: Abolish Resource Conservationist Position- Delays in service delivery to farmers [Agricultural Services]	-117,690	-1.0
Reduce: Abolish IT Position- resulting in fewer productivity enhancements and increased reliance on Help Desk support [Finance and Administration]	-130,930	-1.0
Reduce: Marketing Expenses- Less paid advertising, fewer sponsorships/partnerships, reduced travel, and less outreach [Marketing and Business Development]	-302,740	0.0
Reduce: Abolish Three Business Development Specialists- Impacts ability to attract and retain businesses and delivery of services	-341,030	-3.0
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Incubator Subsidy-Germantown Innovation Center [Finance and Administration]	130,000	0.0
Increase Cost: Annualization of FY10 Personnel Costs	79,680	0.7
Increase Cost: Incubator Subsidy - Rockville Innovation Center [Finance and Administration]	75,000	0.0
Increase Cost: Group Insurance Adjustment	20,820	0.0
Technical Adj: Shift Workforce Services Senior Financial Specialist from Grant Fund to General Fund [Workforce Services]	17,340	0.2
Increase Cost: Retirement Adjustment	6,000	0.0
Increase Cost: Miscellaneous Office Expenses [Agricultural Services]	1,660	0.0
Technical Adj: FY11 Workyear Adjustment	0	-0.5
Decrease Cost: Printing and Mail Adjustment	-1,850	0.0
Decrease Cost: Motor Pool Rate Adjustment	-6,340	0.0
Decrease Cost: Miscellaneous Office Expenses [Finance and Administration]	-9,670	0.0
Decrease Cost: Workforce Services Administrative Funds [Workforce Services]	-10,000	0.0
Decrease Cost: Special Projects [Special, Projects]	-10,950	0.0
Decrease Cost: Agricultural Services-Cooperative Extension Services [Agricultural Services]	-41,000	0.0
Decrease Cost: Wheaton Innovation Center Rent Reduction [Finance and Administration]	-50,000	0.0
Decrease Cost: Abolish Agricultural Services-Office Services Coordinator Position [Agricultural Services]	-61,150	-1.0
Decrease Cost: Abolish Finance and Administration-Office Services Coordinator Position [Finance and Administration]	-69,840	-1.0
Shift: Wheaton One-Stop Career Center Lease from General Fund to Federal Grant [Workforce Services]	-125,320	0.0
Shift: Position to General Services-Redevelopment Office [Marketing and Business Development]	-125,610	-1.0
Decrease Cost: Furlough Days	-133,640	-1.2
Decrease Cost: Funding for Marketing and Business Development Director [Marketing and Business Development]	-181,250	-1.0
<b>FY11 RECOMMENDED:</b>	<b>6,239,730</b>	<b>30.8</b>
<b>GRANT FUND MCG</b>		
<b>FY10 ORIGINAL APPROPRIATION</b>	<b>2,700,000</b>	<b>0.2</b>
<b><u>Other Adjustments (with no service impacts)</u></b>		
Technical Adj: Shift Workforce Services Senior Financial Specialist from Grant Fund to General Fund	-17,340	-0.2
Decrease Cost: Reduction in Workforce Investment Act Grant to Reflect Projected FY11 Revenue [Workforce Services]	-338,640	0.0
<b>FY11 RECOMMENDED:</b>	<b>2,344,020</b>	<b>0.0</b>

## PROGRAM SUMMARY

Program Name	FY10 Approved		FY11 Recommended	
	Expenditures	WYs	Expenditures	WYs
Marketing and Business Development	1,652,260	9.5	980,970	6.8
Business Empowerment	1,074,120	8.0	1,053,780	7.8
Workforce Services	3,748,310	4.0	3,262,830	3.8
Agricultural Services	863,020	6.8	626,630	4.6
Special Projects	701,530	5.5	439,150	3.0
Finance and Administration	2,289,000	7.0	2,220,390	4.8
<b>Total</b>	<b>10,328,240</b>	<b>40.8</b>	<b>8,583,750</b>	<b>30.8</b>

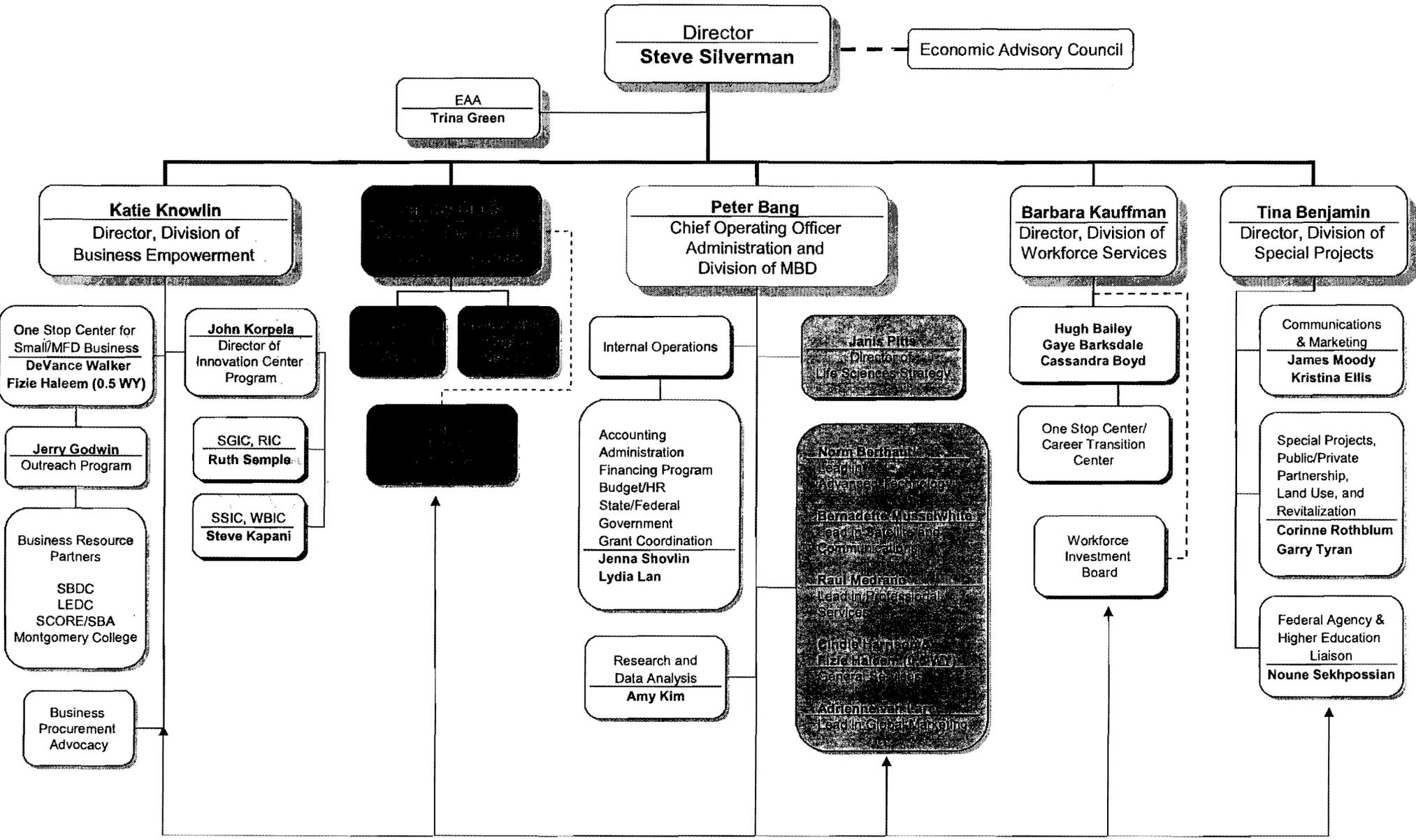
## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY10		FY11	
		Total\$	WYs	Total\$	WYs
<b>COUNTY GENERAL FUND</b>					
CIP	CIP	302,210	2.6	385,460	3.0
Economic Development Fund	Economic Development Fund	132,340	1.0	126,490	1.0
NDA - Conference Center	County General Fund	104,820	1.0	116,170	1.0
<b>Total</b>		<b>539,370</b>	<b>4.6</b>	<b>628,120</b>	<b>5.0</b>

## FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY11	FY12	FY13	(\$000's)		
	FY14	FY15	FY16			
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY11 Recommended</b>	<b>6,240</b>	<b>6,240</b>	<b>6,240</b>	<b>6,240</b>	<b>6,240</b>	<b>6,240</b>
No inflation or compensation change is included in outyear projections.						
<b>Motor Pool Rate Adjustment</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Restore Personnel Costs</b>	<b>0</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>
This represents restoration of funding to remove FY11 furloughs.						
<b>Subtotal Expenditures</b>	<b>6,240</b>	<b>6,380</b>	<b>6,380</b>	<b>6,380</b>	<b>6,380</b>	<b>6,380</b>

# FY10 DED's Organizational Chart



Providing internal support to all divisions

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**FY11 OPERATING BUDGET  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
INFORMATION REQUESTED**

**Department**

- Provide an organizational chart of the reorganized Department. See Attached.

**Marketing and Business Development**

- Explain the shift of the Senior Business Development Specialist to GSA.  
During the final stages of the FY09 Budget approval process, the Council transferred this position from the Wheaton Redevelopment Office to DED. The position was still supervised under the Wheaton Redevelopment Office and this shift formally moves the funds and workyear to DGS where the employee has been operating for the past two years.
- How are the non-personnel funds in Marketing distributed? (\$244,800)  
CoStar Contract \$27,000, Marketing Materials \$15,000, Non-Local Travel \$14,000, Local Metro Travel \$5,000, Local Conferences \$4,300, Advertising \$39,000, BIO \$45,800, Souvenirs \$5,000, Sponsorships \$14,700, Special Meetings Events \$5,000, GWI \$25,000, Tech Council \$30,000, WTCI \$10,000. The remaining funds are miscellaneous costs for dues, subscriptions, and professional memberships.
- Provide a description of the proposed FY11 Marketing Plan and address the consequences of the FY11 reduction. The reductions within MBD are a result of the departments' need to meet the FY11 MARC, and because MBD contains the majority of the department's discretionary funds the reduction in MBD is almost 50 percent of the department's required savings. The reductions to the division are unavoidable. Marketing and advertising have been reduced, which will limit the department's media platform options and result in fewer opportunities to market the County and the services that are offered. In addition the FY10 savings plan impacted the department's ability to contract out web development services to improve the DED website. The permanent reductions will limit the department's ability to contract with a company in FY11, but DED is trying to identify more cost neutral options including the use of existing staff and through the use of unpaid college interns.
- Provide a description of the FY10 Marketing Program activities and expenditures.
  - Funds have been spent as follows:  
Marketing and Collateral Materials - \$4,200 and includes bare minimum printing of the department's marketing materials. DED has placed many of the documents normally distributed up on the website to make them available for downloading.  
Non-Local Travel – YTD expenditures are \$9,500 with an additional \$10,000 expected to cover staff travel costs to the BIO Trade Show in May. The majority of the expenses in Non-Local Travel were \$2,000 for a trip to South Korea to complete the work necessary to close the two million dollar investment deal with Chungbuk Province.  
Advertising - \$28,200 has been spent to date with an additional \$10,000 anticipated in the 4<sup>th</sup> quarter. Costs for advertising have been for local advertising in the Gazette for the "I Am Montgomery" campaign, the monthly E-Letter, and MD Power Players, Market Facts, and the P&B Sponsorship.  
BIO Conference and Trade Show – \$54,100 expensed - \$50,000 toward the annual sponsorship and \$4,100 on the booth. Rockville Economic Development Office will be sharing half of the cost of

the booth.

Professional Membership - \$5,400 includes expenses of \$3,161 for Dunn and Bradstreet membership, \$2,000 for annual BIO membership, and miscellaneous individual professional memberships for MBD staff of approximately \$200.

GWJ - \$25,000 for annual sponsorship

National Work Life Alliance - \$25,000 sponsorship

Sponsorships – MDBIO-\$1,667, Tech Council Clean&Green Sponsorship-\$2,000, Corporate Volunteer Council Annual Meeting-\$700, Gaithersburg-Germantown Chamber of Commerce-\$500, Montgomery County Chamber of Commerce-\$25,000, Chinese Bio Pharmaceutical Alliance-\$2,000, Maritime Technology Alliance-\$2,000, and Western Maryland Hispanic Chamber of Commerce-\$800.

Souvenirs - \$4,100 on giveaways at events. FY09 spending on giveaways was \$15,900.

- Is there funding in FY11 for the Greater Washington Initiative; how much?  
The amount for the FY11 Greater Washington Initiative remains the same as the FY10 amount of \$25,000, which was appropriated by the Council for FY10.
- Provide FY10 activity and expenditure summary and FY11 budget for the following (include funding of other events/entities not listed):

-AT&T National-Tiger Woods Golf Classic – This event was not scheduled to be held in Montgomery County for FY10, and therefore no expenditure was made and was taken back as a part of FY10 Savings requirement. There was \$30,000 allocated to support DED's participation in the FY11 event; however, the department eliminated the funds for FY11 as part of the reduction plan. In addition, there is a chance that the event may not be held at all given AT&T's recent decision to drop Tiger Woods as a primary sponsor, so the Department would likely want to assess participation in any event when and if there is a decision to hold one here in FY11.

-Biotechnology Annual Event: The expenses tied to BIO include the annual \$50,000 sponsorship, \$4,100 for the booth, which is a shared expense between DED and the Rockville Economic Development Office, marketing materials and giveaways (\$1,000), travel expenses for four staff to attend which is anticipated to cost approximately \$10,000.

-International Trade Missions – The department has not participated in extensive international trade missions given the current fiscal constraints. One DED staff member traveled to South Korea to finalize the two million dollar investment deal in late March, and the total cost of that trip was around \$2,000.

-World Trade Center Institute – The contract provides the County and Montgomery County companies with an opportunity to gain more international exposure and network internationally through a number of focused and high profile events and was budgeted for \$10,000 in FY10. That amount has been recommended in FY11.

-Economic Advisory Council (EAC): The expenses for this committee are nominal with approximately \$500 anticipated for FY10. This covers refreshments for the meetings that are held at the EOB.

-High Technology Council of MD – DED continued its contract with the Tech Council in FY10 in the amount of \$29,500. The scope of services covered a text link from TCM's website to DED's website, complementary passes to events held in Montgomery County, first year gratis membership for the County Incubator companies, features County logo on promotional materials as well as displaying the County at events, tickets to annual BIO Forum, full table at TCM's annual awards dinner as well as sponsorship recognition, and formal invitation to CE to speak. The FY11 contract will largely mirror the FY10 and is recommended at the same funding level.

-Biosciences Task Force – The report was distributed in the fall, 2009 with several recommendations

including legislation for a biosciences tax credit that was recently passed by the Council.  
 -Green Initiative Task Force – DED spent \$11,000 on the consultant to complete the final phase of the Green Economic Task Force report. The report was distributed in March, 2010 and was forwarded to Council for review.

**Business Empowerment**

- Provide any updates or additions to the memo of October 13, 2009, from the DED Director to the PHED Committee about the innovation centers (incubators).

Following table shows 3/17/10 occupancy rate of the network:

<b>Space Availability:</b>	<b>Total Tenants</b>	<b>% Occupied</b>	<b>Virtual Tenants</b>
<b>Wheaton</b>	22	90%	20
<b>Rockville</b>	30	100%	
<b>Silver Spring</b>	24	98%	
<b>Shady Grove</b>	46	89%	
<b>Germantown</b>	23	89%	
<b>Totals:</b>	<b>145</b>		<b>20</b>

Despite the depressed market condition, an improvement has been made in the occupancy rate during the last six months. As all of the facilities in the network operate with a very tight budget, various strategies are being explored to bring up the occupancy rate close to 100%.

- Explain the cost increases at the Germantown (\$130,000) and Rockville (\$75,000) Innovation Centers.  
 GIC – The current FY10 budget for the GIC is \$312,000 and with the rent for the Incubator costing the department over \$550,000 per year, the increased subsidy amount is greatly needed in order to avoid tapping into other existing DED funds to cover the deficit. DED requested \$200,000 during the FFI (Future Fiscal Impact) process to set the FY11 MARC but only \$130,000 was approved.  
 RIC – This state of the art facility opened in May, 2008 and the downturn in the economy made it difficult for the department to find companies to occupy the space; however, occupancy rates at the facility as of today are around 98%. Despite the high rate of occupancy, particularly at a time when many commercial real estate properties are seeing 10, 20, and even 30% occupancy, due to the condominium regime ownership and \$88,000 plus special tax payment to the City of Rockville, the revenue generated from the incubator tenants is simply not enough to cover the facility’s operating expenses. Since the department lacks the necessary funding appropriation to bridge this gap the CE recommended an increase to help cover the operational costs of the facility. With the City of Rockville requesting increase in the tax rate and PILOT payment, FY12 funding might require additional \$10-\$15,000 increase.

**WS --Workforce Services Division**

- Explain the shift in 0.2 workyear for the Senior Financial Specialist from Grant Fund to General Fund and the other reductions and shifts in Workforce funding for FY 11. In FY10, Workforce Services transferred .2 workyear from the general fund to the grant fund, which was to have been paid through the Administration portion of the WIA grants. The Administration portion of WIA was not awarded to any

jurisdiction in FY10 and is not projected for FY11, therefore the department made a technical adjustment to move the workyear and expenses from the grant fund back to the general fund.

Summarize Workforce Services programs and accomplishments for FY10 including expenditures of stimulus funds for this program.

The mission of the Montgomery County Division of Workforce Services (DWS) is to ensure that Montgomery County has a well-prepared, educated, trained, and adaptable workforce to meet the current and future needs of business, and that the County workforce has the tools and resources to successfully compete in a global economy.

DWS is advised by a 30-member Workforce Investment Board (WIB), composed of business representatives (51%), community leaders and public officials. The board is appointed by the County Executive and approved by County Council in accordance with the Workforce Investment Act (WIA) of 1998 and Montgomery County Executive Order No. 159-02. The WIB provides policy oversight and guidance for the expenditure of these funds enabling local business, public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County.

Services are provided to:

- Dislocated workers – mostly workers that have been laid-off from their jobs and are looking to re-enter workforce with existing skills or re-enter workforce after assistance with an upgrade in their skills;
- Adults – mostly job seekers with significant barriers to unemployment many with limited work history or education.
- Youth – youth aged 16 – 21 that are low-income and require employment on a full-time or seasonal basis; and
- Businesses that need to find, retain, and train employees.

Services are provided through MontgomeryWorks. Individuals receive an array of vocational assessment, job readiness and job training and job placement services. MontgomeryWorks assists business identify their workforce needs, locate qualified candidates for jobs, and create employment and training programs that help companies succeed. Services include holding recruitments and job fairs, posting job openings in a searchable statewide database and access to worker training grants.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Germantown, and are operated as a consortium with the Maryland Job Service, the Workforce Solutions Group and other non-profit and local agency partners.

Accomplishments for individuals include:

- On track for more than 13,000 job-seekers using MontgomeryWorks Workforce delivery system.
- Providing more than 300 ex-offenders with work skills necessary to seek re-entry employment opportunities thus providing them with the chance to avoid committing future crimes.
- Training (workshops and occupational training) provided to more than 1,743 individuals to date.
- Working with Montgomery County Public Library to hold job search workshops at Rockville, Aspen Hill, and Silver Spring libraries.
- Moving MontgomeryWorks Lake Forest One-Stop Career Center to the UpCounty Regional Services Center.

Accomplishments for businesses include:

- More than 500 businesses have received workforce-related business services (as of February 2010).
- MontgomeryWorks has held 24 job fairs and recruitments.

- In Montgomery County, the Maryland Business Works provide support to businesses who need to train their employees to stay competitive or grow. This year to date 49 employers have taken advantage of the reimbursement program with 141 employees.

Accomplishments for youth include:

- Held the Summer Jobs Program for 150 youth, ages 16-24. Some 55 employers participated in the six week program which also included enrichment activities for the youth.
- Held Youth Job Fair on March 20, 2010 for 787 youth. Some 37 employers participated, resulting in 374 offers to hire or interviews.
- In the youth year-round program, 38 youth have been served.

Describe the Workforce Services program proposed for FY11 and the differences between the FY11 program and the FY10 program as a result of the significant reduction in the WIA grant.

The decrease is partially due to a reduction in funding because of the one-time federal allocation in ARRA funding and conservative estimates for the FY11 WIA allocations. Official notification of the amount Montgomery County is receiving in federal funds for its regular WIA allocation has not been received as of April 12th.

The federal economic stimulus funds are one-time funds that were appropriated through a County Council supplemental appropriation in FY09. The County has until June 30, 2011 to expend these funds, and all dollars have been expended or obligated. The funds were used for summer jobs program for youth during the summer of 2009, and will be used for a smaller summer program in 2010 and meeting the unprecedented demand on services as a result of current economic conditions. The assumption is that as the ARRA funds are expended, economic conditions will improve. A stand alone summer jobs program is unlikely to be held without additional federal, state, or local funds.

The proposed FY11 budget reduces County funding for Workforce Services by \$125,000. That amount supports rent at the MontgomeryWorks Wheaton One-Stop Career Center, which is located in the Wheaton Westfield South Office Building and general One-Stop activities. The support from the County allowed more of the federal funds to be used for services to individuals and businesses as opposed to the administrative costs associated with rent.

Identify all Workforce Services funding sources for FY11 compared to FY10.

The sources of funds remain the same in the two years; the amounts vary.

	FY 10	FY 11 Estimated
FEDERAL WORKFORCE INVESTMENT ACT FUNDS	\$1,328,898	\$1,328,898
ARRA FUNDS (MBW & EARLY INTERVENTION)	101,673	0
EARLY INTERVENTION (STATE/FEDERAL)	151,900	151,900
MARYLAND BUSINESS WORKS (FEDERAL)		47,000
DISABILITY NAVIGATOR (FEDERAL) (ESTIMATED)	165,054	165,054

RAPID RESPONSE (FEDERAL) (ESTIMATED)	5,000	5,000
MD STATE GENERAL & STATEWIDE – FOREIGN TRAINED HEALTH CARE	154,500	0
<u>TOTAL</u>	<u>\$1,907,025</u>	<u>\$1,697,852</u>
<u>MONTGOMERY COUNTY FUNDING</u>		
GENERAL ONE-STOP ACTIVITIES	122,000	119,600
ONE STOP FACILITIES (RENT)	122,100	0
SALES & SERVICE CENTER	160,000	160,000
COUNTY GANG PREVENTION CONTRACTED POSITION	62,500	62,500
YOUTH PROGRAM	50,000	50,000
SUMMER YOUTH EMPLOYMENT	50,000	50,000
<u>TOTAL</u>	<u>\$566,600</u>	<u>\$441,600</u>

### AG Services

- Explain the reductions in the Ag Services Program and the effects on the program and whether any of the funding can be moved to the Ag Preservation CIP rather than eliminated. Given the anticipated balance in the CIP there is no more room to fund any other agricultural initiatives at this point and time. The department will be monitoring this over the next year to see if there is a possibility that additional funds can be utilized to back fill the reduction made to CES.
  - \$41,000 - Reduce funding in Ag Services – the reduction to the CES budget targets vacant state funded positions that may not be filled and could possibly be abolished because of the State's own fiscal situation-\$30,000. Operating costs that were targeted are miscellaneous costs that include supplies, long distance phone charges, maintenance costs, books and reference materials, and local metro area travel-\$11,000.
  - \$61,150 and -1.0 wy – Abolish Office Services Coordinator in Ag Services – this position was eliminated during the FY10 mid-year savings plan process. The employee was transferred to another department at the same grade.
  - \$117,690 and -1.0 wy – Abolish Resource Conservationist Position – this position was eliminated during the FY10 mid-year savings plan process. The employee retired from the County.

### Special Projects

- Explain the decrease in special project costs of \$10,950. – This decrease is primarily in non-local travel, which was reduced based on lower non-local travel activity and a more regional based approach to the County's Economic Development initiatives. Additional miscellaneous costs were reduced as well.
- Explain the footnote "Two Business Development Specialists will be abolished in FY11." To meet the required FY11 savings, DED has to abolish two BDS positions (DED has already RIFed four positions in FY10). One BDS position will be vacant by the end of FY10, but another BDS will be a filled position.

### Finance, Administration

- Explain the abolishment of the OSC and IT positions and the decreased/increased expenses. Both of the positions were identified for elimination as part of the FY10 mid-year savings plan. Each employee was placed within a County position. The positions were identified for elimination after tremendous consideration and ultimately chosen because they posed the least amount of service related impacts despite their importance to supporting existing staff.

## Ag Land Pres Easements -- No. 788911

Category  
Subcategory  
Administering Agency  
Planning Area

Conservation of Natural Resources  
Ag Land Preservation  
Economic Development  
Countywide

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

March 25, 2010  
No  
None.  
On-going

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	3,252	0	376	2,876	445	458	472	486	500	515	0
Land	18,336	0	13,186	5,150	600	750	850	950	1,000	1,000	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>21,588</b>	<b>0</b>	<b>13,562</b>	<b>8,026</b>	<b>1,045</b>	<b>1,208</b>	<b>1,322</b>	<b>1,436</b>	<b>1,500</b>	<b>1,515</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

Agricultural Transfer Tax	10,568	0	5,418	5,150	600	750	850	950	1,000	1,000	0
Federal Aid	393	0	393	0	0	0	0	0	0	0	0
Investment Income	3,367	0	491	2,876	445	458	472	486	500	515	0
M-NCPPC Contributions	5,000	0	5,000	0	0	0	0	0	0	0	0
State Aid	2,260	0	2,260	0	0	0	0	0	0	0	0
<b>Total</b>	<b>21,588</b>	<b>0</b>	<b>13,562</b>	<b>8,026</b>	<b>1,045</b>	<b>1,208</b>	<b>1,322</b>	<b>1,436</b>	<b>1,500</b>	<b>1,515</b>	<b>0</b>

#### DESCRIPTION

This project provides funds for the purchase of agricultural and conservation easements under the County Agricultural Land Preservation legislation, effective November 25, 2008, for local participation in Maryland's agricultural and conservation programs. The County Agricultural Easement Program (AEP) enables the County to purchase preservation easements on farmland in the agricultural zones and in other zones approved by the County Council to preserve farmland not already protected by Transferable Development Rights (TDRs) easements or State agricultural land preservation easements.

The Maryland Agricultural Land Preservation Foundation (MALPF) enables the State to purchase preservation easements on farmland jointly by the County and State.

The Rural Legacy Program (RLP) enables the State to purchase conservation easements to preserve large contiguous tracts of agricultural land. The sale of development rights easements are proposed voluntarily by the farmland owner. Project funding comes primarily from the Agricultural Land Transfer Tax, which is levied when farmland is sold and removed from agricultural status. Montgomery County is a State-certified county under the provisions of State legislation, which enables the County to retain 75 percent of the taxes for local use. The County uses a portion of its share of the tax to provide matching funds for State easements.

Beginning in FY10, a new Building Lot Termination (BLT) program will be initiated that represents an enhanced farmland preservation program tool to further protect land where development rights have been retained in the Rural Density Transfer Zone (RDT). This program will use Agricultural Transfer Tax revenue to purchase the development rights and corresponding TDRs retained on these properties.

#### COST CHANGE

Agricultural Transfer Tax collection and related expenditures were reduced to reflect the slowing economy.

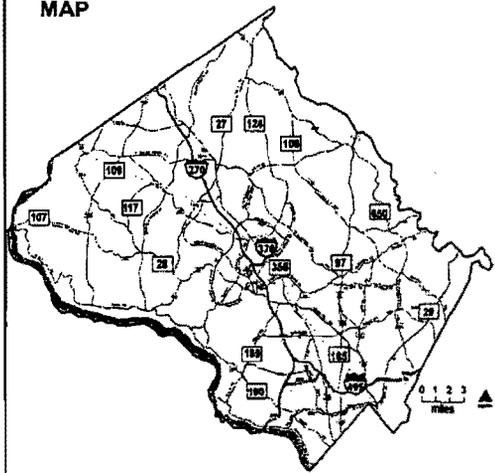
#### JUSTIFICATION

Annotated Code of Maryland 2-501 to 2-515, Maryland Agricultural Land Preservation Foundation; Annotated Code of Maryland 13-301 to 13-308, Agricultural Land Transfer Tax; and Montgomery County Code, Chapter 2B, Agricultural Land Preservation.

#### OTHER

FY11 estimated Investment Income expenditure before partial closeout adjustments is \$445,000 and is made up of \$374,000: 1 workyear Business Development Specialist III, 1 workyear Business Development Specialist I, 1 workyear MLS Manager II; \$30,000 - Deer Donation Program; \$10,000 - Montgomery Weed Control Program; and \$31,000 for Cooperative Extension Partnership.

Appropriations are based upon a projection of Montgomery County's portion of the total amount of Agricultural Transfer Tax which has become available since the last appropriation and State Rural Legacy Program grant funding. Appropriations to this project represent a commitment of Agricultural Land Transfer Tax funds and State Aid to purchase agricultural easements. The Agricultural Transfer Taxes are deposited into an investment income fund, the interest from which is used to fund direct administrative expenses, the purchase of easements, and other agricultural initiatives carried out by the Agricultural Services Division. The program permits the County to take title to the TDRs. These TDRs are an asset that the County may sell in the future, generating revenues for

APPROPRIATION AND EXPENDITURE DATA			COORDINATION		MAP	
Date First Appropriation	FY89	(\$000)	State of Maryland Agricultural Land Preservation Foundation State of Maryland Department of Natural Resources Maryland-National Capital Park and Planning Commission Landowners			
First Cost Estimate						
Current Scope	FY11	21,588				
Last FY's Cost Estimate		26,756				
Appropriation Request	FY11	1,045				
Appropriation Request Est.	FY12	1,208				
Supplemental Appropriation Request		5,000				
Transfer		0				
Cumulative Appropriation		8,561				
Expenditures / Encumbrances		2,696				
Unencumbered Balance		5,865				
Partial Closeout Thru	FY08	49,702				
New Partial Closeout	FY09	7,383				
Total Partial Closeout		57,085				

## Ag Land Pres Easements -- No. 788911 (continued)

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the Agricultural Land Preservation Fund. The County can use unexpended appropriations for this project to pay its share (40 percent) of the cost of easements purchased by the State. Since FY99, the County has received State RLP grant funds to purchase easements for the State through the County. The State allows County reimbursement of three percent for direct administrative costs such as appraisals, title searches, surveys, and legal fees.

Given changes to the Federal Program, Federal Aid funds are no longer programmed in this project.

### FISCAL NOTE

Expenditures do not reflect additional authorized payments made from the Agricultural Land Preservation Fund balance to increase financial incentives for landowners.

### OTHER DISCLOSURES

- The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.

DEPARTMENT	JOB CLASS TITLE	FULL-TIME POSITIONS	PART-TIME POSITIONS	FILLED POSITIONS	VACANT POSITIONS	SALARY GRADE	REPRESENTED
<b>Economic Development</b>							
	INFO TECHNOLOGY SPEC III	-1	0	-1	0	26	
	SR BUSINESS DEVP SPEC	-3	0	-1	-2	27	
	RESOURCE CONSERVATIONIST	-1	0	-1	0	23	
	OFFICE SERVICES COORD	-2	0	-2	0	16	x