
Economic Development

MISSION STATEMENT

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

BUDGET OVERVIEW

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

LINKAGE TO COUNTY RESULT AREAS

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

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

DEPARTMENT PERFORMANCE MEASURES

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

ACCOMPLISHMENTS AND INITIATIVES

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

PROGRAM CONTACTS

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

PROGRAM DESCRIPTIONS

Marketing and Business Development

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

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

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

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

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

Business Empowerment

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

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

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

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

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

Workforce Services

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

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

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

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

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

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

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

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

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

Agricultural Services

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

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

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

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

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

Special Projects

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

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

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

Finance and Administration

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

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

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

BUDGET SUMMARY

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

FY11 RECOMMENDED CHANGES

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

PROGRAM SUMMARY

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

CHARGES TO OTHER DEPARTMENTS

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

FUTURE FISCAL IMPACTS

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