

Council Worksession

MEMORANDUM

May 6, 2008

TO: County Council

FROM: Justina J. Ferber, Legislative Analyst

SUBJECT: Worksession - Executive's Recommended FY09 Operating Budget -
Department of Economic Development (DED)

- **The Planning, Housing and Economic Development Committee recommends (2-0, Councilmembers Knapp and Elrich in favor and Councilmember Floreen temporarily absent) that the Council approve the Department of Economic Development (DED) budget as submitted for \$10,622,830.**
- **The Committee will discuss in June/July DED's economic development strategy. The discussion will include the direction of the department and how resources will be used.**
- **The Committee unanimously recommends shifting a Business Development Specialist position in the Wheaton Redevelopment Office (Regional Services Centers' budget) to the Department of Economic Development (1.0 workyear; \$125,750).**

Those expected for this worksession:

Pradeep Ganguly, Director, DED
Tina Benjamin, Chief of Staff, DED
Peter Bang, Chief, Finance, Administration and Special Projects Division, DED
Jeremy Criss, Chief, Agricultural Services, DED
Barbara Kaufmann, Chief, Workforce Services
Jennifer Shovlin, Senior Financial Specialist
Alison Dollar, Management and Budget Specialist, OMB

The Executive's Recommended FY09 Operating Budget for the Department of Economic Development (DED) can be found on pages 60-1 to 60-7 of the budget. A copy is attached at ©30-36.

OVERVIEW

For FY09 the Executive recommends an operating budget of \$10,622,830 for the Department of Economic Development (DED); this includes \$2,700,000 in grant funding for Workforce Services. The overall DED budget has decreased \$350,530 or 3.2 % from FY08. Not included in the FY09

budget is \$294,943 and 2.6 workyears charged to the CIP for the Agricultural Preservation Program and \$122,390 and 1.0 workyear charged to the Economic Development Fund. For FY09 the Local Small Business Reserve Program (LSBRP) has been shifted to the proposed new Department of General Services in the Division of Procurement (-\$197,960; -2.0 workyears).

DED

(in \$000's)	FY07 Actual	FY08 Approved	FY09 CE Recommended	% Change FY08-FY09
Expenditures:				
General Fund	7,327,826	8,273,360	7,922,830	-4.2%
Grant Fund	2,632,759	2,700,000	2,700,000	0.0%
TOTAL Expenditures	9,960,585	10,973,360	10,622,830	-3.2%
Positions:				
Full-time	48	53	48	-9.4%
Part-time	2	6	3	-50.0%
TOTAL Positions	50	59	51	-13.6%
WORKYEARS	43.9	50.8	44.6	-12.2%

The Executive recommends a net decrease of 5 full-time positions and a net decrease of 2 part-time positions. Lapse for the department is budgeted at \$81,883 for .75 wy.

Dept. of Economic Development	Full-time	Part-time	Comments
New positions for FY09	0	0	No new positions for DED
Abolished positions for FY09	-5	-2	2.0 full-time positions shifted with LSBRP
Positions abolished during FY08			to Procurement
Net Change	-5	2	
New positions created or abolished as a result of the Executive proposed Reorganization	-2		

Changes in departmental workyears and positions: from FY08=50.8wy to FY08=44.6wy:

- 1.0 Office Services Coordinator - Position and funding were transferred to Procurement due to the LSBRP transfer.
- 1.0 Business Development Specialist – Position and funding were transferred to Procurement due to the LSBRP transfer.
- 1.0 IT Specialist – Eliminated position and funding as part of the required FY09 Reduction Plan. Position was located in Finance, Administration, and Special Projects. Position was vacant.
- 2.0 Business Development Specialists – Eliminated positions and funding as part of the required FY09 Reduction Plan. Positions were located in Workforce Services and Finance, Administration and Special Projects. Positions were vacant.
- 2.0 Intern Positions (0.4 wy) – Eliminated position and funding as part of the required FY09 Reduction Plan. Positions were located in the Director’s Office and were vacant.

A total of five full-time positions were eliminated from DED's personnel complement; two of the five were shifted from DED to Procurement.

If you remove the LSBRP from the FY08 budget and subtract same service adjustments from the FY09 budget, then DED's budget has decreased 7.4% from FY08 to FY09. If you leave in the LSBRP, the budget has decreased 9.3%. The FY09 CE's DED budget recommendation is a decrease of \$350,530. Much of the decrease in the DED budget comes from the following identified service impact adjustments.

Identified Service Impact Adjustments:	
Reduce Business Empowerment Consultant	\$ (5,700)
Reduce Coop. Extention Nutritional Counseling	\$ (10,600)
Eliminate Public Service Intern Position -0.4wy	\$ (11,230)
Reduce Business Empowerment SBDC Agreement	\$ (15,000)
Eliminate IT Position	\$ (88,010)
Eliminate Business Development Specialist -2.0wy	\$ (207,320)
NET SERVICE IMPACT ADJUSTMENT TOTAL	\$ (337,860)

Identified Same Services Adjustments:	
General Wage and Service Increment Adjustments	\$ 267,790
Labor Contracts Other	\$ 1,700
Annualization of FY08 Personnel Costs	\$ 22,390
Central Duplicating Recovery Charge	\$ 710
Group Insurance Adjustments	\$ 51,030
Retirement Adjustment	\$ 57,410
Motor Pool Rate Adjustments	\$ 1,560
Printing and Mail Cost Adjustments	\$ 2,750
Increase Incubator Grant	\$ 181,000
NET SAME SERVICES ADJUSTMENT TOTAL	\$ 586,340

Proposed Reorganization

\$197,960 of the decrease and 2.0 workyears come from the Executive's recommendation to move the Local Small Business Reserve Program (LSBRP) to the Department of General Services in the Procurement Division.

Public Hearing Testimony

Barbara Henry, Silver Spring Urban District Advisory Committee and **Jane Redicker, President, Greater Silver Spring Chamber of Commerce** both testified in support of assistance to small businesses in Silver Spring.

Georgette Godwin, President and CEO of the Montgomery County Chamber of Commerce testified in support of an economic stimulus plan to include the following components: 1) resources to aggressively recruit flagship companies to locate their headquarters here; 2) location incentives for companies that bring high paying knowledge industry jobs to the County; and 3) support for "Vision 2030" projects that will make the County a global best place to do business.

Ron Resh, Greater Bethesda-Chevy Chase Chamber of Commerce, acknowledged the difficult budget and asked that the Council protect Montgomery County's existing public and private investments in economic progress and avoid any new taxes that would only worsen the negative fiscal climate.

FY09 EXPENDITURE ISSUES

Department of Economic Development Programs – An **Organizational Chart** is attached at ©19. A **crosswalk** of DED positions from FY08 to FY09 is attached at ©20 (a larger print copy was distributed to Committee members at the PHED worksession).

The Department of Economic Development reorganized into the following six program areas:

Short paragraph explaining —

- ❖ Marketing and Business Development
- ❖ Business Empowerment
- ❖ Workforce Services
- ❖ Agricultural Services
- ❖ Finance, Administration, and Special Projects
- ❖ Office of the Director

Economic Development Direction: It is difficult to talk about the DED budget without discussing economic development strategy. The Committee should discuss with the Director his economic development strategy for the success of the department, especially during the current economic downturn. The Committee should also devote a future meeting for a more detailed discussion with the DED Director on the direction of the Department and how resources will be used to accomplish the economic development priorities of the Executive and Council. Issues brought up by the Chamber of Commerce should also be discussed at a future meeting.

The Department of Economic Development FY09 budget is analyzed below by division.

Marketing and Business Development Division (MBD)

Marketing and Business Development (MBD)	
FY 08 Expenditures: \$1,907,070	FY08 12.0 Workyears
FY 09 Expenditures: \$1,787,630	FY09 11.0 Workyears
Major Changes from FY08 to FY09	
-\$119,440; -1.0wy	Miscellaneous adjustments (position shifted to Business Empowerment)

The Marketing and Business Development program conducts DED's outreach and promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses in an effort to increase the number of businesses and organizations created, attracted, retained and expanded in the County. This program coordinates with the Maryland State Department of Economic Development and the Conference and Visitor's Bureau. The program is described in more detail on page 60-2 of the budget and on ©31.

In response to Council staff questions about the changes made to the Marketing Program, DED responded as follows:

DED Response re Changes to the Marketing Program: With the County Executive's emphasis on using the cultural and ethnic diversity of the county as an economic asset, DED has expanded its international business development effort to promote foreign business/capital attraction. Geographic regions within the global market have been selected based on research and the probability of maximizing the opportunities for resident businesses making ties to foreign businesses (in most instances with the country of their origin) particularly in emerging markets where attracting investment to the US is easier. The focus areas still are the biotechnology and advanced technology sectors, industries that the County has invested in for over fifteen years. DED has also stepped up its retention and attraction effort for domestic companies that will add economic value.

The funding for the Marketing Program for FY09 remains relatively unchanged from FY08. During FY08, DED participated in a number of events and trade shows that focused on international marketing initiatives and the biotechnology and high technology industries: BioEurope (Germany and Spain), September, 2007 and April, 2008; Bio CEO (NY), February, 2008; AFCEA West (California), March, 2008; BIOMed Israel (Tel Aviv); Trade Mission to India, November, 2007; Chinese Biotech Association Trade Show (China), May, 2008; and BIO 2008, (California) June, 2008. The County continues its involvement in the AT&T National-Tiger Woods Golf Tournament.

Detailed information on the above events and trade shows can be found on ©2-4. Detailed information on Year to Date Advertising for FY08 can be found on ©4-5.

Attendance at the major events listed above for FY08 is planned for FY09, with the exception of the India mission. MBD will be coordinating an international trade mission to China/Korea. Other events have been identified for possible attendance, depending on the budget: World Pharmaceutical Congress, May 12-14, Philadelphia; NanoBusiness Alliance Nano Renewable Energy Summit, Denver, July 20-22; BioPharm America, Sept. 9-10, Atlanta; and AdvaMed 2008, Sept. 21-24, Washington D.C.

Staff Recommendation

If Council reductions are made to the DED budget, Marketing and Business Development is a most likely program from which reductions can be taken; however, the operating costs in this division are only a quarter of the budget and a reduction would have to be taken in personnel. Council staff does not recommend a reduction.

- **Approve the Marketing and Business Development Division budget as recommended.**

Business Empowerment Division (DBE)

Business Empowerment Program (DBE)	
FY 08 Expenditures \$1,151,790	FY08 11.0 Workyears
FY 09 Expenditures \$1,328,540	FY09 11.0 Workyears
Changes from FY08 to FY09	
-\$5,700	Reduce Business Empowerment Consultants
-\$15,000	Reduce Business Empowerment SBDC Agreement (to be restored by reducing sponsorships)

The Business Empowerment program provides a variety of programs and services to the County's small and minority business community. This program manages the business incubator program and small and minority business services programs. The program is described in more detail on page 60-2 and 60-3 of the budget and on ©31-32.

Business Empowerment is a new division in the department. Each position now assigned to the Business Empowerment Division (DBE) was reassigned from existing divisions within the department, and includes 10.0 positions from the Director's Office and 1.0 position from Marketing and Business Development. The Division's Office Services Coordinator transferred to the Office of Procurement and funding for the OSC was removed from the department's budget thereby leaving the division without support services. The program and funding for the Intellectual Property Legal Resource Center (IP Center) was shifted to the Finance, Administration and Special Projects Division.

Attached at ©22 is a memorandum from Councilmember Ervin requesting the Committee to consider the cuts made by the County Executive in the Business Empowerment Program. DED has advised Council staff that it will make internal adjustments to minimize the reductions (see explanations below).

\$96,000 in reductions was tied to DBE programs and personnel. \$56,000 would have been used to create a new 1.0 Office Services Coordinator position in FY09 (to replace the position transferred with LSBRP to Procurement) and \$40,000 was for operating funds to run programs within the division.

-\$207,320; -2.0wy – DED explained the elimination of two Business Development Specialist positions as part of the departmental reductions for the FY09 budget. The elimination will impact the department's presence in and ability to provide technical assistance to the small business community. The department will make internal adjustments to reallocate staff and resources to accommodate the loss of the two positions. The loss will result in a five to ten percent impact on service delivery to the business community.

The **\$5,700** reduction for Business Empowerment Consultants represents discretionary funding that has, in previous years, been used for event planning, strategic development, marketing services for upcoming events, etc. DBE hosts many events that often require the assistance of an outside consultant to plan, organize and administer the logistics. DED staff will have to assist in or reduce the number or scope of events.

The **\$15,000** reduction for the Business Empowerment Small Business Development Center (SBDC) Agreement was initially submitted to meet the County Executive's reduction of DED's FY09 budget. The department has reevaluated the agreement with the SBDC, and opted to keep funding for the agency at the current level of \$50,000 in FY09. DBE has identified reductions to sponsorships to identify the \$15,000 to keep the SBDC funding intact. The SBDC is a program funded by the County, State and U.S. Small Business Administration and provides no cost counseling for small business owners and individuals seeking to start a new business. It also provides low cost training on procurement, minority business certification and numerous general business subjects.

Reductions in funding for DBE will challenge its delivery of services to small businesses. Since July 1, 2007, DBE has provided information and referral to more than 8,000 Montgomery County citizens

with direct assistance to 1,200 businesses. Assistance was provided in the following major areas: 1) financing; 2) property relocation; 3) marketing; 4) partnerships; 5) mentoring; 6) Innovation Network tenancy; 7) workforce development; 8) and procurement and MBE certification assistance. Additionally, DBE started three new initiatives including: 1) the MicroLoan Program; 2) Business Appreciation Week; and 3) the Small Business Conference.

Incubator Program

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

Currently, the Incubator Network includes four facilities (Shady Grove Innovation Center (f/k/a Maryland Technology Development Center), Silver Spring Innovation Center; Wheaton Business Innovation Center; and Rockville Innovation Center) and supports 95-120 companies at any given time throughout the year. The Network also hosts a Virtual Incubator Program that is primarily used for companies waiting for space to become available by recent graduates from the Network. In its eighth year of operation the program has graduated 65 companies that occupy well over 600,000 square feet of commercial space in the County. Together with the current portfolio of incubator tenants, these companies employ over 1,500 employees in the County and contribute approximately \$4 million per year in tax revenue.

Occupancy within the incubator facilities ranges from 65% and 110%. Both the new Rockville Innovation Center (opening June 2008) and the Shady Grove Innovation Center have waiting lists for office space. The Wheaton Business Innovation Center is 80% occupied and the Silver Spring Innovation Center is currently experiencing a 65% occupancy rate (due to local construction that negatively impacts the property). Each facility is staffed with a Tenant Service Coordinator (TSC) who manages the reception desk, schedules conference rooms, greets guests and makes sure the facility runs well on a daily basis.

In September of 2008 the fifth incubator, the Germantown Innovation Center, will open bringing a unique selection of office, wet labs and clean rooms to the market. It is located on the Germantown Campus of Montgomery College and will support another 25-30 companies. Within the next two to three years, the County is planning to open an additional incubator in the East County Science & Technology Park.

A table showing the ownership structure and a financial overview of each incubator is attached at ©21. A confidential report containing more detailed information on the Incubator Network (contains proprietary information) has been distributed separately to Committee members.

Staff Recommendation

Assistance to small businesses is critical to the County's economy and reductions in the Business Empowerment Division should not be taken.

➤ **Approve the Business Empowerment Division budget as recommended.**

Division of Workforce Services (DWS)

Workforce Services (DWS)	
FY 08 Expenditures \$4,002,310	FY08 7.8 Workyears
FY 09 Expenditures \$3,820,080	FY09 6.0 Workyears
Changes from FY08 to FY09	
0.8 wy	Decrease Technical Grant Adjustment
-\$50,000	Shift Alliance for Work Place Excellence (aka Work~Life Alliance) to Community Grants
-\$132.230* -1.0wy	Miscellaneous Adjustments

The Division of Workforce Services (DWS) administers the funding tied to the Federal Workforce Investment Act of 1998. Its central mission is to develop a local workforce development plan for Montgomery County and to oversee the performance of the local workforce investment system. This includes the administration of all federal workforce and job training funds and the oversight of two one-stop career centers as mandated by the Act. DWS is advised by a Workforce Investment Board (WIB) composed of business representatives and community leaders and public officials. The program is described in more detail on page 60-3 of the budget and on ©32.

DWS funds support employment services offered at the two MontgomeryWorks One-Stop locations. Services offered at these locations include vocational assessment, job readiness, career training, job placement and job retention services for job seekers, and recruitment, training and human resource assistance to local employers. The one-stops serve dislocated workers, low-income adults, older workers, disadvantaged youth and individuals with disabilities, as well as small and large businesses. There are two locations - Westfield Mall (Wheaton Plaza South) and Lakeforest Mall (Gaithersburg).

Shift \$50,000: The funding for the contract for Alliance for Workplace Excellence (Montgomery Work/Life Alliance) – \$50,000 was shifted to the Community Empowerment Grants list and is now a non-competitive grant.

Decrease -0.8wy: This position was budgeted with existing grant funds, but was not created in FY08. Workforce Services has opted to keep the functions of this job within the scope of work required by the One-Stop Operator, therefore there is no impact to services.

Major Changes in Workforce Services for FY09:

- The State recently announced the amount of WIA federal dollars that Montgomery County will receive in FY09 and funding has been reduced by 13.5 percent. DED is currently assessing the impact and how that decrease of \$238,424 will affect services.
- The Governor’s Office of Crime Control and Prevention (GOCCP) has informed Montgomery County that it will not provide continuation of funding to support the Offender Workforce Re-entry Program, which allows the One-Stop contractor to operate the one-stop center in the Montgomery County Correctional Facility. This program was the only one-stop located in a county corrections facility in the country, and supports a workforce specialist for that center and a re-entry specialist at the Wheaton one-stop center. The re-entry specialist is responsible for assisting and finding opportunities for employment for ex-offenders using the skills attained through the program offered at the corrections facility. Currently, Workforce Services is trying to

identify other grants from GOCCP and other sources of grants to support the Offender Workforce Re-entry Program.

- The One-Stops continue to see an increased number of job-seekers and with the economic downturn there will be a continuing need for workforce development services.

Workforce Services programs and accomplishments for FY08 and proposed program for FY09 are detailed on ©7-8.

Workforce funding sources for FY09

FEDERAL WORKFORCE INVESTMENT ACT FUNDS (BASED ON ALLOCATION BY STATE DLLR-APRIL, 2008)	\$1,526,300
EARLY INTERVENTION (FEDERAL) (ESTIMATED)	151,400
MARYLAND BUSINESS WORKS (FEDERAL)	94,518
DISABILITY NAVIGATOR (FEDERAL) (ESTIMATED)	156,860
RAPID RESPONSE (FEDERAL) (ESTIMATED)	25,000
GOCCP (STATE/FEDERAL)	0
MD SUMMER YOUTH (STATE/FEDERAL) (ESTIMATED)	9,518
TEACH FOR THE HEALTH OF IT (FEDERAL)	25,000
TOTAL	\$1,988,596
MONTGOMERY COUNTY FUNDING	
GENERAL ONE-STOP ACTIVITIES	122,000
ONE STOP FACILITIES	122,100
SALES & SERVICE CENTER	160,000
COUNTY GANG PREVENTION CONTRACTED POSITION	62,500
YOUTH PROGRAM	50,000
SUMMER YOUTH EMPLOYMENT	50,000
TOTAL	\$566,600

Staff Recommendation

- Approve the Workforce Services budget as recommended.

Agricultural Services Division

Agricultural Services	
FY 08 Expenditures \$970,960	FY 08 7.2 Workyears
FY 09 Expenditures \$1,003,670	FY 09 7.2 Workyears
Changes from FY08 to FY09	
-\$10,600	Reduce Cooperative Extension nutritional counseling

This program promotes the preservation of farmland and the promotion of agriculture as a viable component of the County business and economic sector. The Soil Conservation Service and the Cooperative Extension Service are included in this program. The program is described in more detail on page 60-3 and on ©32.

A listing of all Agricultural Services positions and the sources of funding for each is on ©9-10. For FY09 \$294,943 and 2.6 workyears are charged to the CIP. Additional information on Agricultural Services positions is on ©11.

-\$10,600 - Cooperative Extension - The reduction in Cooperative Extension attributed to nutritional counseling is made up of reductions in positions related to nutritional counseling, central duplicating costs and repair and maintenance costs. A more detailed explanation of the reductions in Cooperative Extension Services is at ©9.

Deer Management - A status report on the Deer Management program is on ©10-11. The Agricultural Services Division is working in conjunction with M-NCPPC, the Deer Management Work Group, Montgomery Soil Conservation District, Montgomery Cooperative Extension and the Maryland Department of Natural Resources as part of this County-wide deer management effort. Deer Management Workshops are designed to educate farmers and hunters about effective deer management on private property. The Deer Donation Program encourages farmers and hunters to harvest more deer in a responsible manner by providing a local, minimum-hassle deer collection site. It is administered in partnership with Farmers and Hunters Feeding the Hungry, a nonprofit organization that coordinates the collection, processing and donation of venison to the nation's hungry. The Maryland State Legislature passed into law HB 938 removing Montgomery County from the list of jurisdictions in which hunting on Sundays is completely prohibited.

<i>Deer Donation Program - Deer Collected and Pounds of Venison Donated</i>		
2004-2005 Season	39 deer	1,560 pounds
2005-2006 Season	51 deer	2,040 pounds
2006-2007 Season	85 deer	3,400 pounds
2007-2008 Season (through January 7, 2008)	197 deer	7,880 pounds

Drought Assistance - The County Council approved \$1.5 million dollars for the 2007 Agricultural Emergency Assistance Program (Ag EAP) due to the severe drought conditions and the negative impact on the agricultural community. The attachment at ©16 consists of a timeline of the Ag EAP that was presented during a February 22, 2008 briefing with the DED Director. The payments have now been approved by the Department of Finance and the farmers should have their grant payments in April 2008. The 2007 Ag EAP enrolled 85 applicants covering 30,418 acres. The program used a total of \$1,445,866.09 of funds and the remaining \$54,133.91 is in the Economic Development Fund.

Agricultural Reserve Signs - The Agricultural Reserve Sign project was approved by the State Highway Administration on January 30, 2008 and the signs will be installed at six locations sometime in Mid-May. DED paid for the fabrication and installation of the signs in the amount of

\$3,235.00. The Agricultural Reserve sign includes the County Seal on a green background and the wording "Welcome to the Agricultural Reserve".

Staff Recommendation

- **Approve the Agricultural Services budget as recommended.**

Finance, Administration and Special Projects Program

Finance, Administration, and Special Projects	
FY 08 Expenditures \$2,468,730	FY08 10.0 Workyears
FY 09 Expenditures \$2,233,110	FY09 7.0 Workyears
Changes from FY08 to FY09	
\$181,000	Increase Incubator Grant (to cover increased energy costs)
-\$88,010; 1.0wy	Eliminate IT Position (position was vacant)
-\$197,960; 2.0 wy	Shift LSBRP to Office of Procurement
\$250,000	Eliminate one-time funds of \$250,000 for the Germantown Incub

The Finance, Administration, and Special Projects division provides all departmental administrative efforts and provides direct services for fiscal and contract management, strategic planning and special projects. It administers the five financing programs under the Economic Development Fund. The program oversees the management of the Shady Grove Life Sciences Center and planning for the new science and technology centers in Germantown and the East County. The program is described in more detail on page 60-4 of the budget and on ©33.

The major changes in the Finance, Administration, and Special Projects division relate to the shift of the Local Small Business Reserve program to the office of procurement and the elimination of an IT position. Also there is an increase of \$181,000 in the incubator operating grant to cover increased energy costs.

\$181,000 Grant Increase - The increase of \$181,000 in the incubator grant will cover increased energy costs but does not cover the entire \$300,000 which is estimated for those costs. The \$119,000 deficit will have to come elsewhere in DED's budget. Of the four operating incubators, three incubators require annual County grants to operate. The Rockville Innovation Center and the Shady Grove Innovation Center require grants to subsidize debt services related to the acquisition of the facilities. Due to energy cost increases in 2007, the operating costs of the incubators increased sharply, and without additional funds the debt services payments are in jeopardy. The increased grant funding represents the anticipated net operating income loss for the Rockville Incubator (\$100,000) and the MTDC (\$81,000).

-\$88,010; -1.0wy – The elimination of the vacant IT position is a part of the FY09 reduced budget for DED. This will have an impact on technology functions and projects for the department.

-\$197,960; -2.0wy – The County Executive transferred the Local Small Business Reserve Program to Procurement, which was included in the FY09 budget under the newly created Department of General Services.

-\$250,000 One-Time item – This reduction represents funding approved in FY08 to offset the additional sublease payment obligated to Montgomery College due to delay in the construction of the Germantown Incubator.

FY09 funding for:

Economic Advisory Council (EAC) – The primary function of the EAC is to gather and interpret data for the Economic Development report card. The 2006 report card was released in October. The FY09 budget for the EAC was realigned to a central account that is available for expenditure for the EAC should they arise; however, DED does not anticipate the need to expend any funds above \$300.

Technology Council of MD – Funding for FY09 will be \$25,000 to the Technology Council of Maryland. Technology Council of Maryland has provided the County with additional opportunities to focus on strategic partnerships within the hi-tech community.

Intellectual Property Legal Resource Center (IP Center) – The funding for the IP Center was shifted to the Finance, Administration and Special Projects Division. The IP Center has been in operation for five years with joint funding of \$160,000 per year (\$80,000 each from the County and the University of Maryland). The funding supports one full-time intellectual property lawyer, several graduate students (unpaid internships), and basic operating costs. The IP Center is presently located in the Shady Grove Innovation Center and also provides services at the Silver Spring Innovation Center. The IP Center provides: 1) legal information at low or no cost to area high-tech start-ups; 2) legal training for law students who will gain an understanding of the complex needs of high-tech start-up companies; and 3) educational workshops and seminars on IP issues for growing businesses.

Staff Recommendation

If Council reductions are made to the DED budget, Finance, Administration, and Special Projects is another likely program from which reductions can be taken; however, this division will manage the development of the two new incubator projects and oversee the financial and administrative efforts of the department and Council staff does not recommend a reduction.

- **Approve the Finance, Administration and Special Projects budget as recommended.**

Office of the Director Program

Office of the Director	
FY 08 Expenditures \$472,500	FY08 2.8 Workyears
FY 09 Expenditures \$449,800	FY09 2.4 Workyears
Changes from FY08 to FY09	
-\$5050	Decrease cost of Non-Local Travel
-\$11,230; 0.4 wy	Eliminate Public Services Intern Positions

The Office of the Director provides overall direction and supervision for the Department of Economic Development. The program is described on pages 60-4 and 60-5 and on ©33-34.

-\$5,050 - Decrease Non-local travel – The reduction is in response to the budget reduction plan.

-\$11,230; -0.4wy – Eliminate Public Services Interns – The loss of the interns does not have a direct service impact, but the elimination of the interns does hamper the department’s ability to engage in data collection and analysis, updating of critical contact information, and completing research and analysis projects that provide beneficial information to staff.

Staff Recommendation

If Council reductions are made to the DED budget, the Office of the Director is also another likely program from which reductions can be taken; however, the operating costs in this division are minimal and a reduction would have to be taken in workyears. Council staff does not recommend a reduction.

- **Approve the Office of the Director budget as recommended.**

PHED Committee Discussion

Councilmembers questioned what the department's economic development plan was and wanted to know the economic development strategies developed by the new director. Mr. Ganguly stated that he would like to brief the Committee on the department's new strategies. He reviewed some of what the department was currently doing and noted the business visitation program currently underway. DED is visiting 250 businesses in the County this week.

Committee Chair Knapp asked what would happen next with the 250 businesses. Mr. Ganguly stated that the businesses were of every size and from every sector and visits included representatives from other departments; HHS, DOT DPS, Police, Education, DPWT and also representatives of the Chamber of Commerce. DED representatives will collect data sheets on each business including the issues they will be dealing with over the next five years. DED will summarize the issues in the next thirty days and identify short-term and long-term solutions.

Councilmember Floreen wanted to know how the department's economic development plan related to the Park and Planning economic development plan for the 270 corridor. She felt there was a lack of coordination and that Park and Planning wanted to be the economic analyst for the County. She felt the department should be advocating for business and providing comments when the Council takes actions that affect businesses.

Councilmember Elrich asked DED to see beyond the business community to make sure that what business wants does not conflict with the broader community and that DED be aware of community concerns. He stated that he was not interested in programs that cost taxpayers. He knows that one message from business is that Montgomery County has high taxes; but, the County pays for education, county workforce, parks, etc. and quality of life costs money. He felt that DED should take a broader view including the view that taxes are an investment to make the County a desirable place to be. He suggested DED be more thoughtful about what economic development means and recognize that citizens want streets activated with flower shops and watch shops and that biotech will not do that.

Committee Chair Knapp expressed concern about the budget cuts sustained by DED in this economic downturn. He felt it was difficult to review the DED budget and makes recommendations to do something strategically different in the absence of a broader economic development strategy. Therefore, he recommended the Committee meet with DED in June to discuss economic development strategy. The discussion will include the direction of the department and use of resources.

- **The Planning, Housing and Economic Development Committee recommends (2-0, Councilmembers Knapp and Elrich in favor and Councilmember Floreen temporarily absent) that the Council approve the Department of Economic Development (DED) budget as submitted for \$10,622,830.**
- **The Committee will discuss in June/July DED's economic development strategy. The discussion will include the direction of the department and how resources will be used.**

PHED Recommendation Subsequent to DED Worksession

Subsequent to the Planning, Housing and Economic Development Committee April 16 worksession on the Department of Economic Development budget, the PHED Committee met to discuss the budgets of the Regional Services Centers including funding for the Wheaton Redevelopment Office.

At that operating budget worksession on the Wheaton Redevelopment Office budget, the PHED Committee recommended that a Business Development Specialist III position be shifted to the Department of Economic Development budget. The Executive's original proposal was to shift the position to DHCA but Committee members felt the position was more appropriate in DED. PHED Committee members felt that the Department of Economic Development should have more of a presence and involvement in the Wheaton community and the shifting of the Business Development Specialist would accomplish that effort.

- **The Planning, Housing and Economic Development Committee unanimously recommends shifting a Business Development Specialist position in the Wheaton Redevelopment Office (Regional Services Centers' budget) to the Department of Economic Development (1.0 workyear; \$125,750).**

DED Budget Packet Attachments -

- DED Response to Council Staff Questions © 1
- DED Organizational Chart © 19
- DED Position Crosswalk FY08 to FY09 © 20
- Incubator Ownership Structure and Financial Overview ©21
- Memo from Councilmember Ervin ©22
- Public Hearing Testimony ©24
- DED Operating Budget © 30

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**FY09 OPERATING BUDGET
DEPARTMENT OF ECONOMIC DEVELOPMENT
INFORMATION REQUESTED**

Department

1. Provide an Organizational Chart of the Department. See Attached.
2. Crosswalk of positions from FY08 to FY09 – See attached.
3. Explain the changes in departmental workyears and positions: from FY08=50.8wy to FY08=44.6wy including the shifts from Division to Division. FY08=44.6 workyears including the shifts from Division to Division.
In FY09 the department's personnel complement was reduced by the following:
 - 1.0 Office Services Coordinator - Position and funding were transferred to Procurement due to the LSBRP transfer.
 - 1.0 Business Development Specialist – Position and funding were transferred to Procurement due to the LSBRP transfer.
 - 1.0 IT Specialist – Eliminated position and funding as part of the required FY09 Reduction Plan. Position was located in Finance, Administration, and Special Projects. Position was vacant.
 - 2.0 Business Development Specialists – Eliminated positions and funding as part of the required FY09 reduction Plan. Positions were located in Workforce Services and Finance, Administration and Special Projects. Positions were vacant.
 - 2.0 Intern Positions (0.4 wy) – Eliminated position and funding as part of the required FY09 reduction plan. Positions were located in the Director's Office. Positions were vacant.

A total of 5 positions were completely eliminated from DED's complement while 2.0 were shifted from DED to Procurement.

4. Verify lapse for DED for FY09 at \$81,883 for .75 wy.
This lapse record covers the entire department and added to the above elimination of 5.4 wy makes up the FY08 to FY09 variance of 6.2wy.
5. Eliminate Business Development Specialists – -\$207,320; -2.0wy
The elimination of the two positions was included with the FY09 Reduction Plan. The elimination will impact the department's presence in and ability to provide technical assistance to the small business community. The department will make internal adjustments to reallocate staff and resources to accommodate the loss of the two positions. The loss will result in a five to ten percent impact on service delivery to the business community.
6. Eliminate IT position -\$88,010; -1.0wy.
The elimination of this position was included with the FY09 Reduction Plan. As the department has grown, the number of special technology projects has increased placing the burden of securing new technology and managing the department's IT needs with only one position. The department has for the past few years requested funding for several IT projects, one of which was a request for a new GIS. The system is very complicated and requires a dedicated staff member to manage. However, in light of the current fiscal

environment and realization that the GIS project and other will not be funded in FY09, DED opted to eliminate the position.

Marketing and Business Development

1. What changes have been made to the Marketing Program?
With the County Executive's emphasis on using the cultural and ethnic diversity of the county as an economic asset, DED has expanded its international business development effort to promote foreign business/capital attraction. Geographic regions within the global market have been selected based on research and the probability of maximizing the opportunities for resident businesses making ties to foreign businesses (in most instances with the country of their origin) particularly in emerging markets where attracting investment to US is easier. The focus areas still are the biotechnology and advanced technology sectors, industries that the County has invested in for over fifteen years. DED has also stepped up its retention and attraction effort for domestic companies that will add economic values.
2. Provide a description of the FY08 Marketing Program accomplishments and on how the marketing funds were spent. Provide FY09 budget figures for the following and how the proposed FY09 funding compares to the FY08 funding (include funding of other events/entities of which the Council should be aware):
 - The funding for FY09 remains relatively unchanged from FY08. The budget for the IP Center was shifted to the Incubator Programs under Finance, Administration, and Special Projects. During FY08, DED actively engaged in a number of events and trade shows that focused on the international marketing initiatives and biotechnology and high technology industries.

BioEurope (Germany and Spain): September, 2007 and April, 2008

DED attended the annual biotechnology conference in Europe twice during FY08. This trade show is on par with the annual U.S. Biotechnology trade show, but attracts a more global audience. DED partnered with MdBio and DBED and the first trade show's outcomes included nine prospects and eight leads. We are working to produce similar results from the second trade show.

Bio CEO (NY): February, 2008

This event focused on presentations by CEOs of biotechnology companies to investors. The conference was attended by 15 Maryland biotechnology companies with eight from Montgomery County. Each company gave a presentation at the conference, and DED while providing support to the participating county companies, made 35 individual contacts that represented 32 individual companies including one retention meeting, four strong lead meetings, and one actual prospect that has already located in Montgomery County.

AFCEA West (California): March, 2008

This conference focused on military defense contracting and resulted in 95 contacts, 35 new leads/prospects, 30 retention and courtesy visits to exhibiting Montgomery County companies. In addition, the County's participation built potential partnering connections for Montgomery County companies with several exhibiting companies and focused efforts on marketing the County as a premier location for government contracting in areas such as

communications, electronics, intelligence, information systems, defense companies, and other government contracting.

BIOMed Israel (Tel Aviv):

The County participated in this trade show in FY07, and is planning to again partner with the Maryland Israeli Development Council (MIDC). This year's anticipated results are in line with last year's and include meetings with at least 25 companies, many of which already have some level of familiarity with Maryland and Montgomery County and are interested in the potential of locating or expanding operations here.

Trade Mission to India: November, 2007

The County embarked on a full scale international trade mission to India that resulted in the following:

- Presentations to nearly 200 Indian life sciences and advanced technology companies
- Presentations held in six Indian cities that are major life science and tech markets
- High level meetings with government leaders from Haryana, New Delhi, and Federal Parliament
- The County established business relationships with major Indian-based and Indian-American business groups including the Association of Biotechnology Led Enterprises, the Association of Small and Medium Knowledge Industries, Biotech Consortium of India, Limited, Confederation of Indian Industry, and the U.S.-India Business Council.
- The county conducted site tours and business presentations at several key corporate locations including:
 - BIOCON
 - Claris Lifesciences
 - Palpap Software
 - Siro Clinipharm
 - Zydus Cadila
 - The Carlyle Group
 - CNS-India
 - Shantha Biotechnics
 - Sun Pharmaceuticals
- Successful establishment of e-Ready Solutions U.S. headquarters at Rockville Innovation Center (RIC)
- Visit and recruitment of Icreon Communications (has initiated application process for RIC) for its first U.S. office
- Attraction of five members of the Electronics Software Export Promotion Council, who plan to lease shared space at RIC to launch their North American operations
- e-Ready Solutions & its sister companies have signed an MOU with the Government of India to install & provide tech support for educational software, biometric hardware and software & office automation to 110,000 government funded community centers across India
- Under the umbrella of this MOU, Tru-Hart Systems International (a minority & female-owned local small business) has established a business partnership with e-Ready Solutions to provide the Indian government with homeland security services

Chinese Biotech Association Trade Show (China) May, 2008

Attendance at this trade show will provide the opportunity to lay the ground work for a mission in FY09 for the county executive to travel to South Korea and China. Meetings will take place with appropriate government officials as well as target companies to prepare for the fall, 2008 mission.

BIO 2008: (California) June, 2008

The annual Biotechnology Industry Organization's Conference and Trade Show has an astounding 20,000 attendees and is a major collaborative effort between the State, the County, and major biotechnology companies. Despite the scaling back of County participants due to fiscal constraints and the international marketing initiative, the County will participate in at least 75 one on one meetings and will have an exhibit booth presence. DED's will collaborate in a public/private partnership with Maryland to sponsor of one of the major evening events during the meeting.

On a more local level, MBD participated in events that were attended by target audiences including bio and advanced technology companies and investors. Examples include the sponsorship of the Women in Bio annual dinner where 350 life sciences entrepreneurs celebrated their entrepreneurship. MBD participated in Technology Council of Maryland and other Chamber oriented events where the local business community attends.

DED actively participates in these networking and conference opportunities to gain perspective and understand the needs of the companies, get information on emerging technologies and the future of the high technology and biotechnology sectors, gain information on policy and legislation that the County should consider or challenge, and maintain an active role in the business community.

Sponsorship and participation in the World Trade Center Embassy Day furthers our approach to marketing on a global basis by strengthening ties to the embassy community. MBD partnered with the World Trade Center Institute, which was instrumental in making the global connections necessary to explore new and emerging markets. DED identified existing funds for FY09 to support a non-competitive contract with the World Trade Center Institute to enhance the connectivity and opportunities for global marketing.

AT&T National-Tiger Woods Golf Tournament

This event replaces the Booz Allen Classic and the notoriety of its lead sponsor, Tiger Woods provides advertising and marketing opportunities with national reach. The County is already working collaboratively with the Conference and Visitor's Bureau and DBED and anticipates spending approximately \$55,000. Expenses for the event will include the Sky Box, advertising, additional tickets, marketing collateral, and promotional materials.

Year to Date Advertising for FY08

07/12/07	Gazette - 25 CEO's and E-Letter	2,400.00
07/23/07	Clear Channel - Jay Advertising for Farm Tour	1,500.00
08/30/07	Gazette - E-Letter	400.00
	CVB - Advertising - Meeting and Event Planning	
09/04/07	Guide	800.00
09/04/07	Exel Media SEG Commercial Campaign (3850)	4,940.00
09/24/07	Smart CEO - ¼ Page ad	875.00
09/27/08	Exel Media SEG Commercial Campaign (3863)	4,940.00
11/15/07	Gazette-E-Letter	400.00
11/20/07	Gazette-MoCo Business Report and E-Letter	3,200.00
12/10/07	CVB - MC Calendar of Events	1,575.00
12/20/07	Smart CEO - ¼ Page ad	875.00
12/27/08	Washington Business Journal-Women in Business	4,535.00

	Tech Council of Maryland - Ad-Membership	
01/11/08	Directory	1,500.00
01/14/08	Gazette-E-Letter	400.00
02/13/08	Gazette	3,054.75
02/15/08	Smart CEO - ¼ Page ad	875.00
02/20/08	Gazette	6,900.00
		39,169.75

During Business Appreciation Week (more in the DBE section), the County will be highlighting the "I Am Montgomery" ad campaign. DED anticipates spending around \$15,000 on this campaign.

Additional print and on-air media will be used during the AT&T Tiger Woods Golf Tournament. DED is working with the CVB to create an advertising schedule. The County anticipates spending around \$10,000 on advertising for the event.

3. Provide a description of the proposed FY09 Marketing Plan.

MBD's FY09 marketing plan will remain largely unchanged due to a relatively static budget. Attendance at the major events listed above for FY08 is planned in FY09, with the exception of the India mission. MBD will be coordinating an international trade mission to China/Korea will take place.

The department's advertising budget will be limited due to continuous decline in funding over the past several years. kept lean as the funding represents one of the only available sources of discretionary funding.

Other events with strategic importance have been identified for possible attendance, but attendance is dependent upon the budget:

World Pharmaceutical Congress, May 12-14, 2008 Philadelphia, cost: \$1,500.00 plus

NanoBusiness Alliance Nano Renewable Energy Summit, Denver, July 20-22

Cost: \$2,500.00 plus

BioPharm America, Sept. 9-10, Atlanta, cost: \$2,500.00 plus

AdvaMed 2008, Sept. 21-24, Washington D.C., cost \$1,200.00 plus

Business Empowerment

1. From which FY08 divisions did the positions for the new Division of Business Empowerment come from?

Each position now assigned to the Division of Business Empowerment (DBE) was reassigned from existing divisions within the department, and include 10.0 positions from the Director's Office and 1.0 position from Marketing and Business Development. We have reprogrammed funds within the FY09 MARC budget to fill the void of Office Services Coordinator position, caused by the transfer of an OSC position to the Office of Procurement. However, the position and funding were removed from the department's budget.

2. Explain the following budget changes and what constituencies are impacted and consequences:

As described in Councilmember Valerie Ervin's letter to the PHED Committee, an additional \$96,000 was eliminated from the DED budget and the entire amount of reduced funding was

tied to DBE programs and personnel. The \$96,000 was identified through lapse savings within the MARC budget and included funding in the amount of \$56,000 to create a new 1.0 Office Services Coordinator position in FY09, and \$40,000 in operating funds to run the vast number of programs within this division.

Reduce Business Empowerment Consultants – -\$5,700

This reduction represented discretionary funding that could have been used for event planning, strategic development, marketing services for upcoming events, etc. DBE hosts many events that often require the assistance of an outside consultant to plan, organize and administer the logistics of the events due to the lack of adequate staffing support. In addition, DBE engages in strategic development to consider the direction and future of small business services support within the County.

Reduce Business Empowerment SBDC Agreement – -\$15,000

This reduction was initially submitted to meet the CE's 5% reduction for FY09 budget. The department has re-evaluated the agreement with the SBDC, and opted to keep funding for the agency at the current level of \$50,000 in FY09. DBE has identified reductions to sponsorships to identify the \$15,000 to make the SBDC funding intact.

Coupled with the MARC reduction of existing funds for FY09, the County's involvement in the following high profile events will be impacted:

- Hispanic Chamber of Commerce
- Montgomery County Chamber Procurement Expo
- Maryland Washington Minority Contractors Association
- NRI Institute Event
- African American Chamber of Commerce
- Asian American Business Conference
- Federal Laboratory Consortium, Mid Atlantic Region
- Women In Business Celebrate Success
- Montgomery College Foundation - Macklin Center for Entrepreneurship
- Maryland Washington Minority Supplier Development Council

DBE was created to comprehensively address the needs of the small and minority business community within Montgomery County. The small business community believed that the County was more engaged with big businesses while overlooking more than 40,000 small and minority businesses that make up the vast majority of the County's tax base.

Since July 1, 2007, DBE has provided information and referral to more than 8,000 Montgomery County citizens with direct assistance to 1,200 businesses. Assistance was provided in the following major areas: 1) financing; 2) property relocation; 3) marketing; 4) partnerships; 5) mentoring; 6) Innovation Network tenancy; 7) workforce development; 8) and procurement and MBE certification assistance. Additionally, we have started three new initiatives including: 1) the MicroLoan Program; 2) Business Appreciation Week, and 3) the Small Business Conference.

DBE's ability to deliver services to a broad range of small businesses within the County is severely at risk due to the proposed reductions, and will result in spending cut backs and/or eliminating some programs and/or large reductions in service volume and quality care to small businesses.

3. Provide information on the status of all incubators: funding, staffing, programs, expenditures, tenant information (number of tenants, business type, length of stay, location after graduating; MFD data) etc.

A separate Incubator Network Annual Report is attached

WSD --Workforce Services Division

1. Explain the following budget changes:

Shift Alliance for Workplace Excellence (Montgomery Work/Life Alliance) – -\$50,000;
The funding for this contract was shifted to the Community Empowerment Grants list as a non-competitive grant.

Decrease Technical Grant Adjustment – 0.8wy

This position was budgeted with existing grant funds, but was not created in FY08.

Workforce Services has opted to keep the functions of this job within the scope of work required by the One-Stop Operator, therefore there is no impact to services.

2. What major changes have been made or will be made to the Workforce programs in FY09?

The state recently provided the amount of WIA federal dollars that Montgomery County will receive in FY09, and reduces funding by 13.5 percent. DED is currently assessing the impact and how that decrease of \$238,424 will affect services to Montgomery County residents who use workforce services.

The Governor's Office of Crime Control and Prevention (GOCCP) has informed Montgomery County that it will not provide continuation of funding to support the Offender Workforce Re-entry Program, which allows the One-Stop contractor to operate the one-stop center in the Montgomery County Correctional Facility. This highly successful program was the only one-stop located in a county corrections facility in the country, and supports a workforce specialist for that center and a re-entry specialist at the Wheaton one-stop center. The Re-entry Specialist is responsible for assisting and finding the ex-offender opportunities for employment using the skills attained through the program offered at the corrections facility. Currently, Workforce Services is trying to identify other grants from GOCCP and other sources of grants to support the Offender Workforce Re-entry Program.

The One-Stops continue to see an increased number of job-seekers, which indicates a continued need for workforce development services, and the county's funding for one-stop services are important to address the rising cost of these services.

3. Summarize Workforce programs and accomplishments for FY08.

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

4. Accomplishments associated with these programs include:
 - On track for more than 11,000 job-seekers to use MontgomeryWorks Workforce delivery system;
 - Workforce Services has provided more than 200 ex-offenders with work skills necessary to seek re-entry employment opportunities thus providing them with the chance to avoid committing future crimes; and
 - More than 600 businesses have received workforce-related business services.

5. Describe the Workforce Services program proposed for FY09 (Is summer jobs for youth program still in the budget?)
 - County dollars (\$50,000) will support 40 youth from Wheaton, Silver Spring, and Gaithersburg. This will be the second year of this critically needed funding. Components of the program address decreasing the allure of and influence from gang activity, affirming positive habits, promoting employment as effective alternatives, promoting value of skill development and educational attainment.
 - County dollars will support one-stop activities and facilities in a time of declining federal dollars.
 - County dollars will support a youth gang prevention specialist in the correctional facility. The funding for this gang prevention specialist is contained within the County's general fund base and totals \$62,500.
 - County dollars will support business through the Sales and Service Learning Center which connects retail, service, and other businesses to skilled and certified sales and service professionals. The funding, which was included in the department's FY06 budget and remained in the base since, totals \$160,000.

6. Outline Workforce funding sources for FY09.

FEDERAL WORKFORCE INVESTMENT ACT FUNDS (BASED ON ALLOCATION BY STATE DLLR-APRIL, 2008)	\$1,526,300
EARLY INTERVENTION (FEDERAL) (ESTIMATED)	151,400
MARYLAND BUSINESS WORKS (FEDERAL)	94,518
DISABILITY NAVIGATOR (FEDERAL) (ESTIMATED)	156,860
RAPID RESPONSE (FEDERAL) (ESTIMATED)	25,000
GOCCP (STATE/FEDERAL)	0
MD SUMMER YOUTH (STATE/FEDERAL) (ESTIMATED)	9,518
TEACH FOR THE HEALTH OF IT (FEDERAL)	25,000
<u>TOTAL</u>	<u>\$1,988,596</u>
<u>MONTGOMERY COUNTY FUNDING</u>	
GENERAL ONE-STOP ACTIVITIES	122,000
ONE STOP FACILITIES	122,100
SALES & SERVICE CENTER	160,000
COUNTY GANG PREVENTION CONTRACTED POSITION	62,500
YOUTH PROGRAM	50,000
SUMMER YOUTH EMPLOYMENT	50,000
TOTAL	

AG Services

1. Explain the following budget changes and what constituencies are impacted and consequences:

Reduce Cooperative Extension nutritional counseling – -\$10,600

The total FY 2009 reduction proposed by MCE amounted to \$9,938.00 and the items listed below make up this total. Please note the first two items listed were identified as part of the FY 2008 one time 2% savings plan and they are now proposed as part of the FY 2009 5% permanent cut.

\$2,500 – Sub-Object Code 2213 (Repair/Maintenance)

411 – Sub-Object Code 3110 (Central Duplicating)

7,027 – Sub-Object Code 2401 (State Partnership) (\$3,929 vacant Adult EFNEP position) (\$3,098 funds in Youth EFNEP position)

\$9,938.00 Total Reduction in FY 2009

Explanation: The Montgomery County Cooperative Extension Office identified a total reduction of \$9,938 for the FY 2009 operating budget. The \$2,500 in repair and maintenance was used to repair the rapid duplicating (Gestetner) machine, the large USI laminator, the HP Divine Jet Poster and the HP4650 and HP 4600 high speed printers. If MCE did not experience situations where equipment repairs and maintenance were needed, the MCE would use the funds to purchase printer toner and stencils for the Gestetner machine. The end result of this reduction will be either the equipment doesn't get repaired or money would be taken from another source if repair/maintenance is needed. The second item of \$411.00 in central duplicating was used to mass produce one public relations publication each year. The end result of this reduction will prohibit MCE from producing any public relations publications.

The \$3,929.00 in the vacant Adult EFNEP position reduces the position from a .4 FTE/WY to a .25 FTE/WY. Each full time EFNEP Assistant provides nutrition education and counseling including shopping to stretch the food dollar to 100 low income families a year. The reduction means that 15 low income families won't receive this education and counseling service. The \$3098.00 in the youth EFNEP position was partially offset by an increase in federal funding. The reduction will result in fewer nutrition education programs geared toward general audiences.

2. Provide a chart showing all Ag Services positions and sources of funding for each.

<u>Employee</u>	<u>Agency</u>	<u>Source of Funds and Explanation</u>
Jeremy V. Criss	DED	County 100% CIP 60% Operating 40%
John Zawitoski	DED	County 100% CIP
Kristin Fisher	DED	County 100% CIP
Mary Nichols	DED	County 100% Operating
Melissa Steed	DED	County 100% Operating
David Plummer	MSCD	County 64% Operating State 36% MDA
Brian Taylor	MSCD	County 100% Operating
Karen Walker	MSCD	County 100% Operating

Eddie Franceschi	MSCD County	100%	Operating
Paul Meyer	MSCD State	100%	\$6K County Salary Supp*
James Harne	MSCD State	100%	\$6K County Salary Supp*
Vacant Position	MSCD State	100%	\$6K County Salary Supp

*Please note the amount of the County Salary Supplement will be increased equally for Paul Meyer and James Harne and the amount for the vacant position will be reduced accordingly.

Doug Tregoning	MCE County	26%	State 57%	Federal 17%
Chuck Schuster	MCE County	29%	State 6%	Federal 65%
Susan Morris	MCE County	19%	State 64%	Federal 17%
Alga Piechocinske	MCE County	23%	State 77%	Federal 0%
Rebecca Davis	MCE County	19%	State 61%	Federal 20%
David Gordon	MCE County	44%	State 56%	Federal 0%
Diana H. Miranda	MCE County	24%	State 16%	Federal 60%
Norma Quijada	MCE County	21%	State 25%	Federal 54%
Ariella James	MCE County	0%	State 0%	Federal 100%
Youth Nutrition	MCE County	13%	State 13%	Federal 74% Vacant
Adult EFNEP	MCE County	0%	State 0%	Federal 100% Vacant.25FTE
Holly Fellows	MCE County	0%	State 25%	Federal 75%
Jackie Marsh	MCE County	0%	State 100%	Federal 0%
Amanda Laudwein	MCE County	0%	State 100%	Federal 0%
Jeannie Raines	MCE County	7%	State 93%	Federal 0%
Linda Walters	MCE County	100%	State 0%	Federal 0%
Jeannine Shriver	MCE County	100%	State 0%	Federal 0%
Diane Geary	MCE County	100%	State 0%	Federal 0%
Carol Van DerWeele	MCE County	100%	State 0%	Federal 0%
Steve Dubik	MCE County	100%	State 0%	Federal 0%

3. Provide a status report on the Deer Management program.

In response to a 2004 landowner survey revealing the increasing environmental, health, safety and economic problems caused by the overpopulation of white-tailed deer, Montgomery County DED and other County departments developed and implemented new deer-related initiatives and expanded existing deer monitoring and management programs. The Agricultural Services Division is working in conjunction with M-NCPPC, the Deer Management Work Group, Montgomery Soil Conservation District, Montgomery Cooperative Extension and the Maryland Department of Natural Resources as part of this County-wide deer management effort.

Deer Management Workshops and the Deer Donation Program

Two new initiatives are helping farmers overcome the problems caused by white-tailed deer. Deer Management Workshops are designed to educate farmers and hunters about effective deer management on private property. The Deer Donation Program encourages farmers and hunters to harvest more deer in a responsible manner by providing a local, minimum-hassle deer collection site. It is administered in partnership with Farmers and Hunters Feeding the Hungry, a nonprofit organization that coordinates the collection, processing and donation of venison to the nation's hungry. Download the FY08 Deer Donation Program - Poolesville Area (36 kb/PDF) flyer or the FY08 Deer Donation

Program - Laytonsville Area (36 kb/PDF) flyer to find out how to donate deer in Montgomery County.

<i>Deer Donation Program - Deer Collected and Pounds of Venison Donated</i>		
2004-2005 Season	39 deer	1,560 pounds
2005-2006 Season	51 deer	2,040 pounds
2006-2007 Season	85 deer	3,400 pounds
2007-2008 Season (through January 7, 2008)	197 deer	7,880 pounds

County Weapons Law

The Division was involved in an attempt to conform County Weapons Law – Chapter 57 to existing State law regarding distance requirement for the discharge of a weapon. County law required shooters to be a greater distance from buildings and roads than did State law, making the control of deer logistically prohibitive on many smaller farm parcels. Bill 43-05 was approved by the County Council on December 4, 2007. The County now has greater flexibility in the management of deer on private and public lands in Montgomery County.

Sunday Hunting

The combined efforts of the County’s agricultural community and County government encouraged the 2008 Maryland State Legislature to pass into law HB 938, removing Montgomery County from the list of jurisdictions in which hunting on Sundays is completely prohibited. One Sunday of bow hunting and one Sunday of firearms hunting have been added to the County’s hunting season, and it is estimated that these two extra days of hunting may increase the deer harvest by as much as 15%; providing farmers another valuable tool in managing the deer on their properties. This law was passed to repeal the December 31, 2008 termination date which allows for deer hunting on private property in Montgomery County on the Sundays noted above.

4. Provide information on any other major changes to Ag Services.

Migration of BDS Position from .5 work year to 1.0

In FY 2008, the County Council approved the Business Development Specialist assigned to Agricultural Services to be migrated from .5 work year to 1.0 work year. On September 7, 2007, the part-time employee (Agata Newlacil) vacated the BDS position and DED began the process with OHR to develop the advertisement for the full time BDS position and the recommended grade level. This position was advertised on November 9, 2007 with closing date of November 26, 2007. At the time we received the list of candidates that applied, the County imposed a hiring freeze on all vacant positions. A waiver form was submitted to OMB and the COA to exempt this position from the hiring freeze. The waiver was finally approved in February 2008 and Interviews were conducted on March 21, 2008. The full time 1.0 work year BDS position has been offered to MSCD employee Ms. Kristin Fisher (See Attached chart vacant MSCD position) and we expect Kristin to start in April 2008.

2007 Agricultural Emergency Assistance Program

The County Council approved \$1.5 million dollars for the 2007 Agricultural Emergency Assistance Program (AG EAP) due to the severe drought conditions and the negative impact on the agricultural community. In 1997 and 1999 similar programs were offered to the agricultural community and this 2007 Ag EAP was modified and updated to reflect trends observed during the 2007 growing season. The second attachment consists of a timeline of the Ag EAP that was presented during a February 22, 2008 briefing with Pradeep Ganguly. The payments have now been approved by the Department of Finance and the farmers should have their grant payments in early April. The 2007 Ag EAP enrolled 85 applicants covering 30,418 acres. The program used a total of \$1,445,866.09 of funds and the remaining \$54,133.91 will remain in the Economic Development Fund until we receive further clarification from the County Council on the future use of these funds.

Agricultural Reserve Signs

The Agricultural Reserve Sign project was approved by the State Highway Administration on January 30, 2008 and they will be installed at six locations sometime in Mid-May. The DED paid the full amount for fabrication and installation of the signs in the amount of \$ 3,235.00. The Agricultural Reserve sign includes the County Seal and the Wording Entering (County Seal) Agricultural Reserve with a green background. The design image of the agricultural reserve sign is attached.

Finance, Administration and Special Projects

1. Explain the following budget changes:

Decrease miscellaneous operating expenses – \$96,000

Shift of Local Small Business Reserve Program to Procurement – -\$197,960; -2.0wy

The County Executive transferred the Local Small Business Reserve Program to Procurement, which was included in the FY09 budget under the newly created Department of General Services. The position of funding for two positions totaling \$182,960 plus \$15,000 in operating funds was reduced from the DED budget as a MARC item adjustment during the departmental submission phase of the budget process.

Eliminate One-Time items – -\$250,000 This was a planned reduction that represented the funding approved in FY08 to offset the additional sublease payment obligated to Montgomery College due to delay in the construction of the Germantown Incubator.

Increase Incubator Operating grant – \$181,000 The County's Incubator Network is comprised of four incubators in operation and one under construction. Of the four operating incubators, three incubators require annual County grants to operate. The Rockville Innovation Center and the Maryland Technology Development Center (MTDC) require grants to subsidize debt services related to the acquisition of the facilities. Due to the energy cost increase of 2007, the operating costs of the incubators increased sharply, and without additional funds the debt services payments are in jeopardy. The funding represents the anticipated net operating income loss for the Rockville Incubator (\$100,000) and the MTDC (\$81,000).

2. Provide updates and FY08 accomplishments and FY09 funding for the following:

Economic Advisory Council (EAC) -

The primary function of the EAC is to gather and interpret data for the Economic Development report card. The 2006 report card was released in October, 2007 and is attached. The FY09 budget for the EAC was realigned to a central account that is available for expenditure for the EAC should they arise; however, DED does not anticipate the need to expend any funds above \$300.

Technology Council of MD

Funding for FY09 will be \$25,000 to the Technology Council of Maryland. Technology Council of Maryland has provided the County with additional opportunities to focus on strategic partnerships within the hi-tech community and enhance the existing relationship with both organizations.

Intellectual Property Legal Resource Center (IP Center)

The program and funding for the IP Center was shifted to the Finance, Administration and Special Projects Division. The IP Center has been in operation for five years with joint funding of \$160,000 per year (\$80,000 each from the County and the University of Maryland). The funding supports one full-time intellectual property lawyer, several graduate students (unpaid internships), and basic operating costs. The budget for FY09 includes \$80,000 within the base, to continue support of this program. The IP Center is presently located in the Maryland Technology Development Center, and also provides services at the Silver Spring Innovation Center. The County's high-tech business incubator provides:

- High quality legal information at low or no cost to area high-tech start-ups to assist them advance in their growth and contribute to the economic development of the County and
- High quality legal training for law students resulting in the development of attorneys in the region who will have an understanding of the complex needs of high-tech start-up companies and
- Educational workshops and seminars on IP issues for growing businesses.

Office of the Director

3. Explain the following budget changes:

Decrease Non-local travel – -\$5,050

The reduction is in response to the five percent reduction plan and the department will evaluate all non-local travel from this division and identify areas of savings to accommodate the reduction. This may include less travel time on a mission or to a conference or attending fewer conferences and/or trade shows.

Elimination of Public Services Interns – -\$11,230; -0.4wy.

The loss of the interns does not have a direct service impact, but the elimination of the interns does hamper the department's ability to engage in data collection and analysis, updating of critical contact information, and completing research and analysis projects that provide beneficial information to staff. Also, there is a reciprocal loss of important work experience for the students we hire as they are working toward degrees in areas such as business development, marketing, finance, and international affairs, and the work experience is invaluable to their future professional development.

Conference Center

- Provide a Chart of expenditures and revenues budgeted for FY09 and estimated expenditures/revenues for FY08 and actual expenditures/revenues for FY07.

Operating Expenses	FY07 BUDGET	FY07 ACTUAL	FY08 BUDGET	FY08 EXPENSES	FY09 BUDGET
Accounting/Audit Services	50,000	12,600	50,000	-	-
Building Maintenance/Improvements	100,000		100,000	-	100,000
Operating Losses/Other Misc. Exp.	350,000	45,060	350,000	266,133	354,300
Total Operating	500,000	57,660	500,000	266,133	454,300
Personnel Expenses					
Salaries and Benefits	94,850	84,013	105,090	100,600	112,790
Total	594,850	141,673	605,090	366,733	567,090
Revenue					
	FY07 BUDGET	FY07 ACTUAL	FY08 BUDGET	FY08 PROJECTED	FY09 BUDGET
Land Rent	125,000	125,000	205,900	205,900	319,100
Net Operating Income*	1,764,000	1,710,943	1,913,400	851,000	1,405,000
Total	1,889,000	1,835,943	2,119,300	1,056,900	1,724,100
Revenue vs. Expenses	1,294,150	1,694,270	1,514,210	690,167	1,157,010

* This amount represents the funds that will be distributed by Marriott to the County after the Incentive Fee and 20% set aside.
Rent is included at the rate of \$26,591.67 per month for all 12 months.

Conference and Visitors Bureau

1. Provide copies of the Conference and Visitors Bureau Annual Report and FY09 Proposed Budget. See attached.
2. Provide a Chart of expenditures and revenues budgeted for FY09 and estimated expenditures/revenues for FY08 and actual expenditures/revenues for FY07. See attached.
3. If not included in the annual report, provide a commentary on the outlook for the hotel industry in FY09. See attached.

CIP

Life Sciences and Technology Centers – Explain the \$125,000 (current revenue) appropriation request for FY09. Is it to be used for development of the ECCST?

- Yes, as the RFP was newly bid out and as we will be selecting a new developer there will inevitably be some funds necessary on three fronts: continued due diligence for the land transfer with WSSC, developer selection and Master Development Agreement related, and continued planning and development effort on placing a “Green Incubator” in Site II.

Multi-Use Arena – Explain the \$125,000 (current revenue) appropriation request for FY09. Is it to be used for the next phase of the study – programming, tenant mix, site analysis, revised market analysis based on specific programming and site parameters, conceptual design, costs estimates, revenue projections? When will this phase be completed?

- DED requested \$250,000 in FY09 to engage in:
 - Traffic studies (\$40,000)
 - Environmental studies (\$30,000)
 - Infrastructure studies (\$25,000)
 - Travel to model facilities (\$5,000)
 - Owners’ rep/outside counsel for negotiations on deal structure (\$100,000)
 - Other due diligence (\$50,000)
- Since only ½ of the funding was approved, we will evaluate the priority, scope, and availability of partnership funding (state and private partner) to how best proceed and make a substantial progress during FY09.

Briefing with Pradeep Ganguly
2007 Ag EAP

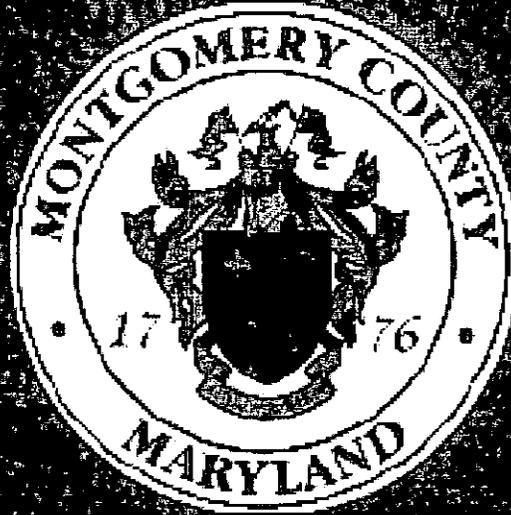
Timeline

- July 30, 2007 Press Event where Ike Leggett & Mike Knapp announce the program.
- July 31, 2007 Resolution 08-209 introduced recommending \$1.5 million
- August 30, 2007 Agricultural agency staff met to review preliminary program requirements and application forms.
- September 11, 2007 County Council Public Hearing
- September 25, 2007 Resolution No. 08-209 is approved by the County Council for \$1.5 million.
- October 1, 2007 Agricultural Advisory Panel meeting to approve the Ag EAP application form & eligibility criteria.
- October 17, 2007 Public Information meeting was conducted-625 applications & meeting announcements were mailed out.
- December 14, 2007 Deadline to submit applications & required documentation. We received 80 applications covering over 29,000 acres.
- January 15, 2008 Ag Advisory Panel met to review the applications and recommend several payment scenarios of high, medium, and low payment rates.
- February 14, 2008 Ag Advisory Panel met to make final recommendations for administration of the 2007 Ag EAP.
- Recommend maximum-CAP payment \$80,000. The savings from the CAP will be distributed as a dividend to the other applicants.
 - Ranking of crop payments 1-7.
 - Recommendation for payment rates for specific eligible crops.
- March 31, 2008 DED-Agricultural Services completes the process for payments to applicants.

Summary of Eligible Crops

<u>Crop</u>	<u>% Loss</u>	<u>Price per Acre</u>	<u>Crop Rank</u>
Corn	20-30%	\$55.00	3
Corn	31%-100%	\$65.00	2
FS Soybeans	20-30%	\$45.00	4
FS Soybeans	31%-100%	\$55.00	3
DC Soybeans	20% Flat Rate	\$34.00	6
Pasture	20% Flat Rate	\$40.00	5
Hay/Alfalfa	20% Flat Rate	\$30.00	7
High Value Crops	20% Flat Rate	\$280.00	1
• Vegetables			
• Fruit			
• Pumpkins			
• Sweet Corn			
• Christmas Trees			
• Tobacco			
• Sod			

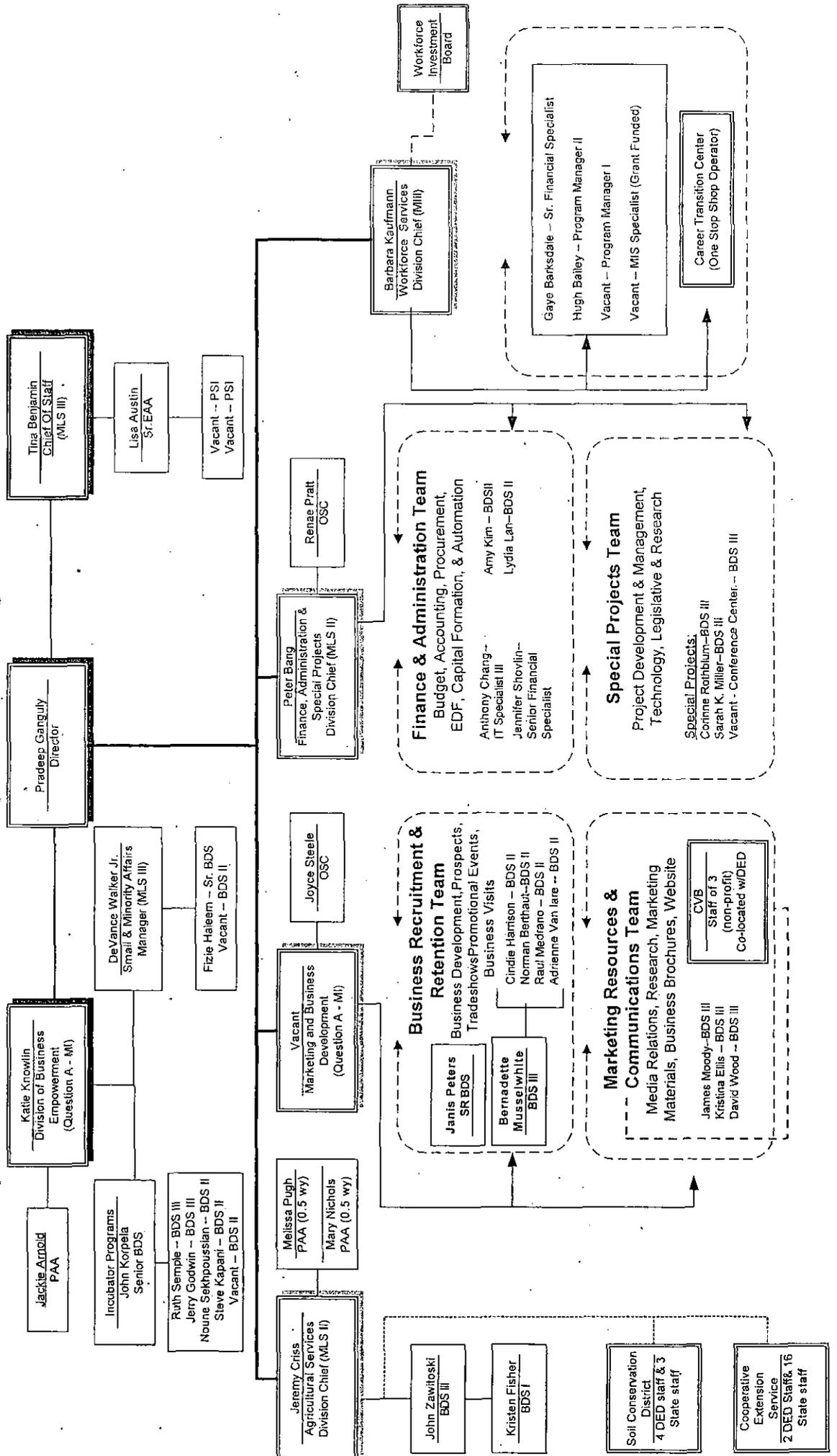
Entering



Agricultural Reserve

*To be
changed to
"Welcome to the"*

Department of Economic Development FY09 Organization Chart-51 Positions



Division Name		FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
Job Title	Job Class	Positions	Positions		Work Years	Work Years	
Director's Office							
Full-time							
Director	7954	1.0	1.0	0.0	1.0	1.0	0.0
Manager I - Transferred to Business Empowerment (DBE)	110	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Manager III - Transferred to DBE	112	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Manager III	112	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Sr. Executive Admin Aide	9268	1.0	1.0	0.0	1.0	1.0	0.0
Office Services Coordinator - LSRP Transferred to Procurement	9273	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Principal Administrative Aide	9274	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Public Services Intern	132	1.0	1.0	0.0	0.2	0.2	0.0
Public Services Intern - Eliminated-FY09 Reduction	132	1.0	0.0	(1.0)	0.2	0.0	(0.2)
Public Services Intern - Eliminated-FY09 Reduction	132	1.0	0.0	(1.0)	0.2	0.0	(0.2)
Total		17.0	4.0	(13.0)	14.6	3.2	(11.4)
Less Lapse		0.0	0.0	0.0	(0.75)	(0.75)	0.00
Total with Lapse		17.0	4.0	(13.0)	13.85	2.5	(11.40)

Division Name		FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
Job Title	Job Class	Positions	Positions		Work Years	Work Years	
Finance Administration & Special Projects							
Full-time							
Manager II	111	1.0	1.0	0.0	1.0	1.0	0.0
Sr. Financial Specialist	209	1.0	1.0	0.0	1.0	1.0	0.0
IT Specialist II	552	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist - Eliminated-FY09 Reduction Plan	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Office Services Coordinator	9273	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist - LSRP Transferred to Procurement	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
IT Specialist III - Eliminated-FY09 Reduction	551	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Total		11.0	8.0	(3.0)	11.0	8.0	(3.0)
Less CTO (EDF)	4430	0.0	0.0	0.0	(1.0)	(1.0)	0.0
Total with CTO		11.0	8.0	(3.0)	10.0	7.0	(3.0)

Division Name		FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
Job Title	Job Class	Positions	Positions		Work Years	Work Years	
Marketing and Business Development							
Full-time							
Marketing Manager III (Question A)	110	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist - Transferred to DBE	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist	4430	1.0	1.0	0.0	1.0	1.0	0.0
Office Services Coordinator	9273	1.0	1.0	0.0	1.0	1.0	0.0
Total		12.0	11.0	(1.0)	12.0	11.0	(1.0)

Division Name		FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
Job Title	Job Class	Positions	Positions		Work Years	Work Years	
Agricultural Services							
Full-time							
Manager II	111	1.0	1.0	0.0	0.4	0.4	0.0
Business Development Specialist (CIP)	4430	1.0	1.0	0.0	0.0	0.0	0.0
Business Development Specialist (CIP)	4432	1.0	1.0	0.0	0.0	0.0	0.0
Principal Administrative Aide	9274	1.0	1.0	0.0	0.5	0.5	0.0
Business Development Specialist	832	1.0	1.0	0.0	1.0	1.0	0.0
Resource Conservationist	7627	1.0	1.0	0.0	1.0	1.0	0.0
Principal Administrative Aide	9274	1.0	1.0	0.0	1.0	1.0	0.0
Resource Conservationist	7627	1.0	1.0	0.0	1.0	1.0	0.0
State Salary Supplement (MCSCD)	7650	0.0	0.0	0.0	0.0	0.0	0.0
State Salary Supplement (MCSCD)	7650	0.0	0.0	0.0	0.0	0.0	0.0
Office Services Coordinator	9273	1.0	1.0	0.0	1.0	1.0	0.0
State Salary Supplement (MCSCD)	7650	0.0	0.0	0.0	0.0	0.0	0.0
Part-time		8.0	9.0	0.0	5.9	5.9	0.0
Principal Administrative Aide	9274	1.0	1.0	0.0	0.5	0.5	0.0
Principal Administrative Aide	9274	1.0	1.0	0.0	0.8	0.8	0.0
Total		11.0	11.0	0.0	7.2	7.2	0.0

Division Name		FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
Job Title	Job Class	Positions	Positions		Work Years	Work Years	
Business Empowerment							
Full-time							
Manager I - Business Empowerment (Question A)	110	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Manager III	112	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Principal Administrative Aide	9274	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Business Development Specialist	4430	0.0	1.0	1.0	0.0	1.0	1.0
Total		0.0	11.0	11.0	0.0	11.0	11.0

Division Name		FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
Job Title	Job Class	Positions	Positions		Work Years	Work Years	
Workforce Services							
Full-time							
Manager II	112	1.0	1.0	0.0	1.0	1.0	0.0
Sr. Financial Specialist	209	1.0	1.0	0.0	1.0	1.0	0.0
Program Manager II	832	1.0	1.0	0.0	1.0	1.0	0.0
Program Manager I	834	1.0	1.0	0.0	1.0	1.0	0.0
IT Specialist - (Grant Funded)	553	1.0	1.0	0.0	1.0	1.0	0.0
Business Development Specialist - Eliminated-FY09 Reduction	4430	1.0	0.0	(1.0)	1.0	0.0	(1.0)
Office Services Coordinator	9274	1.0	1.0	0.0	1.0	1.0	0.0
Part-time		1.0	0.0	(1.0)	0.8	0.0	(0.8)
IT Specialist (Eliminated) (Grant Funded)							
Total		6.0	6.0	0.0	7.8	6.0	(1.8)

Positions			Work Years		
FY08 Approved	FY09 Recommended	Variance	FY08 Approved	FY09 Recommended	Variance
58.0	51.0	8.0	60.9	44.7	16.2

OWNERSHIP STRUCTURE & FINANCIAL OVERVIEW

	SGIC/MTDC	SSIC	WBIC	RIC	GIC
Present Ownership	County and MEDCO	County	Leased Facility from Westfield	County and MEDCO	Leased Facility
Ownership Condition	County assumes sole ownership upon retiring the debt in 2018	None	10 year lease with 3% annual escalation until 2014	County assumes sole ownership upon retiring the debt in 2032	20 year lease with 3% annual escalation until 2026
Facility Value	Estimated @ \$14 million	Estimated @ \$5 million	N/A	Estimated @ \$7 million	N/A
FY08 Annual Lease Payment	None	None	\$246,395	None	\$600,000
Total Project Capital Costs	\$9.45 million	\$2.5 million	\$300,000	\$6.6 million	\$6.7 million
County's Contribution on Capital Costs	\$850,000	\$750,000	\$120,000	\$950,000	\$2.45 million
Total Debt Outstanding	Approximately \$3 million	None	None	Approximately \$4.4 million	None
Annual Debt Service	Approximately \$460,000	None	None	Approximately \$390,000	None
FY08 County Operating Grant	\$300,000	None	\$230,000	\$150,000	\$520,000
Recommended FY 09 County Operating Grant	\$400,000	None	\$230,000	\$200,000	\$287,000
County Staff	2 Full Time Professional	1 Full Time Professional	1 Full Time Professional	1 Full Time Professional	1 Full Time Professional
FY09 County Personnel Costs	\$253,275	\$102,377	\$100,778	\$89,973	\$94,045
FY08 Budget	\$1,404,672	\$294,815	\$168,169	\$581,513	Not Applicable
FY07 Budget	\$1,355,741	\$270,681	\$142,236	Not Applicable	Not Applicable
FY07 Year End Net Income	\$179,064*	(\$17,104)	\$10,494	Not Applicable	Not Applicable

* The net surplus income is restricted from ordinary usage due to Bond's Trustee's reserve account and maintenance account requirements.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

VALERIE ERVIN
COUNCILMEMBER
DISTRICT 5

Memorandum

To: Mike Knapp, Council President and PHED Committee Chair
Councilmembers
From: Valerie Ervin 
Date: March 31, 2008
Subject: Financial Assistance for Local Small Businesses in Silver Spring

On February 4, I hosted a small business reception with the County Executive in downtown Silver Spring. Approximately 70 local small business representatives attended this reception. Many had questions and concerns about what the County is doing to provide assistance to business owners in Silver Spring. The common theme that emerged among the local small businesses representatives was that County Government has not done enough to help small businesses deal with ongoing development impacts.

As a way to help local small businesses in Silver Spring deal with some of the economic burden that is associated with business disruptions caused by commercial and residential development, I am asking the PHED Committee to consider reinstating \$100,000 in the Economic Development Fund to provide assistance to businesses that are in jeopardy of being pushed out of Silver Spring as a result of ongoing commercial and residential development. This type of appropriation was made in FY06 and FY07, but was not included in the FY08 or FY09 budgets.

Silver Spring is known for its eclectic group of homegrown businesses, and I want to do all I can to see that the character of this neighborhood is not lost. While this funding is not a solution for all of the issues facing local small businesses in Silver Spring, the goal of this funding is to provide a helping hand for local small businesses to stay competitive.

I am also asking that the Committee carefully consider the cuts proposed by the County Executive for DED's Division of Business Empowerment and the Small Business Revolving Loan Program. The Division of Business Empowerment was created to address the needs of the small business community, which includes more than 40,000 small and minority owned businesses. The Small Business Revolving Loan Program was established in FY00 to finance economic development projects that do not receive priority consideration from traditional private and public sources. This Program offers secured loans ranging from \$25,000 to \$100,000.

County Government representatives have consistently stated that the County will broaden opportunities for small businesses. Eliminating these funds will lead to reductions in services during an economically trying time, which is when local small businesses need the most help.

c: Pradeep Ganguly, Director, Department of Economic Development
Steve Farber, Staff Director
Justina Ferber, Legislative Analyst



**Testimony by the Greater Silver Spring Chamber of Commerce
FY '09 Operating Budget Requests**

Submitted for the record to the Montgomery County Council
Monday, April 7, 2008

On behalf of the Greater Silver Spring Chamber of Commerce, thanks to the Council for the role you have played in the successful redevelopment of Silver Spring. So much has been accomplished to make our community the thriving place it is becoming. Because of our success, you can be assured that Silver Spring will continue to contribute increasingly to the County's coffers through the growing tax revenues that are a result.

At the same time, as the Chamber has often said, "We're only half-way there. Much work remains to be done to complete the dream of Silver Spring." So, on behalf of the Chamber, I'm here today to urge your support for initiatives that we believe will further advance the economic vitality and success of greater Silver Spring.

First, it is important to note that the Chamber recognizes the fiscal challenges the Council faces this year. As such, we are not asking for any new programs or services. We are limiting our recommendations to those initiatives that were previously budgeted and will maintain the same level services we enjoy in Silver Spring, or will serve as an investment for the County by generating additional revenue through economic development.

Topping the Chamber's economic revitalization initiatives is bringing the Fillmore music venue to Silver Spring. Key to the success that is Silver Spring has been its emergence as an arts and entertainment destination. Adding the nationally-renowned Fillmore to the mix of entertainment venues already in Silver Spring will provide a huge economic boost to the much-needed redevelopment effort along Colesville Road. It will transform the old J.C. Penney building, an eyesore vacant for almost 20 years, and be an important step in turning Colesville Road into what I like to envision as Silver Spring's, and Maryland's, own Broadway.

The Chamber recognizes that bringing the Fillmore to Silver Spring will further expand the flow of tax revenue to the county and state government. According to "Arts & Economic Prosperity III," a study conducted in 2005 by Americans for the Arts, every \$1 of government investment in the arts yields a whopping return of \$7. That return comes not only from the jobs created in the community, but by the dollars spent in the community by the patrons of those arts – transportation, food, even lodging.

The Montgomery County Finance Department has estimated that the Fillmore project, from the beginning, will bring almost \$1.7 million annually in financial benefits into the County and State. And that number doesn't include additional tax revenue on dollars spent with other local merchants for food, transportation and other purchases nearby.

We thank the Council for its support for this initiative and urge you to help make sure it becomes a reality.

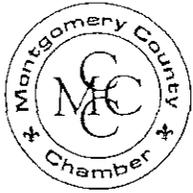
Second, on the list of economic development initiatives is support for new retail development and retention of existing viable retail in downtown Silver Spring. The Chamber recognizes that the County has a number of programs to assist small businesses and we urge that these programs be continued with emphasis on assisting viable retail operations that may need short-term assistance.

Next, the Chamber recognizes that an important element of Silver Spring's success has been the support for and dedication of law enforcement officials at the **Third District Station**. Their work to keep Silver Spring safe has been unparalleled. We support maintaining police presence at public events and crowd control for increased evening and weekend populations in downtown Silver Spring. In addition, as a matter of public safety, we support maintaining patrols of public parking garages by contract security, the Urban District's Safe Team, and Police overtime. And, we support maintaining support for the Silver Spring Urban District's Clean and Safe Programs which provide uniformed County staff presence throughout the downtown.

As part of the Chamber's commitment to assuring that Montgomery County has a well qualified workforce, we urge you to support funding for Montgomery College's operating budget so that the College is able to provide the same level of services on which we have come to rely. Access to higher education is crucial to the County's economic recovery and we urge the Council to invest in the future by investing in Montgomery College.

And finally, the Chamber strongly endorses the County's commitment to continuing its support of the **American Film Institute**. Such support is not only good for AFI and for Silver Spring, but good for the County as a whole. AFI is supported and valued throughout the region. As Montgomery County's (and the region's) only national arts organization AFI is a key asset and amenity for this community and serves as a national model in the use of a major arts organization as an engine for community building and economic development.

In conclusion, downtown Silver Spring revitalization is burgeoning, but our work is not yet complete. We thank you for your past support of Silver Spring and urge you to help continue those efforts that will allow Silver Spring to realize its full potential.



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FY 2009 OPERATING BUDGET

The Montgomery County Chamber of Commerce ("MCCC"), as the voice of Montgomery County business, appreciates the opportunity to comment on the FY '09 operating budget. This budget is one of the most critical budgets in recent memory for this County.

We are not only on the verge of a national recession, but our local economy is slowing as well, putting pressure on the County budget as revenues decline. According to figures from the County's Department of Finance, major economic indicators including construction, real estate, and employment are all in decline compared to the same period last year. **The County has 6,000 fewer jobs, and had 42% fewer home sales and 75% fewer construction starts compared to the same period last year. This results in a substantial decrease to County revenues.**

This budget should serve as more than just a spending plan. This budget should also serve as a blueprint for moving our County forward during challenging economic times. While we commend the County Executive for decreasing the rate of growth in spending in the FY 2009 budget, this is only a first step. It is critical that the Council use this budget as an opportunity to prioritize initiatives that directly promote economic growth, in turn generating increased County revenues.

We regret to see that the budget for the Department of Economic Development has been cut for 2009. The Department of Economic Development plays a critical role in marketing Montgomery County as a great place to do business and helps to identify and attract top employers with high paying jobs into the County. Without attracting and retaining these jobs, County revenues will continue to suffer as we lose ground to our competitor communities. We recommend that the County Budget include an economic stimulus plan that could jump start job growth, resulting in renewed activity in the housing market and increased County revenues.

Suggestions for components of an economic stimulus plan include:

- o Increase Economic Development budget in order to provide location incentives for companies that bring high paying knowledge economy jobs to Montgomery County.
- o Refocus County resources to aggressively recruit flagship companies to locate their headquarters here.
- o Support "Vision 2030" projects that will brand Montgomery County as a global best place to do business.
- o Increase Montgomery County Park and Planning proposed budget in order to facilitate a smoother application process and promote economic activity through construction.

This is just the starting point for a discussion of an economic stimulus plan. These are the types of initiatives that should be supported and prioritized in a lean budget. These are initiatives that will attract and preserve future County revenues. In these difficult times, we cannot ignore the importance of investing in our economy.

Georgette Godwin, President and CEO
Montgomery County Chamber of Commerce
51 Monroe Street, Suite 1800 Rockville, MD 20850
301-738-0015

ECONOMIC DEVELOPMENT COMMITTEE
SEPTEMBER 5, 2007
CHAIRS: HENRY BERNSTEIN, ELAINE AMIR

Statement of Tim Nitti, Principal KLG

My firm represents large companies across a range of industries (e.g., investment and commercial banking, high technology, the media, consumer products, etc.) that are making decisions on where to set up new operations or make significant employment expansions in existing locations. These decisions often involve thousands of jobs. The cost of labor is typically fundamental to these decisions and, along with labor supply and demand dynamics, two key determinants of labor cost in a given location are the cost of personal real estate and the individual tax burden. This is why a "high earner tax" (on individuals over \$150,000 single, \$225,000 joint) is not advisable for any jurisdiction in the Washington Metro Area trying to create more knowledge economy jobs or, indeed, for the rest of Maryland.

High housing prices have already contributed to pushing wages in much of the State to well above the national average; pricing many companies out of the Washington Metro Area market. Increasing the individual income tax burden on the kinds of highly skilled individuals that are critical to Maryland's future economic success will further exacerbate the high cost of employing talent and will be counterproductive to Maryland's economic development goals. Such increases to individual tax burdens are likely to quickly result in escalating compensation demands by workers; increasing the cost of doing business and making the State less competitive. This will negatively impact the ability of companies currently residing in the region to create more jobs in Maryland. It will also be a barrier to other employers establishing new operations in the region. It is important to keep in mind that on a \$150,000 income an individual living and working in Montgomery County likely just meets the thresholds for qualifying for a mortgage to purchase much of the County's existing real estate stock.

Note: In the past this phenomenon was largely isolated to the portion of Maryland that is part of the Washington Metro Area. We are now seeing this trend throughout the State of Maryland with respect to both rising property costs and rising employment costs. Costs in much of the Baltimore Metro are rapidly converging with those of the Washington Metro. The State as a whole should be wary of placing an excessive tax burden on knowledge economy workers whose economic contribution benefits Maryland tremendously

In addition, large corporate clients looking to move significant numbers of jobs are hesitant to consider States that are seen as being likely to make structural changes to their corporate tax code. Fundamental changes to the tax code, such as combined reporting, call into question the predictability and stability of the environment in which companies do business. Companies will focus their search efforts on States that have fair, clear, and stable tax structures when making location or relocation decisions.

Despite the many positive attributes that Maryland has to offer, companies will not view Maryland as a premier location option if the already high wage structure in the State continues to rise, the consistency and clarity of the tax structure is in doubt, and if tax laws create additional compliance and legal burdens.

Tim Nitti presented this information to the Montgomery County Chamber of Commerce Economic Development Committee, September 5, 2007



Doing Business Since 1926

The Greater Bethesda-Chevy Chase Chamber of Commerce

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Your Business Is
Our Only Business

Testimony of Ron Resh
On Behalf of
The Greater Bethesda-Chevy Chase Chamber of Commerce
Before
The Montgomery County Council
April 9, 2008
Regarding
FY09 Operating Budget

Ben

**THE GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE
TESTIMONY ON PROPOSED FY09 OPERATING BUDGET
BEFORE THE MONTGOMERY COUNTY COUNCIL-- APRIL 9, 2008**

Good afternoon. I am Ron Resh, representing The Greater Bethesda-Chevy Chase Chamber of Commerce.

At the outset, our organization understands the difficult position confronting the Council. Our members, like County Government, face rapidly rising costs and declining earnings and revenue. We all must make appropriate adjustments to deal with tough economic times. In the case of many of our members, their very survival as business entities is at stake.

Ordinarily, when we testify at these budget hearings, we list various projects and areas of interest for which we urge Council funding. Our message today is simple and to the point. We ask you to hold the line, be careful to protect Montgomery County's existing public and private investment in economic progress, and avoid any new taxes that would only worsen the negative fiscal climate in which we find ourselves.

It goes without saying that certain areas such as public safety should be the County's top priority. From our perspective, transportation funding also falls into that same category. Transportation Trust Fund cutbacks adopted by the General Assembly last week make it all the more important for the our County to maintain focus on transit and other important transportation funding needs.

Over the years our Chamber has developed close working partnerships with a variety of organizations and entities involved in promoting safety, quality of life, and economic well-being in the Greater Bethesda-Chevy Chase area. In the past, we have always supported their specific budget requests before the Council. We continue our support for these types of activities, but we recognize in light of current fiscal constraints, the Council itself will have to prioritize these requests.

Thank you for the opportunity to present these comments.

Economic Development

MISSION STATEMENT

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

County Government Reorganization

In February, 2008, the County Executive announced a detailed Montgomery County Government Reorganization to improve effectiveness, customer service, accessibility, and efficiency. As part of this plan, the Local Small Business Reserve Program has been shifted to the Department of General Services to facilitate coordination with the County's procurement operations.

BUDGET OVERVIEW

The total recommended FY09 Operating Budget for the Department of Economic Development is \$10,622,830, a decrease of \$350,530 or 3.2 percent from the FY08 Approved Budget of \$10,973,360. Personnel Costs comprise 47.3 percent of the budget for 48 full-time positions and 3 part-time position for 44.6 workyears. Operating Expenses account for the remaining 52.7 percent of the FY09 budget. The FY09 budget reflects the shifting of the Local Small Business Reserve Program (LSBRP) (\$197,960) to the Department of General Services.

LINKAGE TO COUNTY RESULT AREAS

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

- ❖ *Healthy and Sustainable Neighborhoods*
- ❖ *Strong and Vibrant Economy*
- ❖ *Vital Living for All of Our Residents*

PERFORMANCE MEASURES

This table presents what the department estimates and projects will be the FY08 through FY10 data for its performance measures if there are no changes in funding.

Measure	Actual FY06	Actual FY07	Estimated FY08	Projected FY09	Projected FY10
Acres of farmland preserved	68,000	69,700	70,700	71,500	72,100
Jobs placed to DED recruited employers	3,269	5,691	8,433	8,550	8,075
Number of DED related job placements for unemployed adults: Dislocated, older and disadvantaged workers	6,963	11,287	15,797	13,775	12,650
Impact of DED business incubators: Estimated fiscal impact of graduated companies (\$ millions)	1.6	1.8	2.1	2.6	3.0
Impact of DED business incubators: Cumulative number of jobs created	370	450	520	570	620
Impact of DED business incubators: Cumulative number of companies graduated	38	43	50	61	71
External funds leveraged by DED programs (\$ millions)	16	15	14	14	20
New revenue generated by DED programs (\$ millions)	9.5	9.7	10.2	11.0	11.3
Overall job growth in the County	14,000	11,000	13,500	12,000	10,550
New jobs created by businesses that received direct technical and/or financial assistance from DED during the fiscal year	1,800	2,000	1,800	1,520	1,330
Technical assistance sessions provided to all businesses and residents	11,000	11,200	10,500	9,000	8,100
Technical assistance sessions provided for small Minority, Female and Disabled (MFD) businesses/residents	3,400	3,800	3,700	3,240	3,150
Number of business prospects (new or expanding) developed annually	140	130	128	109	109

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Added new Business Empowerment Division to enhance and increase the outreach efforts and support capabilities of the County's Small Business Community.*

- ❖ **Opened the Rockville Innovation Center Incubator, and began construction of 33,000 square foot Germantown Incubator.**
- ❖ **Enhanced international business development to promote foreign direct investment by County businesses by completing trade missions to India and Israel, and entering into a formal partnership with Gyongnam Province Korea.**
- ❖ **In FY08 secured \$1.5 million in drought assistance to provide financial assistance to County Farmers who suffered crop losses due to the severe drought of 2007.**
- ❖ **Continued the Positive Youth Development Initiative, which provides bi-lingual employment programs for at-risk youth and summer jobs for 40 youth in Germantown, Wheaton, and Silver Spring.**
- ❖ **Exceeded 35% under the FY07 Local Small Business Reserve Program requirement of 10% for all non-exempt County contracts.**
- ❖ **Completed County's rebranding from the "Idealocation" to "SMARTLocation"**

PROGRAM CONTACTS

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

PROGRAM DESCRIPTIONS

Marketing and Business Development

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

Promotional activities include media relations; event coordination; local, regional, national and international advertising; and development of informational and sales materials including the Department's website. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact.

Activities and materials are directed toward achieving balanced economic growth with a positive business climate and are often closely coordinated with local, regional and State partners, such as the Maryland State Department of Business and Economic Development and the World Trade Center Institute.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	1,907,070	12.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-119,440	-1.0
FY09 CE Recommended	1,787,630	11.0

Business Empowerment

The Division of Business Empowerment provides a variety of programs and services to the County's small and minority business community, including technical publications and services, workshops and conferences, the business mentorship program, and events targeted to area such as procurement and contracting. This program serves as the resource base for small businesses within Montgomery County through advocacy efforts that involve active short-and long-range economic development strategies that address the unique needs of the small business community.

Also, this program manages the business incubator program and small and minority business services program. The County's Business Incubator Network currently has four facilities in operation. These incubators, housed in over 100,000 square feet of space, provide office space and lab facilities, high-level technical assistance and innovative programming to over 90 budding

entrepreneurial businesses. The program added one more incubator to its inventory during FY08, and also operates a virtual incubator that provides programs and services to participating businesses, without the added expense of renting office space.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	1,151,790	11.0
Reduce: Business Empowerment-Consultants	-5,700	0.0
Reduce: Business Empowerment-SBDC Agreement	-15,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	197,450	0.0
FY09 CE Recommended	1,328,540	11.0

Workforce Services

The Workforce Services Division is advised by a Workforce Investment Board (WIB), 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 Workforce Services staff provide support to the Board by implementing directives and policy initiatives.

WS is funded by approximately \$3 million in Federal Government, State of Maryland and Montgomery County funds. The majority of funds are received under WIA to implement the One-Stop career system. This system, operated locally as MontgomeryWorks, provides an array of career assessment, job readiness, job training, and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers, and youth. Program staff provide overall administrative support of the WIA grants, and are responsible for fiscal monitoring and accounting, program monitoring and review, new program development and grants, legislative development, and contract management for several service providers for the WIA and County programs. The WIB provides policy oversight and guidance for the expenditure of these funds enabling local business, public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Gaithersburg, which are operated as a consortium with the Department of Labor, Licensing, and Regulation and the Career Transition Center, Inc. and numerous other non-profit and local agency partners. MontgomeryWorks served over 10,180 adult and youth residents in FY07 with core services, intensive counseling services, and the purchase of occupational skills training.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	4,002,310	7.8
Decrease Cost: Technical Grant Adjustment	0	-0.8
Shift: Workforce Investment Services-Alliance for Workplace Excellence	-50,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-132,230	-1.0
FY09 CE Recommended	3,820,080	6.0

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 by the year 2010. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control program.

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

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

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	970,960	7.2
Reduce: Cooperative Extension nutritional counseling	-10,600	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	43,310	0.0
FY09 CE Recommended	1,003,670	7.2

Finance, Administration, and Special Projects

This program is responsible for all departmental administrative efforts, which enable direct services for fiscal and contract management, strategic planning, and special projects. This program administers five financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, the Impact Assistance Fund, the Micro-Loan Program, and the Small Business Revolving Loan program.

This program also works in concert with Marketing and Business Development and Business Empowerment to promote the development of high technology and professional services companies within Montgomery County. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for several new science and technology centers in Germantown at the Montgomery College campus and East County in the White Oak area.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	2,468,730	10.0
Increase Cost: Increase Incubator Operating grant by \$181,000 to mitigate increase in energy costs	181,000	0.0
Increase Cost: Printing and Mail Adjustments	2,750	0.0
Increase Cost: Motor Pool Rate Adjustment	1,560	0.0
Eliminate: IT Position	-88,010	-1.0
Shift: LSBRP to Office of Procurement-Personnel	-197,960	-2.0
Decrease Cost: Elimination of One-Time Items Approved in FY08	-250,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	115,040	0.0
FY09 CE Recommended	2,233,110	7.0

Office of the Director

The Department of Economic Development is organized to promote team-based approaches to implementing economic development initiatives. This program provides overall direction and supervision for all programs, policies and representation of the Department. The Office of the Director functions as a liaison to local, State, Federal, and international governments; the community; small and minority owned businesses; and private industry partners, and serves as the leader in developing and implementing economic development opportunities for Montgomery County.

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

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	472,500	2.8
Decrease Cost: Director's Office: Non-Local Travel	-5,050	0.0
Eliminate: Public Services Intern Positions	-11,230	-0.4
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-6,420	0.0
FY09 CE Recommended	449,800	2.4

BUDGET SUMMARY

	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,283,331	4,099,010	3,542,580	3,822,680	-6.7%
Employee Benefits	992,014	1,198,510	1,035,460	1,129,560	-5.8%
County General Fund Personnel Costs	4,275,345	5,297,520	4,578,040	4,952,240	-6.5%
Operating Expenses	3,052,481	2,975,840	3,549,700	2,970,590	-0.2%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	7,327,826	8,273,360	8,127,740	7,922,830	-4.2%
PERSONNEL					
Full-Time	48	52	52	47	-9.6%
Part-Time	2	5	5	3	-40.0%
Workyears	43.9	49.0	49.0	43.6	-11.0%
REVENUES					
State Salary Reimb: Soil Cons District Mgr	44,424	42,910	75,550	48,710	13.5%
County General Fund Revenues	44,424	42,910	75,550	48,710	13.5%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	96,880	96,880	57,470	-40.7%
Employee Benefits	0	30,700	30,700	18,320	-40.3%
Grant Fund MCG Personnel Costs	0	127,580	127,580	75,790	-40.6%
Operating Expenses	2,632,759	2,572,420	2,572,420	2,624,210	2.0%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	2,632,759	2,700,000	2,700,000	2,700,000	—
PERSONNEL					
Full-Time	0	1	1	1	—
Part-Time	0	1	1	0	—
Workyears	0.0	1.8	1.8	1.0	-44.4%
REVENUES					
Disabled Veterans	24,999	0	0	0	—
Workforce Investment Act Grants	1,688,601	2,700,000	2,700,000	2,700,000	—
Disability Grant: Workforce Invest Serv	345,676	0	0	0	—
Disability Program Navigator	227,218	0	0	0	—
MD Incumbent Worker	104,324	0	0	0	—
Statewide 50% Training	71,739	0	0	0	—
MD Healthcare Incumbent Worker	19,920	0	0	0	—
MD Youth Demo	51,858	0	0	0	—
MD Neg Brac	19,234	0	0	0	—
MD Works Re-Entry	66,769	0	0	0	—
MD Summer Youth Connection	12,421	0	0	0	—
Grant Fund MCG Revenues	2,632,759	2,700,000	2,700,000	2,700,000	—
DEPARTMENT TOTALS					
Total Expenditures	9,960,585	10,973,360	10,827,740	10,622,830	-3.2%
Total Full-Time Positions	48	53	53	48	-9.4%
Total Part-Time Positions	2	6	6	3	-50.0%
Total Workyears	43.9	50.8	50.8	44.6	-12.2%
Total Revenues	2,677,183	2,742,910	2,775,550	2,748,710	0.2%

FY09 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY08 ORIGINAL APPROPRIATION	8,273,360	49.0
Changes (with service impacts)		
Reduce: Business Empowerment-Consultants [Business Empowerment]	-5,700	0.0
Reduce: Cooperative Extension nutritional counseling [Agricultural Services]	-10,600	0.0
Eliminate: Public Services Intern Positions [Office of the Director]	-11,230	-0.4
Reduce: Business Empowerment-SBDC Agreement [Business Empowerment]	-15,000	0.0
Eliminate: IT Position [Finance, Administration, and Special Projects]	-88,010	-1.0
Eliminate: Business Development Specialist	-207,320	-2.0
Other Adjustments (with no service impacts)		
Increase Cost: General Wage and Service Increment Adjustments	267,790	0.0
Increase Cost: Increase Incubator Operating grant by \$181,000 to mitigate increase in energy costs [Finance, Administration, and Special Projects]	181,000	0.0
Increase Cost: Retirement Adjustment	57,410	0.0
Increase Cost: Group Insurance Adjustment	51,030	0.0
Increase Cost: Annualization of FY08 Personnel Costs	22,390	0.0
Increase Cost: Printing and Mail Adjustments [Finance, Administration, and Special Projects]	2,750	0.0
Increase Cost: Labor Contracts	1,700	0.0
Increase Cost: Motor Pool Rate Adjustment [Finance, Administration, and Special Projects]	1,560	0.0
Increase Cost: Central Duplicating Recovery Charge	710	0.0
Decrease Cost: Director's Office: Non-Local Travel [Office of the Director]	-5,050	0.0
Shift: Workforce Investment Services-Alliance for Workplace Excellence [Workforce Services]	-50,000	0.0
Decrease Cost: Miscellaneous operating expenses	-96,000	0.0
Shift: LSBRP to Office of Procurement-Personnel [Finance, Administration, and Special Projects]	-197,960	-2.0
Decrease Cost: Elimination of One-Time Items Approved in FY08 [Finance, Administration, and Special Projects]	-250,000	0.0
FY09 RECOMMENDED:	7,922,830	43.6
GRANT FUND MCG		
FY08 ORIGINAL APPROPRIATION	2,700,000	1.8
Other Adjustments (with no service impacts)		
Decrease Cost: Technical Grant Adjustment [Workforce Services]	0	-0.8
FY09 RECOMMENDED:	2,700,000	1.0

PROGRAM SUMMARY

	FY08 Approved		FY09 Recommended	
	Expenditures	WYs	Expenditures	WYs
Marketing and Business Development	1,907,070	12.0	1,787,630	11.0
Business Empowerment	1,151,790	11.0	1,328,540	11.0
Workforce Services	4,002,310	7.8	3,820,080	6.0
Agricultural Services	970,960	7.2	1,003,670	7.2
Finance, Administration, and Special Projects	2,468,730	10.0	2,233,110	7.0
Office of the Director	472,500	2.8	449,800	2.4
Totals	10,973,360	50.8	10,622,830	44.6

CHARGES TO OTHER DEPARTMENTS

Recipient Department	Recipient Fund	FY08		FY09	
		Totals	WYs	Totals	WYs
GENERAL FUND					
CIP	CIP	268,890	2.6	294,950	2.6
Economic Development Fund	Economic Development	109,970	1.0	122,400	1.0

FUTURE FISCAL IMPACTS

Title	CE REC: (S000's)						
	FY09	FY10	FY11	FY12	FY13	FY14	
This table is intended to present significant future fiscal impacts of the department's programs.							
COUNTY GENERAL FUND							
Expenditures							
FY09 Recommended	7,923	7,923	7,923	7,923	7,923	7,923	
No inflation or compensation change is included in outyear projections.							
Labor Contracts	0	296	324	324	324	324	
These figures represent the estimated cost of general wage adjustments, service increments, and associated benefits.							
Central Duplicating Deficit Recovery Charge	0	-1	-1	-1	-1	-1	
This per employee charge will be eliminated in FY10.							
Subtotal Expenditures	7,923	8,218	8,246	8,246	8,246	8,246	