

**Worksession**

**MEMORANDUM**

April 12, 2011

TO: Planning, Housing and Economic Development Committee

FROM: Justina J. Ferber, Legislative Analyst

SUBJECT: Worksession - Executive's Recommended FY12 Operating Budget -  
**Department of Economic Development (DED)**  
**CIP: Agriculture Land Preservation Easements**

Those expected for this worksession:

Steve Silverman, DED Director  
Tina Benjamin, Chief of Staff, DED  
Peter Bang, Chief, Finance, Administration and Special Projects Division, DED  
Jeremy Criss, Chief, Agricultural Services, DED  
Barbara Kaufmann, Chief, Workforce Services  
Allison Dollar, Management and Budget Specialist, OMB

The Executive's Recommended FY12 Operating Budget for the Department of Economic Development (DED) can be found on pages 57-1 to 57-8 of the budget. A copy is attached at ©1.

**Overview**

For FY12 the Executive recommends an operating budget of \$8,184,330 for the Department of Economic Development (DED); this includes approximately \$2.3 million in grant funding for Workforce Services. The overall DED budget has decreased \$444,840 or 5.2% from FY11. Not included in the FY12 budget are \$588,000 and 4.2 workyears charged to the CIP for the Agricultural Preservation Program; \$120,540 and 1.0 workyear charged to the Economic Development Fund, and \$116,170 and 1.0 workyear charged to the Conference Center.

The Executive recommends a net decrease of five positions with 1.2 workyears shifting to the Agricultural Preservation CIP. Total workyears proposed in the DED FY11 budget are 24.5 compared to 30.8 workyears in FY11 and 40.8 workyears in FY10. Lapse for the department is budgeted at \$31,462 for 0.5 workyears. Departmental accomplishments are outlined on page 57-1 of the budget.

DED (in \$000's)	FY09 Actual	FY10 Actual	FY11 Approved	FY12 CE Recommended	% Change FY11-FY12
<b>Expenditures:</b>					
General Fund	8,408,186	7,199,510	6,285,150	5,840,310	-7.2%
Grant Fund	2,510,613	3,930,827	2,344,020	2,344,020	0%
<b>TOTAL Expenditures</b>	<b>10,918,799</b>	<b>11,130,337</b>	<b>8,629,170</b>	<b>8,184,330</b>	<b>-5.2%</b>
<b>Positions:</b>					
Full-time	49	46	38	33	-13.2%
Part-time	3	3	3	3	0%
<b>TOTAL Positions</b>	<b>52</b>	<b>49</b>	<b>41</b>	<b>36</b>	
<b>WORKYEARS</b>	<b>45.6</b>	<b>40.8</b>	<b>30.8</b>	<b>24.5</b>	<b>-20.5%</b>

Workyear Changes in DED	Workyears	Expenditures	Program
<b>New positions for FY12</b>	0	0	
<b>Positions Eliminated for FY12</b>			
Abolish Business Development Specialist	-1	(\$117,950)	Marketing
Abolish Business Development Specialist	-1	(\$147,240)	Bus Emp
Abolish OSC in Incubator Program	-1	"	Bus Emp
Abolish Program Manager	-1	(\$90,670)	Workforce
Abolish Sr. Business Development Specialist and reallocate a portion to operating expense	-1	(\$52,820)	Spec Proj
<b>Positions Reallocated/Lapsed</b>			
Shift PT Ag Services PAA to Ag Pres CIP	-0.8	(\$129,930)	Ag Serv
Shift Resource Conservationist to Ag Pres CIP	-1	"	Ag Serv
Decrease Cost of Sr Financial Specialist Finance	-1	(\$53,800)	Finance
Continue to Lapse Marketing Manager	0	\$0	Marketing
<b>Furloughs (add back)</b>	1.2	\$81,430	
<b>Technical Adjustments</b>	0	\$0	
<b>Annualization of FY10 Personnel Costs</b>	-0.3		

Workyears shifted for Ag Services will be discussed later in the packet since there is confusion whether the shift is for 1.2 or 1.8 workyears.

### Expenditure Issues

Additions to the DED budget are for increased costs for the condo fees at the Rockville Innovation Center (\$22,800); energy costs for the Incubator Program (\$260,120); property tax increase at Rockville Innovation Center (\$35,250) and budget adjustments for all departments (\$1080 Help Desk, \$1510 Motor Pool, \$1980 Printing and Mail adjustments; \$81,430 restoration costs of furloughs).

### Organizational Chart

# Department of Economic Development -- FY12

CE Recommended Budget

General Fund	
36 Positions (24.5 WY)	
Operating: \$2,765,070	
Personnel: \$3,075,240	
Total:	\$5,840,310
Grant Fund	
Operating \$2,344,020	
Grand Total:	\$8,184,330

Director's Office, Administration and Finance	
6 Positions (3.5 WY) <sup>A</sup>	
Operating	Personnel
\$1,971,204	\$541,676
Total:	\$2,512,880
% of budget:	43%

## Change from FY11 CC Approved Budget

\$(844,440) or -13%

—not included in chart—

- A. 1.0 workyear charged to the EDF
- B. 4.2 workyear charged to the Ag Services CIP
- C. 1.0 workyear charged to the Conference Center NDA

Business Empowerment	Agricultural Services	Marketing and Business Development	Workforce Investment Services	Special Projects
7 Positions (7.0 WY)	11 Positions (3.0 WY) <sup>B</sup>	5 Positions (5.0 WY)	3 Positions (3.0 WY)	4 Positions (3.0 WY) <sup>C</sup>
Operating	Operating	Operating	Operating	Operating
\$60,800	\$191,721	\$231,862	\$287,283	\$22,200
Personnel	Personnel	Personnel	Personnel	Personnel
\$891,380	\$302,499	\$606,338	\$338,317	\$395,030
Total:	Total:	Total:	Total:	Total:
\$952,180	\$494,220	\$838,200	\$625,600	\$417,230
% of budget:	% of budget:	% of budget:	% of budget:	% of budget:
16%	8%	14%	11%	7%

- \$1,971,204 in Operating Budget of Finance & Administration funds \$1,733,055 for the operations of 5 Business Incubators.
- \$231,862 in Operating Budget of Marketing and Business Development funds \$77,000 for the Program Partners (GWI, HTC, MC, WTCI).
- \$287,283 in Operating Budget of Workforce Investment Services funds \$250,000 for the Latin American Youth Center for youth programs.
- \$191,721 in Operating Budget of Agricultural Services funds \$160,241 for the Cooperative Extension Service (UMD), and \$8,280 in SCD.
- \$60,800 in Operating Budget of Business Empowerment funds \$30,000 for the federal SBDC program in the County.

**Budget Impact:** Council staff requested the department's comments on the impact of staffing reductions on DED's work plan – *A Vision for Economic Development in Montgomery County*.

**DED's Response:** With five positions being eliminated (one vacant professional position, one administrative assistant position, and three filled professional positions) in the FY12 budget, DED will have to reassess resource requirements on various action items under its four strategic areas. Staff work programs and assignments will be adjusted to ensure that most of the significant action items underway are completed before any new assignments are undertaken. The number of planned action items that have not started yet or initiated action items with slow progress will be delayed until resources are freed up.

**Fees:** The Department was asked if there are current fees and charges associated with DED programs that should be reviewed. Do other jurisdictions charge fees which DED would consider?

**DED's Response:** DED currently does not operate any programs with regularity to generate revenues from fees or charges. However, on occasion, DED in partnership with other resource partners provides seminars or technical training/workshops where a nominal fee (\$10-\$25 range) is collected to partially offset the event/material costs, and ensure stronger participation from attendees.

**MBDC:** DED was asked for an update on the progress of the Montgomery Business Development Corporation.

**DED's Response:** Montgomery Business Development Corporation (MBDC) held two strategy setting meetings to date. DED and CountyStat Offices provided MBDC with vast amounts of program information and performance data. We believe MBDC will establish its strategic plan towards the end of FY11 or early FY12 and present it to the County Executive and the County Council.

## **Budget Review**

Council staff's review of the Department of Economic Development's FY11 budget issues aligns with DED's six program areas, listed below.

- Marketing and Business Development Division
- Business Empowerment Division
- Division of Workforce Services
- Agricultural Services Division
- Special Projects Division
- Finance and Administration

## **Marketing and Business Development Division (MBD)**

<b>Marketing and Business Development (MBD)</b>			
<b>FY12 Expenditures</b>		<b>\$838,200</b>	<b>FY12 5.0 Workyears</b>
<b>FY11 Expenditures</b>		<b>\$873,190</b>	<b>FY11 5.8 Workyears</b>
-\$117,950; -1.0 wy	Abolish Sr.Business Development Specialist Position		
-\$5,000	Decrease Cost: World Trade Center Institute Support		
-\$10,000	Decrease Cost: Technology Council of Maryland Support		
\$97,960; 0.2 wy	Miscellaneous adjustments – restoration of furloughs, employee benefit changes, departmental reorganization, etc.		

The Marketing and Business Development program conducts DED's outreach and promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses in an effort to increase the number of businesses and organizations created, attracted, retained, and expanded in the County. This program coordinates with the Maryland State Department of Economic Development and the Conference and Visitor's Bureau. The program is described in more detail on ©2.

### **Personnel Complement (workyears)**

<b>Marketing and Business Development Staffing</b>		<b>FY11</b>	<b>FY12</b>
Sr. Business Development Specialists		6.0	5.0
Offices Services Coordinator		1.0	Shifted & abolished
Marketing Manager* position exists but is not budgeted			
		<u>7.0</u>	<u>5.0</u>

Marketing and Business Division	FY12	\$838,200	5.0 Workyears
Budget history	FY11	\$873,190	5.8 Workyears
FY09 to FY 12	FY10	\$1,652,260	9.5 Workyears
	FY09	\$1,913,380	12.0 Workyears

Operating expenses for Marketing for FY12 are approximately \$300,000. DED will have to be creative in its marketing efforts in FY12.

### **Staff Comments**

- The Marketing Director position has been vacant for three and ½ years. Funding for the position and also the workyear has been removed from the DED budget. The position still exists.
- The marketing budget is substantially reduced and \$232,400 is budgeted for marketing efforts which is approximately 5.6% less than FY11.

**Proposed FY12 Marketing Plan.**

**783001010 - Marketing and Business Development**

Operating Expenses	SUBJECT CODE	FY12 BUDGET	FY12 Planned	NOTE
<b>MBD</b>				
Information Systems Services	2022	27,020	27,100	Costar/Salesforce Contract
Marketing (collateral materials)	2049	15,000	30,000	Webpage improvement
Consultant Services	2095	0	0	
Metropolitan Area Travel	3400	5,000	4,000	
Local Conference	3500	4,300	2,000	
Non-Local Conference	3501	14,000	2,000	
Advertising	3602	41,000	15,000	
BIO	3603	45,842	60,000	BIO 2012--Chicago: 4-5 staff participation
Professional Membership	3700	4,000	500	IEDC
Subscriptions/Dues	3749	1,000	800	
Souvenirs	4006	5,000	1,000	For BIO
Sponsorships	5010	14,700	12,000	
AT&T National	5050	0	0	
Special Meetings/Events	5051	5,000	2,000	
Other Boards (ACMC)	5149	0	0	
Misc Expenses	6999	0	1,000	
<b>SUBTOTAL</b>		<b>181,862</b>	<b>157,400</b>	

Program Partners	SUBJECT CODE	FY12 BUDGET	FY12 Planned	NOTE
GWI	3701	25,000	25,000	County's due for regional partnership
High Tech Council	3701	20,000	20,000	Partnership for several events/programs
WTCI	3701	5,000	5,000	Annual Embassy Day Sponsorship
Montgomery County Chamber	3701	0	25,000	Partnership for four events
<b>SUBTOTAL</b>		<b>50,000</b>	<b>75,000</b>	

<b>TOTAL MBD Programs</b>		<b>231,862</b>	<b>232,400</b>	
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**Projected Balance**

**(\$538)**

**FY11 Marketing Program activities and expenditures.****FY11 - Marketing and Business Development**

Operating Expenses	SUBJECT CODE	FY11 BUDGET	FY11 Expenditures	NOTE
<b>MBD</b>				<b>Expenditures as of 3/27/2011</b>
Information Systems Services	2022	27,020	27,887	Costar & Salesforce Contract
Marketing (collateral materials)	2049	15,000	0	
Metropolitan Area Travel	3400	5,000	8,752	
Local Conference	3500	4,300	1,807	
Non-Local Conference	3501	14,000	0	
Advertising	3602	39,000	39,970	\$30,000 for FY11 Savings Plan
BIO	3603	45,842	58,000	\$50,000 for sponsorship, \$4,500 for booth
Professional Membership	3700	4,000	500	IEDC
Subscriptions/Dues	3749	1,000	800	WSJ, WP, BJ
Souvenirs	4006	5,000	750	Bag tags for BIO event
Sponsorships	5010	14,700	11,000	
AT&T National (Golf Tournament)	5050	0	0	
Special Meetings/Events	5051	5,000	0	
Other Boards (ACMC)	5149	0	0	
Misc Expenses	6999	0	562	For meetings with prospect companies
<b>SUBTOTAL</b>		<b>179,862</b>	<b>150,028</b>	

Program Partners	SUBJECT CODE	FY11 BUDGET	FY11 Expenditures	NOTE
GWJ	3701	25,000	25,000	County's dues for regional partnership
High Tech Council	3701	30,000	30,000	Partnership for several events/programs
Montgomery County Chamber	3701	0	27,500	Partnership for five events
WTCI	3701	10,000	7,000	Annual Embassy Day Sponsorship
<b>SUBTOTAL</b>		<b>65,000</b>	<b>89,500</b>	

<b>TOTAL MBD Programs</b>		<b>244,862</b>	<b>239,528</b>	
<b>Balance</b>			<b>\$5,334</b>	

**STAFF RECOMMENDATION: Approve the Marketing Division budget for \$838,200.**

### **Business Empowerment Division (DBE)**

<b>Business Empowerment Program (DBE)</b>	
<b>FY12 Expenditures \$952,180</b>	<b>FY12 7.0 Workyears</b>
<b>FY11 Expenditures \$1,059,660</b>	<b>FY11 7.8 Workyears</b>
-\$5,000	Decrease cost: Small Business Development Center Support
-\$147,240; -2.0wy	Abolish 2 Incubator positions – Business Dev. Specialist & OSC
\$44,760; 1.2 wy	Miscellaneous adjustments – restoration of furloughs, employee benefit changes, departmental reorganization, etc.

The Business Empowerment Program provides a variety of programs and services to the County's small and minority business community. This program manages the business incubator program and small and minority business service programs. The program is described in more detail on ©2-3.

### **Personnel Complement (workyears)**

<b>Business Empowerment Program (DBE)</b>	<b>FY11</b>	<b>FY12</b>
Manager III	1.0	1.0
Sr. Business Development Specialists	5.0	4.0
Principal Administrative Aide	1.0	1.0
Minority Business Affairs Manager	<u>1.0</u>	<u>1.0</u>
	8.0	7.0

The major change in this division is the abolishment of two Incubator positions; a Business Development Specialist and an Office Services Coordinator (see Marketing).

DBE was created to comprehensively address the needs of the small and minority business community within Montgomery County. DBE provides information and referral to thousands of Montgomery County citizens with direct assistance to hundreds of small businesses. Assistance is provided in the following major areas: 1) financing; 2) property relocation; 3) marketing; 4) partnerships; 5) mentoring; 6) Innovation Network tenancy; 7) workforce development; 8) procurement and MBE certification assistance; and 9) MicroLoan Program. DBE's ability to deliver services to a broad range of small businesses within the County is affected by budget reductions.

**Incubator Program.** The Montgomery County Business Innovation Network is a program operated by the Department of Economic Development. The mission of the program is to create a positive economic impact to the County by supporting the growth and development of local small businesses. These businesses are located in the incubator facilities for a short period of time with support on business training, access to resources and concentrated networking.

Currently, the incubator network includes five facilities:

- Germantown Innovation Center – 94% occupied; 31 tenants
- Rockville Innovation Center – 87% occupied; 33 tenants
- Shady Grove Innovation Center (formerly MTDC) – 92% occupied; 49 tenants
- Silver Spring Innovation Center – 100% occupied; 30 tenants
- Wheaton Business Innovation Center – 100% occupied; 25 tenants



**Issue:** During the last several budget discussions, the PHED Committee expressed concern about the rise in costs each budget year for incubators. The Committee was advised that DED was working to stabilize costs. The DED explanation for cost increases for FY12 is explained in the discussion under the Finance and Administration section of this packet.

<b>Innovation Centers</b>	<b>Year Established</b>	<b>Location</b>	<b>Occupancy Rate</b>	<b>Number of Current Tenants</b>	<b>Est. Number of Employees</b>	<b>Number of Graduates in 2011</b>
Shady Grove Innovation Center (SGIC)	1999	Rockville	92%	49	223	3
Silver Spring Innovation Center (SSIC)	2004	Silver Spring	100%	30	134	3
Wheaton Business Innovation Center (WBIC)	2006	Wheaton	100%	25	69	1
Rockville Innovation Center (RIC)	2007	Rockville	87%	33	74	4
Germantown Innovation Center (GIC)	2008	Germantown	94%	31	102	0

#### **Staff Recommendation**

➤ Staff recommends approval of the Business Empowerment Division budget as submitted.

#### **Division of Workforce Services (DWS)**

<b>Workforce Services (DWS)</b>	
<b>FY12 Expenditures \$2,969,620</b>	<b>FY12 3.0 Workyears</b>
<b>FY11 Expenditures \$3,268,820</b>	<b>FY11 3.8 Workyears</b>
\$200,000; 0wy	Add: Latin American Youth Center Workforce Development for Youth
-\$90,670; -1.0WY	Abolish Program Manager II position
-\$372,500	Reduction in Workforce Services
-\$36,030; 0.2wy	Miscellaneous Adjustments – restoration of furloughs, employee benefit changes, departmental reorganization, etc.

The Workforce Services Division (DWS) administers the funding tied to the Federal Workforce Investment Act of 1998 and oversees the performance of the local workforce investment system. This includes the administration of all federal workforce and job training funds and the oversight of two one-stop career centers. DWS is advised by a Workforce Investment Board (WIB) composed of business representatives and community leaders and public officials. The program is described in more detail on ©3.

#### **Personnel Complement (workyears)**

<b>Workforce Services</b>	<b>FY11</b>	<b>FY12</b>
Manager III	1.0	1.0
Sr. Financial Specialist	1.0	1.0
Program Manager II	1.0	---
Program Manager I	1.0	1.0
	<u>4.0</u>	<u>3.0</u>

DWS funds support employment services offered at the two MontgomeryWorks One-Stop locations. Services offered at these locations include vocational assessment, job readiness, job training, job placement and job retention services. The One-Stops serve dislocated workers, low-income adults, older workers, disadvantaged youth, and individuals with disabilities, as well as small and large businesses. There are two locations - Westfield Mall (Wheaton) and the Upcounty Center in Germantown.

#### **Workforce Development Funding Sources for FY12**

<b>DIVISION OF WORKFORCE SERVICES FUNDING</b>	<b>FY 11</b>	<b>FY 12 Estimated</b>
<b>FEDERAL WORKFORCE INVESTMENT ACT FUNDS - WIA</b>		
	\$2,137,033	\$2,137,033
MARYLAND BUSINESS WORKS (FEDERAL)	\$46,673	\$46,673
RAPID RESPONSE (FEDERAL)	\$47,000	\$25,000
EARLY INTERVENTION (STATE/FEDERAL)	\$216,275	\$216,275
MD STATE GENERAL & STATEWIDE – FOREIGN TRAINED HEALTH CARE	\$103,000	\$85,000
DISABILITY NAVIGATOR (FEDERAL)	\$90,000	\$0
SUMMER YOUTH CONNECTION	\$6,968	\$6,968
WIA INCENTIVE	\$12,897	\$0
T A N F	\$191,826	\$0
ARRA FUNDS - STATEWIDE YOUTH SUPPLEMENTAL	\$29,033	\$0
ARRA FUNDS - STATEWIDE INCENTIVE	\$65,000	\$0
ARRA FUNDS - ON THE JOB TRAINING	\$191,400	\$0
ARRA FUNDS - STATE ENERGY GRANT	\$182,776	\$0
<b><u>TOTAL</u></b>	<b><u>\$3,319,881</u></b>	<b><u>\$2,516,949</u></b>
<b><u>COUNTY WORKFORCE FUNDING</u></b>	<b><u>FY 11</u></b>	<b><u>FY 12 Estimated</u></b>
GENERAL ONE-STOP ACTIVITIES	\$100,000	\$0
SALES & SERVICE CENTER	\$160,000	\$0
COUNTY GANG PREVENTION CONTRACTED POSITION	\$62,500	\$0
YOUTH PROGRAM	\$50,000	\$0
SUMMER YOUTH EMPLOYMENT	\$50,000	\$50,000
<b><u>TOTAL</u></b>	<b><u>\$422,500</u></b>	<b><u>\$50,000</u></b>

**DED responded to questions from Council staff:**

- Explain the \$200,000 for the Latin American Youth Center (LAYC). Will DED establish performance measures and provide evaluation and oversight?

The funds are proposed to serve older youth, ages 18-23 years, who like those who were served by the Conservation Corps, are either unemployed, recently released from incarceration or have some barrier to employment.

DED is still working with LAYC and HHS to define the program and the outcomes based on the capacity of LAYC and the available of funds while respecting the spirit of Conservation Corps.

- Describe the Workforce Investment program proposed for FY12 and the differences between the FY12 program and the FY11 program.

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The elimination of the following county funds which support MontgomeryWorks and the effects are:

- ☐ General One-stop activities (\$100,000). The elimination of the \$100,000 will mean the reduction of workforce services in the Montgomery County. DED is still discussing the impact with the contractor. One possibility is the reduction of workforce services at the Montgomery County Correctional Facility (MCCF) and the follow-up services for ex-offenders at the One-stop Centers in Wheaton and Germantown. In FY 10, some 447 were served by the one-stop center at MCCF and over 1,000 ex-offenders received services at the one-stop centers. This number included those incarcerated in a variety of settings – federal, state, and county.
- ☐ Sales and Service Learning Center (\$160,000). The staff of Sales and Service Learning Center is part of MontgomeryWorks Business Services. Among their responsibilities are organizing recruitments and job fairs. Staff also assists job fairs, sponsored by others by recruiting employers, providing resume and interviewing advice to job seekers, and outreach on the services of MontgomeryWorks. In FY 10, MontgomeryWorks organized or participated in six job fairs with more than 123 employers and 30 recruitments for 16 employers, including the successful Home Depot for two of its stores which resulted in jobs for almost 200 people. Total number of individuals who attended job fairs and recruitments was 8640 (recruitments were 1390 of the total). Some 474 jobs offers were made because of these recruitments and job fairs. Without the Sales and Service Learning funds, recruitments and job fairs will decrease substantially.

Elimination of the following support for Maryland Multicultural Youth Center

- ☐ Gang reduction (\$62,500)
- ☐ General youth program funding (\$50,000)

The gang reduction funds provide staff in the Montgomery County Correctional Facility for job readiness training to gang involved youth. Generally, 20-40 youth were served last year.

The general youth program funding allows youth who do not meet the WIA eligibility requirements to be served. This, along with dollars received from other sources by LAYC allowed 200 youth to be served.

- Identify all Workforce Investment funding sources for FY12 compared to FY11.

Most of the funding to be received for FY12 is unknown at this time. The funds Montgomery County receives through a formula from the State and other grants received from the State are part of the Federal government's FY11 budget which is still under debate in Congress. Neither the US Department of Labor nor the Maryland Department of Labor, Licensing and Regulation can indicate the amount of dollars Montgomery County will receive through the formula. Also, all of the state grants are part of the state's workforce investment act allocation so the total of other workforce act grants is uncertain.

Since DED doesn't know the FY12 funding level at this time due to the Federal budget climate, we are using the same level of funding as in FY11 for planning purposes.

**Issue: Will DED have the time and expertise to oversee the Latin American Youth Center contract and program?**

#### **ORC Recommendation**

Organizational Reform Commission Recommendation No. 7 recommends that the County enable the Workforce Investment Board and the Division of Workforce Services (DWS) to coordinate oversight of the workforce grants awarded by the Executive and Council. The County Executive supported the recommendation with the following exceptions:

- The DWS contractors should only work with the grantees to increase their knowledge and skills.
- The DWS should oversee grants and develop the network among the grantees.
- Checks are issued by the Department of Finance. Therefore, there would be no assumption about lower costs due to oversight of grants by the one-stop operator.
- Assigning DWS contractors to oversee other contractors would be problematic.

The Council agreed with the PHED Committee's recommendation to support ORC Recommendation No. 7 with conditions. The Council agreed with the Executive's comments as they relate to Executive branch grants; thus, if the Executive branch wishes the Workforce Investment Board to review workforce grants, the Board can do so. As for Council grants for FY12, Council staff will identify those grants that are workforce related. The Council will review them to determine if the Grants Advisory Committee should submit such grants for review by the Workforce Investment Board for FY13. No further action needs to be taken by the PHED Committee.

#### **Staff Recommendation**

- **Staff recommends the Latin American Youth Center Workforce Development for Youth contract be returned to HHS and the Committee approve the Division of Workforce Services budget with that shift.**

## **Agricultural Services Division**

<b>Agricultural Services</b>	
<b>FY12 Expenditures \$494,220</b>	<b>FY12 3.0 Workyears</b>
<b>FY11 Expenditures \$631,780</b>	<b>FY11 4.6 Workyears</b>
-\$129,930; -1.8wy	Shift funding of. Resource Conservationist and PT PAA to Ag Preservation CIP
-\$7,630; 0.2wy	Miscellaneous adjustments – restoration of furloughs, employee benefit changes, departmental reorganization, etc.

Agricultural Services promotes the preservation of farmland and the promotion of agriculture as a viable component of the County business and economic sector. The Soil Conservation Service and the Cooperative Extension Service are included in this program. For FY12 \$588,000 and 4.2 workyears are charged to the CIP. The program is described on ©4.

### **Personnel Complement (workyears)**

<b>Agricultural Services (including MSCD)</b>	<b>FY11</b>	<b>FY12</b>
Manager II	1.0	1.0*
Sr. Business Development Specialists	2.0	2.0*
Business Development Specialists III	1.0	0.5*
Resource Conservationist	1.0	1.0*(0.2 to CIP)*
Principal Administrative Aide	2.8	2.8*(1.8 to CIP)*
	7.8	7.3

\*Some or all of these positions are charged to the CIP. The number of workyears being charge to the CIP needs to be clarified.

## **Background**

The County's Agricultural Land Preservation Easements Capital Program is administered by the County's Agricultural Services Division in the Department of Economic Development. The Agricultural Land Preservation Easements Program protects and preserves agricultural land from development with the goal of retaining a significant farming sector. In 2009, Montgomery County achieved its farmland preservation goal of protecting over 70,000 acres of farmland (71,353 acres). Preservation of agricultural land is accomplished under five separate programs: MC Agricultural Easements Program, MD Ag Land Preservation Foundation Program, MC Transferable Development Rights Program, Maryland Environmental Trust Program, and Rural Legacy Program.

## **CIP Project**

The Agricultural Land Preservation Easements PDF can be found on ©9-10. The recommended appropriation for the FY12 Capital Budget for the Agricultural Land Preservation Easement Capital Program is \$3,379,000. A portion of the Agricultural Preservation Program is funded through the State Agricultural Land Transfer Tax that is levied when farmland is sold and removed from agricultural status and the remainder is funded by investment income. Montgomery County is permitted to retain 75 percent of the revenue from the Agricultural Land Transfer Tax for the purpose of agricultural land preservation. There are legal constraints for the use of the Agricultural Transfer Tax. Investment income also funds the program. The use of investment income is directed by the Council and OMB.

In FY11 the PHED Committee unanimously recommended the Council add \$5,000,000 in GO bond funding to the Executive's recommendation on the Agricultural Land preservation project to supplement declining Agricultural Transfer Tax revenues. At the conclusion of the FY11 budget \$2,000,000 was designated for GO bonds in FY11 and \$2,000,000 in FY12.

The PHED Committee unanimously agreed to sponsor legislation to amend Chapter 20 of the Finance Section of the County Code to allow GO bond funding to be used for the Agricultural Land Preservation program. Expedited Bill 8-10, Finance – Public Facilities – Agricultural Easements, was enacted on May 4, 2010.

#### **Issues:**

In FY11 the PHED Committee urged DED to charge additional positions to the CIP and the response was that when income in the Agricultural Services CIP could sustain additional positions they would migrate to the CIP. For FY12 several additional workyears will be moved to the CIP.

There is confusion because the operating budget attributes 1.8 new workyears to the CIP; however, the Department and the PDF attribute 1.2 new workyears for a total 4.2 workyears in the CIP.

**Question: If 4.2 workyears for the CIP is correct, what happens to the remaining 0.6 workyears that was to be shifted to the CIP in the operating budget document?**

#### **Charged to the CIP in FY11**

In FY11 investment income funded operating expenses to run agricultural programs:

1.0 wy	Business Development Specialist III
1.0 wy	Business Development Specialist I
1.0 wy	MLS Manager II;
3.0 wy for FY11	
	Deer Donation Program \$30,000
	Montgomery Weed Control Program \$10,000
	Cooperative Extension Partnership \$31,000

**FY12 CIP Amendment** - On March 15 the County Executive submitted a CIP amendment for Council consideration. The Agricultural Land Preservation Easements Capital Program PDF No. 788911 was amended to --

- update the PDF for FY12 agricultural services charged to the program
- adjust investment income for FY12 to FY16

**FY12 Agricultural Land Preservation Easements PDF No. 788911** - FY12 estimated investment income expenditure before partial closeout adjustments is \$588,000 and is made up of:

1.0 wy	Business Development Specialist III
0.5 wy	Business Development Specialist I
1.0 wy	MLS Manager II;
1.7	workyears Principal Administrative Aides
0.2	workyears for Resource Conservationist
4.4 wy for FY12*	

Deer Donation Program \$30,000  
 Montgomery Weed Control Program \$10,000  
 Cooperative Extension Partnership \$72,000

\*The PDF was subsequently revised to reflect 4.2 workyears. However, the verbiage in the operating budget document states that 1.8 workyears will be shifted to the CIP.

**DED's Explanation of the CIP funding follows:**

- | <b><u>Employee name and job class</u></b> | <b><u>Work Year</u></b> | <b><u>Source of Funds</u></b>   |
|---|-------------------------|---|
| Manager II                                | 1.0 work year           | Investment Income   |
| Business Dev Spec III                     | 1.0 work year           | Investment Income   |
| Business Dev Spec I                       | 0.5 work year           | Investment Income   |
| PAA                                       | 0.25 work year          | Investment Income   |
| PAA                                       | 0.25 work year          | Investment Income   |
| Vacant PAA                                | 1.0 work year           | Investment Income/ MCFB Contribution \$21,000 and UME Contribution \$10,000 |
- | <b><u>Employee name and job class</u></b> | <b><u>Work Year</u></b> | <b><u>Source of Funds</u></b> |
|---|-------------------------|-------------------------------|
| Business Dev Spec III                     | 0.1 work year           | MSCD Contribution \$10,000    |
| Resource Conservationist                  | 0.1 work year           | MSCD Contribution \$10,000    |
- **Program & Source of Funding**

Montgomery Weed Control Program:	\$10,000	This represents the normal DED contribution-DOT funding \$22,000 will be provided by DED for FY12
Deer Donation:	\$30,000	This program usually costs \$20,000 annually and savings was used to fund a portion of DOT funding for Weed Control
UME State Partnership	\$72,000	
- **4.2 work years and programs charging \$588,000 in Investment Income and \$51,000 in Private Contribution for a total of \$639,000**

**Staff Comments recommendations**

- Staff recommends approval of the amendment to the Agricultural Land Preservation Easement Capital Program PDF No. 788911 as revised on April 8 to shift 1.2 workyears to the CIP for a total 4.2 workyears.
- Staff recommends approval of the Division of Agricultural Services budget with corrections to CIP shifts.

## **Special Projects Division**

<b>Special Projects</b>	
<b>FY12 Expenditures \$417,230</b>	<b>FY12 3.0 Workyears</b>
<b>FY 11 Expenditures \$564,960</b>	<b>FY11 4.0 Workyears</b>
-\$52,820; -1.0wy	Abolish Special Projects position and reallocate portion to OE
-\$94,910; 0 wy	Miscellaneous Adjustments– restoration of furloughs, employee benefit changes, departmental reorganization, etc.

The Special Projects division administers all aspects of DED's public-private partnerships programs, encompassing the Department's capital projects, legislative activities, strategic planning endeavors and new program development. The program is described in more detail on ©4-5.

### **Personnel Complement (workyears)**

<b>Special Projects</b>	<b>FY11</b>	<b>FY12</b>
Manager II	1.0	1.0
Sr. Business Development Specialists	4.0	3.0*
	5.0	4.0 (1.0 to CC)*

\*One Sr. Business Development Specialist charged to Conference Center

### **DED provided the following comments:**

#### **Division of Special Projects Program Areas (created in mid-FY10):**

- Oversee the Department's capital projects, including: the Conference Center (and any additional development on the site), Shady Grove Life Sciences Center, East County Center for Science and Technology and related endeavors.
- Engage in master planning, zoning rewrite and other land-use activities. Act as the Department's ombudsman with respect to land-use and permitting issues.
- Monitor State legislation affecting the business community and develop County legislation supporting the business community.
- Spearhead efforts to retain and attract Federal agencies in the County, activities of which include County Executive visits to all existing Federal agencies in the County; staff visits with Federal real estate directors, Federal Leasing Outlook forum, and strategic planning for future growth. Notable updates include the retention of HHS at the Parklawn building, and the groundbreakings for the Nuclear Regulatory Commission and the National Cancer Institute.
- Direct the Department's communication activities, including its web site, marketing materials, press activities, event management and business communication vehicles such as bi-weekly e-newsletter, email blasts, and related social media tools. Assist private sector entities with press/media events.
- One Special Projects position will be abolished and a portion reallocated to operating expenses. If the -\$52,820 is the abolishment, how much is the reallocation?
- The position's personnel cost was \$115,600. By abolishing the position, \$52,820 was eliminated and \$62,780 transferred to the operating budget. This \$62,780 represents funding to complete DED's webpage enhancement, and to purchase overall IT support for those needs traditionally not provided by DTS, and for services beginning FY12 requiring chargebacks to receive service. DED eliminated the lone IT position in FY11.



## East County Center for Science and Technology Update

- ☉ Court of Special Appeals recently affirmed the judgment of the Circuit Court for Montgomery County in the lawsuit filed by Republic Properties. This is news that was just received and are still digesting.
- ☉ The 115-acre site is continuing to go through the Maryland Voluntary Clean-Up (VCP) Program.
- ☉ Site II is included in the boundaries of the East County Science Center Master Plan.

## Staff Recommendation

- Staff recommends approval of the Special Projects Division budget as submitted.

## Finance and Administration

Finance and Administration	
<b>FY12 Expenditures \$2,512,880</b>	<b>FY12 3.5 Workyears</b>
<b>FY11 Expenditures \$2,230,760</b>	<b>FY11 4.8 Workyears</b>
\$260,120	Increase cost: Energy Costs for the Incubator Program
\$35,250	Increase cost: Property Tax increase Rockville Innovation Center
\$22,800	Increase cost: Condo fees at Rockville Innovation Center
-\$53,800; 1.0 wy	Decrease cost: Sr. Financial Specialist
\$17,750; -0.3 wy	Miscellaneous Adjustments– restoration of furloughs, employee benefit changes, departmental reorganization, etc

The Finance and Administration Division is responsible for all departmental administrative efforts, which enable direct services for fiscal, procurement, IT, and human resources management. This division administers four financing programs under the Economic Development Fund and works in concert with Marketing and Business Development and Business Empowerment to promote the development of high technology and professional services companies in the County. The program is described on ©5.

## Personnel Complement (workyears)

Finance and Administration	FY11	FY12
DED Director	1.0	1.0
Manager I	1.0	1.0
Sr. Business Development Specialists	2.0*	2.0*
Sr. Financial Specialists III	1.0**	0
Sr. Executive Administrative Aide	1.0	1.0
	6.0	4.5 (0.5 Lapse) (1.0 to EDF)*

\*One Sr. Business Development Specialist charged to Economic Development Fund

DED responded to questions from Council staff:

- The County Executive announced in March 2010 that the County would receive \$2,000,000 from the Chungbuk Province in Korea. Details of the funding were being worked out. What happened to this project?

The County received \$2 million in early FY11. The fund will be used to augment the EDF's Small Business Revolving Loan Program. Due to the necessary accounting structure required under the ERP to transfer the fund into the EDF, loans will be made beginning FY12. DED is currently working with local lenders to explore enhancement in underwriting as well as an opportunity to leverage commercial funding sources with this \$2 million.

**Background:** Individuals sometimes donate money to the County and this money is accounted for in the non-tax supported Restricted Donations Fund. "Chungbuk (more formally, "Chungcheongbuk-Do") is a province in South Korea that the County Executive visited in 2008, where, after discussing mutual economic development interests he received a commitment from Chungbuk for a \$2 million contribution to the development of the East County Incubator. Because market conditions have caused the County to delay the construction of the Incubator, and because Chungbuk still wished to maintain an economic development partnership with the County, Chungbuk decided to allow the County to use the committed funds to supplement the County's Economic Development Fund Small Business Revolving Loan Program until such time as the Incubator is developed."

- Update the Committee on the previously discussed issue of continuous evaluation of the incubator program in order to stabilize costs.

DED has worked with the management company to evaluate all operating expenses and will be saving \$40,000 plus annually from FY11. DED will further explore savings by energy audit and explore alternative service providers in HVAC and janitorial service to achieve further savings.

- Explain the cost increases at Rockville Innovation Center (Condo fee increase of \$22,800 and property tax increase of \$35,250) and increases in energy costs for the Incubator Program (\$260,120).

The Rockville Innovation Center was purchased from the City of Rockville as a condo ownership of the 4th and 5th floor of a five-story building. The condo fee is established by the by the condo association and the increase reflects the higher costs of common area maintenance in the Rockville Town Center district. The City and the Federal Realty are other condo owners and DED has been working with them to explore cost cutting options but to date, no clear solution was identified. DED will continue to evaluate and propose other management structures. The property tax is a function of State assessment, and in this case, the full phased-in value is being assessed in FY11. The Rockville Innovation Center was first assessed in Levy Year 2010 (FY11) and the past year taxes are as follows:

Real Property Tax	FY08	FY09	FY10	FY11
City Tax	\$21,712.00	\$34,904.80	\$59,392.53	\$117,565.31
County Tax	\$14,940.80	\$15,051.20	\$25,860.95	\$47,643.08
State Tax	\$2,060.80	\$2,060.80	\$3,506.57	\$6,398.11
Total	\$38,713.60	\$52,016.80	\$88,760.05	\$171,606.50

- The energy cost increase is due to the County raising the energy tax rate effective FY11. Since all five incubator facilities carry a sizeable common area (multiple conference rooms, mail room, kitchen/cafeteria, storage area) used by all tenants, the utility charge on these areas need to be picked up by the incubator. Under ideal/normal market condition, the increase in energy costs associated with the common area can be partially passed onto individual tenants. However, due to the economic downturn, there is abundance of small sublet spaces (both for office and wet lab) in the County. Due to this reason, we could not raise the incubator rent rate during the past three years as our rate is already much higher than the market rate. Since each incubator does not have means to generate more revenues to offset the increase in the utility costs, an appropriation adjustment was necessary.

#### **Staff Recommendation**

- **Staff recommends approval of the Finance and Administration Division budget as submitted.**

#### **DED Budget Packet Attachments -**

DED Operating Budget ©1  
AG CIP PDF ©9

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# Economic Development

## MISSION STATEMENT

The mission of the Department of Economic Development (DED) is to make Montgomery County a globally competitive and highly diversified knowledge-based economy that provides for the retention and growth of existing companies, stimulates new job creation, and enhances entrepreneurial opportunities. This mission is divided into four strategic areas: 1) retain and grow existing businesses, strategically attract new ones, and enhance entrepreneurial opportunities; work to ensure that all business sectors benefit from the knowledge-based economy; 2) adapt to a more competitive business climate by creating an environment where knowledge-based industries and small businesses thrive; 3) foster creative and strong partnerships with academia, the federal research community, the private sector, and various levels of government to pursue innovative projects, policies and best practices that support business growth and expansion; 4) establish global linkages to facilitate business opportunities abroad, attract international investment to Montgomery County, and foster trade and joint ventures for Montgomery County businesses.

## BUDGET OVERVIEW

The total recommended FY12 Operating Budget for the Department of Economic Development is \$8,184,330, a decrease of \$444,840 or 5.2 percent from the FY11 Approved Budget of \$8,629,170. Personnel Costs comprise 36.8 percent of the budget for 33 full-time positions and three part-time positions for 24.5 workyears. Operating Expenses account for the remaining 63.2 percent of the FY12 budget.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***
- ❖ ***Healthy and Sustainable Neighborhoods***
- ❖ ***Strong and Vibrant Economy***
- ❖ ***Vital Living for All of Our Residents***

## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY11 estimates incorporate the effect of the FY11 savings plan. FY12 and FY13 targets assume the recommended FY12 budget and FY13 funding for comparable service levels.

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Organized and completed County Executive's visits to all federal agencies in Montgomery County to meet with agency directors of real estate property, including FDA, NIH, DOE, NIST, NNMC, and GSA to work closely and market the county for retention and attraction of federal tenants and assisting with GSA property disposal.***
- ❖ ***Organized a Supplier Diversity Roundtable comprised of major corporations in the county to encourage them to "Buy Local" and expand procurement opportunities for County businesses.***
- ❖ ***Created The Federal and Academic Technology Transfer Welcome Center in the Shady Grove Innovation Center to enable local businesses to access presentation information, calendar of local and national tech transfer related events, grant deadlines, federal laboratory and academic technology transfer funding resources, technology locators and other resource information in one-stop setting.***
- ❖ ***Productivity Improvements***
  - ***Implemented using social media, Facebook and Twitter to disseminate marketing and program information and engage in opinion survey to reflect in policy recommendation and strategy setting in County's economic development.***

## PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development 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

### **Marketing and Business Development**

This program promotes the assets, advantages, and opportunities available within Montgomery County for domestic and international businesses. The division provides services that result in the attraction and retention of those businesses to the County. This includes industry sectors including telecommunications, biotechnology, information technology, advanced engineering, green energy, and professional services. The major focus of the program includes pursuing leads generated by the Department's business development specialists and a business visitation program to retain existing businesses. 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 business development. The program provides clients with land-use planning expertise, economic analysis, financing and international trade assistance.

Promotional activities include media relations; event coordination; local, regional, national, and international advertising; and development of informational and sales materials including the Department's website. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact. 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 and the World Trade Center Institute.

The program also establishes and maintains 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 trade missions, and other major events that provide exposure and opportunities to market and promote the County's economic vision.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Jobs created by existing business expansion within three years of DED involvement	945	1009	660	759	759
Jobs created by new business attraction within three years of DED involvement	857	532	635	744	744
Total new capital investment by newly attracted businesses and start-up businesses through DED involvement (in millions)	20	32	16	20	20
Percent of active prospects successfully closed per fiscal year	16%	19%	17%	17%	17%
Total new capital investment by businesses currently located in the County through DED involvement (in millions)	187	512	128	133	133
New commercial space occupied by newly attracted businesses and start-up businesses through DED involvement (sq. feet)	237,800	184,613	140,000	160,000	160,000
New commercial space occupied by businesses currently located in the County through DED involvement (sq. feet)	1,096,000	1,881,022	919,466	929,257	929,257
Total new prospects developed	92	107	75	75	75
Actual total jobs created by DED per fiscal year	680	600	500	500	500

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>873,190</b>	<b>5.8</b>
Decrease Cost: World Trade Center Institute Support	-5,000	0.0
Decrease Cost: Technology Council of Maryland Support	-10,000	0.0
Decrease Cost: Abolish Business Development Specialist-MBD	-117,950	-1.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	97,960	0.2
<b>FY12 CE Recommended</b>	<b>838,200</b>	<b>5.0</b>

### **Business Empowerment**

The Division of Business Empowerment provides a variety of programs and services to the County's small and minority business community through creative initiatives and partnerships with community organizations, business groups, private enterprises, and other public agencies. Services include providing technical publications and services, workshops and conferences, the business mentorship program, and convening targeted business development events in areas such as procurement and contracting. Serving as the primary resource and advocate for small businesses in Montgomery County, this program addresses the unique needs of the small business community and helps with short and long range economic development strategies for the County.

In addition, this program manages the Business Innovation Network, which currently includes five facilities in Wheaton, Silver Spring, Shady Grove, Rockville, and Germantown and encompasses over 140,000 square feet of leaseable space. These facilities provide office and lab space, high-level business support services, and innovative programming to over 145 promising entrepreneurs. The Innovation Network is poised for expansion within the next few years with the Department currently seeking a developer for Site II, the future home of the East County Center for Science and Technology. The program also operates a virtual network that provides identical programs and services to over 20 participating businesses without incurring the cost of leasing office space.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Amount of federal grant funding received by County incubator companies (in millions)	5.9	4.3	5.2	4.4	4.4
Amount of private equity financing received by County incubator companies (in millions)	28	10.8	11.8	16.9	16.9
Number of intellectual property issued to County incubator companies	58	14	43	38	38
Number of new jobs created by incubator companies during the incubation period	125	181	165	180	180
Number of new jobs created by incubator companies post graduation	46	51	50	49	49
Percent of participants satisfied with DED sponsored technical assistance and training programs	NA	92%	94%	96%	96%

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>1,059,660</b>	<b>7.8</b>
Decrease Cost: Small Business Development Center Support	-5,000	0.0
Decrease Cost: Incubator Program - Abolish Two Incubator Positions- Business Development Specialist and Office Services Coordinator	-147,240	-2.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	44,760	1.2
<b>FY12 CE Recommended</b>	<b>952,180</b>	<b>7.0</b>

## Workforce Services

The Workforce Services (WS) program ensures 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's workforce has the tools and resources to successfully compete in a global economy.

The Workforce Investment Board (WIB) provides advice and oversight on workforce development activities and policy. The 30-member WIB is 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 WIB does much of its work through its committees, which include the Board Development, Communications and Outreach, Executive, Finance, Program Operations and Oversight, and Youth Council committees. Staff provides support to the Board by implementing directives and policy initiatives.

WS is funded by \$3 million in Federal Government, State of Maryland, and Montgomery County funds. In FY 09, WS received \$1.3 million dollars from the American Reinvestment and Recovery Act. The funds must be spent by June 30, 2011, although the majority of funding was expended in FY10. The majority of annual formula funding received is through WIA grants to implement the One-Stop career system. This system is operated locally as MontgomeryWorks, and 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.

The WIB provides policy oversight and guidance for the expenditure of funds, which enables local businesses and the public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County. Program staff provides overall administrative support of the WIA grants and are responsible for fiscal monitoring and accounting, program monitoring and review, new program and grant development, legislation development, and contract management for the WIA and County programs.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Germantown and are operated as a consortium with the Department of Licensing, Labor, and Regulation, the Workforce Solutions Group (formerly Career Transition Center, Inc.), Maryland Job Service, and other non-profit and local agency partners. MontgomeryWorks serves the businesses of the County on an ongoing basis and also provides direct services to adult and youth residents. In FY10, MontgomeryWorks served over 14,000 adult and youth clients with core services, intensive counseling services, and occupational skills training. Youth services are provided through the Maryland Multicultural Youth Center, which is operated by the Latin American Youth Council (LAYC) while TransCen offers a full range of services to youth with disabilities.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Number of employers assisted with training	40	40	40	40	40
Number of employers assisted with recruitment	120	120	120	120	120
Number of DED job related placements for unemployed adults-dislocated, older, and disadvantaged workers <sup>1</sup>	13,775	12,650	12,900	13,200	13,200

<sup>1</sup> The County received additional federal stimulus grants at the end of FY09, but FY10 placements will decrease due to the continuing rise in unemployment. To reflect the anticipated improvement in the job market, DED projects a gradual increase in placements in FY11 and FY12.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>3,268,820</b>	<b>3.8</b>
Add: Latin American Youth Center Workforce Development for Youth	200,000	0.0
Reduce: Workforce Services - Abolish Program Manager II Position	-90,670	-1.0
Decrease Cost: Workforce Services	-372,500	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-36,030	0.2
<b>FY12 CE Recommended</b>	<b>2,969,620</b>	<b>3.0</b>

## 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. This goal was achieved in January, 2009, one year prior to the 2010 target date. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control and Deer Donation programs.

The Montgomery Soil Conservation District (MSCD) is considered a political subdivision of the State and is staffed by County, State, and Federal employees. Programs offered by MSCD include an array of technical advice for conservation and natural resource planning, as well as a variety of educational opportunities. MSCD staff assist farmers and landowners in the County with Soil Conservation and Water Quality Plans, provide technical assistance for conservation practices, and administer a variety of Federal and State cost-share programs which help fund projects to prevent soil erosion and improve water quality. Many of these programs are designed to help protect local waterways and the Chesapeake Bay. The MSCD provides a number of programs that focus on educating Montgomery County residents about the benefits of agriculture, conservation, and natural resources management. Other services include small pond review, drainage advice for residential landowners, and administering the Cover Crop program in the County.

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 youth development 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.

<b>Program Performance Measures</b>	<b>Actual FY09</b>	<b>Actual FY10</b>	<b>Estimated FY11</b>	<b>Target FY12</b>	<b>Target FY13</b>
Cumulative farm acres protected	70,832	71,332	71,832	71,832	71,832
Number of farm businesses assisted	94	140	160	160	160

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>631,780</b>	<b>4.6</b>
Shift: Funding for Agricultural Programs to the CIP	-129,930	-1.8
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-7,630	0.2
<b>FY12 CE Recommended</b>	<b>494,220</b>	<b>3.0</b>

## Special Projects

The Division of Special Projects administers all aspects of DED's public-private partnerships programs, encompassing the Department's capital projects, legislative activities, strategic planning endeavors and new program development. The program builds programmatic relationships with local academic institutions and Federal installations to advance the County's economic base. The

program also administers the Department's overall communications efforts through mass and electronic communication, maintenance of the Department's web site, and media relations. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for new science and technology centers in the east County area at White Oak, and manages the Conference Center NDA.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>564,960</b>	<b>4.0</b>
Decrease Cost: Abolish Special Projects Position and Reallocate Portion to Operating Expenses	-52,820	-1.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-94,910	0.0
<b>FY12 CE Recommended</b>	<b>417,230</b>	<b>3.0</b>

### **Finance and Administration**

This program is responsible for developing the department's short and long term strategies, and managing and servicing all departmental administrative functions including fiscal, procurement, grant applications and monitoring, IT, and human resources allocation and management. This program also administers four financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, the Impact Assistance Fund, and the Small Business Revolving Loan program. This program also works in concert with Marketing and Business Development and Business Empowerment staff to promote the development of high technology and professional services companies within Montgomery County, and applies and negotiates financial assistance from the State for the County's businesses.

<b>FY12 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY11 Approved</b>	<b>2,230,760</b>	<b>4.8</b>
Increase Cost: Energy Costs for the Incubator Program	260,120	0.0
Increase Cost: Property Tax Increase at Rockville Innovation Center	35,250	0.0
Increase Cost: Condominium Fees at the Rockville Innovation Center	22,800	0.0
Decrease Cost: Funding for a Sr. Financial Specialist Position in Finance and Administration	-53,800	-1.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	17,750	-0.3
<b>FY12 CE Recommended</b>	<b>2,512,880</b>	<b>3.5</b>



## BUDGET SUMMARY

	Actual FY10	Budget FY11	Estimated FY11	Recommended FY12	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	3,507,256	2,866,950	2,886,370	2,407,080	-16.0%
Employee Benefits	969,074	852,250	829,510	602,380	-29.3%
<b>County General Fund Personnel Costs</b>	<b>4,476,330</b>	<b>3,719,200</b>	<b>3,715,880</b>	<b>3,009,460</b>	<b>-19.1%</b>
Operating Expenses	2,723,180	2,565,950	2,528,100	2,830,850	10.3%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>7,199,510</b>	<b>6,285,150</b>	<b>6,243,980</b>	<b>5,840,310</b>	<b>-7.1%</b>
<b>PERSONNEL</b>					
Full-Time	46	38	38	33	-13.2%
Part-Time	3	3	3	3	—
Workyears	40.6	30.8	30.8	24.5	-20.5%
<b>REVENUES</b>					
State Salary Reimb: Soil Cons District Mgr	53,108	48,710	48,710	48,710	—
<b>County General Fund Revenues</b>	<b>53,108</b>	<b>48,710</b>	<b>48,710</b>	<b>48,710</b>	<b>—</b>
<b>GRANT FUND MCG</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
<b>Grant Fund MCG Personnel Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
Operating Expenses	3,930,827	2,344,020	2,344,020	2,344,020	—
Capital Outlay	0	0	0	0	—
<b>Grant Fund MCG Expenditures</b>	<b>3,930,827</b>	<b>2,344,020</b>	<b>2,344,020</b>	<b>2,344,020</b>	<b>—</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.2	0.0	0.0	0.0	—
<b>REVENUES</b>					
Workforce Investment Act/Federal Economic Stimulus	1,135,990	0	0	0	—
Workforce Investment Act Grants	1,691,628	2,344,020	2,344,020	2,344,020	—
Disability Program Navigator	189,120	0	0	0	—
Wagner-Peyser Grant	349,709	0	0	0	—
MD Neg Brac	19,156	0	0	0	—
State General Funds	174,599	0	0	0	—
TANF	130,146	0	0	0	—
ARRA Early Intervention	171,591	0	0	0	—
ARRA Maryland Business Works	68,888	0	0	0	—
<b>Grant Fund MCG Revenues</b>	<b>3,930,827</b>	<b>2,344,020</b>	<b>2,344,020</b>	<b>2,344,020</b>	<b>—</b>
<b>DEPARTMENT TOTALS</b>					
<b>Total Expenditures</b>	<b>11,130,337</b>	<b>8,629,170</b>	<b>8,588,000</b>	<b>8,184,330</b>	<b>-5.2%</b>
<b>Total Full-Time Positions</b>	<b>46</b>	<b>38</b>	<b>38</b>	<b>33</b>	<b>-13.2%</b>
<b>Total Part-Time Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>—</b>
<b>Total Workyears</b>	<b>40.8</b>	<b>30.8</b>	<b>30.8</b>	<b>24.5</b>	<b>-20.5%</b>
<b>Total Revenues</b>	<b>3,983,935</b>	<b>2,392,730</b>	<b>2,392,730</b>	<b>2,392,730</b>	<b>—</b>

## FY12 RECOMMENDED CHANGES

	Expenditures	WYs
<b>COUNTY GENERAL FUND</b>		
<b>FY11 ORIGINAL APPROPRIATION</b>	<b>6,285,150</b>	<b>30.8</b>
<b>Changes (with service impacts)</b>		
Add: Latin American Youth Center Workforce Development for Youth [Workforce Services]	200,000	0.0
Reduce: Workforce Services - Abolish Program Manager II Position [Workforce Services]	-90,670	-1.0
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Energy Costs for the Incubator Program [Finance and Administration]	260,120	0.0
Increase Cost: Restore Personnel Costs - Furloughs	81,430	1.2
Increase Cost: Property Tax Increase at Rockville Innovation Center [Finance and Administration]	35,250	0.0
Increase Cost: Annualization of FY11 Lapsed Positions	32,200	0.3
Increase Cost: Condominium Fees at the Rockville Innovation Center [Finance and Administration]	22,800	0.0
Increase Cost: Printing and Mail Adjustment	1,980	0.0
Increase Cost: Motor Pool Rate Adjustment	1,510	0.0
Increase Cost: Help Desk - Desk Side Support	1,080	0.0
Decrease Cost: Small Business Development Center Support [Business Empowerment]	-5,000	0.0
Decrease Cost: World Trade Center Institute Support [Marketing and Business Development]	-5,000	0.0
Decrease Cost: Technology Council of Maryland Support [Marketing and Business Development]	-10,000	0.0
Decrease Cost: Verizon Frame Relay Replacement	-22,100	0.0
Decrease Cost: Retirement Adjustment	-35,720	0.0
Decrease Cost: Group Insurance Adjustment	-38,480	0.0
Decrease Cost: Abolish Special Projects Position and Reallocate Portion to Operating Expenses [Special Projects]	-52,820	-1.0
Decrease Cost: Funding for a Sr. Financial Specialist Position in Finance and Administration [Finance and Administration]	-53,800	-1.0
Decrease Cost: Abolish Business Development Specialist-MBD [Marketing and Business Development]	-117,950	-1.0
Shift: Funding for Agricultural Programs to the CIP [Agricultural Services]	-129,930	-1.8
Decrease Cost: Incubator Program - Abolish Two Incubator Positions- Business Development Specialist and Office Services Coordinator [Business Empowerment]	-147,240	-2.0
Decrease Cost: Workforce Services [Workforce Services]	-372,500	0.0
<b>FY12 RECOMMENDED:</b>	<b>5,840,310</b>	<b>24.5</b>
<b>GRANT FUND MCG</b>		
<b>FY11 ORIGINAL APPROPRIATION</b>	<b>2,344,020</b>	<b>0.0</b>
<b>FY12 RECOMMENDED:</b>	<b>2,344,020</b>	<b>0.0</b>

## PROGRAM SUMMARY

Program Name	FY11 Approved		FY12 Recommended	
	Expenditures	WYs	Expenditures	WYs
Marketing and Business Development	873,190	5.8	838,200	5.0
Business Empowerment	1,059,660	7.8	952,180	7.0
Workforce Services	3,268,820	3.8	2,969,620	3.0
Agricultural Services	631,780	4.6	494,220	3.0
Special Projects	564,960	4.0	417,230	3.0
Finance and Administration	2,230,760	4.8	2,512,880	3.5
<b>Total</b>	<b>8,629,170</b>	<b>30.8</b>	<b>8,184,330</b>	<b>24.5</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY11		FY12	
		Total\$	WYs	Total\$	WYs
COUNTY GENERAL FUND					
CIP	CIP	385,460	3.0	417,930	4.6
Economic Development Fund	Economic Development Fund	126,490	1.0	120,540	1.0
NDA - Conference Center	County General Fund	116,170	1.0	115,460	1.0
Total		628,120	5.0	653,930	6.6

## FUTURE FISCAL IMPACTS

Title	CE REC. FY12	FY13	FY14	(S000's) FY15	FY16	FY17
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY12 Recommended</b>	<b>5,840</b>	<b>5,840</b>	<b>5,840</b>	<b>5,840</b>	<b>5,840</b>	<b>5,840</b>
No inflation or compensation change is included in outyear projections.						
<b>Energy Tax Increase</b>	<b>0</b>	<b>-260</b>	<b>-260</b>	<b>-260</b>	<b>-260</b>	<b>-260</b>
These figures represent the decrease of the Energy Tax for the Rockville Innovation Center, Wheaton Business Innovation Center, Germantown Innovation Center, Shady grove Innovation Center, and the Silver Spring Innovation Center. Energy Tax increase sunsets effective FY13.						
<b>Motor Pool Rate Adjustment</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Subtotal Expenditures</b>	<b>5,840</b>	<b>5,587</b>	<b>5,587</b>	<b>5,587</b>	<b>5,587</b>	<b>5,587</b>

## Ag Land Pres Easements -- No. 788911

Category  
Subcategory  
Administering Agency  
Planning Area

Conservation of Natural Resources  
Ag Land Preservation  
Economic Development  
Countywide

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

April 08, 2011  
No  
None.  
On-going

### EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY10	Rem. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	3,252	0	0	3,252	486	629	513	527	541	556	0
Land	21,650	0	12,500	9,150	2,600	2,750	850	950	1,000	1,000	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>24,902</b>	<b>0</b>	<b>12,500</b>	<b>12,402</b>	<b>3,086</b>	<b>3,379</b>	<b>1,363</b>	<b>1,477</b>	<b>1,541</b>	<b>1,556</b>	<b>0</b>

### FUNDING SCHEDULE (\$000)

Agricultural Transfer Tax	9,923	0	4,773	5,150	600	750	850	950	1,000	1,000	0
Contributions	41	0	0	41	0	41	0	0	0	0	0
Federal Aid	393	0	393	0	0	0	0	0	0	0	0
G.O. Bonds	4,000	0	0	4,000	2,000	2,000	0	0	0	0	0
Investment Income	3,285	0	74	3,211	486	588	513	527	541	556	0
M-NCPPC Contributions	5,000	0	5,000	0	0	0	0	0	0	0	0
State Aid	2,260	0	2,260	0	0	0	0	0	0	0	0
<b>Total</b>	<b>24,902</b>	<b>0</b>	<b>12,500</b>	<b>12,402</b>	<b>3,086</b>	<b>3,379</b>	<b>1,363</b>	<b>1,477</b>	<b>1,541</b>	<b>1,556</b>	<b>0</b>

#### DESCRIPTION

This project provides funds for the purchase of agricultural and conservation easements under the County Agricultural Land Preservation legislation, effective November 25, 2008, for local participation in Maryland's agricultural and conservation programs. The County Agricultural Easement Program (AEP) enables the County to purchase preservation easements on farmland in the agricultural zones and in other zones approved by the County Council to preserve farmland not already protected by Transferable Development Rights (TDRs) easements or State agricultural land preservation easements.

The Maryland Agricultural Land Preservation Foundation (MALPF) enables the State to purchase preservation easements on farmland jointly by the County and State.

The Rural Legacy Program (RLP) enables the State to purchase conservation easements to preserve large contiguous tracts of agricultural land. The sale of development rights easements are proposed voluntarily by the farmland owner. Project funding comes primarily from the Agricultural Land Transfer Tax, which is levied when farmland is sold and removed from agricultural status. Montgomery County is a State-certified county under the provisions of State legislation, which enables the County to retain 75 percent of the taxes for local use. The County uses a portion of its share of the tax to provide matching funds for State easements.

Beginning in FY10, a new Building Lot Termination (BLT) program will be initiated that represents an enhanced farmland preservation program tool to further protect land where development rights have been retained in the Rural Density Transfer Zone (RDT). This program will use Agricultural Transfer Tax revenue to purchase the development rights and corresponding TDRs retained on these properties.

#### COST CHANGE

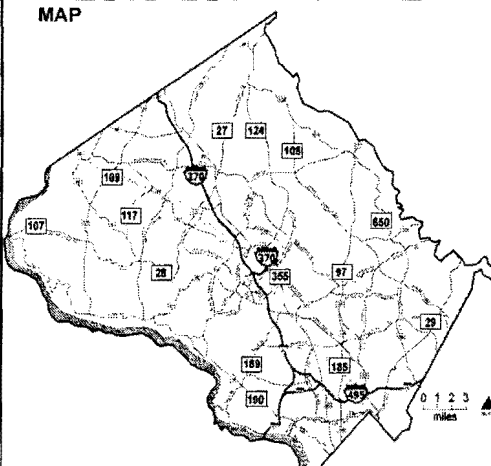
Investment Income was increased and Contributions were added in FY12 to fund administrative expenses and agricultural initiatives carried out by the Agricultural Services Division.

#### JUSTIFICATION

Annotated Code of Maryland 2-501 to 2-515, Maryland Agricultural Land Preservation Foundation; Annotated Code of Maryland 13-301 to 13-308, Agricultural Land Transfer Tax; and Montgomery County Code, Chapter 2B, Agricultural Land Preservation.

#### OTHER

FY12 estimated Investment Income expenditure before partial closeout adjustments is \$588,000 and is made up of \$476,000: 1 workyear Business Development Specialist III, .5 workyear Business Development Specialist I, 1 workyear MLS Manager II, 1.5 workyears Principal Administrative Aides, .2 workyear Resource Conservationist; \$30,000 - Deer Donation Program; \$10,000 - Montgomery Weed Control Program; and \$72,000 for Cooperative Extension Partnership.

<b>APPROPRIATION AND EXPENDITURE DATA</b> <table> <tr> <td>Date First Appropriation</td><td>FY89</td><td>(\$000)</td></tr> <tr> <td>First Cost Estimate</td><td></td><td></td></tr> <tr> <td>Current Scope</td><td>FY12</td><td>24,902</td></tr> <tr> <td>Last FY's Cost Estimate</td><td></td><td>25,834</td></tr> <tr> <td>Appropriation Request</td><td>FY12</td><td>3,379</td></tr> <tr> <td>Supplemental Appropriation Request</td><td></td><td>0</td></tr> <tr> <td>Transfer</td><td></td><td>0</td></tr> <tr> <td>Cumulative Appropriation</td><td></td><td>15,585</td></tr> <tr> <td>Expenditures / Encumbrances</td><td></td><td>2,779</td></tr> <tr> <td>Unencumbered Balance</td><td></td><td>12,806</td></tr> <tr> <td>Partial Closeout Thru</td><td>FY09</td><td>57,085</td></tr> <tr> <td>New Partial Closeout</td><td>FY10</td><td>1,062</td></tr> <tr> <td>Total Partial Closeout</td><td></td><td>58,147</td></tr> </table>	Date First Appropriation	FY89	(\$000)	First Cost Estimate			Current Scope	FY12	24,902	Last FY's Cost Estimate		25,834	Appropriation Request	FY12	3,379	Supplemental Appropriation Request		0	Transfer		0	Cumulative Appropriation		15,585	Expenditures / Encumbrances		2,779	Unencumbered Balance		12,806	Partial Closeout Thru	FY09	57,085	New Partial Closeout	FY10	1,062	Total Partial Closeout		58,147	<b>COORDINATION</b> State of Maryland Agricultural Land Preservation Foundation State of Maryland Department of Natural Resources Maryland-National Capital Park and Planning Commission Landowners	<b>MAP</b> 
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## **Ag Land Pres Easements -- No. 788911 (continued)**

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Appropriations are based upon a projection of Montgomery County's portion of the total amount of Agricultural Transfer Tax which has become available since the last appropriation and State Rural Legacy Program grant funding. Appropriations to this project represent a commitment of Agricultural Land Transfer Tax funds and State Aid to purchase agricultural easements. The Agricultural Transfer Taxes are deposited into an investment income fund, the interest from which is used to fund direct administrative expenses, the purchase of easements, and other agricultural initiatives carried out by the Agricultural Services Division. The program permits the County to take title to the TDRs. These TDRs are an asset that the County may sell in the future, generating revenues for the Agricultural Land Preservation Fund. The County can use unexpended appropriations for this project to pay its share (40 percent) of the cost of easements purchased by the State. Since FY99, the County has received State RLP grant funds to purchase easements for the State through the County. The State allows County reimbursement of three percent for direct administrative costs such as appraisals, title searches, surveys, and legal fees.

Given changes to the Federal Program, Federal Aid funds are no longer programmed in this project.

### **FISCAL NOTE**

Expenditures do not reflect additional authorized payments made from the Agricultural Land Preservation Fund balance to increase financial incentives for landowners.

Terms and conditions regarding Contributions from the Montgomery County Farm Bureau (MCFB) and the Montgomery Soil Conservation District (MSCD) will be specified within the MOU between the County and these agencies.

### **OTHER DISCLOSURES**

- The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.