

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 FY10 Operating Budget for the Economic Development Fund is \$852,440, which is the same as the total for the FY09 Approved Budget. Personnel Costs comprise 15.6 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 84.4 percent of the FY10 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**

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.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	0	0.0
FY10 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 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.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	716,520	1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	4,190	0.0
FY10 CE Recommended	720,710	1.0

Notes: Reflects adjustment of funds to maintain program.

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.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	0	0.0
FY10 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.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	135,920	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-4,190	0.0
FY10 CE Recommended	131,730	0.0

Notes: Expenditures have been adjusted to reflect FY10 estimated revenues for this program.

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	81,988	92,920	92,920	101,460	9.2%
Employee Benefits	24,594	29,470	29,470	31,880	8.2%
Economic Development Fund Personnel Costs	106,582	122,390	122,390	133,340	8.9%
Operating Expenses	2,907,794	730,050	1,763,960	719,100	-1.5%
Capital Outlay	0	0	0	0	—
Economic Development Fund Expenditures	3,014,376	852,440	1,886,350	852,440	—
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	167,217	84,600	20,000	20,000	-76.4%
Loan Repayment Small Business Revolving Loan	146,777	135,920	63,620	131,730	-3.1%
State Grants	250,000	0	0	0	—
Loan Repayments Grant & Loan Program	155,340	41,080	29,700	20,430	-50.3%
Micro-Enterprise Loan Program	0	0	7,660	13,810	—
Technology Growth Program Loan Repayments	70,431	12,240	33,800	31,800	159.8%
Loan Repayments Community Legacy Program	24,929	22,440	22,440	24,080	7.3%
Economic Development Fund Revenues	814,694	296,280	177,220	241,850	-18.4%

FY10 RECOMMENDED CHANGES

	Expenditures	WYs
ECONOMIC DEVELOPMENT FUND		
FY09 ORIGINAL APPROPRIATION	852,440	1.0
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY09 Personnel Costs	9,950	0.0
Increase Cost: Group Insurance Adjustment	1,000	0.0
Decrease Cost: Annualization of FY09 Operating Expenses	-10,950	0.0
FY10 RECOMMENDED:	852,440	1.0

PROGRAM SUMMARY

Program Name	FY09 Approved		FY10 Recommended	
	Expenditures	WYs	Expenditures	WYs
Demolition Loan Program	0	0.0	0	0.0
Economic Development Grant and Loan Program	716,520	1.0	720,710	1.0
Technology Growth Program	0	0.0	0	0.0
Small Business Revolving Loan Program	135,920	0.0	131,730	0.0
Total	852,440	1.0	852,440	1.0

FUTURE FISCAL IMPACTS

Title	CE REC.			(\$000's)		
	FY10	FY11	FY12	FY13	FY14	FY15
<i>This table is intended to present significant future fiscal impacts of the department's programs.</i>						
ECONOMIC DEVELOPMENT FUND						
Expenditures						
FY10 Recommended	852	852	852	852	852	852
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	852	852	852	852	852	852