

PHED # 4  
April 19, 2013

**MEMORANDUM**

April 17, 2013

TO: Planning, Housing, and Economic Development Committee  
FROM: Jacob Sesker, Senior Legislative Analyst   
SUBJECT: FY14 Operating Budget: Department of Economic Development

Attendees from DED: Steve Silverman, Director; Sally Sternbach, Deputy Director; Peter Bang, Chief Operating Officer; Jeremy Criss; Tina Benjamin; Barbara Kaufman; Jackie Arnold.

Attendees from OMB: Helen Vallone, Senior Management and Budget Specialist

Relevant pages from the FY14 Recommended Operating Budget are attached on ©1-8.

**Overview**

The County Executive's FY14 recommended budget of \$11,326,082 is below the FY13 approved budget of \$11,940,787. The Economic Development budget (DED) is supported by the general fund and by grant funds. The Executive recommends an FY13-FY14 increase of \$100,000 in the grant funded portion of the budget (+3.65%), and an FY13-FY14 decrease of \$714,705 in the portion of the DED budget supported by the general fund (-7.77%).

While the Executive's recommended budget represents a decline in the budget, the recommendation does not include a decline in the personnel complement—full-time equivalents (FTE) in the operating budget would increase from 29.05 in FY13 to 29.30 in FY14.<sup>1</sup> The FY13 approved budget for DED included several one-time items—the difference between the Executive's recommended FY14 budget and the FY13 approved budget can be explained by a cost decrease of \$766,038 associated with those one-time FY13 expenditures.

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<sup>1</sup> The request indicates that FTE charged to the Capital Improvements Program (CIP) would increase from 4.20 to 4.70.

### Summary of changes proposed in FY14 Recommended Budget

The Executive recommended the following changes to the General Fund portion of DED's budget:

<i>Change-DED General Fund</i>	<i>Expenditures</i>	<i>FTEs</i>
<b>FY13 Original Appropriation</b>	<b>\$9,197,933</b>	<b>29.05</b>
Add: Funding for Cultural Fund for Arts and Humanities	\$200,000	0.00
Add: Social Media and Marketing	\$28,001	1.00
Add: Hispanic Chamber LSBRP Outreach	\$25,000	0.00
Add: Asian American Pacific Chamber Initiative	\$20,000	0.00
Add: Bethesda Green Financing Outreach	\$15,000	0.00
Increase Cost: FY14 Compensation Adjustment	\$100,400	0.00
Increase Cost: Group Insurance Adjustment	\$14,626	0.00
Increase Cost: Other Labor Contract Costs	\$4,618	0.00
Increase Cost: Retirement Adjustment	\$2,821	0.00
Increase Cost: Printing and Mail Adjustment	\$998	0.00
Increase Cost: Motor Pool Adjustment	\$906	0.00
Increase Cost: Operating Funds	\$325	0.00
Technical Adjustment: FTE Adjustment Due to Rounding	—	0.25
Decrease Cost: Elimination of \$2,000 Lump Sum	(\$58,015)	0.00
Decrease Cost: Annualization of FY13 Personnel Costs	(\$128,327)	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY13	(\$766,038)	0.00
Shift: Remove Chargeback from CE Office (Spec. Proj. Manager)	(\$174,660)	(1.00)
<b>FY14 Recommended</b>	<b>\$8,483,228</b>	<b>29.30</b>

The Executive recommended the following changes to the Grant Fund portion of DED's budget:

<i>Change-DED Grant Fund</i>	<i>Expenditures</i>	<i>FTEs</i>
<b>FY13 Original Appropriation</b>	<b>\$2,742,854</b>	<b>0.00</b>
Add: Maryland DLLR Grant	\$100,000	0.00
<b>FY14 Recommended</b>	<b>\$2,842,854</b>	<b>0.00</b>

### History

Operating budget workyears increased from 43.90 in FY07 to 49.00 in FY08 before dropping to a low of 26.50 in FY12. The Executive's recommended FY14 budget includes 29.30 full time equivalents (FTEs). Overall, the economic development personnel complement has fallen from 48.00 workyears in FY07 to 35.25 in the Approved FY13 Budget. The Executive's recommended budget includes 36.00 full time equivalents in FY14.

Original Appropriations FY07-FY13 and Recommended FY14 DED Operating Budget Expenditures and Workyears/FTEs

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
General Fund	\$7,133,530	\$8,273,360	\$8,048,580	\$7,628,240	\$6,285,150	\$5,990,310	\$9,197,933	\$8,483,228
Grant Fund MCG	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000	\$2,344,020	\$2,344,020	\$2,742,854	\$2,842,854
<b>Total</b>	<b>\$9,833,530</b>	<b>\$10,973,360</b>	<b>\$10,748,580</b>	<b>\$10,328,240</b>	<b>\$8,629,170</b>	<b>\$8,334,330</b>	<b>\$11,940,787</b>	<b>\$11,326,082</b>
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
DED General Fund	43.90	49.00	44.60	40.60	30.80	26.50	29.05	29.30
Charges to other departments								
<i>CIP</i>	2.10	2.60	2.60	2.60	3.00	4.20	4.20	4.70
<i>EDF</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>NDA Conf Center</i>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Grant Fund	0.00	1.80	1.00	0.20	0.00	0.00	0.00	0.00
<b>Total</b>	<b>48.00</b>	<b>55.40</b>	<b>50.20</b>	<b>45.40</b>	<b>35.80</b>	<b>32.70</b>	<b>35.25</b>	<b>36.00</b>

## **FY14 Expenditure Issues**

### ***Public hearing testimony***

The Bethesda-Chevy Chase Chamber of Commerce submitted testimony in support of adequate funding for DED and the Montgomery Business Development Corporation. *See BCCC Testimony © 10-11.*

The Greater Silver Spring Chamber of Commerce (GSSCC) submitted testimony in support of the DED budget and in support of continuing funding for the Montgomery Business Development Corporation (MBDC). The GSSCC also submitted testimony in support of AFI Silver Theatre. *See GSSCC Testimony © 12-13.*

The Montgomery County Chamber of Commerce submitted testimony in support of increasing the DED budget and in support of adequate funding for other crucial economic development functions. *See MCCC Testimony © 14-15.*

Bruce Williams, Mayor of Takoma Park, submitted testimony requesting that DED “focus on real economic development needs of small businesses in our corner of the County.” Specifically, Takoma Park requested DED staff assist the City with implementing redevelopment efforts in the Takoma-Langley and Long Branch neighborhoods, and in the New Hampshire Avenue corridor. *See Takoma Park Testimony © 16-18.*

### ***Add: Funding for Cultural Fund for Arts and Humanities \$200,000***

The Executive recommends adding \$200,000 to the DED budget for a “cultural fund for arts and humanities.” The Council has not yet been briefed regarding this initiative. Answers to Council Staff budget questions indicate that the Executive Branch believes that this expenditure sends an important message to the business community and will create jobs.<sup>2</sup> The funds would be managed and distributed by the Executive Ball for the Arts Board of Directors. *See Executive Response Re Cultural Fund for Arts and Humanities © 19-20.*

**Staff recommends shifting this recommended \$200,000 expenditure to the budget for the Arts and Humanities Council.**

### ***Add: Social Media and Marketing \$28,001 and 1.00 FTE***

The Executive recommends adding \$28,001 and 1.00 FTE to create a social media and marketing position within DED. However, in the months since preparing the budget, DED has encountered difficulty in filling this position. A portion of DED’s response to Staff’s question is in italics below:

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<sup>2</sup> Other arts and humanities related expenses in DED’s budget include \$500,190 to AFI for operating losses reimbursable under its lease agreement with the County, as well as sponsorships of arts related groups and events.

*...The Conference and the Visitors Bureau is currently planning to hire a position in FY14 to focus on Social Media marketing. The discussion is underway to jointly fund, and share the position since DED and the CVB are collocated. Depending on the magnitude of DED's funding required for this shared position, two options exist. One, if the required funding is modest, then DED will absorb the funding from the operating costs and recreate this vacancy into either a research position or a special project position. Two, if the funding requirement is substantial, then DED will use the remaining personnel budget of this vacancy to create a PAA (or OSC) position, another critically required resource in DED to address the overall shortage in administrative support and production requirements.*

Council Staff believes that this social media and marketing position should be changed to a PAA or OSC position within either the MBD Division or to a special projects position within the Finance and Administration Division. DED's Marketing and Business Development Division has one administrative staff person supporting the Director of MBD (Deputy Director Sally Sternbach), 3 senior business development specialists, 7 business development specialists, and a vacant public relations specialist. At the same time, the Finance and Administration Division is involved in increasingly complex transactions involving a substantial amount of paperwork, tracking and monitoring (e.g., managing the Biotechnology Tax Credit Supplement, implementing OLO recommendations related to the EDF, etc.).

**Staff recommends approval of this line item, and requests a written follow-up from the Director to include an update regarding the agreement, if any, reached between DED and the CVB regarding the social media and marketing function.**

**Staff agrees that this position could be repurposed as a PAA or OSC administrative support position in either the MBD Division, or as a special project position within the Finance and Administration Division.**

***Add: Hispanic Chamber LSBRP Outreach \$25,000***

The Local Small Business Reserve Program (LSBRP) is managed by General Services (DGS). However, DED does perform outreach related to the LSBRP program as part of its business empowerment activities. DED states that this position is part of a new initiative to augment and expand DED's marketing of the LSBRP.

DED provided the following response to Staff's question about why this expenditure is located in DED rather than in DGS:

*The migration of LSBRP to DGS in FY09 involved the relocation of the program staff that focused on maintaining the LSBRP registration and certification system, and working with the internal agencies to monitor the LSBRP requirement compliances and generate the annual report, as it was cogent that the "core" procurement function should reside within the DGS. Even after the staff migration, DED assisted the DGS with marketing the Program and increasing the number of vendors registered in the LSBRP system, as it was also cogent that DED is better suited and connected with the business communities to encourage business participation in the LSBRP.*

**Staff recommends approval of this expenditure in DED even though other portions of the LSBRP are administered by DGS.**

***Add: Asian American Pacific Chamber Initiative \$20,000***

The CE has recommended \$20,000 to assist the Asian Pacific American Chamber to expand its membership and to expand contracting opportunities, including through the LSBRP, to Asian businesses.

**Staff recommends approval of this expenditure in DED even though the County's liaison to the Asian American Pacific Chamber is shifting from DED to the CE's office.**

***Add: Bethesda Green Financing Outreach \$15,000***

The CE has recommended \$15,000 to assist Bethesda Green in its outreach efforts (financing and investor pitch programs). DED's explanation of this expenditure is below:

*This funding for the Bethesda Green will enable them to continue its successful finance workshop and investor pitch program from FY2013 in FY14. Finance workshops will support and expand the overall objectives of providing services to emerging green business entrepreneurs and growing the identity of Montgomery County as a green business hub.*

- *Five workshops plus investor pitch*
- *Continue to expand reach to green business community and finance community—expand databases and participation in workshops*
- *Maintain partnerships—Dingman, Mtech, MCEC, Deloitte, Clean Tech Open, William James Foundation—and expand sponsors*
- *Track benefits to participants*

**Staff recommends approval.**

***Base budget issues***

***Reorganization***

The recommended budget shifts 7.00 FTEs to the Marketing and Business Development Division, increasing the size of the MBD team from 6.00 to 13.00 FTEs. While the FY14 Recommended personnel complement of 13.00 FTEs represents a significant increase above FY13, it is notable that the FY07 approved budget included 12.8 work years on the MBD team. Much of the decrease in the MBD staff occurred in FY11—in FY11, the Executive recommended and the Council approved a budget that abolished 3 business development specialists and removed funding for the MBD Director

In response to Council Staff's question regarding the reorganization, DED explained that the reorganization shifts positions back to MBD that had been shifted to other divisions during the period in which there was no MBD Director.

### Operating Expenses

The recommended budget includes \$4,810,012 in operating expenses. Included in those operating expenses are professional services contracts, sponsorships, and real estate related costs associated with the incubators.

- Professional services contracts include: Montgomery Business Development Corporation (\$500,000), BioHealth Innovation (\$500,000), American Film Institute (\$500,190), DED's general professional services contracts (\$100,000), and Ballard Spahr Federal Lease Contract (\$75,000).
- The total FY13 expenditure on sponsorships and memberships equal to or greater than \$500 was \$169,120.
- Operating expenses and lease or debt service for the County's incubators in Shady Grove, Rockville, Germantown, Silver Spring, and Wheaton.

### AFI Silver

DED's base budget includes \$500,190 for AFI Silver. AFI has indicated that this amount is not sufficient to reimburse AFI for reimbursable operating losses under the terms of AFI's lease with the County. AFI is requesting \$658,429 in the FY14 budget. *See AFI Additional Funding Request © 21-23.* In response to Staff's questions, DED explained that AFI was not fully funded because of "competing priorities of other budget items."

The County's relationship with AFI is a contractual relationship—Montgomery County is the lessor and AFI is the lessee. The lease document establishes how to calculate reimbursable operating losses. Staff has requested that OMB set up a meeting with appropriate representatives from DED, DGS, OMB, and AFI to establish a budget request worksheet that will represent a shared understanding of the County's lease obligations (which are of course subject to appropriation).

**Staff recommends adding \$158,239 for AFI Silver (total of \$658,429).**

### Ballard Spahr

DED contracts with law firm Ballard Spahr for services related to retention of federal leases. The monthly retainer payment under the contract is \$6,250. The contract will expire, if not extended, on January 9, 2014. From January through October of 2012, hours worked under the contract ranged from a low of 7.6 to a high of 16.5. The contract is funded using DED resources, though contract management is in the Office of Intergovernmental Relations.

While the services provided under this contract are valuable, the monthly retainer is high and the contractor's workload varies. Staff believes that contract management and contract funding for this retainer contract should be unified in either DED or OIR before renewing this contract. **Staff recommends shifting \$75,000 from DED's base budget to OIR.**

**Alternatively, this contract could be amended so that the contracting party is DED rather than OIR; in that case, Staff recommends a budget provision to tie this expenditure to a change in contract management.**

Incubators

DED’s base budget includes substantial real estate costs associated with its incubator program. DED has previously discussed with the PHED Committee the possible restructuring of the County’s incubators, which could ultimately result in real estate related savings. Those savings could then be spent improving outcomes of the incubator program. However, DED’s budget request did not include funding for this item. DED’s response to Staff’s question is below:

*DED tried to conclude the BIN Phase III study in time for the FY14 budget submission. The RFP draft was submitted November 2012, the RFP issued on January 10, 2013, DED’s vendor selection made on January 27, 2013, and the contract awarded to Orion Ventures on March 14, 2013. Based on the time it took to execute the Phase III contract, the contractor will most likely conclude their Phase III work towards the end of June or early July 2013. DED will submit the Phase III recommendation to the County Executive and the County Council as soon as it is ready. If there are elements of the recommendation that can, or needs to be addressed through the biennial CIP, DED will do so during the upcoming CIP season that starts in August 2013. If the elements of the recommendation need to be addressed through the FY15 Operating Budget, we will have an ample time to thoroughly plan and afford smooth transition to minimize the effects to the existing incubator tenants.*

Facility	Debt Service/Lease <sup>1</sup>	CAM/Condo Fee <sup>2</sup>	General OE without <sup>1 and 2</sup>
William Hanna	\$440,000—ends in 2019	In general OE	Approx \$1.125 million
Germantown	\$580,000—ends in 2029	\$70,000	Approx. \$350,000
Rockville	\$410,000—ends in 2032	\$122,000	Approx. \$290,000
Wheaton	\$290,000—ends on 5/31/2016	\$29,000	Approx. \$120,000
Silver Spring	None (100% County Owned)	In general OE	Approx \$300,000

At that time, DED proposed the following policy objectives for the BIN transition: (1) Grow technology companies; (2) Develop economic clusters in target industries; (3) Increase Montgomery County jobs that align with Montgomery County demographics; (4) Leverage key regional research and business assets; (5) Increase investment in local start-up companies; and (6) Support a pipeline of new companies.

DED proposed that each incubator should be aligned with a specific industry. DED’s November proposal suggested focusing BIN programs on the life sciences industry, health IT (information technology), cyber-security, an accelerator program with focus on software

development, and a general or transitional incubator to facilitate transition for current BIN tenants that do not fit within one of the other identified areas of focus.

The following key elements of the transition were discussed:

- The BIN would transition from 5 to 4 incubators, and assess the space needs of each incubator in order to determine whether the individual facility needs to be larger, smaller, or configured differently.
- Reducing long-term debt will improve financial sustainability of the incubator program.
- Each incubator would have industry-specific programming.
- Advisory committees for each target industry would advise on the admission of BIN tenants and programming/educational elements for that facility.
- The BIN itself would be rebranded, and each individual incubator would also be branded.
- The organizational structure would include shared staff (e.g., Executive Director, Education/Programming Manager, Communications/Events Coordinator, Mentorship Managers) and facility-specific staff (e.g., Center Directors, Facility/Tenant Service Managers). Total net new positions (whether County or contractor) required at stabilization would be 4.5 (+1 Executive Director, +1 Center Director, +0.5 Education/Programming Manager, +1 Communications/Events Coordinator, +2 Mentorship Managers, -1 Facility/Tenant Service Manager).<sup>3</sup>

At the PHED's briefing in November, Staff indicated that the transition would likely require additional expenditures for personnel in advance of real estate savings. While some savings may be achieved in the near to mid term in the William Hanna (Shady Grove), Rockville, Germantown, and Silver Spring incubators, significant savings are unlikely without allowing the lease for the Wheaton incubator to expire.

**Staff recommends requesting a September briefing from DED regarding the transition plan for the BIN.**

#### Agricultural Services

In FY13, Staff raised concerns as to whether too many positions in Ag Services were being charged to the CIP. In particular, the Agricultural Services Manager position, a Manager II position, is one that should be charged to the operating budget.

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<sup>3</sup> The short-term priorities would be to fill the positions of Executive Director, Center Director, and one of the two Mentorship Manager positions, and to expand the scope of DED's contract for education/programming from part-time to full-time.

In 2004 the Council adopted Resolution 15-744 (Personnel Charges to Agency Capital Budgets). See Resolution 15-744 © 24. Resolution 15-744 states that supervisors at a rank of Manager II or higher should charge their time to their agency's operating budget. **Staff recommends shifting funding for this position out of the CIP and into the Operating Budget in FY15.**

DED provided the following details regarding acquisition of agricultural preservation easements in FY13.

***Summary of FY13 Agricultural Land Preservation Easement Acquisitions***

**County Easements:**

*Agricultural Easement Program (AEP)*

***Settled AEP Easements***

<i>Name</i>	<i>Acres</i>	<i>TDRs</i>	<i>Consideration</i>	<i>Date of Settlement</i>
<i>Windmill Farm LLC</i>	<i>88.08</i>	<i>2</i>	<i>\$602,918.00</i>	<i>12/28/2012</i>
<i>George Cumberledge et al</i>	<i>117.58</i>	<i>3</i>	<i>\$671,837.82</i>	<i>1/17/2013</i>

***AEP Acquisitions Pending***

<i>Name</i>	<i>Acres</i>	<i>TDRs</i>	<i>Consideration</i>	<i>Status</i>
<i>(Confidential) Extended</i>	<i>131.00</i>	<i>5</i>	<i>\$730,496.00</i>	<i>Offer</i>

*Building Lot Termination Easement Program (BLT)*

***Settled AEP Easements***

<i>Name</i>	<i>Acres</i>	<i>BLTs</i>	<i>Consideration</i>	<i>Date of Settlement</i>
<i>(Confidential)</i>	<i>100.71</i>	<i>2</i>	<i>\$498,750.00</i>	<i>4/17/2013</i>

***BLT Acquisitions Pending***

<i>Name</i>	<i>Acres</i>	<i>BLTs</i>	<i>Consideration</i>	<i>Status</i>
<i>(Confidential) Pending</i>	<i>103.83</i>	<i>2</i>	<i>\$506,250.00</i>	<i>Execution</i>
<i>(Confidential) Drafted</i>	<i>98.00</i>	<i>3</i>	<i>\$759,375.00</i>	<i>Contract</i>

<i>(Confidential)</i> <i>Drafted</i>	84.7	1	\$255,000.00	<i>Contract</i>
<i>*Charles and Bertha Stanley</i> <i>Accepted</i>	107.20	3	\$736,875.00	<i>Offer</i>

State Agricultural Easement Program (MALPF)

<u>Name</u>	<u>Acres</u>	<u>TDRs</u>	<u>Status</u>
<i>(Confidential)</i>	77 acres	1	<i>Offer Pending</i>

Montgomery Business Development Corporation

Under §30B-5(d), the Board of the Montgomery Business Development Corporation (MBDC) must meet with the Executive and the Council at least semi-annually. The next semi-annual meeting will be scheduled for this summer. In the FY13 Operating Budget, the Council appropriated \$500,000 to the Department of Economic Development to contract with MBDC, and MBDC was included in the non-competitive contract list. Under the budget resolution, MBDC is required to report quarterly on the status of contract negotiations and deliverables. *See MBDC 2<sup>nd</sup> Quarter Report* © 25-27. That report describes the recent progress and future direction of MBDC. *See also MBDC March Update* ©28. MBDC's draft FY14 work plan includes an expansion of activities begun in FY13. *See MBDC Draft Work Plan* © 29-31.

Strategic Plan

Under Bill 14-12, DED is required to produce a strategic plan for economic development within 180 days of the effective date of the legislation. The following written update was provided by DED:

*DED has developed the draft outline of the transitional version of the strategic plan (to be implemented 7/1/2013 – 6/30/2015, until the full strategic plan under the newly elected County Executive will be developed by June 30, 2015). Preliminary meeting with the MBDC was held on 3/27/2013 to refine the draft. DED will complete and submit the revised strategic plan by June 30, 2013.*

### Council Staff Recommendations

Staff recommends the following changes (-\$116,761) to the Executive's Recommended FY14 Budget:

<b>CE FY14 Recommended</b>	<b>\$8,483,228</b>	<b>29.30</b>
Shift: Funding for the Cultural Fund for AHCMC	(\$200,000)	0.00
Shift: Funding for federal lease contract to OIR	(\$75,000)	0.00
Increase cost: Funding for AFI Silver Theatre	\$158,239	0.00
<b>Council Staff Recommendation</b>	<b>\$8,366,467</b>	<b>29.30</b>

### Budget provisions

If the Committee supports additional funding for AFI (\$158,239), then Staff recommends tying the entire expenditure to the following budget provision:

*This resolution appropriates \$658,429 to the Department of Economic Development for AFI Silver Theatre and Cultural Center for reimbursement of operating losses reimbursable under the terms of AFI's lease with the County. The Department must report to the Council, not later than July 31, 2013, a description of the Department's efforts to reach an agreement with AFI regarding the contents of an annual budget request form to be completed by AFI that is directly tied to the provisions of the lease document, and must include in that report a copy of the agreed upon budget request form.*

### Issues to Pursue After Budget Season

1. Staff recommends requesting a letter from the Director describing program objectives and performance measures for both the \$25,000 expenditure for the Hispanic Chamber outreach and the \$20,000 expenditure for the Asian American Pacific Chamber, along with a mid-year progress report.
2. Staff recommends requesting a September briefing from DED regarding the transition plan for the BIN.
3. Small business assistance program: DED has transmitted ER 24-12, implementing the Small Business Assistance Program. FY14 discussions of these regulations will include eligibility of businesses in enterprise zones, such as Wheaton, and Urban Renewal Areas, such as Silver Spring affected by County redevelopment or eligible capital projects.
4. Staff recommends requesting a written update from the Director regarding the Social Media and Marketing position, any potential contracting arrangement with the CVB for

social media and marketing, and potential repurposing of the Social Media and Marketing position within DED.

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10	BCC Chamber Testimony
12	GSS Chamber Testimony
14	MC Chamber Testimony
16	Takoma Park Testimony
19	Executive Response Re Cultural Fund for Arts and Humanities
21	AFI Additional Funding Request
24	Resolution 15-744
25	MBDC 2nd Q Report
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29	MBDC Draft FY14 Work Plan

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# Economic Development

## MISSION STATEMENT

The mission of the Department of Economic Development (DED) is to make Montgomery County a globally competitive and highly diversified knowledge-based economy that provides for the retention and growth of existing companies, stimulates new job creation, and enhances entrepreneurial opportunities. This mission is divided into four strategic areas: 1) retain and grow existing businesses, strategically attract new ones, and enhance entrepreneurial opportunities; work to ensure that all business sectors benefit from the knowledge-based economy; 2) adapt to a more competitive business climate by creating an environment where knowledge-based industries and small businesses thrive; 3) foster creative and strong partnerships with academia, the federal research community, the private sector, and various levels of government to pursue innovative projects, policies and best practices that support business growth and expansion; 4) establish global linkages to facilitate business opportunities abroad, attract international investment to Montgomery County, and foster trade and joint ventures for Montgomery County businesses.

## BUDGET OVERVIEW

The total recommended FY14 Operating Budget for the Department of Economic Development is \$11,326,082, a decrease of \$614,705 or 5.1 percent from the FY13 Approved Budget of \$11,940,787. Personnel Costs comprise 32.4 percent of the budget for 35 full-time positions and four part-time positions. A total of 29.30 FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses account for the remaining 67.6 percent of the FY14 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 FY13 estimates reflect funding based on the FY13 approved budget. The FY14 and FY15 figures are performance targets based on the FY14 recommended budget and funding for comparable service levels in FY15.

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Create the Asian Pacific American Chamber of Commerce (APACC) initiative to assist the various Asian business communities in the County to learn business opportunities and practices in the County and network/partner with each other.*
- ❖ *Implement Hispanic Chamber Local Small Business Reserve Program outreach to expand the procurement opportunities for Hispanic-owned businesses by marketing the County's Local Small Business Reserve Program, and assisting them through the procurement process.*
- ❖ *Implement Bethesda Green financing outreach program to assist Green Technology companies with innovative, new to the market technology or services to improve its success by addressing the financing needs unique to the Green Industry.*
- ❖ *Provide funding for the Montgomery County Cultural Funds for the Arts and Humanities to leverage private sector funding for arts and humanities organizations throughout the County.*

❖ **Productivity Improvements**

- **DED worked with 58 companies during FY12 that were interested in starting up, expanding, or relocating to the County. Of those projects, 45 transactions were closed successfully. The 45 companies that signed commitments to locate or expand in Montgomery County are projected to retain and create 11,358 jobs, lease over 685,000 square feet of office space, and generate \$521 million in capital investment over the next 3-5 years.**

**PROGRAM CONTACTS**

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Helen P. Vallone of the Office of Management and Budget at 240.777.2755 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 creation of new businesses, the retention and growth of existing businesses, and the attraction of strategic businesses to the County. This includes a specific focus on strategic industry sectors: life sciences, IT, healthcare, and government contracting. The Department supports the county's entrepreneurial ecosystem by running a highly-regarded innovation center network for 150+ technology companies and by leveraging entrepreneurial activities and events by our partners. The retention and growth of County businesses includes a robust visitation program focusing on the largest private employers in the County, on those businesses with significant changes (contract wins, mergers, C-level changes, etc.) and those with upcoming lease expirations. DED staff work with these companies to remove roadblocks to growth, to provide introductions to contacts and identification of resources. Attraction targets are identified through trade show and conference attendance, through referrals from our partners, through visits to select companies, and through our advertising, web site, social media, and public relations events. In general, DED staff assist with needs assessment, financial and training assistance, site identification, and expediting and coordinating business development. DED staff also provide clients with land-use planning expertise, economic analysis, b2b match-making, 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 trade missions, and other major events that provide exposure and opportunities to market and promote the County.

In addition, this program, jointly with the Finance and Administration Division, 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 office/lab space. These facilities provide high-level business support services, and innovative programming to over 150 entrepreneurs. 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 FY11</b>	<b>Actual FY12</b>	<b>Estimated FY13</b>	<b>Target FY14</b>	<b>Target FY15</b>
Actual total jobs created by DED per fiscal year	556	1,560	1,372	1,163	1,163
Amount of federal grant funding received by County incubator companies (in millions)	5.2	4.4	4.4	4.4	4.4
Amount of private equity financing received by County incubator companies (in millions)	11.8	16.9	16.9	16.9	16.9
Number of intellectual property issued to County incubator companies <sup>1</sup>	43	38	38	38	38
Number of new jobs created by incubator companies during the incubation period <sup>2</sup>	165	180	0	0	0
Percent of active prospects successfully closed per fiscal year <sup>3</sup>	20%	25%	30%		
Total new prospects developed	53	64	64	64	64
Jobs created by existing business expansion within three years of DED involvement <sup>4</sup>	362	709	720	730	730
Jobs created by new business attraction within three years of DED involvement <sup>5</sup>	194	758	769	781	781
Total new capital investment by businesses currently located in the County through DED involvement (in millions) <sup>6</sup>	74	380	320	258	258

	Actual FY11	Actual FY12	Estimated FY13	Target FY14	Target FY15
Total new capital investment by newly attracted businesses and start-up businesses through DED involvement (in millions) <sup>7</sup>	5	141	57	68	68
New commercial space occupied by businesses currently located in the County through DED involvement (sq. feet)	756,178	368,850	1,049,458	724,832	750,000
New commercial space occupied by newly attracted businesses and start-up businesses through DED involvement (sq. feet) <sup>8</sup>	28,484	316,457	240,314	195,085	200,000

<sup>1</sup> The County's incubator network is currently going through the strategic evaluation, as the market demand and the functionalities of the incubator have changed in the last several years. As such, pending adoption of new strategies and programs, all performance measurements related to the incubators will likely change.

<sup>2</sup> This measure will no longer be reported from FY13. By definition and physical design, the incubators are not established to accommodate rapid or big job growth "during incubation period." An emphasis will be on monitoring the post-graduation job creation. In addition, the County's incubator network is currently going through the strategic evaluation, as the

<sup>3</sup> Due to the ambiguity and difficulty in interpreting and monitoring this measure, from FY13 on this measure will not be used.

<sup>4</sup> From FY13 on this measure is renamed "Jobs created by existing expansions through DED involvement."

<sup>5</sup> From FY13, this measure is renamed as "Jobs created by new business attractions and start-ups through DED involvement."

<sup>6</sup> The projection is an average of previous three years, unless DED has actual prospects in the pipeline with confirmed investment number.

<sup>7</sup> Increase from FY11 to FY12, and the decrease from FY12 to FY13 is caused by several large projects like COSTCO, Teva Pharmaceuticals, and Filmore being captured in FY12.

<sup>8</sup> Projections are average of three previous years.

<b>FY14 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>1,771,869</b>	<b>6.00</b>
Add: Funding for Montgomery County Cultural Fund for the Arts and Humanities	200,000	0.00
Enhance: Social Media Marketing and Administrative Support (Abolish a Business Development Specialist and Create a Public Relations Specialist and a Principal Administrative Aide)	28,001	1.00
Add: Hispanic Chamber Local Small Business Reserve Program (LSBPRP) Outreach	25,000	0.00
Add: Asian Pacific American Chamber of Commerce (APACC) Initiative to Learn Business Opportunities and Practices in the County	20,000	0.00
Add: Bethesda Green Financing Outreach Program	15,000	0.00
Shift: Remove Chargeback from County Executive's Office for Special Projects Manager	-174,660	-1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	428,686	7.00
<b>FY14 CE Recommended</b>	<b>2,313,896</b>	<b>13.00</b>

Notes: Beginning in FY13 and throughout FY14, Economic Development is reorganizing its structure, which impacts the Marketing and Business Development and Business Empowerment programs.

## 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.

The Division of Business Empowerment is also expanding service delivery by providing a Small Business Navigator to assist small businesses with their compliance with County policies and regulations. This person will promote communications between a small business and County departments or agencies that the small business must interact with. Efforts will also be made to identify changes that could improve turn around, eliminate duplication, resolve conflicts and eliminate unnecessary regulations and requirements.

<b>Program Performance Measures</b>	Actual FY11	Actual FY12	Estimated FY13	Target FY14	Target FY15
Number of new jobs created by incubator companies post graduation <sup>1</sup>	50	59	109	109	109
Percent of participants satisfied with DED sponsored technical assistance and training programs	97%	94%	96%	96%	96%

<sup>1</sup> The County's incubator network is currently going through the strategic evaluation, as the market demand and the functionalities of the incubator have changed in the last several years. As such, pending adoption of new strategies and programs, all performance measurements related to the incubators will likely change.

<b>FY14 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>1,089,354</b>	<b>7.75</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-511,311	-3.75
<b>FY14 CE Recommended</b>	<b>578,043</b>	<b>4.00</b>

Notes: Beginning in FY13 and throughout FY14, Economic Development is reorganizing its structure, which impacts the Marketing and Business Development and Business Empowerment programs.

## 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 Communications, Outreach, and Board Development; Executive; Finance; Program Planning; Quality Assurance; and Youth Council committees. The work of the Board is defined by its Strategic Plan. The Staff provides support to the Board and its committees.

WS is funded by \$3 million in Federal Government, State of Maryland, and Montgomery County funds. 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 provides 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 FY11, MontgomeryWorks served over 14,000 adult and youth clients with core services, intensive counseling services, and occupational skills training. Youth services are provided through the Maryland Multicultural Youth 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 FY11</b>	<b>Actual FY12</b>	<b>Estimated FY13</b>	<b>Target FY14</b>	<b>Target FY15</b>
Number of customers assisted with job placements for unemployed adults - dislocated, older, and disadvantaged workers. <sup>1</sup>	12,900	13,200	13,200	13,200	13,200
Number of employers assisted with recruitment	120	120	120	120	120
Number of employers assisted with training	40	40	40	40	40

<sup>1</sup> The County received additional federal stimulus grants at the end of FY09, but FY10 placements will decrease due to 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>FY14 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>3,233,024</b>	<b>3.00</b>
Add: Maryland Department of Labor Licensing and Regulation Grant	100,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	736	0.00
<b>FY14 CE Recommended</b>	<b>3,333,760</b>	<b>3.00</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 and Deer Donation programs.

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 youth development 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>	<b>Actual FY11</b>	<b>Actual FY12</b>	<b>Estimated FY13</b>	<b>Target FY14</b>	<b>Target FY15</b>
Cumulative farm acres protected	71,832	71,832	71,832	71,832	71,832
Number of farm businesses assisted	160	160	160	160	160

<b>FY14 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>540,473</b>	<b>3.30</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-3,444	0.00
<b>FY14 CE Recommended</b>	<b>537,029</b>	<b>3.30</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 installations to advance the County's economic base. 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 the east County area at White Oak, and manages the Conference Center NDA. The Special Projects Division also initiated and implements such activities as the development of the Department's new web site and workshops on GSA leasing activities.

<b>FY14 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>568,330</b>	<b>4.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-244,795	-2.00
<b>FY14 CE Recommended</b>	<b>323,535</b>	<b>2.00</b>

### Finance and Administration

This program is responsible for managing and servicing all departmental administrative functions including fiscal, procurement, grant applications and monitoring, IT, human resources allocation and management, market research and data analysis, and formulating and monitoring the operating and capital improvement budgets. This program also 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, and applies and negotiates financial assistance from the State for the County's businesses.

<b>FY14 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>4,737,737</b>	<b>5.00</b>
Increase Cost: Operating Funds	325	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY13	-766,038	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	267,795	-1.00
<b>FY14 CE Recommended</b>	<b>4,239,819</b>	<b>4.00</b>

# BUDGET SUMMARY

	Actual FY12	Budget FY13	Estimated FY13	Recommended FY14	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	2,566,996	2,953,551	2,805,393	2,843,969	-3.7%
Employee Benefits	671,263	809,966	759,618	829,247	2.4%
<b>County General Fund Personnel Costs</b>	<b>3,238,259</b>	<b>3,763,517</b>	<b>3,565,011</b>	<b>3,673,216</b>	<b>-2.4%</b>
Operating Expenses	3,514,885	5,434,416	5,782,366	4,810,012	-11.5%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>6,753,144</b>	<b>9,197,933</b>	<b>9,347,377</b>	<b>8,483,228</b>	<b>-7.8%</b>
<b>PERSONNEL</b>					
Full-Time	35	34	34	35	2.9%
Part-Time	3	4	4	4	—
FTEs	26.50	29.05	29.05	29.30	0.9%
<b>REVENUES</b>					
Miscellaneous Revenues	9,152	0	163,300	163,300	—
Other Intergovernmental	0	48,710	48,710	48,710	—
<b>County General Fund Revenues</b>	<b>9,152</b>	<b>48,710</b>	<b>212,010</b>	<b>212,010</b>	<b>335.2%</b>
<b>GRANT FUND MCG</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
<b>Grant Fund MCG Personnel Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
Operating Expenses	3,585,846	2,742,854	2,742,854	2,842,854	3.6%
Capital Outlay	0	0	0	0	—
<b>Grant Fund MCG Expenditures</b>	<b>3,585,846</b>	<b>2,742,854</b>	<b>2,742,854</b>	<b>2,842,854</b>	<b>3.6%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
<b>REVENUES</b>					
Federal Grants	3,455,838	2,742,854	2,742,854	2,842,854	3.6%
State Grants	130,008	0	0	0	—
<b>Grant Fund MCG Revenues</b>	<b>3,585,846</b>	<b>2,742,854</b>	<b>2,742,854</b>	<b>2,842,854</b>	<b>3.6%</b>
<b>DEPARTMENT TOTALS</b>					
<b>Total Expenditures</b>	<b>10,338,990</b>	<b>11,940,787</b>	<b>12,090,231</b>	<b>11,326,082</b>	<b>-5.1%</b>
<b>Total Full-Time Positions</b>	<b>35</b>	<b>34</b>	<b>34</b>	<b>35</b>	<b>2.9%</b>
<b>Total Part-Time Positions</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>—</b>
<b>Total FTEs</b>	<b>26.50</b>	<b>29.05</b>	<b>29.05</b>	<b>29.30</b>	<b>0.9%</b>
<b>Total Revenues</b>	<b>3,594,998</b>	<b>2,791,564</b>	<b>2,954,864</b>	<b>3,054,864</b>	<b>9.4%</b>

## FY14 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
<b>FY13 ORIGINAL APPROPRIATION</b>	<b>9,197,933</b>	<b>29.05</b>
<b>Changes (with service impacts)</b>		
Add: Funding for Montgomery County Cultural Fund for the Arts and Humanities [Marketing and Business Development]	200,000	0.00
Enhance: Social Media Marketing and Administrative Support (Abolish a Business Development Specialist and Create a Public Relations Specialist and a Principal Administrative Aide) [Marketing and Business Development]	28,001	1.00
Add: Hispanic Chamber Local Small Business Reserve Program (LSBPRP) Outreach [Marketing and Business Development]	25,000	0.00
Add: Asian Pacific American Chamber of Commerce (APACC) Initiative to Learn Business Opportunities and Practices in the County [Marketing and Business Development]	20,000	0.00
Add: Bethesda Green Financing Outreach Program [Marketing and Business Development]	15,000	0.00
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: FY14 Compensation Adjustment	100,040	0.00
Increase Cost: Group Insurance Adjustment	14,626	0.00
Increase Cost: Other Labor Contract Costs	4,618	0.00

	Expenditures	FTEs
Increase Cost: Retirement Adjustment	2,821	0.00
Increase Cost: Printing and Mail Adjustment	998	0.00
Increase Cost: Motor Pool Adjustment	906	0.00
Increase Cost: Operating Funds [Finance and Administration]	325	0.00
Technical Adj: FTE Adjustment due to Rounding	0	0.25
Decrease Cost: Elimination of FY13 \$2,000 Lump Sum	-58,015	0.00
Decrease Cost: Annualization of FY13 Personnel Costs	-128,327	0.00
Shift: Remove Chargeback from County Executive's Office for Special Projects Manager [Marketing and Business Development]	-174,660	-1.00
Decrease Cost: Elimination of One-Time Items Approved in FY13 [Finance and Administration]	-766,038	0.00
<b>FY14 RECOMMENDED:</b>	<b>8,483,228</b>	<b>29.30</b>
<b>GRANT FUND MCG</b>		
<b>FY13 ORIGINAL APPROPRIATION</b>	<b>2,742,854</b>	<b>0.00</b>
<b>Changes (with service impacts)</b>		
Add: Maryland Department of Labor Licensing and Regulation Grant [Workforce Services]	100,000	0.00
<b>FY14 RECOMMENDED:</b>	<b>2,842,854</b>	<b>0.00</b>

## PROGRAM SUMMARY

Program Name	FY13 Approved		FY14 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Marketing and Business Development	1,771,869	6.00	2,313,896	13.00
Business Empowerment	1,089,354	7.75	578,043	4.00
Workforce Services	3,233,024	3.00	3,333,760	3.00
Agricultural Services	540,473	3.30	537,029	3.30
Special Projects	568,330	4.00	323,535	2.00
Finance and Administration	4,737,737	5.00	4,239,819	4.00
<b>Total</b>	<b>11,940,787</b>	<b>29.05</b>	<b>11,326,082</b>	<b>29.30</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY13		FY14	
		Total\$	FTEs	Total\$	FTEs
<b>COUNTY GENERAL FUND</b>					
CIP	CIP	470,137	4.20	568,754	4.70
Economic Development Fund	Economic Development Fund	123,814	1.00	122,136	1.00
NDA - Conference Center	County General Fund	115,350	1.00	106,567	1.00
<b>Total</b>		<b>709,301</b>	<b>6.20</b>	<b>797,457</b>	<b>6.70</b>

## FUTURE FISCAL IMPACTS

Title	CE REC.			(\$000's)		
	FY14	FY15	FY16	FY17	FY18	FY19
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY14 Recommended</b>	<b>8,483</b>	<b>8,483</b>	<b>8,483</b>	<b>8,483</b>	<b>8,483</b>	<b>8,483</b>
No inflation or compensation change is included in outyear projections.						
<b>Elimination of One-Time Items Recommended in FY14</b>	<b>0</b>	<b>-60</b>	<b>-60</b>	<b>-60</b>	<b>-60</b>	<b>-60</b>
Items recommended for one-time funding in FY14, including Bethesda Green Financing Outreach Program, Hispanic Chamber Local Small Business Reserve Program (LSBPRP) Outreach, and Asian Pacific American Chamber of Commerce (APACC) Initiative, will be eliminated from the base in the outyears.						
<b>Labor Contracts</b>	<b>0</b>	<b>130</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>
These figures represent the estimated cost of general wage adjustments, new service increments, and associated benefits.						
<b>Labor Contracts - Other</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>	<b>-5</b>
These figures represent other negotiated items included in the labor agreements.						
<b>Subtotal Expenditures</b>	<b>8,483</b>	<b>8,553</b>	<b>8,579</b>	<b>8,579</b>	<b>8,579</b>	<b>8,579</b>

## ANNUALIZATION OF PERSONNEL COSTS AND FTES

	FY14 Recommended		FY15 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
Enhance: Social Media Marketing and Administrative Support (Abolish a Business Development Specialist and Create a Public Relations Specialist and a Principal Administrative Aide) [Marketing and Business Development]	28,001	1.00	142,846	2.00
<b>Total</b>	<b>28,001</b>	<b>1.00</b>	<b>142,846</b>	<b>2.00</b>

# On the Move

*Locate. Innovate. Accelerate.*

## Montgomery County, Maryland, is open for business

**D**uring 2012, the Montgomery County Department of Economic Development assisted 312 companies accounting for nearly 1,250 new jobs in the county. This assistance included site selection, leasing, permitting and zoning guidance, B2B introductions, international business strategy and business financing, just to name a few.

This direct assistance also resulted in:

- \$183 million in total capital investment
- Placement of 4,900 county residents in new jobs
- 71 training events assisting nearly 1,200 participants

Additional highlights are listed in the box to the right.

### Selected Successes

Selected DED successes during 2012 include:

- **Sodexo**—lease renewal of its North American headquarters in Gaithersburg, retaining 567 jobs and adding 50 new jobs
- **Digital Receiver Technology, Inc.**—opening of their headquarters in Germantown, housing nearly 400 employees
- **Social & Scientific Systems, Inc.**—lease renewal at its headquarters in Silver Spring, retaining 300 jobs
- **Digital Management, Inc.**—opening of their new global headquarters in Bethesda, housing more than 200 employees
- **MesoScale**—purchase of several Research Boulevard properties to enable consolidation of its R&D, manufacturing, distribution and headquarters functions, retaining 335 jobs and adding 93 new jobs

*continued, next page*

**By the  
Numbers  
CY2012**

**312**

Companies assisted  
directly by DED

**3,458**

Jobs retained (location  
decision, lease renewals)

**1,250**

Number of new jobs to  
be created in the county

**30,868**

Number of employees at  
companies affected by  
DED business assistance

**690,000**

Square footage of new  
commercial space occupied  
by new and expanded  
businesses

**\$115M**

Total new capital  
investment by new  
business attractions and  
start-ups through DED  
involvement

**\$68M**

Total new capital  
investment by business  
expansions with DED  
involvement

DU  
LM  
JS  
SFB  
MF  
LR

5



**THE GREATER  
BETHESDA-CHEVY CHASE**  
CHAMBER OF COMMERCE

7910 Woodmont Avenue, Suite 1204  
Bethesda, MD 20814  
T: (301) 652-4900  
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Your Business Is  
Our Only Business

**THE GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE  
TESTIMONY ON PROPOSED FY14 OPERATING BUDGET  
BEFORE THE MONTGOMERY COUNTY COUNCIL – April 11, 2013**

Good afternoon. I am Heather Dlhopsky, Vice President of Economic Development and Government Affairs for The Greater Bethesda-Chevy Chase Chamber of Commerce, representing over 550 member businesses and nonprofit organizations in Montgomery County.

Oftentimes we start off our testimony with our list of grievances – namely that year’s proposed increases in taxes and fees on our County’s businesses – and while we certainly have those grievances this year, there are several things in the County Executive’s proposed budget that we applaud and urge your continued support of. First, the Chamber wrote to our County’s House and Senate delegations in the beginning of this year to convey our concerns regarding recent changes to the State’s Maintenance of Effort law and the fact that those changes will hamstring the Montgomery County budget for years to come, with the negative ramifications compounding year over year. While we called on the General Assembly to rectify those recent changes in their 2013 legislative session and this did not occur, we applaud the County Executive for proposing funding of Montgomery County Public Schools at the MOE-mandated level only, and not above.

Second, the Chamber has continuously stressed the importance of adequately funding those County agencies whose direct responsibility it is to expand the County’s tax base by attracting new businesses and residents. In that vein, we strongly support the County Executive’s recommended increase in the Maryland-National Capital Park and Planning Commission’s budget over last year’s approved budget. Increased funding to update outdated plans, particularly in downtown areas with good transit access such as the Bethesda Central Business District (CBD), will support the kind of private investment that expands the County’s tax base and helps to improve the long-term fiscal health of the County. We also support adequate funding for both the Montgomery Business Development Corporation and the Montgomery County Department of Economic Development. The mission of both of these groups is to expand the tax base and improve the economic viability of the County, and every achievement realized by these departments directly benefits the businesses and residents of the County and helps the County’s bottom-line. We also strongly support the County Executive’s recommended funding for the efforts of the White Flint Implementation Committee and the White

Flint Downtown Advisory Committee. White Flint has been a bright spot in the County throughout the economic recession. It is vital that we continue to adequately fund the agencies, departments, and committees responsible for ensuring that the area comes to fruition as envisioned by the White Flint Sector Plan.

Now, on to the grievances.

Last year, we opposed the County Executive's proposal to increase spending by 5.5% over the previous year's budget. Similarly this year, the County Executive has proposed a 5.5% increase over the FY13 operating budget, and we again oppose such a significant increase. While we understand that the County is anxious to make up for prior years in which the budget has been cut significantly, we do not believe that it is yet time to start growing the budget by such measures.

Numerous times over the past several years, we have testified before you that many of the Chamber's members continue to struggle to survive – much less grow – and have imposed wage and benefit freezes on their employees and long ago discontinued 401k matching programs. Yet the County is proposing to grow the budget, to increase salaries for employees of certain unions by double-digit increases over the next several years, and to make lump-sum payments to a number of County employees this year. These proposals are not in-synch with the current business environment and now is not the time for this, particularly when these increases are being funded in large part through ever-increasing taxes and fees on our County's businesses.

Last year, despite that the County Council had agreed as part of the FY11 budget discussions that the fuel/energy tax increase would sunset on July 1, 2012, the County Executive's proposed FY13 budget asked the Council to repeal the sunset, which the Council did. While the County Executive seems to feel that now is the right time to grow the budget and to increase employee salaries, apparently now is not the right time to similarly thank businesses for the difficult years they have faced by reducing the ever-increasing taxes and fees they have been subjected to. In this vein, we support Councilmember Andrews' proposal to reduce the fuel/energy tax by 10%, and the Chamber will be testifying in support of this resolution on April 30<sup>th</sup>. In addition, we strongly oppose the other recently-proposed increases in fees and taxes that will have a significant adverse effect on our County's businesses and commercial properties, including the proposed increase in the Water Quality Protection Charge.

The Chamber looks forward to continuing our discussions with the County Council over the coming year, as we all work to improve the economic viability and competitiveness of our County. Thank you for the opportunity to present these comments.

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**Testimony of  
The Greater Silver Spring Chamber of Commerce  
Public Hearing – FY14 Operating Budget  
Montgomery County Council  
Thursday, April 11, 2012**

Council President Navarro, members of the Council, good afternoon. For the record, my name is Julie Statland and I am the current Chair of the Greater Silver Spring Chamber of Commerce. I speak here today on behalf of almost 400 businesses – small and large, but mostly small – and several non-profit organizations, that are members of our Chamber and provide a significant number of jobs in Montgomery County.

As business owners, our members have faced some difficult economic challenges these past few years and while they are heartened by reports that the economy is beginning to recover, many have not seen any evidence of recovery. The reality is that many of our businesses are struggling just to survive – content, even pleased, to see flat “growth” over last year.

That’s why we were dismayed to see that the County Executive is recommending pay increases of a staggering 13.5 percent for non-public-safety county employees, 14.7 percent for most police officers, and 19.5 percent for most firefighters over the next two years. This along with benefit and pension programs already far more generous than most in the private sector.

While GSSCC members recognize that County employees provide critical services for our residents and deserve reasonable compensation, the Chamber believes raises of this magnitude are unsustainable and not in line with the current labor market, especially at a time when thousands of Montgomery County residents who are federal employees face furloughs of up to four weeks, and most private sector workers are seeing modest if any pay increases. Indeed, instead of increasing wages, many of our members have frozen salaries and benefits that they already dramatically lowered in years past, and have long since discontinued 401k matching programs, just to survive and continue to keep the employees they have.

Unfortunately, this generous compensation package also serves to increase the base county spending that will then be required for years to come....at a time when the general economy is just beginning to recover and our county government is barely out of its economic hole. We are not out of the woods yet, and now is not the time to make long-term spending commitments that increase our base obligations for the future.

To make matters worse, in order to fund his pay increases, County Executive Leggett is continuing his effort to “institutionalize” the huge energy tax increase put in place in 2010, despite the fact that he and the Council promised to sunset that increase after two years. . .and, despite the fact that Council last year took steps to gradually reduce the tax. We urge Councilmembers to reject the Executive’s efforts to make permanent this high tax rate, and we urge you to continue its efforts to reduce the rate back to more reasonable levels.

What the County budget should reflect is a commitment to fund those programs that assure a strong and vibrant economy as a means to grow County’s tax base, and thereby provide the revenue growth that is now sought simply through higher rates on our existing taxable pool. The Chamber supports funding for programs that create jobs, that maintain our existing businesses and attract new employers. Specifically, we support funding for economic development – for our Department of Economic Development, for the recently created Montgomery Business Development Corporation, and, specifically in Silver Spring, for economic stimulators

like the AFI, a key arts and entertainment asset that attracts patrons and customers with dollars to spend from far and wide.

GSSCC also supports initiatives that make Silver Spring and Montgomery County a great place to live, work, and play. We support elements in the budget that reinvest the fees and taxes generated in the Silver Spring Urban District, including the Parking Lot District (PLD), in maintaining public safety and improving and upgrading existing facilities and services in the Central Business District and Parking Lot District. Among our priorities over the years has been the protection of the fiscal integrity and original intent of the Silver Spring PLD and its role in providing financial support to the Silver Spring Urban District. To that end, we support continued dedication of PLD funds to Silver Spring Urban District "Clean & Safe" programs.

We are also pleased that the Silver Spring PLD budget does not reflect a need to increase rates or extend enforcement hours. Assuring sufficient, convenient, and affordable parking in Silver Spring is essential for the success of our businesses during the day and at night.

And finally, we support the Executive's continued efforts to increase the total number of police officers in the County. We urge the county to make sure those officers are assigned where there is the greatest need, specifically in the east county area of greater Silver Spring. These Silver Spring neighborhoods hold tremendous opportunity for future jobs and economic growth, but also present some unique challenges from a public safety and security perspective for both those who live in these neighborhoods and those who choose to locate businesses there.

We thank you for the opportunity to provide the business perspective on the County's budget considerations.

JS

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The Voice of Montgomery County Business

ORI REISS, CHAIRMAN

CHRISTOPHER CARPENITO, CHAIR-ELECT

TOM MCELROY, IMMEDIATE PAST CHAIR

GEORGETTE "GIGI" GODWIN, PRESIDENT & CEO

MONTGOMERY COUNTY COUNCIL

HEARING ON THE FY14 COUNTY EXECUTIVE PROPOSED BUDGET

APRIL 11, 2013

TESTIMONY BY GIGI GODWIN

MONTGOMERY COUNTY CHAMBER OF COMMERCE

Good Afternoon.

My name is Gigi Godwin and I am the President & CEO of the Montgomery County Chamber of Commerce. The Chamber's highest County budget priority is seeking adequate funding for economic development efforts in Montgomery County. We believe that your priority should be to *protect, enhance, and leverage* our assets to attract new businesses to Montgomery County.

The County Executive's budget proposal increases the County budget by 3.9% from last year's spending. In order to afford these increases, the County must grow its taxable base by attracting new employers to locate their businesses in Montgomery County. Necessary growth to pay for top talent in our County government, public schools, and public safety personnel can only happen if the County invests in economic development activities.

According to the International Economic Development Council (IEDC) study commissioned by the County Executive, "Montgomery County has the lowest per capita expenditures on MBR and BRE and the second lowest ratio of Marketing and Business Recruitment (MBR) and Business Retention and Expansion (BRE) expenditures to the county government budget

compared to the other counties.” (IEDC. “Organizational Assessment and Comparative Analysis Report For: Montgomery County, MD Department of Economic Development”. pp.31)

For this reason and to ensure our County’s success, the Chamber supports increasing the County’s Department of Economic Development (DED) budget. The Chamber also supports adequate funding to other crucial economic development functions, including the Department of Park and Planning to ensure the County’s success in attracting and retaining businesses and the jobs they create.

However, while the County Government is proposing to increase its financial commitment to expanding economic opportunity, attracting jobs, and growing its tax base, it is also doing itself a disservice in those efforts by continuing the 2010 energy tax increase. The 2010 increase was expected to sunset last year but instead was reduced only moderately. The Chamber supports a full sunset of the energy tax increase.

The increase in the energy tax is an obstacle to advancing an innovation driven economy, which is what this County is trying to do in order to attract the next generation of talent. The Montgomery County energy tax is significantly higher than that in any of our neighboring jurisdictions and is uncapped, which undermines the County’s efforts to attract new companies and retain our existing employers.

The Chamber supports the County Executive’s budget in general. We ask the County to invest in attracting new employers and draw back the 2010 energy tax increase.

Thank you.

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**FY 2013 Montgomery County Operating Budget  
Testimony of the City of Takoma Park  
Bruce R. Williams, Mayor  
April 9, 2013**

Good evening, President Navarro and Members of the Council,

I am Bruce Williams, Mayor of Takoma Park, speaking on behalf of the City of Takoma Park.

Last night, the Maryland General Assembly closed its highly productive 2013 Legislative Session. Takoma Park was particularly relieved to see that the Maryland Transportation Infrastructure Investment Act was adopted during the Session, meaning the Purple Line is much closer to reality.

What that means for Takoma Park is that our long term economic health is likely to be good. That is critical, because our current economic situation is just so-so.

For the first time in many years, the City's Constant Yield Tax Rate increased due to a decline in the value of real property in Takoma Park. Our real property tax rate would need to be increased by 2.2 cents this year just to bring in the same amount of property tax revenue we received last year. Because all of Takoma Park's properties were just reassessed, our revenue is likely to be stagnant until 2016 when the next assessment is completed even if the region's health improves in the next couple of years.

We depend heavily on property tax revenue in part because Montgomery County has not been providing the Municipal Tax Duplication payments

owed us. We are waiting to see the results of the Office of Legislative Oversight report on Municipal Tax Duplication and look forward to discussions with the GO Committee. We thank you – thank you – for your help in securing additional tax duplication funds the past two years. We ask again for your help in encouraging the County Executive’s staff to come back to the negotiating table with Takoma Park regarding the Municipal Tax Duplication formula for police services.

The County Executive is pleased that the Municipal Tax Duplication amount identified in his proposed budget for municipalities is the same as last year. However, he stated in his letter to the municipalities that “I must again consider this a one-time increase.” First, it’s not an increase. Second, a municipality cannot base a budget on one-time appropriations, especially when agreements are in place and should be honored until they are changed.

The City of Takoma Park urges that resolution of this matter be expedited and that municipal residents be treated fairly.

Another area that we ask for Montgomery County’s help is in economic development. With the Purple Line on the way, the Takoma-Langley Crossroads Sector Plan in place, and the Long Branch Sector Plan nearly completed, we now need to get our strip shopping centers renovated and our streetscapes improved. Montgomery County’s economic development staff should be taking the lead on this. These investments will help all of us and Montgomery County has the resources that we do not.

Our two requests are as follows:

- 1) The development impact fee waiver for projects within a half mile of a Metrorail station should be applied, starting now, to Purple Line station locations to help spur renovation efforts. The waiver should also be applied to the area in Montgomery County within a half mile of the Takoma Metrorail station even though the station proper is in Washington, D. C. Having the impact fee waiver in both areas would be very helpful to Takoma Park’s economic development efforts.

- 2) Montgomery County's Department of Economic Development should assign staff to work in the County's smaller commercial areas and not just focus on huge office complexes. The City needs assistance in implementing the planned economic development efforts for the Takoma-Langley and Long Branch areas, as well as the New Hampshire Avenue corridor. And, our businesses need help in taking advantage of the new opportunities. We understand there is a new staff person in the Department of Economic Development tasked with helping smaller business owners get County contracts, but that is not what most business owners in our area need. We ask that you urge the Economic Development Department to focus on the real economic development needs of small businesses in our corner of the County.

In sum, we are looking forward to taking advantage of the opportunities the Purple Line will bring to our community. We look forward to working closely with Montgomery County in this effort.

And, while we are waiting for the tax dollars to roll in from the Purple Line, we ask that Montgomery County return the County tax dollars – not just property tax dollars – our residents pay for services they only receive from Takoma Park.

Thank you.

**Sesker, Jacob**

**From:** Vallone, Helen P.  
**Sent:** Monday, April 15, 2013 1:23 PM  
**To:** Sesker, Jacob  
**Cc:** Ferber, Justina; Hughes, Jennifer; Espinosa, Alex; Short, Chuck (Charles L); Silverman, Steve; Bang, Peter; Lambert, Deborah  
**Subject:** Answers: DED's response on Cultural Fund for Arts and Humanities 4/15/2013  
**Importance:** High

To: Jacob,

Below are answers to your questions. Please let me know if you have any questions and we can discuss them. Thanks. Helen P. Vallone, OMB

Cc: Jennifer Hughes, Alex Espinosa, Chuck Short, Steve Silverman, Peter Bang, Justina Ferber, and Deborah Lambert

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**From:** Sesker, Jacob  
**Sent:** Thursday, April 04, 2013 10:03 PM  
**To:** Ferber, Justina; Fitzgerald-Bare, Peggy  
**Subject:** My questions, DED's response on Cultural Fund for Arts and Humanities

The CE's recommended budget includes \$200,000 for the Montgomery County Cultural Fund for the Arts and Humanities. The budget states that the fund will "leverage private sector funding for arts and humanities organizations throughout the County."

- a. Why is this in the DED budget? These funds are intended to encourage more business contributions for the Arts. The CE recommendation sends an important message of the Arts as a vital component of the County's economic and development strategy. Secondly, this recommendation makes a statement to the business community, which looks closely at the Department of Economic Development (DED) budget, that we consider Arts and Humanities as strong promoters of development especially in urban areas such as Silver Spring, Wheaton, Bethesda, and Germantown.
- b. Which DED performance measures or objectives will be improved or affected by adding this expenditure to DED's budget? This additional expenditure will create additional jobs by supporting urban centers and as a result, small businesses will be stimulated. The effectiveness of this activity would be measured by assessing the level of corporate and business support by matching funds.
- c. Why is this not in the grant amount for the Arts and Humanities Council? These funds are intended to stimulate interest and support among local businesses and major corporations in viewing the arts for their proven economic development value. This is especially important in urban areas. The Arts and Humanities Council is a quasi government entity that is almost exclusively dependent on government funding. Fund raising to the corporate community has not been part of its mission as

evidenced by the lack of funding from business and corporate sources. *The AHCMC will be invited to participate in the process.*

- d. What is this fund? How was it established (or how will it be established)? Montgomery County Cultural Fund for the Arts and Humanities was created to raise money for the arts from the private sector through the Montgomery County Cultural Fund for the Arts and Humanities. It differs from the AHCMC in its mission which is exclusively to raise money from the private community, especially business. It was established by and for the successful operation of the Executive Ball Committee.
- e. How will the fund be managed? These funds, together with the privately raised funds they match, will be managed and distributed by the Executive Ball for the Arts' Board of Directors under contract to the DED.
- f. Will the fund be managed by DED or by Finance? DED would manage a contract with the Montgomery County Cultural Funds for the Arts and Humanities organization
- g. What is the County's role in determining how to use the fund to leverage private sector funding for arts and humanities organizations? The County will participate as an active partner in developing innovative fund raising practices. Various agencies of county government and the AHCMC will participate.
- h. Will DED be the only Executive Branch department involved in determining how to use the fund to leverage private sector funding? Multiple County agencies are likely to participate in this initiative as needed such as the Office of Public Information, Department of Recreation, Office of Community Partnership, and Department of Public Libraries. Other agencies will be engaged as well including AHCMC.
- i. What is the future fiscal impact? We would expect for this amount to remain constant over the next few years. If this initiative proves successful, then increased private funds would become available to the arts and humanities with decreasing reliance upon county government.

*The Executive Branch will have a meeting shortly and will have the response ready for the PHED Committee meeting date of April 19.*

Jacob Sesker  
Senior Legislative Analyst  
Montgomery County Council

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## FY14 AFI Funding

### **Background:**

The AFI Silver Theatre and Cultural Center is a County owned facility, operated by AFI under an agreement with Montgomery County. Montgomery County approached AFI in 1998 to enter into a public/private partnership to create a theater that would be an anchor and icon (the "crown jewel") for its economic development and revitalization efforts in Silver Spring. We agreed to engage with the County in this project, and since that time it is fair to say that both parties have lived up to their mutual commitments.

### **Impact:**

We have successfully established AFI Silver as one of the premier film centers in the US, with programming of national and international stature and recognition. Through a variety of over 500 films per year, including retrospective and tribute series, first-run films, on-stage guest appearances, premieres, educational screenings, and international festivals, the theatre explores and celebrates our society's most accessible art form – film – with a diverse and dynamic line-up of programs.

**"It is one of the great centers of film in North America."**

– Norman Jewison, producer/director, IN THE HEAT OF THE NIGHT

**"One of the best places on the planet to show your work and to see the work of others."**

– Ken Burns, director/producer, THE CIVIL WAR

**"It's my favorite theater in the entire country"**

—Paul Haggis, writer/director, CRASH

AFI Silver contributes directly to the economic vitality of our area, open 365 days a year with public programming typically running from 11:00am to midnight, and with educational programming and rental events starting as early as 7:00am.

- Over 200,000 people attend AFI Silver events annually.
- More than 150 special guests have come to AFI Silver Theatre in the past year, including accomplished filmmakers, guest speakers, artists, musicians as well as notable figures and diplomatic heads.
- Rental clients utilizing the Theatre's spaces are a diverse group ranging from Goodwill Industries, Turner Classic Movies (TCM), The American College of Radiology, North Face, the Jewish Historical Society of Greater Washington, Zeno Mountain Farm (Vermont based), the National Education Association to the US Postal Service.
- As an example of the impact of this activity, one of our rental clients is present with 300+ out-of town attendees some 100 days a year, utilizing Silver Spring hotels,

businesses and restaurants during that time. Because of their presence at AFI, they now also lease office space in downtown Silver Spring. Ultimately they chose to move from DC to AFI Silver for their program because it fit their needs.

- AFI Silver generates significant, and overwhelmingly positive, regional and national press coverage for Montgomery County and Silver Spring. From Rolling Stone, to Variety, to NPR, as well as more than 50 articles in The Washington Post during the past 12 months. There is probably no other Washington institution with more frequent coverage. Overall estimated media impressions exceed 1.5 billion.
- Over 78,000 students have participated in our award-winning Educational Screenings Program (ESP). The program is offered free to all students and, with the benefit of private underwriting, we have subsidized over \$22,000 for student bus travel since 2009.

**Revenue:**

The following chart shows the growth in AFI Silver’s earned revenue for FY10-12. It is an area we have focused on and have had substantial success. However, we have experienced major shrinkage in sponsorship, in particular for our festival activities over the same period.

REVENUE	FY10	FY11	FY12
Total Earned Income*	1,687,642**	2,018,788	2,178,515

Net Revenue from Festival Sponsorship	FY10	FY11	FY12
	200,000	57,000	19,814

\*Box office, concessions and rentals

\*\*Snowstorm impact was significant in FY10

In response to such dramatically diminished sponsorship revenue we have been aggressive in our effort to reduce expenses, while, as noted above, focusing intently on developing earned revenue streams. Also, in the past year we have focused on growing individual giving and general operating contributions, and have begun to see positive results.

**Immediate FY14 Funding Issue:**

**An FY14 funding gap of \$158,239**

- AFI had requested \$658,429 for FY14 (inclusive of \$207,929 in unfunded prior year shortfall)
- The FY14 Recommended Operating Budget calls for \$500,190

Critical to AFI's agreement to operate the Silver Theatre was the County's assurances that AFI would not be exposed to financial risk or loss. That principle was articulated in the original 1998 letter of agreement with Montgomery County ("Montgomery County agrees to guarantee sufficient ticket sales needed to make the operation self-sustaining for the term of the lease..."), was restated in Montgomery County's subsequent 2004 letter to the AFI Board of Directors ("I am writing...to reaffirm my commitment to support AFI Silver's current and anticipated revenue shortfalls....I will continue to fulfill the commitment I made to AFI when we entered into our agreement to provide County resources to cover revenue shortfalls."), and is acknowledged in the lease agreement ("AFI makes no representations or warranties that Self Sustaining Operations will ever be achieved or, if achieved, maintained during the term [or any renewals] of this Lease.... If at any time Self Sustaining Operations are not achieved by AFI at the Theatre, the County agrees as an audience building tool to request one or more appropriations from the Montgomery County Council..."). AFI and its Board have relied on these commitments.

Resolution: 15-744  
Introduced: September 14, 2004  
Adopted: September 21, 2004

**COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

**SUBJECT:** Personnel charges to agency capital budgets

**Background**

1. As a result of a review of the County agencies budget submissions, the County Council has determined that agencies have followed differing practices as to which personnel are charging to capital projects and which are charging to the operating budget.
2. The Council wishes to apply a consistent policy across County agencies regarding personnel charges to capital projects.

**Action**

The County Council for Montgomery County approves the following resolution:

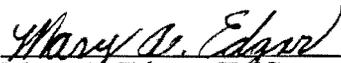
As of July 1, 2006 a staff-person will charge time to a capital project only if he/she is engaged on a regular and direct basis in the planning, designing, building, inspecting, or acquiring of land or right-of-way for the project. A manager who directly reviews and/or oversees the work of such a staff-person as a supervisor may charge to the CIP, provided he/she substantially contributes to the delivery of the same services or directly engages in similar planning, design, construction, inspecting, or land acquisition activities (at least 60% of his/her time) as the staff person. Other more removed managers will charge their time to the agency's operating budget.

Specifically, the following positions will charge their time to their agency's operating budget:

County Government: Manager II and higher;  
Montgomery County Public Schools: Grade Level M and higher;  
Montgomery College: Director for Capital Planning, Design, and Construction; and  
Maryland-National Capital Park and Planning Commission: Chiefs of the Project Management, Design, and Construction Sections.

These changes will be reflected in the Approved FY 2007 Capital and Operating Budgets and the FY 2007-2012 Capital Improvements Program.

This is a correct copy of Council action.

  
\_\_\_\_\_  
Mary A. Edgar, CMC  
Clerk of the Council

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To: Councilmember Nancy Floreen, Chair, PHED committee

From: Holly Sears, President, Montgomery Business Development Corp.

Date: January 7, 2013

RE: FY13 Quarter 2 report on Resolution 17-443, budget provision #61

As indicated in Resolution 17-443, budget provision #61, "*The Department of Economic Development and the MBDC must report to the Council quarterly the status of contract negotiations and contract deliverables.*" MBDC has identified four focus areas: Communication/Marketing, Advocacy/Advisory, Metrics, and Business Retention/Expansion. We are pleased to report the following actions within these focus areas during the second quarter and extending into the third quarter:

**Communication/Marketing Actions:**

- MBDC has engaged in on-going dialogues with Council members, Chambers, Board members, State officials, Business leaders, and Civic leaders to identify assets and challenges impacting business and economic development and sustaining a healthy climate for growing and attracting business.
- MBDC has initiated the preliminary steps towards the development of an effective effort to market Montgomery County by raising awareness of the benefits of doing business in Montgomery County. MBDC is committed to the development and promotion of a unified and compelling image of Montgomery County. In collaboration with county and community officials, communication goals include the development of branding components leading to opening new markets, using new media approaches, and increased traffic to the new DED website.
- MBDC has initiated preliminary actions in the establishment of an advisory committee to provide a comprehensive representation of the business community in order to remain current and knowledgeable regarding the business climate as well as identify actions needed to enhance the business environment for future positive interactions.

**Advocacy/Advisory Actions:**

- MBDC will continue to assist DED in the development of a strategic planning process and in implementing that process as outlined in Bill 14-12
- MBDC has explored the transportation funding issues and will continue to work with appropriate stakeholders to support the county infrastructure as it pertains to economic development
- MBDC has met with staff from the Office of Legislative Oversight and will provide consultation for the Economic Development Incentives project and the Growing Small Businesses in Montgomery County project (Resolution 17-517).
- MBDC has met with staff from the Planning Department and will provide consultation for the Zoning Rewrite project as it pertains to economic development.
- MBDC has met with several BioHealth stakeholders and will provide consultation for growing and sustaining this industry in Montgomery County.
- MBDC Board members and staff continue to be available to provide advice regarding current or proposed legislation or actions relating to business development.

**Metric Collection & Analysis Actions**

- MBDC has explored systematic data analysis approaches such as Regional Input-Output Modeling System (RIMS) to identify leading indicators for regional inter-industry relationships when forecasting total economic impact.
- MBDC has reviewed several data sources and will develop metrics for Montgomery County's economic development programs to evaluate ongoing programs and activities using consistent, validated, and relevant metrics for business performance and trend analysis to be reported on a scheduled basis.

**Business Retention/Expansion Actions:**

- In collaboration with DED, MBDC is in the organizational stages of compiling a list of business to visit (100 business visits annually) in order to facilitate relationships and connections which promote continued positive business activities.
- MBDC is currently compiling a list of available internal and external resources in order to optimize these resources rather than duplicating efforts.
- MBDC has researched both the current and proposed Incubator/Accelerator programs as well as the InvestMaryland program in order to support the growth of small businesses and entrepreneurs.
- MBDC has investigated synergistic programs such as Economic Gardening to pursue duplicating this philosophy for second stage business, especially in the East County area where entrepreneurship is prevalent.
- MBDC has researched workforce development efforts and will support these efforts by identifying workforce needs within the business community.

**MBDC Organizational Actions:**

- MBDC & DED continue to work toward ratification of a contract outlining the specific scope of services to collaboratively support and supplement DED's current efforts in the areas of business retention, expansion and attraction as well as Council initiatives.
- MBDC has engaged Holly Sears as our President to provide daily leadership to support the operations of the MBDC Board in the execution of its defined mission to supplement, enhance, evaluate, and study the County's economic development programs and activities. The President will work collaboratively with the Department of Economic Development (DED), Council members and staff and key stakeholders.
- MBDC has extended Ellie Giles' contract as Director of Operations.
- MBDC is in the final stages in securing office space and establishing organizational structures.

# In Motion: Montgomery Business Development Corporation Update

Issue I: March 22 2013  
22 Baltimore Street Rockville, Maryland 20850

## Update on MBDC

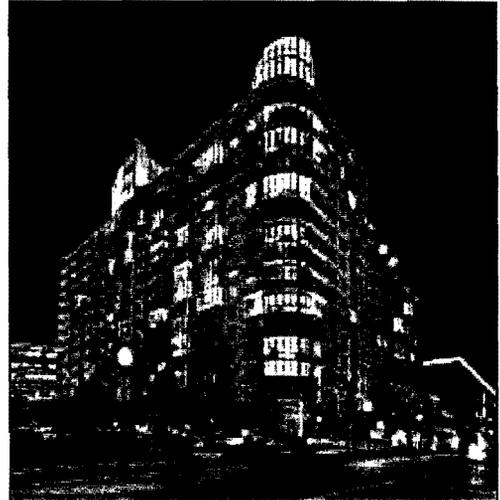
### ✦ Board Actions:

- Voted to support GetMDMoving.com. Grassroots organization supporting transit funding
- Voted to support HB1515 and communicated with Governor O'Malley, Delegates and Council members.
- Voted to not support Maintenance of Effort legislation for emergency and civic employees. Communicated with Governor O'Malley, Delegates and Council members.

- ✦ Collaborating with DED on 2013 Strategic Plan, primary focus of business retention initiative
- ✦ Increase communication with County Council and serve as advisory organization
- ✦ Building relationships with local businesses and business leaders. Have attended 44 meetings since 1/15/13.
- ✦ Increasing visibility and communication: Speaking engagements at Dixon Hughes Goodman, Transwestern, Bethesda/Chevy Chase Chamber ED Committee, BisNow Real Estate Event
- ✦ Attended Transwestern State of the Market annual meeting
- ✦ Policy advisory:
  - appointed to Late Night Economy Task Force by Executive office
  - Workforce Summit: advisory committee
- ✦ Web.com Partnership: assisting with outreach and small business seminar

## Coming Up

- ✦ 2013-2014 MBDC Budget
- ✦ Working on MBDC website, logo, branding effort.



## Quick Facts: Life Sciences

### Top 10 Markets for Life Science Clusters

1. Boston
2. San Diego
3. San Francisco Bay Area
4. Raleigh-Durham
5. Philadelphia
6. Suburban MD/DC/Arlington (majority in Montgomery County)
7. New Jersey/New York City
8. Los Angeles/Organge County
9. Minneapolis
10. Seattle

Source: BLS, Pricewaterhouse Coopers, NIH

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MBDC WORKPLAN 2013/2014

FOCUS AREA	GOAL	STRATEGIES	BUDGET
Business retention/expansion	To retain and expand our existing base of employers/employees	<ol style="list-style-type: none"> <li>1. Respond to indicated needs through expansion and creation of resources to the business community.               <ol style="list-style-type: none"> <li>a. Utilize current and relevant data</li> <li>b. Engage in policy and legislative decisions that impact the business community</li> <li>c. Connect employers to community resources and organizations for growth and sustainability supports</li> </ol> </li> <li>2. Enhance communication and expand reach within emerging industry sectors and target markets (roundtables, focus groups, forums, etc.) in order to:               <ol style="list-style-type: none"> <li>a. Involve company decision makers</li> <li>b. Provide relevant information</li> <li>c. Increase networking opportunities</li> <li>d. Establish MBDC as a business resource</li> <li>e. Assist in policy recommendations</li> <li>f. Support workforce development</li> </ol> </li> <li>3. Facilitate collaborative opportunities for County Leadership to routinely engage in business retention activities</li> <li>4. Promote and recognize our business community/corporate citizens (minimum of two events annually) in conjunction with existing business organizations.</li> <li>5. Continue to support Montgomery County's Department of Economic Development business visit and retention efforts.</li> </ol>	\$250,000
Communication - Marketing <i>Telling our story</i>	To establish communication/marketing methods.	<ol style="list-style-type: none"> <li>1. Website Development and Maintenance to include current demographic/business data, site selection tools, and connections to relevant websites.</li> <li>2. Develop Incentive Brochure to include incentives available (State and local) and application steps.</li> <li>3. Increase immediate awareness of doing business in the state and</li> </ol>	\$290,000

		<p>community through social media</p> <ol style="list-style-type: none"> <li>4. Develop status report card for community stakeholders indicating demographic info; local, regional and national market information, rankings, human capital analysis and trends, information and announcements that impact economic growth and sustainability.</li> <li>5. Establish database of site selection consultants to e-blast marketing information (i.e. new company, expansion, incentive program, highlight a site/facility) Establish routine messaging that is valuable</li> </ol>	
Enhance economic sustainable environment/climate	To engage in best practices and innovative activities	<ol style="list-style-type: none"> <li>1. Attend and be involved in Maryland Economic Development Association</li> <li>2. Engage in trade organizations that provide: Market info; Legislative info; Networking opportunities; marketing organizations.</li> <li>3. Develop relationships with benchmark communities in U.S.</li> <li>4. Partner with Universities on research and grant opportunities</li> </ol>	\$75,000
New business/revenue investment	<p>To identify and promote assets of MC</p> <p>To identify Retail/Mixed use smart-growth development opportunities that support job growth, quality of life and economic development principles resulting in increased commercial and sales tax.</p>	<ol style="list-style-type: none"> <li>1. Promote location benefits (regional metro area, proximity to Federal regulatory agencies).</li> <li>2. Promote site benefits (market clusters, human capital, and infrastructure-including transit).</li> <li>3. Quality of life benefits (cultural amenities, parks and recreation, educational system, engaged local government, business organizations, job-based economy focus.</li> </ol> <ol style="list-style-type: none"> <li>1. Promote top 5 County-owned sites for mixed use development</li> <li>2. Promote MC for transit oriented and pedestrian oriented development</li> <li>3. Develop relationships and engage commercial developers and brokers to promote MC for retail and mixed use development</li> </ol>	\$150,000

Special Projects	To extend our services in support of special projects that are approved or delegated by Montgomery County Leadership that promote economic development principles, as approved by the MBDC Board.	<ol style="list-style-type: none"><li>1. County-wide Economic Growth &amp; Sustainability Strategic Plan</li><li>2. Centralized Metrics Development</li><li>3. New Montgomery Initiatives</li><li>4. Incentive Fund Advisory</li><li>5. Land Use/Regulatory Consultation</li></ol>	TBD
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