

Economic Development Fund

MISSION STATEMENT

The mission of the Economic Development Fund is to assist private employers who are located, or plan to locate, or substantially expand operations in the County. The Fund is administered by the Department of Finance, and programs utilizing the Fund are administered by the respective departments as noted below.

BUDGET OVERVIEW

The total approved FY13 Operating Budget for the Economic Development Fund is \$5,090,020, which is a 3.4% increase over the FY12 Approved Budget. Personnel Costs comprise 2.3 percent of the budget for one FTE for a position in the Department of Economic Development. Operating Expenses account for the remaining 97.7 percent of the FY13 budget.

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*

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Retain 270 jobs and create 97 new jobs for the ICF Consulting Group.*
- ❖ *Retain 435 jobs and create 153 new jobs while attracting \$44 million in investment for Boeing DRT.*
- ❖ *Create 475 new jobs by supporting the Westfield-Costco project.*
- ❖ *Retain 375 existing jobs and create 75 new jobs by retaining Choice Hotels headquarters.*
- ❖ *Provide seed funding for early stage Bioscience companies.*

PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Adam Damin of the Office of Management and Budget at 240.777.2794 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Demolition Loan Program

The Demolition Loan Program was established in FY99. The program helps owners of obsolete, underutilized commercial buildings demolish buildings and clear the land. This program is administered by the Department of Housing and Community Affairs.

FY13 Approved Changes	Expenditures	FTEs
FY12 Approved	0	0.00
FY13 Approved	0	0.00

Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers who will retain jobs already in the County or create jobs in the County through the expansion of current businesses or location of new businesses in the County. As part of its Marketing and Business Development Program, the Department of Economic Development (DED) identifies and develops prospects which meet the criteria for grants or loans from the Economic Development Fund. DED works to develop offers of assistance, frequently in close cooperation and coordination with the State of Maryland. By March 15, the County Executive submits an annual report on the status and use of the Fund, as required by Chapter 20-76 (b) of the Montgomery County Code. This program is administered by the Department of Economic Development.

FY13 Approved Changes	Expenditures	FTEs
FY12 Approved	4,697,490	1.00
Add: EDF Funding for the Westfield-COSTCO Project 2nd Phase	2,000,000	0.00
Add: Choice Hotels Headquarters Relocation Project	1,920,150	0.00
Add: Seed Funding for Bioscience Tax Credit Supplement Program	500,000	0.00
Add: EDF Funding for Meso Scale Expansion Project	167,000	0.00
Decrease Cost: Reduction to Economic Development Fund (EDF) Grants and Loans	-342,000	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12	-4,075,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-2,410	0.00
FY13 Approved	4,865,230	1.00

Technology Growth Program

The Technology Growth Program was created in FY99 as a program within the Economic Development Fund to facilitate the growth of technology-based companies located or desiring to locate in the County. Financial assistance under the program is based on the evaluation of the technology and the innovation proposed, along with potential impact for the County. The program is aimed at leveraging private-sector financing and State Challenge and Equity Investment funds and is administered by the Department of Economic Development.

FY13 Approved Changes	Expenditures	FTEs
FY12 Approved	0	0.00
FY13 Approved	0	0.00

Small Business Revolving Loan Program

The Small Business Revolving Loan Program was established in FY00. The program augments a grant from the Maryland Economic Development Assistance Authority and Fund (MEDAAF) Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from institutional lenders and other public sources because they are in non-priority industry sectors and/or non-priority transaction sites, and/or cannot fully satisfy the credit requirements of conventional lend. The program offers secured loans typically in the range of \$25,000 to \$100,000 and is administered by the Department of Economic Development.

FY13 Approved Changes	Expenditures	FTEs
FY12 Approved	224,790	0.00
FY13 Approved	224,790	0.00

BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Approved FY13	% Chg Bud/App
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	92,345	94,300	94,302	94,296	0.0%
Employee Benefits	29,538	26,240	28,973	23,834	-9.2%
Economic Development Fund Personnel Costs	121,883	120,540	123,275	118,130	-2.0%
Operating Expenses	630,000	4,801,740	6,399,211	4,971,890	3.5%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	751,883	4,922,280	6,522,486	5,090,020	3.4%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Investment Income	55,489	20,700	0	0	—
Loan Payments	222,734	174,590	148,780	94,970	-45.6%
Miscellaneous Revenues	274,730	0	0	0	—
Economic Development Fund Revenues	552,953	195,290	148,780	94,970	-51.4%

FY13 APPROVED CHANGES

	Expenditures	FTEs
ECONOMIC DEVELOPMENT FUND		
FY12 ORIGINAL APPROPRIATION	4,922,280	1.00
Changes (with service impacts)		
Add: EDF Funding for the Westfield-COSTCO Project 2nd Phase [Economic Development Grant and Loan Program]	2,000,000	0.00
Add: Choice Hotels Headquarters Relocation Project [Economic Development Grant and Loan Program]	1,920,150	0.00
Add: Seed Funding for Bioscience Tax Credit Supplement Program [Economic Development Grant and Loan Program]	500,000	0.00
Add: EDF Funding for Meso Scale Expansion Project [Economic Development Grant and Loan Program]	167,000	0.00
Other Adjustments (with no service impacts)		
Decrease Cost: Group Insurance Adjustment	-2,410	0.00
Decrease Cost: Reduction to Economic Development Fund (EDF) Grants and Loans [Economic Development Grant and Loan Program]	-342,000	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12 [Economic Development Grant and Loan Program]	-4,075,000	0.00
FY13 APPROVED:	5,090,020	1.00

PROGRAM SUMMARY

Program Name	FY12 Approved		FY13 Approved	
	Expenditures	FTEs	Expenditures	FTEs
Demolition Loan Program	0	0.00	0	0.00
Economic Development Grant and Loan Program	4,697,490	1.00	4,865,230	1.00
Technology Growth Program	0	0.00	0	0.00
Small Business Revolving Loan Program	224,790	0.00	224,790	0.00
Total	4,922,280	1.00	5,090,020	1.00

