

# 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 FY14 Operating Budget for the Economic Development Fund is \$3,396,828, a decrease of \$1,693,192 or 33.3 percent from the FY13 Approved Budget of \$5,090,020. Personnel Costs comprise 3.6 percent of the budget for no full-time positions, and a total of one FTE. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 96.4 percent of the FY14 budget.

## LINKAGE TO COUNTY RESULT AREAS

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

- ❖ **Healthy and Sustainable Neighborhoods**
- ❖ **Strong and Vibrant Economy**

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Facilitate the retention/expansion of Total Wine & More to 100,000 square feet new corporate headquarters and creation of 150 new jobs to its 310 employee base.**
- ❖ **Support the expansion of Meso Scale Diagnostics to 135,000 square feet corporate headquarters and research building and creation of greater than 90 new jobs.**
- ❖ **The Biotech Tax Credit Supplement Program induced 61 investments into 11 biotech companies in the County totaling \$6.25 million.**
- ❖ **Implement Montgomery County Green Investor Incentive Program which will allow the County to incentivize Green company investments in Montgomery County.**

## PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Helen P. Vallone of the Office of Management and Budget at 240.777.2755 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### **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.

<b>FY14 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY14 Approved</b>	<b>0</b>	<b>0.00</b>

### **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.

<b>FY14 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>4,865,230</b>	<b>1.00</b>
Add: Tentative Offers Likely to be Accepted	700,000	0.00
Add: Green Investor Incentive Program	500,000	0.00
Add: Zyngenia	500,000	0.00
Add: Social Scientific and Systems	350,000	0.00
Add: Choice Hotels Headquarters	180,000	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY13	-3,920,150	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.	-78,252	0.00
<b>FY14 Approved</b>	<b>3,096,828</b>	<b>1.00</b>

### **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.

<b>FY14 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY14 Approved</b>	<b>0</b>	<b>0.00</b>

### **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.

<b>FY14 Approved Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY13 Approved</b>	<b>224,790</b>	<b>0.00</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	75,210	0.00
<b>FY14 Approved</b>	<b>300,000</b>	<b>0.00</b>

## BUDGET SUMMARY

	Actual FY12	Budget FY13	Estimated FY13	Approved FY14	% Chg Bud/App
<b>ECONOMIC DEVELOPMENT FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	94,462	94,296	95,946	96,591	2.4%
Employee Benefits	28,583	23,834	30,761	25,646	7.6%
<b>Economic Development Fund Personnel Costs</b>	<b>123,045</b>	<b>118,130</b>	<b>126,707</b>	<b>122,237</b>	<b>3.5%</b>
Operating Expenses	4,180,150	4,971,890	11,473,702	3,274,591	-34.1%
Capital Outlay	0	0	0	0	—
<b>Economic Development Fund Expenditures</b>	<b>4,303,195</b>	<b>5,090,020</b>	<b>11,600,409</b>	<b>3,396,828</b>	<b>-33.3%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
<b>REVENUES</b>					
Investment Income	40,533	0	0	0	—
Loan Payments	175,309	94,970	94,970	94,970	—
Miscellaneous Revenues	64,035	0	0	0	—
<b>Economic Development Fund Revenues</b>	<b>279,877</b>	<b>94,970</b>	<b>94,970</b>	<b>94,970</b>	—

## FY14 APPROVED CHANGES

	Expenditures	FTEs
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>FY13 ORIGINAL APPROPRIATION</b>	<b>5,090,020</b>	<b>1.00</b>
<b><u>Changes (with service impacts)</u></b>		
Add: Tentative Offers Likely to be Accepted [Economic Development Grant and Loan Program]	700,000	0.00
Add: Green Investor Incentive Program [Economic Development Grant and Loan Program]	500,000	0.00
Add: Zyngenia [Economic Development Grant and Loan Program]	500,000	0.00
Add: Social Scientific and Systems [Economic Development Grant and Loan Program]	350,000	0.00
Add: Choice Hotels Headquarters [Economic Development Grant and Loan Program]	180,000	0.00
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY14 Compensation Adjustment	2,944	0.00
Increase Cost: Other Labor Contract Costs	103	0.00
Decrease Cost: Group Insurance Adjustment	-6,089	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY13 [Economic Development Grant and Loan Program]	-3,920,150	0.00
<b>FY14 APPROVED:</b>	<b>3,396,828</b>	<b>1.00</b>

## PROGRAM SUMMARY

Program Name	FY13 Approved		FY14 Approved	
	Expenditures	FTEs	Expenditures	FTEs
Demolition Loan Program	0	0.00	0	0.00
Economic Development Grant and Loan Program	4,865,230	1.00	3,096,828	1.00
Technology Growth Program	0	0.00	0	0.00
Small Business Revolving Loan Program	224,790	0.00	300,000	0.00
<b>Total</b>	<b>5,090,020</b>	<b>1.00</b>	<b>3,396,828</b>	<b>1.00</b>

