

MEMORANDUM

June 5, 2015

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 25-15, Economic Development – Reorganization –
Montgomery County Economic Development Corporation

Bill 25-15, Economic Development – Reorganization – Montgomery County Economic Development Corporation, sponsored by Lead Sponsor Council President at the request of the County Executive, was introduced on May 21, 2015. A Planning, Housing and Economic Development Committee worksession is tentatively scheduled for June 22 at 3:00 p.m.

Bill 25-15 would:

- (1) eliminate the Department of Economic Development as a principal department of the Executive Branch;
- (2) create an Office of Agriculture;
- (3) transfer certain duties of the Department of Economic Development to other County agencies;
- (4) provide for the designation of a non-profit corporation as the Montgomery County Economic Development Corporation;
- (5) assign certain duties to the Montgomery County Economic Development Corporation and exempt this assignment from a certain procurement law;
- (6) provide a certain notice under the collective bargaining law;
- (7) remove the designation of the County's Business Development Corporation; and
- (8) generally amend County laws, regulations, and certain contracts governing economic development and agricultural preservation.

Background

The Bill would privatize some of the functions currently performed by the Department of Economic Development (DED). These duties would be delegated to a non-profit corporation designated as the Montgomery County Economic Development Corporation by the Council. Each of the 11 members of the Board of Directors of the Corporation would be appointed by the Executive and confirmed by the Council, but the Corporation would not be an agency of the County government. Certain duties now performed by DED would be transferred to the Department of Finance and a new Office of Agriculture. The Executive briefly explained why he

is recommending the privatization of some of the duties now performed by DED in his transmittal memo at ©31 and the Frequently Asked Questions at ©32-35.

This packet contains:

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Bill No. 25-15
Concerning: Economic Development –
Reorganization – Montgomery
County Economic Development
Corporation
Revised: May 15, 2015 Draft No. 3
Introduced: _____
Expires: _____
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Lead Sponsor: Council President at the request of the County Executive

AN ACT to:

- (1) eliminate the Department of Economic Development as a principal department of the Executive Branch;
- (2) create an Office of Agriculture;
- (3) transfer certain duties of the Department of Economic Development to other County agencies;
- (4) provide for the designation of a non-profit corporation as the Montgomery County Economic Development Corporation;
- (5) assign certain duties to the Montgomery County Economic Development Corporation and exempt this assignment from a certain procurement law;
- (6) provide a certain notice under the collective bargaining law;
- (7) remove the designation of the County's Business Development Corporation; and
- (8) generally amend County laws, regulations, and certain contracts governing economic development and agricultural preservation.

By amending

Montgomery County Code
Chapter 1A, Structure of County Government
Sections 1A-201 and 1A-203

Chapter 2, Administration
Sections 2-27 and 2-64L

Chapter 2B, Agricultural Land Preservation
Sections 2B-1, 2B-3, 2B-7, 2B-10, 2B-14, 2B-17, 2B-19, 2B-20, and 2B-21

Chapter 20, Finance
Sections 20-76, 20-76B, 20-76C, and 20-76D

Chapter 27, Human Rights and Civil Liberties
Section 27-26B

Chapter 30B, Business Development Corporation
Sections 30B-1, 30B-2, 30B-3, 30B-4, 30B-5, 30B-6, and 30B-7

Chapter 40, Real Property
Section 40-12B

Chapter 44, Schools and Camps
Section 44-47

By adding

Chapter 2B, Agricultural Land Preservation
Section 2B-1A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 2B-1A is added and Sections 1A-201, 1A-203, 2-27, 2-64L,**
 2 **2B-1, 2B-3, 2B-7, 2B-10, 2B-14, 2B-17, 2B-19, 2B-20, 2B-21, 20-76, 20-76B, 2-**
 3 **076C, 20-76D, 27-26B, 30B-1, 30B-2, 30B-3, 30B-4, 30B-5, 30B-6, 30B-7, 40-12B,**
 4 **and 44-47 are amended as follows:**

5 **1A-201. Establishing departments and principal offices.**

6 (a) Executive Branch.

7 (1) These are the departments and principal offices of the Executive
 8 Branch.

9 County Executive [Charter, § 201 et seq.]

10 Chief Administrative Officer [Charter, § 210 et seq.]

11 Consumer Protection (Section 11-2)

12 Correction and Rehabilitation [Section 2-28]

13 County Attorney [Charter § 213]

14 [Economic Development [Section 2-64L]]

15 Environmental Protection [Section 2-29]

16 Finance [Charter § 214; Section 20-38 et seq.]

17 Fire and Rescue Services [Section 2-39A]

18 General Services [Section 2-30]

19 Health and Human Services [Section 2-42A]

20 Housing and Community Affairs [Section 2-27 et seq.]

21 Human Resources [Section 2-64I; ch. 33]

22 Intergovernmental Relations [Section 2-64J]

23 Liquor Control

24 Management and Budget [Section 2-64K]

25 Permitting Services [Section 2-42B]

26 Police [Section 2-43; ch. 35]

27 Public Information

- 28 Public Libraries [Section 2-45 et seq.]
- 29 Recreation [Section 2-58]
- 30 Technology Services [Section 2-58D]
- 31 Transportation [Section 2-55 et seq.]

32 (2) The County Executive determines whether an entity is a
 33 department or a principal office.

34 [a] (A) Entities that directly serve the public are
 35 departments.

36 [b] (B) Entities that provide internal support to other parts
 37 of County government are principal offices.

38 * * *

39 **1A-203. Establishing other offices.**

40 (a) Executive Branch. These are the offices of the Executive Branch that
 41 are not part of a department or principal office:

42 Office of Agriculture [section 2B-1A]

43 Office of the Commission for Women [section 27-28 et seq.]

44 Office of Community Use of Public Facilities [section 44-4]

45 Office of Emergency Management and Homeland Security [section 2-
 46 64O]

47 Office of Human Rights [section 27-4]

48 * * *

49 **2-27. Functions and organization.**

50 The Department of Housing and Community Affairs has the following
 51 functions:

52 (1) Affordable housing programs.

53 (2) Community development programs.

54 (A) Urban renewal and community development projects.

55 (B) Relocation services for families and businesses displaced
 56 by governmental actions.

57 (3) Housing standards enforcement, and related activities.

58 (4) Landlord-tenant relations.

59 (5) Common ownership community relations.

60 (6) [Technical assistance to the Department of Economic
 61 Development and the Department of Environmental Protection
 62 in the area of human resources, budget, technology, and
 63 procurement.

64 (7)] Other functions designated by law.

65 **Division 18. [Department of Economic Development] Reserved.**

66 **2-64L. [Functions and organization] Reserved.**

67 [(a) The Department of Economic Development is responsible for
 68 promoting and supporting:

69 (1) industrial and commercial development in the County, including
 70 the technology and hospitality industries;

71 (2) agricultural preservation and enhancement in the County,
 72 including programs associated with the Soil Conservation
 73 District and the Cooperative Extension Service;

74 (3) other economic development in the County, including
 75 coordination of employment and work force training; and

76 (4) services to resident businesses in the County, including business
 77 retention, counseling, business planning, and other services to
 78 maintain the existing economic base.

79 (b) In addition to the Director, the Department of Economic Development
 80 has two non-merit system positions for a marketing and business
 81 development manager and minority business affairs manager.]

82 **2B-1. Definitions.**

83 * * *

84 [(a)] In this Chapter, the following words and phrases shall have the
85 meanings indicated:

86 * * *

87 [*Department* means, unless otherwise specified, the Department of
88 Economic Development.]

89 * * *

90 *Landowner* means a fee simple owner of land located in the County on
91 which a landowner proposes to sell or has sold an agricultural easement
92 to the State or the County.

93 *Office* means the Office of Agriculture.

94 * * *

95 *Significant Agricultural Resource* or *Significant Agricultural*
96 *Capability* means land which, if properly agronomically managed and
97 under normal growing conditions, the [Department] Office, after
98 consulting local agricultural support agencies, finds can sustain a
99 profitable farm enterprise.

100 **2B-1A. Office of Agriculture.**

101 The Office must:

- 102 (a) administer this Chapter and the regulations issued under it;
- 103 (b) foster agricultural preservation;
- 104 (c) administer programs associated with the Soil Conservation District and
105 the Cooperative Extension Service; and
- 106 (d) perform other duties as assigned by the County Executive.

107 **2B-3. State Easement Application and Purchase.**

108 * * *

109 (d) If either the APAB or the Planning Board recommends approval, the
110 County Council must hold a public hearing on the proposed easement.
111 The [Department] Office must give adequate notice of the hearing to
112 the owner of any land adjacent to the proposed agricultural easement.

113 * * *

114 (i) The [Department] Office must work with the State to record each State
115 agricultural easement in the County land records. The recordation of a
116 State agricultural easement is not subject to any County recordation or
117 transfer tax.

118 **2B-7. County Easement Application and Purchase.**

119 (a) A landowner seeking to place land under an agricultural easement must
120 submit an easement sales application to the [Department of Economic
121 Development] Office. The application must include a completed
122 property description and specify the landowner's asking price.

123 * * *

124 (e) If any land does not meet all requirements of subsection (d), the County
125 must not buy a County agricultural easement on that land unless:

126 (A) the [Department] Office finds that placing an agricultural
127 easement on that land is in the public interest; and

128 (B) the [Department] Office concludes, after consulting local
129 agricultural support agencies, that the land has significant
130 agricultural resources.

131 * * *

132 **2B-10. Termination and repurchase of agricultural easements.**

133 (a) Process to Terminate and Repurchase an Easement.

134 * * *

135 (4) The APAB must determine if profitable farming is feasible on
 136 the land and issue a written recommendation to the [Department]
 137 Office. In determining whether farming is profitable, the APAB
 138 must consider:

139 * * *

140 (5) After the APAB issues its recommendation, the [Department]
 141 Office must advise the landowner that the [Department] Office
 142 must order an appraisal of the land at the landowner's expense.
 143 The appraisal must consider the current fair market value of land
 144 and the current fair market value of the land encumbered by an
 145 agricultural easement. The difference between these values must
 146 represent the present value of the agricultural easement.

147 (6) The landowner must pay the [Department] Office for the cost of
 148 an appraisal. The [Department] Office must order the appraisal
 149 after receiving the funds from the landowner.

150 (7) After receiving the completed appraisal and APAB's
 151 recommendation, the County Council must hold a public hearing
 152 on the request to terminate the agricultural easement. The
 153 [Department] Office must notify each [owner] owner of land
 154 adjacent to the land where the easement is located of the public
 155 hearing.

156 * * *

157 (10) The landowner must pay the required payment to the County
 158 within 180 days after the Executive agrees to terminate the
 159 easement. After receiving the required payment, the
 160 [Department] Office must prepare, execute, and deliver to the

161 landowner for recording, a Deed of Termination and Release
 162 from Easement.

163 * * *

164 **2B-14. Recordation.**

165 (a) The County Attorney must record each agricultural easement in the
 166 County land records. The recordation of an agricultural easement is not
 167 subject to any County transfer or recordation tax.

168 (b) Each agricultural easement must:

- 169 (1) be recorded in the form required by the [Department] Office;
- 170 (2) run with the land and bind the landowner and each assignee,
 171 transferee, mortgagee, and any other party who obtains title to
 172 the property; and
- 173 (3) be recorded so that the easement is senior in priority to all liens,
 174 including any instrument securing permanent financing.

175 * * *

176 **2B-17. BLT Account.**

177 (a) The [Department] Office must create a separate account under the
 178 Fund, entitled the BLT Account.

179 (b) The BLT Account must contain payments made to comply with
 180 conditions of approval which the Planning Board has imposed for
 181 certain development plans, and may also contain funds received
 182 through donation, appropriation, bond proceeds, or any other source.

183 (c) Funds in the BLT Account must be spent only on BLT easements.
 184 Funds in the BLT Account may be used in conjunction with other funds
 185 to buy BLT easements.

186 **2B-19. Administration.**

187 (a) The costs of any agricultural land preservation program, including the
188 purchase of any agricultural easement, may be paid from the Fund and
189 any other appropriated funds.

190 (b) [The Department must administer this Chapter and the regulations
191 issued under it.

192 (c) The [Department] Office must issue an annual report that identifies the:

193 (1) number and types of agricultural easements bought;

194 (2) number of acres preserved by those easements; and

195 (3) price of each easement.

196 **2B-20. Enforcement of State and County Agricultural Easements.**

197 (a) Any violation of this Chapter or regulations issued under it is a Class A
198 violation. The Department of Permitting Services may issue a citation
199 for any violation of this Chapter or the terms of any agricultural
200 easement.

201 (b) The [Director of Economic Development] Office may take legal action,
202 including seeking injunctive or declaratory relief, to prevent any:

203 (1) subdivision of land under an agricultural easement that violates
204 this Chapter or an agricultural easement; or

205 (2) transfer of land, including the transfer of lots to or for the
206 landowner or the landowner's children, that violates this Chapter
207 or an agricultural easement.

208 (c) The [Director] Office may also take legal action to recover any funds
209 obtained from any subdivision or land transfer that violates this Chapter
210 or an agricultural easement, plus costs and a reasonable attorney's fee

211 * * *

212 **2B-21. Agricultural Advisory Committee.**

213 * * *

- 214 (e) Duties.
- 215 (1) The Committee must:
- 216 (A) after conferring with the Montgomery County Economic
- 217 Development Corporation, advise the Executive and
- 218 Council on all matters affecting agriculture in the County;
- 219 (B) bring matters of particular importance to the attention of
- 220 the Executive and Council; and
- 221 (C) comment on matters referred to it by the Executive and
- 222 Council.

223 * * *

224 **20-76. Economic Development Strategic Plan, Administration.**

- 225 (a) The Executive must submit, by method 1 regulation, an economic
- 226 development strategic plan for the County to the Council for approval
- 227 on or before [July 1, 2015] October 1, 2015. The Montgomery County
- 228 Economic Development Corporation must adopt an economic
- 229 development strategic plan beginning October 1, 2019 and each fourth
- 230 year thereafter. The success or progress of the strategic plan must be
- 231 measurable and the plan must include measures to address:

232 * * *

233 **20-76B. Small Business Assistance Program.**

- 234 (a) *Definitions.* As used in this Section:
- 235 *Adverse impact* means a loss of revenue resulting from a redevelopment
- 236 project.
- 237 *Director* means the Director of the Department of [Economic
- 238 Development] Finance.

239 *Enterprise zone* means an area designated under Maryland Code,
240 *Economic Development* Article, Section 5-704 or any successor
241 provision.

242 *Fund* means the Economic Development Fund established in Section
243 20-73.

244 *Program* means the Small Business Assistance Program.

245 *Redevelopment project* means any construction, alteration, or
246 improvement in an urban renewal area or enterprise zone where the
247 existing land use is commercial or industrial and is:

- 248 (1) located on property owned by the County; or
- 249 (2) financed in whole or part by the County.

250 *Small business* means a privately owned business that meets the
251 requirements of Section 11B-65(a).

252 *Technical assistance* means training directly related to operating a
253 small business provided by an educational institution or a non-profit
254 organization approved by the Director.

255 *Urban renewal area* means an area of the County as defined in Section
256 56-9(f).

257 * * *

258 **20-76C. Green Investor Incentive Program.**

259 * * *

260 (c) *Eligibility standards.* A qualified investor, who need not be a County
261 resident, is eligible to receive the incentive payment if the qualified
262 investor[:] invests in a qualified green company that:

- 263 (1) has its headquarters and base of operations in the County; or

264 (2) has signed a lease for at least 5 years to open a qualified green
 265 company with its headquarters and base of operations in the
 266 County; and

267 (3) has been in business for less than 10 years and employs less than
 268 50 people and does not have its securities publicly traded on any
 269 exchange.

270 * * *

271 (g) In order to calculate the amount of the incentive payment to be made to
 272 a qualified investor under Subsection (f), the Director of the
 273 Department of [Economic Development] Finance must, by January 15
 274 of each calendar year, compile a list of each qualified investor making
 275 an investment in a qualified green company and the amount of that
 276 investment during the preceding calendar year. This list must be
 277 determined using the applications and any supporting documents
 278 qualified investors submit. The Director may take any other action
 279 necessary to administer the incentive payment. The Executive may
 280 issue regulations under Method (2) to implement this Section.

281 (h) *Application required.* The Director of the Department of [Economic
 282 Development] Finance must require each qualified investor to submit
 283 an application for the incentive payment and may take any other action
 284 necessary to administer the incentive payment. The Executive may
 285 issue regulations under Method (2) to specify an application process
 286 and otherwise implement this Section.

287 * * *

288 **20-76D. Cybersecurity Investment Incentive Tax Credit Supplement.**

289 (a) The Director of Finance must pay, subject to appropriation, a
 290 Cybersecurity Investment Incentive Tax Credit Supplement to each
 291 Cybersecurity Company who meets certain eligibility standards.

292 * * *

293 (e) The Director of [Economic Development] Finance must request from
 294 the Comptroller of the Treasury and Department of Business and
 295 Economic Development, by April 30 of each year, a list of each
 296 Cybersecurity Company, headquartered and based in Montgomery
 297 County that was issued a final credit certificate by the State during the
 298 preceding calendar year. The Executive may issue regulations under
 299 Method (1) to implement this Section.

300 * * *

301 **27-26B. Interagency fair housing coordinating group.**

302 (a) The County Executive must designate an interagency fair housing
 303 coordinating group. The purpose of the coordinating group is to
 304 facilitate and promote the County's efforts to prevent discrimination in
 305 housing.

306 (b) The County Executive appoints the members of the coordinating group,
 307 subject to confirmation by the County Council. The coordinating group
 308 consists of one or more employees of each of the following agencies:

- 309 (1) Office of Community Outreach in the Office of the Chief
 310 Administrative Officer;
- 311 (2) Human Rights Commission;
- 312 (3) Housing Opportunities Commission;
- 313 (4) [Department of Economic Development;
- 314 (5)] Department of Housing and Community Affairs;
- 315 [(6)] (5) Community service centers;

- 316 ~~[(7)]~~ (6) Department of Health and Human Services;
- 317 ~~[(8)]~~ (7) Commission for Women; and
- 318 ~~[(9)]~~ (8) Commission on People with Disabilities.
- 319 (c) The Executive also may designate, subject to confirmation by the
- 320 County Council, one or more members of the Executive's staff, and
- 321 employees of any other County department or office, to serve on the
- 322 coordinating group. The Executive must also invite the County
- 323 Council, the Montgomery County public schools, the Montgomery
- 324 County Economic Development Corporation, and the Maryland-
- 325 National Capital Park and Planning Commission to designate one or
- 326 more staff members to serve as full members of the group.
- 327 (d) The Executive must designate a chair of the coordinating group, subject
- 328 to confirmation by the County Council. The chair or the Executive may
- 329 call meetings. The group may form its own subcommittees.
- 330 (e) Meetings of the coordinating group and its subcommittees are [open]
- 331 subject to [the public under] the [State] Maryland Open Meetings law
- 332 [on public meetings]. In order to create a public forum and encourage
- 333 diverse participation, the Executive must invite representatives of the
- 334 housing industry and active community groups to participate in
- 335 meetings. The group [is] must not be governed by Chapter 2 or Chapter
- 336 2A.
- 337 (f) With staff support from the Fair Housing Coordinator, the coordinating
- 338 group must submit to the County Council and County Executive an
- 339 annual report on housing discrimination in the County. This report
- 340 must:
- 341 (1) assess County, State and Federal laws prohibiting discrimination
- 342 in housing, and evaluate their enforcement in the County;

- 343 (2) recommend changes in law, policy, programs or priorities needed
- 344 to reduce discrimination in housing;
- 345 (3) include a work program for the coming year;
- 346 (4) include a progress report on the previous year's work program;
- 347 and
- 348 (5) include the views of the Fair Housing Coordinator and any
- 349 member whose views differ from those of the report.

350 **Chapter 30B [Business] Economic Development Corporation.**

351 **30B-1. Policy objectives.**

352 (a) [Recognizing that (1) the] The future success of Montgomery County
 353 related to education, infrastructure, public safety, public welfare, and
 354 quality of life is:

- 355 (1) built on a vibrant and growing economy[,];
- 356 (2) successful businesses [are the key to] creating this economy[,];
- 357 and
- 358 (3) government [must foster] fostering a legislative and regulatory
- 359 environment which encourages business success[, to]

360 (b) To achieve these goals, the County Government [must] may designate
 361 a nonprofit corporation as the [County's Business] Montgomery
 362 County Economic Development Corporation (Corporation) to [enhance
 363 and supplement] implement the County's economic development
 364 programs and activities.

365 [The mission of the Business Development Corporation is to develop the
 366 vision for the County's economic future and to recommend and advocate for
 367 legislative and regulatory changes that move the culture and regulatory
 368 environment so that business success can create that vibrant and growing
 369 economy.

370 The Corporation must be able to:

- 371 (a) establish a vision of the economic future of the County founded on
372 sound financial and economic condition and policies;
- 373 (b) develop and articulate strategies designed to achieve that vision,
374 advocate for legislative and regulatory changes necessary to
375 accomplish that vision, set measurements, and regularly report on the
376 County's success in meeting its objectives and goals;
- 377 (c) provide leadership on economic issues at both the County and State
378 levels;
- 379 (d) engage business leaders and other key stakeholders in developing and
380 implementing economic development strategies;
- 381 (e) maintain close liaison with government agencies and elected
382 representatives at both the County and State levels to achieve the goals
383 of the Corporation; and
- 384 (f) undertake any other activities deemed by the Board of Directors to
385 support the mission of the Corporation.]

386 **30B-2. Designation.**

- 387 (a) [In this Chapter "Corporation" means the Business Development
388 Corporation that the County has designated to study, evaluate, enhance,
389 and supplement the County's economic development programs and
390 activities.
- 391 (b)] The County Council must designate, by resolution approved by the
392 County Executive, a single nonprofit corporation which complies with
393 all requirements and criteria of this Chapter as the [County's Business]
394 Montgomery County Economic Development Corporation. If the
395 Executive disapproves the resolution within 10 days after receiving it,
396 the Council may readopt the resolution with at least 6 affirmative votes.

397 [(c) (1) Any designation under this Section expires at the end of the fifth
398 full fiscal year after the resolution is adopted unless the Council
399 extends the designation by adopting another resolution under this
400 Section.

401 (2) However, if the Council President does not notify the Chair of
402 the designated Corporation's Board of Directors, not later than
403 June 30 of the fourth full fiscal year of the designation term, that
404 the Council may allow the current designation to expire, the
405 designation is automatically extended for another 5-year term.

406 (d) The Council at any time may suspend or revoke the designation of a
407 corporation as the County's Business Development Corporation by
408 resolution, adopted after at least 15 days public notice, that is approved
409 by the Executive, or, if the Executive disapproves the resolution within
410 10 days after receiving it, is readopted by a vote of at least 6
411 Councilmembers.]

412 [(e) (b) To continue to qualify as the County's [Business] Economic
413 Development Corporation, [a corporation's] the Corporation's articles
414 of incorporation and bylaws must comply with all requirements of this
415 Chapter.

416 **30B-3. Board of Directors.**

417 (a) To qualify as the [County's Business] Montgomery County Economic
418 Development Corporation, [a corporation's] the Corporation's Board
419 of Directors must have [no more than] 11 voting members appointed
420 by the County Executive and confirmed by the County Council. The
421 County Executive should appoint a member of the Workforce
422 Development Board as one of the members of the Corporation's Board
423 of Directors. The Corporation's Board of Directors must also include

424 one officio non-voting member appointed by the County Executive;
 425 and one non-voting member appointed by the County Council; and
 426 should have one non-voting member appointed by the Secretary of the
 427 Maryland Department of Business and Economic Development. [The
 428 corporation's bylaws should also allow the Director of the Department
 429 of Economic Development, the Superintendent of the County Public
 430 Schools, the President of Montgomery College, and the chair of the
 431 County Planning Board or the Planning Director, to serve as ex-officio
 432 non-voting members along with any other nonvoting members
 433 authorized under the bylaws.]

434 (b) Each voting member serves a 3-year term. The individual terms of the
 435 voting members must be staggered. Of the voting members first
 436 appointed, four must be appointed for a 1-year term, four must be
 437 appointed for a 2-year term, and three must be appointed for a 3-year
 438 term. A voting member appointed to fill a vacancy serves the rest of the
 439 unexpired term. A voting member continues in office until his or her
 440 successor is appointed and confirmed.

441 [(b)] (c) Each voting member must be either a resident of the County or
 442 [employed in the senior management of a company which] a senior
 443 manager in a for-profit or nonprofit entity that has a significant presence
 444 in the County [The voting members of the Board of Directors should
 445 include:

- 446 (1) one volunteer representative of a Chamber of Commerce in the
 447 County who is recommended by the Chamber of Commerce;
- 448 (2) one owner of a small business in the County;
- 449 (3) one owner or officer of the senior management of a medium-
 450 sized business located in the County; and

451 (4) up to 8 officers from the senior management of major companies
 452 which have a significant presence in the County].

453 ~~[(c)]~~ (d) A member must not be paid for service on the Board but may be
 454 reimbursed for necessary travel expenses.

455 ~~[(d)]~~ (e) A member is not subject to Chapter 19A because of serving on
 456 the Board. The Corporation's bylaws must include provisions defining
 457 and regulating conflicts of interest by Board members and Corporation
 458 staff.

459 ~~[(e)]~~ (f) Notwithstanding any inconsistent provision of County Code
 460 Section 19A-21, a member of the Board of Directors or a staff member
 461 of the Corporation who engages in legislative, [or] administrative, or
 462 executive advocacy as part of that [member's] person's duties [on the
 463 Board] is not required to register as a lobbyist under Article V of
 464 Chapter 19A because of that advocacy.

465 ~~[(f)]~~ (g) The Board must direct the program, management, and finances
 466 of the [corporation] Corporation.

467 **30B-4. Status; incorporation; bylaws.**

468 (a) To qualify as the County's Economic [Business] Development
 469 Corporation, [a corporation's] the Corporation's articles of
 470 incorporation must provide for the appointment of the members of its
 471 board of directors as set forth in this Chapter. The articles of
 472 incorporation must also provide that the [corporation] Corporation is:

- 473 (1) a [tax-exempt] Maryland nonprofit, non-stock corporation the
 474 purposes and activities of which are limited to those that are
 475 permitted to be promoted or performed by a corporation that is
 476 recognized as exempt from federal income tax under 26 U.S.C.
 477 § 501;

- 478 (2) not an instrumentality of the County;[and]
- 479 (3) incorporated for the [sole] purpose of serving as the County's
- 480 [Business] Economic Development Corporation and
- 481 implementing the County's economic development strategic
- 482 plan, adopted under Section 20-76, and related programs. These
- 483 programs must include:
- 484 (A) attracting and retaining businesses;
- 485 (B) facilitating economic, industrial, and commercial
- 486 development in the County;
- 487 (C) enhancing the agricultural economy;
- 488 (D) encouraging investment in commerce, industries, and
- 489 businesses in the County;
- 490 (E) promoting job growth and talent attraction, in coordination
- 491 with the Montgomery County Workforce Development
- 492 Board;
- 493 (F) advising and informing County officials on economic
- 494 development matters;
- 495 (G) providing services to resident businesses in the County,
- 496 including business retention, counseling, business
- 497 planning, and other services to maintain and grow the
- 498 existing economic base;
- 499 (H) stimulating and nurturing the development of new
- 500 business; and
- 501 (I) promoting the development of a vital and balanced
- 502 economy.
- 503 (4) organized and operated under the laws of the State of Maryland;
- 504 and

505 (5) headquartered in the County.

506 (b) The Corporation's bylaws may contain any provision [, not inconsistent
507 with law or the articles of incorporation,] necessary to govern and
508 manage the Corporation that does not conflict with this Chapter. The
509 Corporation may exercise all powers and is subject to all requirements
510 which apply to non-stock corporations under the Corporations and
511 Associations Article of the Maryland Code.

512 (c) [The Board must adopt and may amend the Corporation's bylaws,
513 subject to approval by the Council. The public must be given at least 15
514 days to comment on the proposed bylaws, or any amendment to the
515 bylaws, before the Council approves them.

516 (d)] The bylaws must require the Corporation to comply with the [state]
517 Maryland [open meetings] Open Meetings law and [provide that all
518 meetings of the Board of Directors must be open to the public except
519 when closed on a recorded vote of the Board for a reason expressly
520 listed in the state law or the bylaws] the Maryland Public Information
521 Act.

522 **30B-5. [Work] Economic development program.**

523 (a) The Board of Directors must [adopt a work] recommend economic
524 development [program] programs to the Executive and Council each
525 year to advance the policy objectives and perform the activities listed
526 in Section 30B-1.

527 (b) In its [work] economic development [program] programs, the
528 Corporation should collaborate with [complement the strategic
529 economic development activities of] the [Department of Economic
530 Development] Montgomery County Workforce Development Board to

531 advance the County's economic development strategic plan adopted
 532 under Section 20-76.

533 (c) The Corporation's [work] economic development [program] programs
 534 may include a plan for sponsorship of private investment, marketing,
 535 and advocacy initiatives.

536 (d) The Board must meet with the Executive and the Council at least [semi-
 537]annually. [The Board must advise the Executive and Council on
 538 economic development and related matters.]

539 **30B-6. Staff; support from County Government.**

540 (a) [The Department of Economic Development should, if the Board of
 541 Directors requests, provide administrative support for the Corporation,
 542 including contracts, grants, or services in kind, subject to appropriation.

543 (b)] The Office of Management and Budget, the Department of Finance, and
 544 other departments of County government and County-funded agencies,
 545 if the Board of Directors requests, should provide relevant economic
 546 data to the Corporation. The research division of the Planning Board
 547 must provide research support to the Corporation to the extent assigned
 548 by the Planning Board's work program, as approved by the Council.

549 [(c)] (b) The Corporation may also raise public and private funds and may
 550 accept services from any source consistent with its purposes.

551 **30B-7. Report.**

552 The Board of Directors must report annually on the activities of the
 553 Corporation and [finances] provide an audited financial statement of the Corporation
 554 to the Executive and Council by November 1 of each year.

555 **40-12B. Real property sold in Agricultural Zones.**

556 (a) If any real property is located in, adjoins, or confronts an area zoned
 557 agricultural, as defined in Section 59-C-9.1, the seller must disclose to

558 each prospective buyer, before the buyer signs a contract for the sale of
559 the property, that existing County and State law is intended to
560 discourage owners of real property adjacent to agricultural-zoned land
561 from filing certain lawsuits against an owner or operator of an
562 agricultural use in those areas. The following text must be substantially
563 included in the disclosure:

564 As required under Montgomery County Code § 40-12B, you are hereby
565 notified that the state of Maryland and Montgomery County have
566 enacted laws that establish agriculture as the preferred use on land
567 zoned Rural Density Transfer and as a permitted use in other
568 agricultural zones, as defined in Section 59-C-9.1 of the County Code.
569 The property subject to this contract is located in, adjoins, or confronts
570 an area zoned agricultural. Residents and other occupants of property
571 near land in agricultural zones should be prepared to accept effects of
572 usual and customary agricultural operations, facilities, and practices,
573 including noise, odors, dust, smoke, insects, operation of machinery,
574 storage and disposal of manure, unusual hours of operation, and other
575 agricultural activities.

576 Under Maryland law, an agricultural operation is not a nuisance, and a
577 lawsuit may not be successful alleging that an agricultural operation
578 interferes with the use or enjoyment of other property, if the agricultural
579 operation:

- 580 (1) has continued for at least 1 year;
- 581 (2) complies with applicable health, environmental, zoning, and
582 permit requirements; and
- 583 (3) is not conducted negligently.

584 County law may provide additional protections for agricultural uses on
 585 agricultural-zoned land. For further information, contact the
 586 Montgomery County [Department of Economic Development] Office
 587 of Agriculture.

588 (b) A prospective buyer must indicate, by signing an addendum to the
 589 contract or a separate section of the contract printed in boldface type in
 590 a clearly demarcated box, that:

591 (1) the seller has provided the information required by subsection
 592 (a); and

593 (2) the buyer understands that:

594 (A) adjacent property may be the source of agricultural-related
 595 nuisances; and

596 (B) the buyer may obtain more information about these
 597 nuisances from the Montgomery County [Department of
 598 Economic Development] Office of Agriculture.

599 * * *

600 **44-47. Workforce Investment Scholarship Program.**

601 (a) *Definitions.*

602 *Board* means the Workforce Investment Scholarship Board created in
 603 Section 44-48.

604 *Director* means the Director of the Department of [Economic
 605 Development] Finance or the Director’s designee.

606 * * *

607 **Sec. 2. Applicability of Chapter 11B, Article XVI (“Service Contracts”).**

608 Any service contract, grant, or other agreement between the County and
 609 another person that encompasses any function that was performed by the Department

610 of Economic Development is exempt from Chapter 11B, Article XVI (“Service
611 Contracts”) under Section 11B-72(d)(1).

612 **Sec. 3. Collective bargaining notice.**

613 This Act serves as any notice required under Section 33-107(c)(17).

614 **Sec. 4. 2003 L.M.C., ch. 12, § 3 is repealed.**

615 The following law (2003 L.M.C., ch. 12, § 3) is repealed: “Marketing
616 Assistance. The Department of Economic Development must establish and
617 administer a fund, subject to appropriation, to provide marketing assistance to
618 County restaurants affected by the provisions of this law. The Department must
619 develop criteria for use of these funds and report to the Council quarterly on
620 expenditures from the fund.”

621 **Sec. 5. Montgomery Business Development Corporation.**

622 This Act revokes the designation of the Montgomery Business Development
623 Corporation as the County’s business development corporation.

624 **Sec. 6. References to the Department of Economic Development in
625 regulation.**

626 Reference to the Department of Economic Development in COMCOR
627 02.64L.01 (Silver Spring Enterprise Zone), COMCOR 02.64L.02 (Wheaton
628 Enterprise Zone), and COMCOR 02.64L.03 (Long Branch/Takoma Park Enterprise
629 Zone) is a reference to the Department of Finance.

630 Reference to the Department of Economic Development in COMCOR
631 02B.00.01 (Agricultural Land Preservation Districts and Easement Purchases) is a
632 reference to the Office of Agriculture.

633 Reference to the Department of Economic Development in COMCOR
634 15.12.01 (Fee Schedule for Food Service Facilities) is a reference to the Office of
635 Agriculture.

636 Reference to the Department of Economic Development in COMCOR
637 20.73.01.05(g) (Economic Development Fund - Award Process) is a reference to the
638 Montgomery County Economic Development Corporation and reference to the
639 Department of Economic Development in COMCOR 20.73.01.05(k) (Economic
640 Development Fund - Award Process) is a reference to the Department of Finance.

641 Reference to the Department of Economic Development in COMCOR
642 20.73.02 (Technology Growth Program) is a reference to the Department of Finance.
643 Section 20.73.02.05.b.5 (Program Operations) is amended as follows: "The Director
644 of the Department of Finance [must, upon request from the Director of the
645 Department of Economic Development,] may fund eligible projects with monies
646 from the Economic Development Fund designated for the Program."

647 Reference to the Department of Economic Development in COMCOR
648 20.76.01 (Strategic Plan) is a reference to the Montgomery County Economic
649 Development Corporation except the reference to the small business navigator
650 position in the Department of Economic Development in Section 20.76.01.02
651 (Definitions - Small Business Navigator) is a reference to the small business
652 navigator position in the Office of Procurement.

653 Reference to the Department of Economic Development in COMCOR
654 52.14.01 (Fuel Energy Tax for Agricultural Producers) is a reference to the
655 Department of Finance except that reference to the Department of Economic
656 Development in Section 52.14.01.05.A (Verification that Agricultural Producers
657 Meet the Eligibility Criteria) is a reference to the Office of Agriculture.

658 Reference to the Department of Economic Development in COMCOR
659 56.01A.01 (Financial Assistance to Demolish Commercial Properties) is deleted.

660 Reference to the Department of Economic Development in COMCOR Misc.
661 02 (Administration of the Glenmont Enterprise Zone) and COMCOR Misc. 03
662 (Burtonsville Enterprise Zone) is a reference to the Department of Finance.

LEGISLATIVE REQUEST REPORT

Bill 25-15

*Economic Development - Reorganization -
Montgomery County Economic Development Corporation*

- DESCRIPTION:** This Bill privatizes the County's economic development functions by (1) removing the designation of the County's Business Development Corporation and providing for the designation of a new non-profit corporation as the Montgomery County Economic Development Corporation; (2) eliminating the Department of Economic Development; and (3) transferring its functions to a newly created Office of Agriculture, the Department of Finance, and the Economic Development Corporation.
- PROBLEM:** There is a need to ensure greater alignment of resources with community needs and improve the County's competitiveness.
- GOALS AND OBJECTIVES:** Ensure greater alignment of resources with community needs and improve the County's competitiveness.
- COORDINATION:** Office of the County Executive, County Attorney.
- FISCAL IMPACT:** Requested.
- ECONOMIC IMPACT:** Requested.
- EVALUATION:** Subject to the general oversight of the County Executive and the County Council.
- EXPERIENCE ELSEWHERE:** In the national capital region, there are many examples of privatized economic development organizations acting as their jurisdictions' lead or primary point of contact for businesses, including Fairfax County, Washington, DC, Prince George's, Baltimore City, Howard County, and Anne Arundel County.

**SOURCES OF
INFORMATION:**

Edward B. Lattner, Chief
Division of Government Operations
Office of the County Attorney

Lily Qi
Special Projects Director
Office of the County Executive

APPLICATION n/a
WITHIN
MUNICIPALITIES:

PENALTIES: n/a

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Bill



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

RECEIVED
MONTGOMERY COUNTY
COUNCIL

May 15, 2015

TO: George Leventhal, President
County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Economic Development Reorganization—Montgomery County Economic
Development Corporation

I am attaching for Council introduction legislation to replace the Department of Economic Development (DED) and the Montgomery Business Development Corporation with a new nonprofit corporation, the Montgomery County Economic Development Corporation. The legislation would also transfer certain duties of DED to other County agencies, including a new Office of Agriculture within the Executive branch.

I made a decision to privatize the Department of Economic Development based on business community input, the neighboring jurisdictions' economic development organizational models, and most importantly, the profound changes in our economy. This is part of a larger effort to improve Montgomery County's economic competitiveness and better align our resources with the market dynamics and community needs for job growth. Other efforts underway include completion of a comprehensive economic strategy as a blueprint for future economic success and restructuring workforce development to create a central coordinating organization for all workforce strategies and programs for both employers and employees.

My staff stands ready to work with the Council on this important legislation, which I urge the Council to enact in the near future.

Attachments

- c: Timothy L. Firestine, Chief Administrative Officer
- Jennifer Hughes, Director, Office of Management and Budget
- Bonnie Kirkland, Assistant Chief Administrative Officer
- Lily Qi, Special Projects Director, Office of the County Executive
- Sally Sternbach, Acting Director, Department of Economic Development
- Marc Hansen, County Attorney





Frequently Asked Questions on Restructuring Economic Development in Montgomery County

County Executive Ike Leggett has decided to privatize the core functions of the Department of Economic Development by establishing a nonprofit public-private partnership as Montgomery County's lead economic development organization. Below are the most frequently asked questions about this move.

1. Why does Montgomery County want to privatize economic development functions?

The County Executive made a decision to privatize the Department of Economic Development based on community input, the neighboring jurisdictions' models, and most importantly, the profound changes in the region's economy and the competitive landscape. This is part of a larger effort to increase Montgomery County's economic competitiveness. Other similar moves include completion of a comprehensive economic strategy as a blueprint for future economic success and restructuring workforce development to create a central coordinating organization for all workforce strategies and programs for both employers and employees.

2. What does it mean to have a "private economic development organization?"

A new nonprofit 501c3 will be established as a public-private partnership to replace both the Department of Economic Development and the Montgomery Business Development Corporation (MBDC) as the lead economic development organization (EDO) for Montgomery County. The organization will have its own board and is not part of the Montgomery County government structure.

3. What are other examples of privatized economic development organizations?

In the National Capital Region, there are many examples of privatized economic development organizations acting as their jurisdictions' lead or primary point of contact for businesses, including the Fairfax County Economic Development Authority, the Washington, DC Economic Partnership, the Prince George's County Economic Development Corporation, the Baltimore Development Corporation, the Howard County Economic Development Authority, and the Anne Arundel Economic Development Corporation.

4. What does Montgomery County hope to achieve through this new economic development organization that it cannot achieve with the current structure?

By restructuring economic development functions, Montgomery County seeks to strengthen private-sector involvement in economic development, to be more nimble and adaptive to market changes and community needs, and to improve operational efficiency and effectiveness. Business operates at a much faster pace than most government services and, in order to be effective, the new organization needs to be responsive to businesses in their timeframe.

5. What is the estimated timeline?

It is the goal of Montgomery County government to have the new nonprofit incorporated and board members appointed and approved by January 2016. The organization is expected to be operational by late spring of 2016.

6. Would Montgomery County fund this new organization?

Yes. The Montgomery County government intends to fund the core functions of the new EDO. However, being a nonprofit corporation also enables the organization to raise or receive funds through grants, gifts, donations, fee for services, and other revenue sources.

7. How much does the County intend to fund the organization?

The new organization will be funded according to its scope of responsibility and at a level competitive to other comparable jurisdictions.

8. Would the new economic development organization have the exact same portfolio of responsibilities of the Department of Economic Development?

A majority of the current DED responsibilities will be transferred to the new EDO, especially those related to marketing, business attraction, business retention and growth, entrepreneurship and innovation programs. The functions that will be kept within the County government include Finance, Special Projects, Small Business Navigation, marketing of the Local Small Business Reserve Program, and Agricultural Services.

9. What would happen to the employees of the Department of Economic Development?

DED employees have years or even decades of excellent service to Montgomery County and the business community. We hope the new organization's leadership will recognize their value so those who wish to work with the new organization will find employment there. However, it will be a decision by the leadership of the new organization. As the transition unfolds, it is

anticipated that many DED employees will continue their services within the County government in different capacities, either because their functions will remain in the government, or because they choose to stay on as a County employee. Montgomery County government will make every effort to make the transition as smooth as possible.

10. What kind of board will this organization have and who appoints the board members?

An 11-member board will be appointed by the County Executive and approved by the County Council. In addition, there will be non-voting ex-officio members representing the County Executive, the County Council and the State's Office of the Secretary of Commerce. The board will be made of primarily private sector representatives with consideration for various industry sectors, geographical regions, company size, etc. Members will serve staggered terms with a combination of 1-year, 2-year and 3-year terms appointments to the initial board.

11. How can the County government ensure accountability of a private-sector-led economic development organization?

Montgomery County government provides budgetary oversight through contractual agreements with performance metrics with the EDO.

12. Who would manage the County's contractual relationship with this new organization?

There will be a designated senior staff person or function within the Office of the County Executive that will oversee the County's contractual relationship with this new EDO and facilitate its interaction with the rest of County government functions.

13. Who makes personnel and compensation decisions in the new organization?

The board of directors makes hiring and firing decisions of the Chief Executive Officer, who has the authority on all other personnel matters.

14. Does the County still have an active role in economic development with a privatized economic development organization?

Yes, economic development takes a village and there are many functions related to economic development that a local government performs, including land use, community development, transportation, etc. So creating this new EDO does not take away the County government's need to be actively engaged in economic development or provide overall leadership and vision on economic development.

15. Is the new organization subject to open meeting laws?

Yes, the new EDO is subject to the Open Meeting Act and Maryland Public Information Act similar to other County boards, committees and commissions. However, there are times when the board and its committees may need to have closed-door sessions for sensitive discussions related to certain businesses and prospects during negotiations, as is the case today.

16. Would this new organization be the first point of contact for businesses about doing business in Montgomery County?

Yes, as Montgomery County's lead economic development organization, the new EDO will be the first point of contact for start-ups as well as resident and prospective businesses about moving to, starting or growing a business in Montgomery County.

17. Would the new organization be responsible for implementing the comprehensive economic strategy that is under development?

The new EDO will play a major role in implementing the recommendations, but will not be solely responsible for implementing the strategic plan, which is much broader in scope than the new EDO's functions and will require active participation of both non-governmental and governmental agencies. The Office of the County Executive, which has been leading the development of the Comprehensive Economic Strategy, will continue to oversee the overall implementation and reporting of the strategic plan. The new EDO will assume leadership responsibility in developing a strategic plan beginning 2018 as required by County law.

18. How will this new EDO work with other economic development organizations?

As the County's lead EDO, the new organization is expected to take a leadership role in coordinating and facilitating marketing and business development functions, and for collaborating with partner organizations such as BioHealth Innovation, the new workforce development organization, etc.

19. What do you call this new organization?

For the purpose of incorporation, the new organization is called the Montgomery County Economic Development Corporation. The board of directors can decide on a new name later if it so chooses.

20. Who is the point of contact if we have more questions or want to provide input?

Please contact Lily Qi, Office of the County Executive, at lily.qi@montgomerycountymd.gov or 240-777-2524.

**Fiscal Impact Statement
Council Bill XX-XX
Economic Development Reorganization**

1. Legislative Summary.

Bill XX-15 will eliminate the Department of Economic Development (“DED”) as a principal department of the Executive Branch, and transfer certain duties of the Department of Economic Development to other County agencies. The Bill will also provide for the designation of a non-profit corporation as the Montgomery County Economic Development Corporation (“MEDC”) and assign certain duties to the new corporation. At the same time, the Bill will remove the designation of the County’s Montgomery Business Development Corporation and generally amend the County law governing economic development.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The current assumption is that there will be no net fiscal impact due to the implementation of this legislation, since the current resources allocated to DED would be reallocated to either other entities within County Government, the MEDC or the new entity managing the County’s workforce programs. The resources that are currently appropriated to DED would follow the functions to their new entities.

While not impacting the overall dollars, the information below outlines how the County Executive envisions the allocation of resources.

The proposed legislation would designate DED functions related to marketing, outreach, business development and assistance to the new MEDC. It is estimated that approximately \$6.23M of personnel and operating costs associated with those functions would be transferred to MEDC. For those existing DED functions remaining in County Government, including agricultural services, special projects, some finance and administration services related to the Economic Development Fund (EDF), and incentives funded through the EDF, an estimate of \$6.82M in personnel and operating budget will be transferred to other County departments. The funds currently allocated to DED workforce services, approximately of \$835K in General Funds and \$3.57M in grants, will be transferred to a new non-profit entity.

Reallocation of FY16 Approved DED and EDF Budgets to MEDC and Other County Agencies				
	FTEs	PC	OE	Total
DED Budget – General Fund	32.4	\$4,214,975	\$7,073,036	\$11,288,011
DED Budget – Grants			\$3,572,311	\$3,572,311
EDF Budget	1.0	\$129,000	\$1,724,591	\$1,853,591
NDA-Lease for DED Office Rental			\$622,462	\$622,462
NDA-Conference Center	1.0	\$118,314		\$118,314
Total	34.4	\$4,462,289	\$12,992,400	\$17,454,689
Transfer to MEDC				
19 DED positions and associated OE, including incubator programming, MBDC, and DED current lease.	19.0	\$2,402,544	\$3,822,522	\$6,225,066

Remain in other County departments				
Remaining DED positions and associated OE, including Agricultural Services, Special Projects, some Finance and Administration services, Small Business Navigator, Incubator financing, and the EDF operations.	12.4	\$1,659,619	\$5,162,487	\$6,822,106
Transfer Workforce Services to a new entity				
Workforce Services – General Funds and Grants	3.0	\$400,126	\$4,007,391	\$4,407,517

A specific timeline for transferring existing DED functions to MEDC is currently being developed. During the transitional period in FY16, the potential savings generated from the ramp down of DED functions are assumed to be sufficient to cover any potential costs associated with the creation of MEDC. Once the transition is complete and DED is eliminated, actual expenditure needs for MEDC's operations will be reassessed and presented to the Council for approval.

The impact of the proposed legislation on County revenue cannot be estimated as MEDC's impact to the County's economy is unknown at this time.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

Revenues and expenditures for the following five fiscal years will be re-evaluated once the transition from DED to MEDC is complete.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

The retiree pension or group insurance costs are expected to be reduced because of the reduced position count. An actuarial analysis will be performed later once the reduction of position count is finalized.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

No anticipated increase in expenditures will be associated with the transition. IT and ERP systems are already in place for those County agencies designated to absorb DED functions. The new MEDC will be a non-profit corporation setting up its IT systems without any connection to or support from the County's IT systems.

6. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

The success of MEDC in implementing the County's Economic Development Strategic Plan will impact future revenue and expenditures. It is too early to determine the fiscal impact.

7. An estimate of the staff time needed to implement the bill.

A team of senior managers from the County Executive's Office, the Office of the County Attorney, the Office of Human Resources, the Office of Management and Budget, and the Department of Economic Development will coordinate the transition of DED to MEDC. It is estimated that each agency would contribute on average 4-5 hours per week of staff time until the transition is completed.

9. An estimate of costs when an additional appropriation is needed.

As explained in Question 2, no additional appropriation is anticipated for FY16 based on the assumption of potential savings generated from the ramp down of DED functions. Future expenditure needs for MEDC will be reassessed once the transition is completed.

10. A description of any variable that could affect revenue and cost estimates.

The following are some factors which could affect revenue and cost estimates:

- Range of current DED duties to be transferred to MEDC – this could affect the MEDC's staff size, budget, office space and infrastructure needs, space sharing arrangements with partner organizations, and the number of contracts and MOUs with existing DED partners to be assumed or executed.
- Duration of transition period from DED to MEDC – this would determine whether some core DED services should continue to be offered by the County until MEDC is ready to assume those services.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

See response to Question 10.

12. If a bill is likely to have no fiscal impact, why that is the case.

Not applicable. The proposed legislation would have no net fiscal impact. See Question 2.

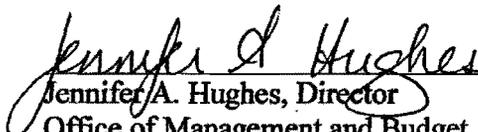
13. Other fiscal impacts or comments.

None

14. The following contributed to and concurred with this analysis:

Peter Bang, Chief Operating Officer, Department of Economic Development

Pofen Salem, Office of Management and Budget


Jennifer A. Hughes, Director
Office of Management and Budget

5/14/15
Date

Economic Impact Statement
Bill #-15, Economic Development Reorganization

Background:

This legislation would:

- Eliminate the Department of Economic Development (DED) as a principal department of the Executive Branch;
- Transfer certain duties of DED to other County agencies;
- Provide for the designation of a non-profit corporation as the Montgomery County Economic Development Corporation (MEDC);
- Assign certain duties to the MEDC; and
- Remove the designation of the County's Business Development Corporation.

1. The sources of information, assumptions, and methodologies used.

The source of information is the Department of Economic Development.

The Department of Finance (Finance) assumes that the reorganization of the County's economic development program will have a positive impact on the County's economy as the Montgomery County Economic Development Corporation (MEDC) will be formed to implement the County's new Economic Strategic Plan. As a non-profit organization, MEDC will be able to forge a better partnership with the County's business communities. However, Finance assumes that there is no economic impact attributed to the transfer of some of DED programs and initiatives to other County Agencies. Those programs and initiatives that are transferred will not change and result in similar economic impacts even after the establishment of MEDC.

2. A description of any variable that could affect the economic impact estimates.

Not applicable

3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

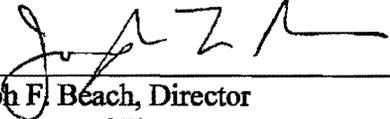
The transfer of duties and initiatives currently undertaken by DED and transferred to other County agencies will have no economic impact on employment, private spending, savings, investment, incomes, and property values in the County. However, the establishment of MEDC will have a positive impact on the County's economy.

4. If a Bill is likely to have no economic impact, why is that the case?

See paragraph #3

Economic Impact Statement
Bill #-15, Economic Development Reorganization

5. **The following contributed to or concurred with this analysis:** David Platt and Rob Hagedoorn, Finance; Peter Bang, Department of Economic Development.



Joseph F. Beach, Director
Department of Finance

5/11/15

Date