Economic Development

MISSION STATEMENT

The mission of the Department of Economic Development is to develop and implement strategies that will produce business and employment opportunities for residents of the County, expand the County's economic base, enhance the competitiveness of businesses located in the County, and promote the locational advantages of the County.

BUDGET OVERVIEW

The total recommended FY07 Operating Budget for the Department of Economic Development is $9,868,530, a decrease of $445,420 or 4.3 percent from the FY06 Approved Budget of $10,313,950. Personnel Costs comprise 43.0 percent of the budget for 47 full-time positions and two part-time positions for 43.4 workyears. Operating Expenses account for the remaining 57.0 percent of the FY07 budget.

Not included in the above recommendation is a total of $332,490 and 3.1 workyears that are charged to: Capital Improvements Program - CIP ($230,160, 2.1 WYs); and Economic Development Fund ($102,330, 1.0 WY). The funding and workyears for these items are included in the receiving departments' budgets.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

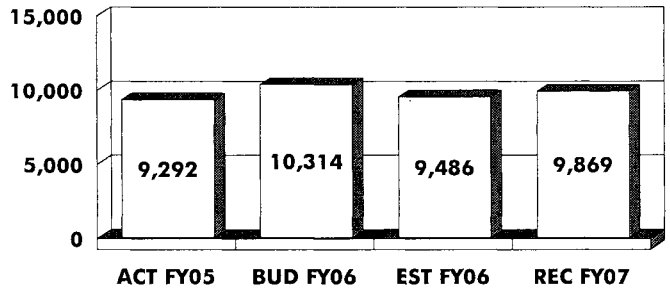
HIGHLIGHTS

- ***Partner with the State and the City of Rockville to develop a business incubator that serves 24-36 start-up technology companies.***
- ***Partner with Correction and Rehabilitation, Juvenile Justice and Crossroads Center staff to improve employment opportunities for at-risk youth as part of the County's Gang Prevention Initiative.***
- ***Exceed budget estimates for Conference Center net proceeds by more than $1 million in FY06 with increased Conference Center business anticipated in FY07 (see Conference Center NDA).***
- ***Expand activities to promote Montgomery County as a tourist destination site to meeting planners, group tour operators, travel writers and tourists, including enhanced marketing of new cultural and recreation facilities and an initiative to promote the Conference Center as a meeting resource for large, non-resident groups (see Conference and Visitors Bureau NDA).***
- ***Productivity Enhancements***
  - ***Implemented the Maryland Workforce Exchanges system - a virtual 24-7 One-Stop Career Center***

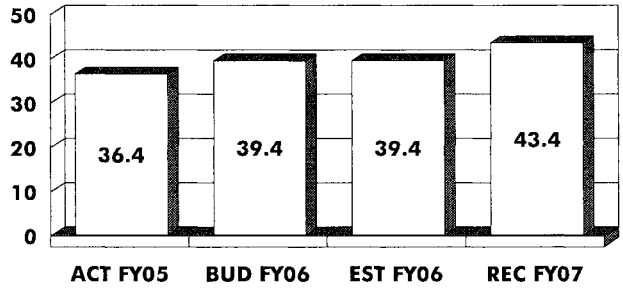
Program Summary

	Expenditures	WYs
Marketing and Business Development	1,827,280	12.0
Workforce Investment Services	3,830,530	4.0
Agricultural Services	933,900	7.2
Finance, Administration, and Special Projects	2,040,780	10.7
Office of the Director	1,236,040	9.5
Totals	**9,868,530**	**43.4**

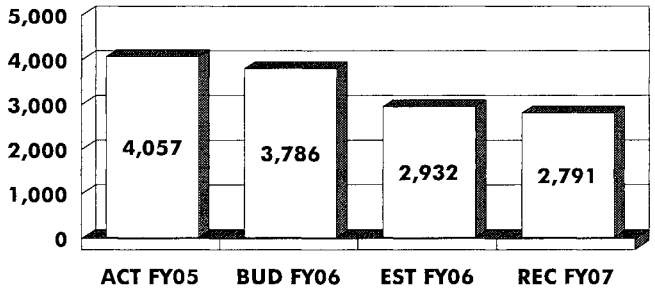
Trends



EXPENDITURES [$000s]



WORKYEARS



RELATED REVENUES [$000s]

serving businesses and job seekers.

- ***Installed and implemented new department-wide database features that eliminate redundant data entry and improve prospect development and business retention marketing activities.***

- ***In coordination with other partner agencies, relocated and reassigned staff and reduced leased space to increase quality control and minimize service impact in the face of significant Federal workforce grant reductions.***

- ***Redesigned Early Intervention and Career Compass job readiness programs in order to reduce costs and maintain service to 1,000 participants per year.***

PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Mary Cichello Beck of the Office of Management and Budget at 240.777.2753 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 and provides services and activities that result in the attraction and retention of those businesses to the County. This includes small businesses as well as specialized industry sectors including telecommunications, biotechnology, information technology, advanced engineering and professional services. A major focus of the program is on leads generated by the Department's business development specialists.

Promotional activities include media relations; event coordination; local, regional, national and international advertising; and development of informational and sales materials. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact. 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. Programs also include the development of high technology and professional services companies as well as the attraction and retention of national headquarters of nonprofit organizations and Federal agencies.

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 (DBED) and the Greater Washington Initiative (GWI).

FY07 Recommended Changes

	Expenditures	WYs
FY06 Approved	1,906,850	13.0
FY07 CE Recommended	1,827,280	12.0

Workforce Investment Services

The mission of the Montgomery County Division of Workforce Investment Services (DWIS) is to ensure 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 workforce has the tools and resources to successfully compete in an evolving economy.

DWIS is advised by a 30-member 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 DWIS staff provide support to the Board by implementing directives and policy initiatives.

DWIS is funded by approximately $4 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 vocational assessment, job readiness, job training and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers and youth. Four 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 of 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 Maryland Job Service and the Career Transition Center, Inc. (CTC), and numerous other non-profit and local agency partners. MontgomeryWorks served over 8,000 adult and youth residents in FY05 with core services, intensive counseling services and the purchase of occupational skills training.

FY07 Recommended Changes

- ❑ ***Partner with Correction and Rehabilitation, Juvenile Justice and Crossroads Center staff to improve employment opportunities for at-risk youth as part of the County's Gang Prevention Initiative.***
- ❑ ***Decrease budget to reflect Workforce Investment Act grant reductions.***

	Expenditures	WYs
FY06 Approved	4,674,700	4.0
FY07 CE Recommended	3,830,530	4.0

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's (MSCD) programs include the design of soil conservation practices and small pond review plans. In addition, the MSCD's programs provide public information and agricultural soil and water quality conservation planning to minimize non-point source pollution through the voluntary participation and implementation of these plans. The programs educate schools, youth-adult groups and organizations, and provide residential technical assistance to County residents on soil erosion and surface-subsurface drainage concerns. Also, program administration and training and development initiatives help to support the MSCD and the MSCD Board of Supervisors.

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.

FY07 Recommended Changes

	Expenditures	WYs
FY06 Approved	970,070	7.2
FY07 CE Recommended	933,900	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 three financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, and the Small Business Revolving Loan program.

This program also works in concert with Marketing and Business Development 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. The program also oversees the management of the Maryland Technology Development Center (MTDC), the Silver Spring Innovation Center (SSIC), the Johns Hopkins Belward Research Campus, and planning and implementing various development projects with long-term positive impact to the County.

This program is also responsible for the administration of the Local Small Business Reserve Program. The Local Small Business Reserve Program was created to enhance the competitiveness of County-based small businesses by creating separately defined County procurement opportunities for local small businesses.

FY07 Recommended Changes

- ❑ ***Partner with the State and the City of Rockville to develop a business incubator that serves 24-36 start-up technology companies.***

	Expenditures	WYs
FY06 Approved	1,786,330	7.9
FY07 CE Recommended	2,040,780	10.7

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.

FY07 Recommended Changes

	Expenditures	WYs
FY06 Approved	976,000	7.3
FY07 CE Recommended	1,236,040	9.5

BUDGET SUMMARY

	Actual FY05	Budget FY06	Estimated FY06	Recommended FY07	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,446,405	2,843,920	2,875,130	3,207,170	12.8%
Employee Benefits	749,858	903,800	903,800	1,036,510	14.7%
County General Fund Personnel Costs	***3,196,263***	***3,747,720***	***3,778,930***	***4,243,680***	***13.2%***
Operating Expenses	2,070,228	2,818,230	2,818,230	2,876,850	2.1%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	***5,266,491***	***6,565,950***	***6,597,160***	***7,120,530***	***8.4%***
PERSONNEL					
Full-Time	39	42	42	47	11.9%
Part-Time	2	3	3	2	-33.3%
Workyears	36.4	39.4	39.4	43.4	10.2%
REVENUES					
State Salary Reimb: Soil Cons District Mgr	31,317	37,610	42,910	42,910	14.1%
County General Fund Revenues	***31,317***	***37,610***	***42,910***	***42,910***	***14.1%***
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	21,263	0	0	0	—
Employee Benefits	6,882	0	0	0	—
Grant Fund MCG Personnel Costs	***28,145***	***0***	***0***	***0***	—
Operating Expenses	3,997,811	3,748,000	2,889,200	2,748,000	-26.7%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	***4,025,956***	***3,748,000***	***2,889,200***	***2,748,000***	***-26.7%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Naval Surface Warfare Center	50,000	48,000	48,000	48,000	—
Workforce Investment Act Grants	2,435,758	3,700,000	2,841,200	2,700,000	-27.0%
Disability Grant:Workforce Invest Serv	1,017,405	0	0	0	—
WIS - State Funds	31,524	0	0	0	—
Disability Program Navigator	149,070	0	0	0	—
MD Incumbent Worker	121,742	0	0	0	—
Wagner-Peyser Grant	3,698	0	0	0	—
TEDCO Grant	25,000	0	0	0	—
National Retail Foundation Grant	85,000	0	0	0	—
Statewide 50% Training	106,759	0	0	0	—
Grant Fund MCG Revenues	***4,025,956***	***3,748,000***	***2,889,200***	***2,748,000***	***-26.7%***
DEPARTMENT TOTALS					
Total Expenditures	**9,292,447**	**10,313,950**	**9,486,360**	**9,868,530**	**-4.3%**
Total Full-Time Positions	**39**	**42**	**42**	**47**	**11.9%**
Total Part-Time Positions	**2**	**3**	**3**	**2**	**-33.3%**
Total Workyears	**36.4**	**39.4**	**39.4**	**43.4**	**10.2%**
Total Revenues	**4,057,273**	**3,785,610**	**2,932,110**	**2,790,910**	**-26.3%**

FY07 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY06 ORIGINAL APPROPRIATION	**6,565,950**	**39.4**
Changes (with service impacts)		
Add: Rockville business incubator that will serve 24-36 start-up technology companies (includes $100,000 for one-time start-up costs) [Finance, Administration, and Special Projects]	250,000	0.0
Add: Gang Prevention Initiative - Bilingual Youth Employment Initiative to improve employment opportunities for at-risk youth [Workforce Investment Services]	62,500	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY06 Lapsed Positions (includes the FY07 addition of three positions to staff the Local Small Business Reserve program and other mid-year personnel changes)	208,460	3.0
Increase Cost: FY07 Compensation	173,320	0.0
Increase Cost: Group Insurance Adjustment	57,340	0.0
Increase Cost: Annualization of FY06 Personnel Costs	32,050	1.0
Increase Cost: Retirement Adjustment	18,790	0.0
Increase Cost: Salary supplement for Soil Conservation District staff [Agricultural Services]	6,000	0.0
Increase Cost: Motor Pool Rate Adjustment [Finance, Administration, and Special Projects]	1,460	0.0
Decrease Cost: Annualization of FY06 Operating Expenses	-17,870	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY06	-237,470	0.0
FY07 RECOMMENDED:	**7,120,530**	**43.4**
GRANT FUND MCG		
FY06 ORIGINAL APPROPRIATION	**3,748,000**	**0.0**
Other Adjustments (with no service impacts)		
Decrease Cost: To reflect Workforce Investment Act grant reductions [Workforce Investment Services]	-1,000,000	0.0
FY07 RECOMMENDED:	**2,748,000**	**0.0**

FUTURE FISCAL IMPACTS

Title	CE REC. FY07	FY08	FY09	($000's) FY10	FY11	FY12
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY07 Recommended	**7,121**	**7,121**	**7,121**	**7,121**	**7,121**	**7,121**
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY07	**0**	**-100**	**-100**	**-100**	**-100**	**-100**
Items recommended for one-time funding in FY07, including start-up funding for the Rockville incubator, will be eliminated from the base in the outyears.						
Labor Contracts	**0**	**54**	**54**	**54**	**54**	**54**
These figures represent the annualization of FY07 increments, general wage adjustments, and associated benefits.						
Subtotal Expenditures	***7,121***	***7,074***	***7,074***	***7,074***	***7,074***	***7,074***