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 FY08 Operating Budget for the Economic Development Fund is $802,440, a decrease of $2,644,940 or 77 percent from the FY07 Approved Budget of $3,447,380. Personnel Costs comprise 14 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 86 percent of the FY08 budget.

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

HIGHLIGHTS

- ***Partner with the State and private developers to bring the Birchmere music hall to downtown Silver Spring.***

PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund 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

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.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	**0**	**0.0**
FY08 CE Recommended	**0**	**0.0**

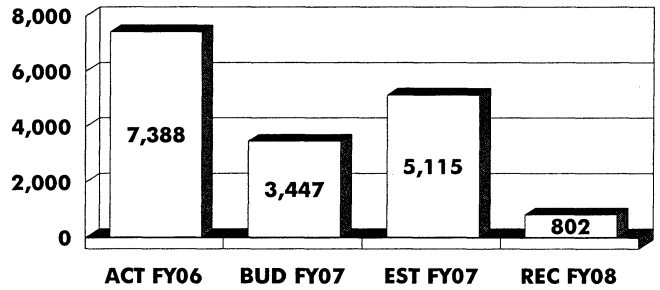
Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers who will retain jobs already in the County or create jobs in the

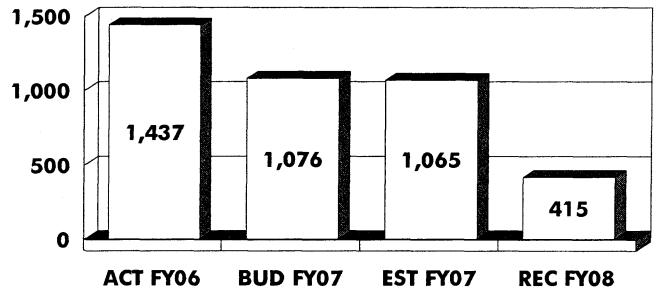
Program Summary

	Expenditures	*WYs*
Demolition Loan Program	0	0.0
Economic Development Grant and Loan Program	577,650	1.0
Technology Growth Program	0	0.0
Small Business Revolving Loan Program	224,790	0.0
Totals	**802,440**	**1.0**

Trends



EXPENDITURES [$000s]



RELATED REVENUES [$000s]

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.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	**3,248,490**	**1.0**
FY08 CE Recommended	**577,650**	**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.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	**0**	**0.0**
FY08 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.

FY08 Recommended Changes

	Expenditures	WYs
FY07 Approved	**198,890**	**0.0**
FY08 CE Recommended	**224,790**	**0.0**

BUDGET SUMMARY

	Actual FY06	Budget FY07	Estimated FY07	Recommended FY08	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	74,314	79,460	79,460	85,910	8.1%
Employee Benefits	21,881	25,630	25,630	24,060	-6.1%
Economic Development Fund Personnel Costs	***96,195***	***105,090***	***105,090***	***109,970***	***4.6%***
Operating Expenses	7,291,875	3,342,290	5,010,320	692,470	-79.3%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	***7,388,070***	***3,447,380***	***5,115,410***	***802,440***	***-76.7%***
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	303,087	45,500	104,600	51,500	13.2%
Loan Repayment Small Business Revolving Loan	80,921	198,890	109,940	224,790	13.0%
State Grants	0	675,000	675,000	0	—
Loan Repayments Grant & Loan Program	955,060	156,960	99,660	60,110	-61.7%
MICRF Loan Repayments	55,180	0	0	0	—
Technology Growth Program Loan Repayments	41,377	0	56,850	55,740	—
Loan Repayments Community Legacy Program	1,200	0	18,700	22,440	—
Economic Development Fund Revenues	***1,436,825***	***1,076,350***	***1,064,750***	***414,580***	***-61.5%***

FY08 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY07 ORIGINAL APPROPRIATION	**3,447,380**	**1.0**
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY07 Personnel Costs	770	0.0
Decrease Cost: Group Insurance Rate Adjustment	-710	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY07	-2,645,000	0.0
FY08 RECOMMENDED:	**802,440**	**1.0**

FUTURE FISCAL IMPACTS

Title	CE REC. FY08	FY09	FY10	($000's) FY11	FY12	FY13
This table is intended to present significant future fiscal impacts of the department's programs.						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY08 Recommended	**802**	**802**	**802**	**802**	**802**	**802**
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	***802***	***802***	***802***	***802***	***802***	***802***

ECONOMIC DEVELOPMENT FUND

PROGRAM:
Economic Development Grant and Loan Program

PROGRAM ELEMENT:

PROGRAM MISSION:
To offer financial assistance to private employers who are located or who plan to locate or substantially expand operations in the County in order to increase job opportunities for County residents, enhance the County's competitiveness nationally, and increase its tax base

COMMUNITY OUTCOMES SUPPORTED:
- Increase employment opportunities and economic security for County residents
- Expand and enhance the value of the County's tax base
- Foster a positive business climate

PROGRAM MEASURES	FY04 ACTUAL	FY05 ACTUAL	FY06 ACTUAL	FY07 BUDGET	FY08 CE REC
Outcomes/Results:					
Number of businesses that expanded or located in the County	3	6	6	10	10
Number of jobs retained in the County or attracted from other jurisdictions	242	188	50	600	300
Number of new jobs projected to be created within 3 years of Economic Development Fund (EDF) assistance	260	246	812	550	400
Amount of new private capital invested or projected to be invested ($000)	2,600	5,480	164,600	90,000	10,000
Service Quality:					
Average time from submission of the application to making the EDF offer (days)	19	18	18	18	24
Efficiency:					
Amount of EDF assistance provided per job retained or created ($)	339	864	522	978	2,000
Amount of private capital invested in projects per dollar of EDF assistance ($)	15.29	14.61	25.52	30.02	7.14
Workload/Outputs:					
Number of EDF offers of assistance made to the applicant businesses	6	14	6	15	14
Inputs:					
Expenditures (disbursements from cumulative appropriations) ($000)	170	375	6,450	2,998	1,400
Annual approved budget + supplemental appropriations ($000)	7,216	466	452	1,119	578