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 recommended FY07 Operating Budget for the Economic Development Fund is $3,297,380, an increase of $2,456,390 or 292.1 percent from the FY06 Approved Budget of $840,990. Personnel Costs comprise 3.2 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 96.8 percent of the FY06 budget.

In addition, the department's budget include Current Revenue funding for the Capital Improvements Program (CIP).

HIGHLIGHTS

- ***Partner with the State and private development and theatre management companies to renovate and refurbish the historic Bethesda Theatre and bring premier, off-Broadway productions to the County.***

PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund 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

Demolition Loan Program

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

FY07 Recommended Changes

	Expenditures	WYs
FY06 Approved	0	0.0
FY07 CE Recommended	0	0.0

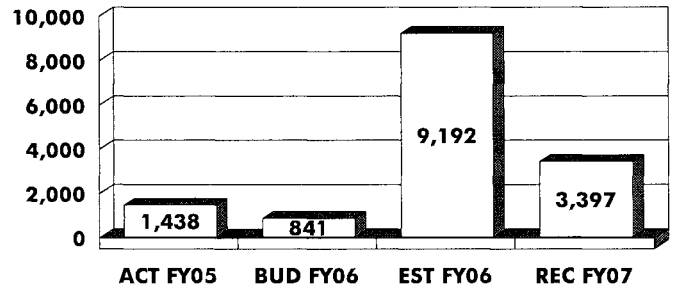
Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers

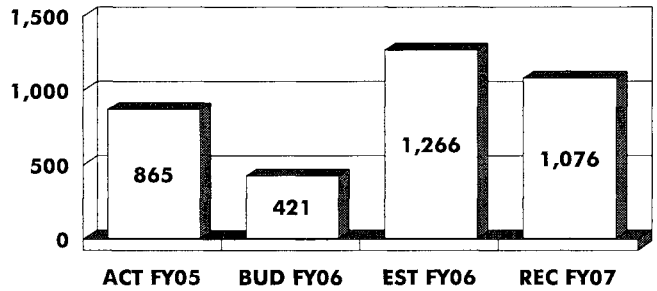
Program Summary

	Expenditures	*WYs*
Demolition Loan Program	0	0.0
Economic Development Grant and Loan Program	3,198,490	1.0
Technology Growth Program	0	0.0
Small Business Revolving Loan Program	198,890	0.0
Totals	**3,397,380**	**1.0**

Trends



EXPENDITURES [$000s]



RELATED REVENUES [$000s]

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.

FY07 Recommended Changes

- ***Partner with the State and private development and theatre management companies to renovate and refurbish the historic Bethesda Theatre and bring premier, off-Broadway productions to the County.***
- ***Continue Impact Assistance funding to provide grants to small businesses negatively impacted by the County's revitalization projects.***

	Expenditures	WYs
FY06 Approved	552,080	1.0
FY07 CE Recommended	3,198,490	1.0

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.

FY07 Recommended Changes

	Expenditures	WYs
FY06 Approved	0	0.0
FY07 CE Recommended	0	0.0

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 traditional private and public sources due to non-priority industry sectors and/or transaction site. The program offers secured loans typically in the range of $25,000 to $100,000 and is administered by the Department of Economic Development.

FY07 Recommended Changes

- ***Eliminate one-time expansion of the Small Business Revolving Loan program base funding.***

	Expenditures	WYs
FY06 Approved	288,910	0.0
FY07 CE Recommended	198,890	0.0

BUDGET SUMMARY

	Actual FY05	Budget FY06	Estimated FY06	Recommended FY07	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	69,858	74,460	74,460	79,450	6.7%
Employee Benefits	19,919	19,240	19,240	25,640	33.3%
Economic Development Fund Personnel Costs	***89,777***	***93,700***	***93,700***	***105,090***	***12.2%***
Operating Expenses	1,348,100	747,290	9,098,010	3,292,290	340.6%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	***1,437,877***	***840,990***	***9,191,710***	***3,397,380***	***304.0%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	1.0	1.0	1.0	1.0	—
REVENUES					
Investment Income - Pooled	191,577	30,000	166,000	45,500	51.7%
Loan Repayment Small Business Revolving Loan	145,287	188,910	126,750	198,890	5.3%
State Grants	0	0	0	675,000	—
Loan Repayments Grant & Loan Program	410,047	91,400	862,910	156,960	71.7%
MICRF Loan Repayments	110,360	110,360	110,360	0	—
Technology Growth Program Loan Repayments	7,964	0	0	0	—
Economic Development Fund Revenues	***865,235***	***420,670***	***1,266,020***	***1,076,350***	***155.9%***

FY07 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY06 ORIGINAL APPROPRIATION	**840,990**	**1.0**
Changes (with service impacts)		
Add: Grant to Mills Corporation to support headquarters relocation project [Economic Development Grant and Loan Program]	470,000	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Bethesda Theatre Nederlander project in partnership with private developers and a local non-profit [Economic Development Grant and Loan Program]	1,500,000	0.0
Increase Cost: Maryland Economic Development Assistance Authority Fund (MEDAAF) support for Bethesda Theatre renovation project [Economic Development Grant and Loan Program]	675,000	0.0
Increase Cost: Annualization of FY06 Personnel Costs	8,630	0.0
Increase Cost: Group Insurance Adjustment	2,840	0.0
Decrease Cost: Retirement Adjustment	-80	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY06	-100,000	0.0
FY07 RECOMMENDED:	**3,397,380**	**1.0**

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.						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY07 Recommended	**3,397**	**3,397**	**3,397**	**3,397**	**3,397**	**3,397**
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY07	**0**	**-2,645**	**-2,645**	**-2,645**	**-2,645**	**-2,645**
Items recommended for one-time funding in FY07, including Grant and Loan program support for the Mills Corporation and the Bethesda Theatre Nederlander project (County and state funds), will be eliminated from the base in the outyears.						
Adjust Small Business Revolving Loan Program Expenditures to Equal Loan Repayments	**0**	**98**	**-44**	**-49**	**-49**	**-49**
Small Business Revolving Loan program loan repayments are reinvested in the program. As a result, annual expenditures fluctuate with loan repayments.						
Subtotal Expenditures	***3,397***	***850***	***709***	***703***	***703***	***703***