

Organizational Assessment and Comparative Analysis Report

For:

Montgomery County, MD

Department of Economic Development



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

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Executive Summary

Introduction

The purpose of this report is to provide an organizational assessment and comparative analysis of the Montgomery County Department of Economic Development (MCDED). The intent is to provide MCDED with research and options to advance the economic development delivery system for Montgomery County. The report was prepared by the International Economic Development Council (IEDC), the nation's largest membership organization serving the economic development profession.

The analysis compares MCDED economic development functions with those in six other counties. In addition to Montgomery County, IEDC conducted research on Fairfax County, VA; Prince William County, VA; Baltimore County, MD; Howard County, MD; Miami-Dade County, FL; and St. Louis County, MO. The four counties within the region were selected because they often compete with Montgomery County for business. The two counties outside the region were selected because of the strength of their lead economic development organizations and because they demonstrate different models for the delivery of economic development services. Including Montgomery County, three of the lead county economic development organizations (EDOs) are part of county government, two are public authorities, and two are nonprofit private corporations.

While this report highlights various models for economic development, there is no perfect model for organizing EDOs. Organizational models vary greatly due to local and state laws, policies, politics, and practices; and demographic, geographic, and business characteristics. Thus, IEDC presents a diversity of organizational models within this report from which advantages and disadvantages can be drawn.

Comparative Analysis

The lead county EDO operating budgets range from \$1.8 million for the Prince William County Department of Economic Development to \$7.4 million for the Baltimore County Department of Economic Development, compared to \$4.3 million for Montgomery County DED as shown in Table 1. These budgets cover a variety of similar, but not identical, services. Montgomery County DED and the St. Louis County Economic Development Council provide the greatest number of services.

Montgomery County has the Lowest per Capita Expenditures on Marketing and Business Recruitment and Business Retention and Expansion in this Study

Montgomery County has the lowest per capita expenditures (\$1.65) on marketing and business recruitment and business retention and expansion. The county has the second lowest ratio of marketing and business recruitment and business retention and expansion expenditures to the county government budget (.09%) compared to the comparable counties, as shown in Table 2.

To compare county expenditures on marketing and business recruitment and business retention and expansion, IEDC reviewed lead county EDO budgets and adjusted the budgets to only include marketing and business recruitment, business retention and expansion and supporting services such as research and communications. For three of the counties, budgets were then adjusted to include marketing and business recruitment support provided from their respective regional marketing organizations.

After adding the marketing and business recruitment support services provided to the counties (St. Louis County, Baltimore County and Howard County) from regional marketing organizations, IEDC compared the resulting budgets to county population and county government budgets.

EDO Performance Metrics Vary from those that are Tied Directly to EDO Performance to those Linked to the Broader Economy

Most outcome-based performance measures, such as employment, are very dependent on the business cycle. Therefore, such metrics often do not measure factors the EDO staff can directly control. Alternatively, some EDOs measure their performance based on metrics that the EDO can directly control. The Fairfax County Economic Development Authority, Howard County Economic Development Authority, St. Louis County Economic Development Council, and the Beacon Council performance measures are primarily based on controllable metrics such as job creation from businesses with which the EDO actively worked. More specifically, the EDO staff directly helped the business with incentives packaging and approvals, financing, labor and training, site selection, permitting, legal and business services referrals, logistics and transportation, research and analysis, relocation assistance, and/or introductions to government and community leaders, MCDED County Stat performance measures include both controllable metrics and less controllable ones, as shown in Table 3. Performance measures are discussed in more detail in the summary section of the report.

MCDED is the Only EDO Staffed by Union Employees

The Baltimore, Fairfax, and Howard County EDOs have non-union staff and all but MCDED and Prince William County Department of Economic Development staff serve at will. For the two development authorities (Fairfax County Economic Development Authority and Howard County Economic Development Authority), employees are part of the county government benefits plan even though they are not county employees. Fairfax County Economic Development Authority, Prince William County Department of Economic Development and the Beacon Council provide incentive pay in the form of bonuses.

Table 1**Comparative Economic Development Organizations**

Lead County Economic Development Organization	Operating Budget¹	Staff	Primary Functions²
Montgomery County Department of Economic Development	\$4,257,237	32	Marketing Business Recruitment Business Retention and Expansion Small Business Development and Finance Incubator Management Workforce Development Real Estate Agricultural Services
Fairfax County Economic Development Authority	\$7,093,393	44	Marketing Business Recruitment Market and Real Estate Research Entrepreneurial Development Business Retention and Expansion
Prince William County Department of Economic Development	\$1,777,254	13	Marketing Business Recruitment
Baltimore County Department of Economic Development	\$7,404,657	56.5	Marketing Business Recruitment Business Retention and Expansion Financing Business Incubator Workforce Development and Training
Howard County Economic Development Authority	\$2,606,925	12	Marketing Business Retention and Expansion Small Business and Entrepreneurial support Business Incubator
The Beacon Council (Miami-Dade County)	\$5,338,756	28	Marketing Business Recruitment Business Retention and Expansion
St. Louis County Economic Council	\$5,506,781	42	Business Retention and Expansion Business Financing Site Selection Entrepreneurial Support Incubator Management International Trade Assistance Community Reinvestment Real Estate Redevelopment

¹Includes personnel and related operating costs, excludes capital costs and funds passed through to sub-grantees.

²BRE is business retention and expansion

Source: IEDC

Table 2**County Marketing & Business Recruitment (MBR) and Business Retention & Expansion (BRE) Budget Per Capita and Percent of Total County Budget**

County	Lead EDO MBR & BRE Budget Plus Regional EDO Services for County	County Pop- ulation	MBR and BRE Expenditures Per Capita	Total County Budget (\$000s)*	MBR & BRE Expend- itures Percent of Total County Budget	Rank
Montgomery County	\$1,599,889	971,777	\$1.65	\$1,825,500	0.09%	6
Fairfax County	\$6,609,753	1,081,726	\$6.11	\$1,603,174	0.41%	2
Prince William County	\$1,777,254	402,002	\$4.42	\$464,371	0.38%	3
Baltimore County	\$1,790,187	805,029	\$2.22	\$1,220,939	0.15%	5
Howard County	\$2,113,853	287,085	\$7.36	\$721,117	0.29%	4
Miami-Dade County	\$5,338,756	2,468,461	\$2.16	\$6,503,821	0.08%	7
St. Louis County	\$2,948,037	998,954	\$2.95	\$546,785	0.54%	1

*Operating budget and annual portion of capital budget, excludes schools (K-12 & colleges)

Source: IEDC

Table 3

Key Staffing and Performance Metrics for Lead County EDOs

LEAD EDO	Key Performance Measures		Employment	Incentive Pay
	Controllable Metrics Linked to Work with Prospects*	Less Controllable Broad Economic Measures		
Montgomery County Department of Economic Development	Job growth, capital investment, occupied commercial space ,TA program satisfaction; incubator company investment, occupancy, graduation rates, graduate jobs	Job growth, capital investment, occupied commercial space	Civil service, union	No
Fairfax County Economic Development Authority	Job creation, expansion, articles that provide a desired economic message	Foreign-owned company growth, minority-owned company growth	At will, nonunion, on county benefits plan	Yes, based on overall performance goals and individual performance
Prince William County Department of Economic Development	N/A	Nonretail capital investment, new or expanded targeted businesses, high wage job creation, increase in average wages	Civil service, nonunion	Yes, county government system
Baltimore County Department of Economic Development	Under review by BCDED	Under review by BCDED	At will, nonunion	Discontinued
Howard County Economic Development Authority	Numerous metrics for four categories: business development, marketing, entrepreneurial center, and operations	Jobs created, business expansion square feet and new capital investment	At will, nonunion, on county pension system	No
The Beacon Council (Miami-Dade County)	15 economic metrics, e.g. projects completed, jobs created, retained jobs, capital investment, research reports; 9 marketing metrics, e.g. leads generated, website hits; 6	11 economic outcomes, e.g. employment, unemployment rate, per capita income, property values, building permit valuations, merchandise trade	At will, nonunion	Yes

fundraising metrics,
e.g. new members,
members retained,
grants

**St. Louis County
Economic Council**

5-10 objectives for
each of 8 strategic
areas: BRE,
entrepreneurial/small
business, international
business, county
reinvestment,
talent/skills
development,
collaboration with
partner organizations,
fund raising

N/A

At will,
nonunion

2 employees only

*Prospects are businesses that EDO staff work with. The EDO staff directly helped the business with incentives packaging and approvals, financing, labor and training, site selection, permitting, legal and business services referrals, logistics and transportation, research and analysis, relocation assistance, and/or introductions to government and community leaders.

Source: IEDC

General Observations

Economic development organizations can operate effectively as public, public/private or private organizations. Success is based on strong leadership, a clear, well-communicated mission and the relationships, resources and staff skills to carry out the mission. For some functions, such as BRE, EDOs are about equally represented among public, public/private and private organizations. For other functions, such as tech-led, real estate, and workforce investment board (WIB) management, EDOs coalesce around one organizational structure. For example, tech-led initiatives are often run by states or universities while real estate and WIB management are frequently part of local government.

Many U.S. metropolitan areas have private sector-led organizations that market the region and recruit businesses.

Since the Washington, DC region lacks a strong regional marketing organization, counties have had to take on the marketing and business recruitment role. Some counties, such as Montgomery, Arlington, and Prince William, have assumed the marketing and recruitment role within county government while others, such as Fairfax County, have established a quasi-public authority to provide such services.

For the seven counties in this report, EDOs that lead marketing and business recruitment are fairly equally represented among public, public/private, and private organizations. While MCDED and the six other counties represent a diverse cross section of counties, IEDC finds that, for a larger sample of US EDOs, a majority of the marketing and business recruitment functions are led by private sector organizations.

Conversely, business retention and expansion functions tend to be more commonly found under a government role compared to marketing and recruitment. IEDC finds this to be true nationally and for this report's research. Of the seven EDOs in this report that are leading their county business retention and expansion efforts, three are public, four are public/private partnerships (authorities or private EDOs primarily funded by the government) and none are purely private.

Like Marketing and Business Recruitment, Technology-Led Development is often Done at the Regional Level

Tech-led development focuses on firms that, because of innovative use of technology, have the potential for rapid growth and high wages. Like marketing and business recruitment, technology-led development is often done at the regional level. State and university organizations lead efforts in four of the counties examined for this study, with the remaining three counties spread among county government (MCDED), an authority (Howard County Economic Development Authority) and the private sector (St. Louis County Economic Development Council).

Lead EDOs for small and minority/women/disadvantaged (MWD) business development and business financing are spread among county government (Montgomery County), universities (Fairfax and Prince William counties), authorities (Howard County), and the private sector (Baltimore, Miami-Dade, and St. Louis counties). For this report, small and MWD business development excludes the technology-oriented businesses discussed above.

Government Agencies Often Facilitate Real Estate Development and Redevelopment

Five of the county EDOs that facilitate real estate development and redevelopment are within county government. Development authorities or even nonprofit organizations, such as St. Louis County Economic Development Council, can also package projects and attract private development.

Government Agencies Often Operate Workforce Investment Boards

The workforce investment board (WIB) is typically staffed by a government agency or private nonprofit organization. Even if it is staffed by the government, services are often operated by nonprofit grantees. Five of the seven WIBs in the comparative analysis, including MCDED, are operated by government agencies with the remaining two operated by nonprofit organizations.

Private Sector Engagement

Although Montgomery County conducts more economic development functions within the government than most other counties, county government can be effective at the delivery of such services. Most of the other counties and regions in this report have greater private sector engagement, especially in marketing and business recruitment. IEDC recommends Montgomery County further its efforts to involve the private sector through a separate, private led organization or through MCDED. Greater private sector involvement in marketing and business recruitment would better validate Montgomery County as an attractive place to locate a business.

Table 4
Governance of Organization that is the Primary Provider of Specified Economic Development
Functional Role

Functional Role	Public: County Government	University or State Government	Quasi-governmental or Authority	Private – Greater Government \$s	Private – Greater Private \$s
Marketing & Business Recruitment	Montgomery Co. Prince William Co.		Fairfax Co. Howard Co.	Miami-Dade	Baltimore Co. St. Louis Co.
Business Retention & Expansion	Montgomery Co. Baltimore Co. Prince William Co.		Fairfax Co. Howard Co.	St. Louis Co. Miami-Dade	
Tech-led Develop.	Montgomery Co.	Baltimore Co. Prince William Co. Fairfax County Miami-Dade	Howard Co.	St. Louis Co.	
Sm. Bus. Dev/Fin.	Montgomery Co. Baltimore Co.	Fairfax Co. Prince William Co.		St. Louis Co. Baltimore Co. Miami-Dade	
Real Estate Development and Reuse	Montgomery Co. Fairfax Co. Prince William Co. Baltimore Co. Miami-Dade			St. Louis Co.	
WIB	Montgomery Co. St. Louis Co. Baltimore Co. Howard Co. Miami-Dade			Fairfax Co. Prince William Co.	

Source: IEDC

Summary Overview

Introduction

The purpose of this report is to provide an organizational assessment and comparative analysis of the Montgomery County Department of Economic Development (MCDED). The intent is to provide MCDED with research and options to improve the economic development delivery system for Montgomery County. The report was prepared by the International Economic Development Council (IEDC), the nation's largest membership organization serving the economic development profession.

This report provides research on six comparable county economic development delivery systems, focusing on business attraction, retention, and expansion; technology-led development, small business development and business financing; real estate development; and workforce development. The report highlights the lead county economic development organization for each county since such organizations play a comparable role to that of MCDED. For the lead county economic development organization (EDO), the report addresses governance, organizational structure, primary funding, budget, performance measurement, and programmatic components. The report also identifies and describes programmatic components for other key county EDOs.

In addition to Montgomery County, IEDC conducted research on Fairfax County, VA; Prince William County, VA; Baltimore County, MD; Howard County, MD; Miami-Dade County, FL; and St. Louis County, MO. The four counties within the region were selected because they often compete with Montgomery County for business. The two counties outside the region were selected because of the strength of their lead economic development organizations and because they demonstrate different models for the delivery of economic development services.

While this report highlights various models for economic development, there is no perfect model. Models vary because of state and local laws, policies, and practices; and demographic, geographic, and business characteristics. Thus, IEDC presents various models and possible strengths and weaknesses of each.

What follows this introduction is:

- A summary section
 - Comparison of the seven counties and their lead EDOs
 - Economic development organization structures
- Detailed discussions of Montgomery County and each of the six comparative counties

Comparative Analysis

As a group, the six comparable counties represent a diversity of demographic and economic characteristics, as shown in Table A-1. Three of the counties, Baltimore, Fairfax, and St. Louis, have populations similar to Montgomery County's population of 971,777. Not surprisingly, all four Baltimore-Washington area counties have lower than average unemployment rates and higher than average incomes and education levels than the two counties outside of the region. Fairfax and Howard Counties have the highest incomes and lowest unemployment rates.

Including Montgomery County, three of the lead county EDOs are part of county government, two are public authorities, and two are nonprofit private corporations, as shown in Table A-2. Their total budgets range from just over \$2 million for the Prince William County Department of Economic Development (PWCDED) to \$13.8 million for the St. Louis County Economic Council (SLCEC), compared to \$8.3 million for MCDED. However, these budgets cover a wide variety of services and need to be adjusted to compare like services. The variety of organizations and the counties they serve provides a diverse set of practices to compare and contrast with MCDED.

Montgomery County, MD

Most of the primary economic development functions in Montgomery County are managed by the county government. With an FY12 budget of \$8.3 million (\$4.3 million administrative budget),¹ the 32-member staff of MCDED leads county efforts in marketing and business recruitment, business retention and expansion (BRE), technology-led development, small and minority/women/disadvantaged (MWD) business development and business financing, workforce development, and agricultural services. MCDED engages or supports other county offices in strategic real estate development. MCDED staff manages the county's workforce investment board (WIB), which is responsible for channeling federal, state and local funds to one-stop career centers and other workforce initiatives.

Fairfax County, VA

The Fairfax County Economic Development Authority (FCEDA) is the county's lead economic development organization. The 44-person FCEDA staff leads the county's marketing and business recruitment and business retention and expansion (BRE) efforts. Although an autonomous authority, FCEDA is funded by county government. Technology-led development is provided by the state-sponsored Center for Innovative Technology (CIT) and private Northern Virginia Tech Council (NVTC). Small and minority/women/disadvantaged (MWD) business development and finance is conducted by George Mason University's Mason Enterprise Center. The County Office of Community Revitalization and Reinvestment leads real estate development, while the Northern Virginia Workforce Investment Board leads workforce development through a nonprofit organization, SkillSource.

¹ The administrative or operating budget covers personnel and related operating costs; it excludes funds to capitalize loan programs or passed through to sub-grantees.

Table A-1

**Economic
Comparison
Montgomery County and Comparative Analysis Counties**

	Population		2000-2010 Population Growth Rate	2010 Employment	Jan-12 Unemployment Rate	2010 Median Household Income	2010 Percent College Degree or Higher
	2000	2010					
Montgomery Co., MD	873,341	971,777	11.3%	523,864	5.0%	\$89,155	56.5%
Howard Co., MD	247,842	287,085	15.8%	148,301	4.8%	\$103,273	58.3%
Baltimore Co., MD	754,292	805,029	6.3%	424,628	7.5%	\$63,494	34.9%
Fairfax Co., VA	969,749	1,081,726	11.5%	582,131	4.1%	\$103,010	56.1%
Prince William Co., VA	280,813	402,002	30.1%	217,175	4.9%	\$92,655	43.7%
Miami-Dade Co., FL	2,253,362	2,468,461	8.7%	1,989,037	9.9%	\$42,157	16.4%
St. Louis Co., MO	998,881	998,954	<1%	525,698	7.0%	55,290	39.1%
United States	273,637,396	308,745,538	12.8%	139,033,928	8.3%	\$50,046	28.2%

Source: Population: U.S. Census; Employment, Income, & Education: U.S. Census - American Community Survey; Unemployment rates: Bureau of Labor Statistics, January 2012 (not seasonally adjusted)

Summary of Comparable County Lead Economic Development Organizations

LEAD EDO	Legal Status	Governance	Total Budget	Operating Budget¹	Staff	Funding Source	Primary Functions
Montgomery County Department of Economic Development	County Government	County Executive and Council	\$8,334,312	\$4,257,237	32	100% Public, mostly county (state & federal for WIB)	Marketing, business recruitment, BRE, small business development and finance, incubator management, workforce development, real estate, agricultural services
Fairfax County Economic Development Authority	Public Authority	7 member commission appointed by county board of supervisors	\$7,093,393	\$7,093,393	44	100% Public (county)	Marketing, business recruitment, BRE, market and real estate research, entrepreneurial development
Baltimore County Department of Economic Development	County Government	County Executive and Council	\$9,570,657	\$7,404,657	56.5	100% Public - county (state & federal for WIB)	Marketing, business recruitment, BRE, financing, incubator, workforce development and training
Howard County Economic Development Authority	Public Authority	County Executive and Council appointed board	\$2,606,925	\$2,606,925	12	95% county, 5% private	Marketing, BRE, small business and entrepreneurial support, Incubator
Prince William County Department of Economic Development	County Government	County Executive and Board of Supervisors	\$2,026,654	\$1,777,254	13	100% Public (county)	Marketing, business recruitment, BRE
The Beacon Council	Private Nonprofit	63-member board of directors	\$5,338,756	\$5,338,756	28	70% county, 30% private	Marketing and business recruitment, BRE

St. Louis County Economic Council	Private Nonprofit	13-member board; 7 appointed directly by County Executive, 7 from subsidiary boards	\$13,821,026	\$5,506,781	42	45% county, rest: grants, fees for services, property rental	BRE, business financing, site selection, entrepreneurial support, incubator management, international trade assistance, community reinvestment, real estate redevelopment
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¹Calculated in table A-5

Source: IEDC

Prince William County

The Prince William County Department of Economic Development is the lead economic development agency for the County. The 13-person county government department focuses on marketing, business recruitment and BRE. A group of appointed business leaders, the Economic Development Alliance, advises the Board of County Supervisors on economic development policy. The Mason Enterprise Center operates a business incubator and accelerator and the nonprofit Flory Small Business Center also supports start-ups and existing businesses. Like in Fairfax County, the Northern Virginia Workforce Investment Board leads workforce development through a nonprofit organization, SkillSource.

Baltimore County

The Baltimore County Department of Economic Development (BCDED) is the lead county EDO. The county government department focuses on marketing, business recruitment, BRE, financing, and workforce development. In 2010, the Baltimore County Executive consolidated the Office of Workforce Development into the Department of Economic Development. The Workforce Division, which includes the county WIB, now comprises 44 of the total department staff of 56. BCDED, in partnership with the Baltimore County Chamber of Commerce, funds the Small Business Resource Center (SBRC), which is co-located with the Chamber. The University of Maryland operates an incubator and accelerator and the Economic Alliance of Greater Baltimore leads marketing and business recruitment efforts for the county and region.

Howard County

The primary economic development functions of Howard County are led by the Howard County Economic Development Authority (HCEDA). The 12-person HCEDA staff focuses on marketing, business retention and expansion, small business development and training, and agricultural marketing. HCEDA staff manages the state's Maryland Center for Entrepreneurship (MCE) that includes an incubator and other technology-led and small business services. The WIB is managed through the Howard County Office of Workforce Development, and the Economic Alliance of Greater Baltimore leads marketing and business recruitment efforts for the county and region. Approximately 95% of HCEDA is funded by the county with the remaining 5% from the private sector.

Miami-Dade County

Miami-Dade County contracts their economic development functions to The Beacon Council, a 501(c)(6) nonprofit public-private partnership. As the lead economic development organization in Miami-Dade County, the 28-person Beacon Council staff focuses on marketing, business recruitment, and BRE. The Council receives 70% of its funding from the county with the remaining 30% from the private sector. The Miami-Dade County Sustainability, Planning and Economic Enhancement Department (SPEED) manages planning, business incentives, small and MWD business development, and real estate redevelopment functions. Another county agency staffs the South Florida Workforce Investment Board.

St. Louis County

The St. Louis County Economic Council (SLCEC) is the county's lead EDO. It is the largest EDO in terms of staff and total revenues in St. Louis County, and also among the comparative counties in this report. SLCEC receives about 45% of its funding from the county with the remaining funds coming from other government grants, fees for services and rental income. SLCEC leads county efforts in BRE, business finance, real estate redevelopment, export promotion (as operator of the World Trade Center), and entrepreneurial development. SLCEC owns and operates five business incubators including one under construction. The St. Louis Regional Chamber and Growth Association (RCGA) is responsible for

marketing the entire region (16 counties in two states). The St. Louis Minority Supplier Development Council takes the lead on supporting minority, women, and disadvantaged (MWD) businesses. The St. Louis County Workforce Investment Board (WIB) is managed by the St. Louis County Department of Human Services' Division of Workforce Investment.

Table A-3

Key Operating Metrics for Lead County Economic Development Organizations (EDOs)

LEAD EDO	<u>Economic Development Organization Focus¹</u>			<u>EDO Focus Between MBR & BRE</u>		Annual Retention Calls	Regional EDO provides MBR support?	Research Staff	Advertising & Promotion Budget³
	MBR & BRE²	Tech-led and Small MWD Business	Other	MBR	BRE				
Montgomery County Department of Economic Development	38%	38%	24%	20%	80%	236	No	<1	\$350,000
Fairfax County Economic Development Authority	93%	7%	0%	80%	20%	1500	No	6	\$1,200,000
Prince William County Department of Economic Development	100%	0%	0%	80%	20%	TBD	No	1	\$175,000
Baltimore County Department of Economic Development	18%	3%	79%	5%	95%	500	Yes	1	\$0
Howard County Economic Development Authority	75%	17%	8%	20%	80%	300+	Yes	0	Limited
The Beacon Council (Miami-Dade County)	100%	0%	0%	50%	50%	150	No	2	\$0

St. Louis County Economic Council	24%	24%	52%	5%	95%	260	Yes	0	\$150,00
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¹Based on calculations from tables A-5, A-6, and A-7

² Marketing and business recruitment (MBR) and business retention and expansion (BRE), includes supporting functions such as research, communications, advertising and promotion

³Contracted advertising and promotion, excludes personnel costs

Source: IEDC

County Comparison

The lead county EDOs provide similar services but the emphasis on the particular services provided varies considerably, as shown in Table A-3. Economic development professionals generally consider economic development to be comprised of three core functions: 1) marketing and business recruitment (MBR), 2) business retention and expansion (BRE), and 3) entrepreneurial development. While business recruitment may generate headlines, the less glamorous work of helping to retain and expand existing businesses generates the most jobs.² Both efforts require the ability to reach out and engage business leaders, sell the county, negotiate incentives, and fast track firms through the regulatory process. The marketing and recruitment functions also typically include multimedia marketing campaigns, domestic and international recruitment trips, and the development and distribution of research. Given the similarities and importance of these two functions, they are analyzed in depth.

MBR and BRE

Most lead EDOs play an important role in MBR and/or BRE. Four EDOs – FCEDA, PWCDED, HCEDA, and the Beacon Council – focus 75% or more of their overall resources on MBR and/or BRE. The remaining three EDOs – Montgomery County DED, BCDED, and SLCEC – provide a greater variety of functions. MCDED and SLCEC both provide a comprehensive set of economic development functions including BRE, small business finance, and incubator management. MCDED includes workforce development and agricultural services, and SLCEC manages a World Trade Center and plays an extensive role in real estate and community revitalization. BCDED also includes workforce development but, unlike MCDED, provides most of these services through its own (Workforce Division) staff.

While all the lead EDOs provide both MBR and BRE services, there is considerable difference in the emphasis placed on each. Of the seven lead county EDOs, four (including MCDED, BCDED, HCEDA and SLCEC) spend 75% or more of their business development time on BRE rather than marketing and recruitment. The Beacon Council evenly splits its time between the two while FCEDA and PWCDED spend about 80% of their time on marketing and business recruitment, leaving 20% for BRE. EDOs like FCEDA and PWCDED that are not supported by a strong regional MBR organization focus primarily on MBR. In contrast, EDOs like BCDED and SLCEC that do have such a regional EDO focus on BRE. MCDED is inconsistent with these observations; despite not having a strong regional EDO, it focuses more on BRE than MBR. Given the importance of BRE in job generation, such a practice is consistent with industry best practices.

Information exchange through in-person meetings and surveys represents a core component of BRE. All of the lead EDOs meet periodically with key businesses and all but one have an established list of businesses to contact. Three EDOs, The Beacon Council, MCDED, and SLCEC, meet with between 150 and 260 businesses annually; BCDED meets with 500, and FCEDA reports that it meets with 1500 – 1700 businesses annually. Each of its 17 business development staff members is responsible for meeting with two businesses a week.

Entrepreneurial Development

² International Economic Development Council. Hackler, Katona, and Girdwood. Business Retention and Expansion. (IEDC, 2011). p. 30

Entrepreneurial development is represented by tech-led and small minority/women/disadvantaged (MWD) business development. Tech-led development focuses on firms that, because of innovative use of technology, have the potential for rapid growth and high wages. Tech-led development includes collaboration with universities, federal labs, entrepreneurs, and investors on technology transfer and seed and venture capital funding. Small and MWD business development overlaps tech-led development, but for this discussion other types of small business development are focused on. EDOs typically help both types of firms with technical assistance, funding, and networking. Nationally, there is growing EDO interest in entrepreneurial development.

EDOs such as MCDED and SLCEC are very involved in entrepreneurial development. Over a third of MCDED resources and about a quarter of SLCEC resources are dedicated to such initiatives. Over the last several years, SLCEC has shifted some of its focus to more aggressively promote technology-led development. Like Montgomery County DED, SLCEC has developed incubators; a 33,000 square foot facility (its fifth) is under construction. And like Montgomery County DED, SLCEC and Miami-Dade's Beacon Council have established technology cluster organizations. The Beacon Council is establishing a private sector-led cluster organization in conjunction with its campaign to promote a life science corridor. Fairfax County already has one of the largest such organizations in the nation, the 1,000 member Northern Virginia Technology Council.

Website and Research

Appearance is important, especially the look of the website. User-friendly websites loaded with research and valuable links send a pro-business message, as demonstrated on the FCEDA website. Montgomery County DED is redoing its website and Baltimore County is examining alternative, business-friendly website formats that clearly distinguish it from the county government's website. Most EDOs have one or two staff members dedicated to research; FCEDA has six. However, St. Louis County, Baltimore County and Howard County benefit from research provided by regional marketing organizations. Therefore, the research capacity of these three counties is greater than that shown by the number of lead EDO research staff.

Advertising and Promotion

The emphasis on advertising and promotion varies widely, as shown in the EDO budgets for such contracted services (excluding personnel costs). Fairfax Economic Development Authority has a \$1.2 million budget while others report little or no funding for advertising and promotion. For example, the Beacon Council has nothing budgeted for advertising or public relations, although it has \$242,000 budgeted for promotional events. The Prince William County Department of Economic Development spends \$175,000 on advertising and promotion. EDOs that do not include marketing and business attraction as a major function, such as SLCEC and BCDED, also have little or no advertising and promotion budget. Rather, their respective regional marketing organizations fund such activities. Both SLCEC and BCDED contribute funds (\$50,000 to \$200,000) to their regional marketing organization.

Small Business Inquiries

EDO staffs typically handle small business inquiries about regulatory concerns on an as-needed basis; none of the EDOs have staff solely dedicated to small business inquiries. Most of the EDO representatives noted that business regulatory issues are usually identified and addressed from retention calls. For unsolicited inquiries, Baltimore County has a tiered approach. The call usually goes to the county switchboard, which is then referred to BCDED. If the firm is in the startup phase, BCDED refers it to a small business provider which it (BCDED) partially funds. If the firm is located along a

commercial corridor, BCDED refers it to the planning department, and if the firm is a more established economic base industry, staff addresses its needs directly. FCEDA sets up a rotating schedule in which each of its business development staff is assigned one day to take calls. Staff may just refer the caller to the appropriate county staff, call the county staff on behalf of the caller, or take part in a meeting to address the caller's concerns.

Employment and Incentive Pay

MCDED is the only EDO staffed by union employees. The other EDOs have non-union staff and all but MCDED and PWCDED staff serve at will (even the PWCDED director is civil service). For the development authorities, FCEDA and HCEDA, employees are part of the county government benefits plan even though they are not county employees. FCEDA, PWCDED, and the Beacon Council provide incentive pay in terms of bonuses; BCDED discontinued incentive pay because of the recession. SLCEC only offers incentive pay for two employees: one that promotes business loans and one that sells World Trade Center memberships.

Table A-4

Key Staffing and Performance Metrics for Lead County EDOs

LEAD EDO	Strategic Planning Process	Basis of Performance Measures	Key Performance Measures			
			Controllable Metrics Linked to Work with Prospects*	Less Controllable Broad Economic Measures	Employment	Incentive Pay
Montgomery County Department of Economic Development	Pending legislation	County Stat and staff derived internal measures	Job growth, capital investment, occupied commercial space ,TA program satisfaction; incubator company investment, occupancy, graduation rates, graduate jobs	Job growth, capital investment, occupied commercial space	Civil service, union	No
Fairfax County Economic Development Authority	Sr. Staff develops 3-5 yr. strategic plan, all staff develops 1 yr. business plan	Annual January board retreat	Job creation, expansion, articles that provide a desired economic message	Foreign-owned company growth, Minority-owned company growth	At will, nonunion, on county benefits plan	Yes, based on overall performance goals and individual performance
Prince William County Department of Economic Development	Part of 4 yr. county government strategic plan	Strategic plan	N/A	Nonretail capital investment, new or expanded targeted businesses, high wage job creation, increase in average wages	Civil service, nonunion	Yes, county government system
Baltimore County Department of Economic Development	2012 plan 1st in many yrs., expect to update annually	Strategic plan	Under review by BCDED	Under review by BCDED	At will, nonunion	Discontinued

Howard County Economic Development Authority	5 yr. plans that incorporate stakeholder input	Annual work plan	Numerous metrics for four categories: business development, marketing, entrepreneurial center, and operations	Jobs created, business expansion square feet and new capital investment	At will, nonunion, on county pension system	No
The Beacon Council (Miami-Dade County)	Last 2009 - 2012 plan for council, current 5 yr. plan focus - countywide econ. dev. and includes extensive stakeholder involvement and environmental scan	Strategic Plan	15 economic metrics, e.g. projects completed, jobs created, retained jobs, capital investment, research reports; 9 marketing metrics, e.g. leads generated, website hits; 6 fundraising metrics, e.g. new members, members retained, grants	11 economic outcomes, e.g. employment, unemployment rate, per capita income, property values, building permit valuations, merchandise trade	At will, nonunion	Yes
St. Louis County Economic Council	3 yr. strategic plan, developed in board retreat after extensive environmental scan	Developed by divisions during annual planning process	5-10 objectives for each of 8 strategic areas: BRE, entrepreneurial/small business, international business, county reinvestment, talent/skills development, collaboration with partner organizations, fund raising	N/A	At will, nonunion	2 employees only

***Prospects are businesses that EDO staff work with. The EDO staff helped the business with incentives packaging and approvals, financing, labor and training, site selection, permitting, legal and business services referrals, logistics and transportation, research and analysis, relocation assistance, and/or introductions to government and community leaders.**

Source: IEDC

Strategic Planning and Performance Evaluation

Most EDOs have a formal strategic planning process. BCDED reports that it is just now starting one, and the PWCEDED plan is part of a comprehensive county government plan, as shown in Table A-4. Four of the EDOs – PWCEDED, BCDED, SLCEC, and the Beacon Council – draw their performance measures from their strategic plans; other EDOs use the plan as a guide for such measures. Best practice EDOs closely tie performance measures to the strategic plan.

Many EDOs struggle with their performance evaluation system. EDO governing boards and county councils want a return on investment, especially in terms of new jobs and new higher income jobs. Not surprisingly, many of the comparable county lead EDOs are revamping their performance measures. MCDED, BCDED, HCEDA and PWCEDED are reviewing and revising their measures.

Miami-Dade’s Beacon Council has already gone through such a revision. About six years ago, the Council, working with county government, streamlined its reporting from hundreds of measures to a two to three page document that highlights key performance indicators. It views the number of economic development projects completed as the most important performance metric. Each time a project is completed the business involved signs off to validate the Council’s role as well as the number of jobs created. These and other metrics are reported to the Board of Directors and County Executive monthly, but the data is updated on a weekly basis. Nonetheless, the Council is expected to revise its measures with the upcoming release of its new strategic plan.

Most outcome-based performance measures, such as employment, are very dependent on the business cycle. Therefore, such metrics often do not measure factors the EDO staff can directly control. As shown in the table, FCEDA, SLCEC, and the Beacon Council are primarily evaluated according to controllable inputs and outputs, such as job creation from prospect businesses³. In contrast, PWCEDED and HCEDA have been measured by broader, less controllable economic measures, such as overall job growth. PWCEDED limits these broad measures to nonretail metrics. MCDED has a mixture of controllable and broader, less controllable measures. While it is important to track and report broad economic measures such as employment and income, the best practice performance measures are ones that the EDO can more directly control.

The FCEDA performance evaluation process is based on controllable metrics and tied to staff compensation. Overall FCEDA goals are prorated to determine weighted metrics for staff. At the beginning of the year, staff set aside 10% of their salary as “at risk.” As a group, the staff is then evaluated according to its success in key, weighted metrics: 50% on job creation, 20% on expansion, 10% on foreign-owned company growth, 10% on minority-owned company growth and 10% on articles that provide a desired economic message about the county. Collectively, staff performance is measured on a graduated scale based on low (.75), medium (1.0) and high (1.25) performance levels. Staff is expected to meet the low threshold but if staff members only meet the low threshold, they lose the 10% of their salaries that was set aside. If they match the median, they don’t lose any of the 10% and if they match the high, they receive a 10% bonus. The commission sets the metrics during the annual January retreat, and the subsequent results are documented and reviewed by an external auditor. The performance evaluation system has been very effective. It aligns commission goals with organization and staff performance.

³ The EDO staff helped the business with incentives packaging and approvals, financing, labor and training, site selection, permitting, legal and business services referrals, logistics and transportation, research and analysis, relocation assistance, and/or introductions to government and community leaders.

County Expenditures on Marketing and Business Recruitment (MBR) and Business Retention and Expansion (BRE)

Operating Budgets

To compare county expenditures on MBR and BRE, IEDC reviewed lead county EDO budgets, adjusted budgets to compare with one another, and compared the resulting budget figures to county population and county government budgets.

Total budgets were first adjusted to reflect operating budgets as shown in Table A-5. Montgomery County DED, PWCED, and SLCEC have grants that are passed through to sub-grantees. Baltimore County was also adjusted for pass through funds to capitalize its loan fund. After deducting the pass through funds, the remaining operating budgets primarily go to fund staff and related operating costs.

Table A-5

Operating Budget Calculations for Lead County EDOs

LEAD EDO	Total Budget	Total Staff	Less Pass Throughs: WIB, Grants, Capital Budgets				Operating Budget
			WIB Pass Through	Capital Loan Budget	Small Business Centers & Incubators	Const- ruction, Grants, Other Outlays	
Montgomery County Department of Economic Development	\$8,334,312	32	\$2,344,020		\$1,733,055	\$4,257,237	
Fairfax County Economic Development Authority	\$7,093,393	44				\$7,093,393	
Prince William County Department of Economic Development	\$2,026,654	13			\$249,400	\$1,777,254	
Baltimore County Department of Economic Development	\$9,570,657	56.5		\$2,166,000		\$7,404,657	
Howard County	\$2,606,925	12				\$2,606,925	

**Economic
Development
Authority**

The Beacon Council (Miami-Dade County)	\$5,338,756	28		\$5,338,756
St. Louis County Economic Council	\$13,821,026	42	\$8,314,245	\$5,506,781

Source: IEDC

Marketing, Business Recruitment and BRE Budgets

The next budget adjustment focuses on pruning the remaining operating budgets so that only operations focused on MBR and BRE remain. As shown in Table A-6, two of the EDOs – PWCDED and the Beacon Council – required no adjustment since these EDOs primarily focus on MBR and BRE. The adjustment for MCDED is shown separately in Table A-7. SLCEC had a major adjustment because only eight of its 42 staff focus on BRE (MBR is provided by the regional marketing EDO). BCDED also required a considerable adjustment since 44 of its staff comprise its Workforce Division. Therefore, only the budget for the Business Development Division and its 11 staff are included.

Table A-6

Lead EDO Marketing, Business Recruitment and BRE Budget Calculations

LEAD EDO	Operating Budget	Total Staff	MBR & BRE Staff	Tech-led and Small MWD Business Staff	Other Staff ¹	Marketing, Business Recruitment and BRE		
						Budget	How Budget Calculated	Percent of Operating Budget
Montgomery County Department of Economic Development	\$4,257,237	32	7	7	18	\$1,599,889	See Table A-7	38%
Fairfax County Economic Development Authority	\$7,093,393	44	41	3	0	\$6,609,753	Staff percent (93%) ²	93%
Prince William County Department of Economic Development	\$1,777,254	13	13	0	0	\$1,777,254	No Adjustment	100%
Baltimore County Department of Economic Development	\$7,404,657	56.5	11	1.5	44	\$1,345,282	Budget for Division ³	18%
Howard County Economic Development Authority	\$2,606,925	12	9	2	1	\$1,955,194	Staff Percent (75%) ²	75%
The Beacon Council (Miami-Dade County)	\$5,338,756	28	28	0	0	\$5,338,756	No Adjustment	100%
St. Louis County Economic Council	\$5,506,781	42	10	10	22	\$1,311,138	Staff percent (24%) ²	24%

¹Workforce division for BCDED

² Operating budget times the percent of total staff that work in marketing, business recruitment and BRE. For SLCEC, two staff added to columns D and E to include accounting and admin staff support.

³ Provided from Baltimore County DED budget for Business Development Division, excludes 1.5 staff for small business resource center.

Table A-7

Marketing, Business Recruitment & BRE Budget Calculations for MCDED

<u>Economic Development Functions</u>	Staff	Total Budget	Budget without Admin/ Finance	Percent	<u>Administration/Finance Allocation</u>		Allocated Budget
					Admin/ Fin Budget	Allocation ¹	
Administration/Finance (& staff for EDF)	6	\$619,469					
Incubator Management, Operations, and Personnel	3	\$358,166	\$358,166	9.8%			
Marketing & Business Development, including communications & research	7	\$1,367,090	\$1,367,090	37.6%	\$619,469	\$232,799	\$1,599,889
Small Business Dev.	4	\$701,548	\$701,548	19.3%			
Special Projects	2	\$291,162	\$291,162	8.0%			
Workforce Investment Services (WIS)	3	\$425,579	\$425,579	11.7%			
Agricultural Services	7	\$494,223	\$494,223	13.6%			
Subtotal, Administrative Budget	32	\$4,257,237	\$3,637,768	100.0%			
5 Incubators Facility Pass-through		\$1,733,055					
WIS Pass-through Funds for One Stop Centers		<u>\$2,344,020</u>					

Total	\$8,334,312
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¹Based on percent marketing and business development budget times administration/finance budget.

Source: Montgomery County Dept. of Economic Development (FY12), IEDC (Italics are IEDC calculations)

Regional Marketing EDO Benefits

With the MBR and BRE budgets determined for the lead EDOs, it is necessary to add other such services that are provided by other county EDOs to compare the counties. Therefore, IEDC estimated the expenditures for the MBR services provided to the counties by the regional EDOs and added the resulting amount to the lead EDO MBR and BRE budgets. Now the focus of the analysis switches from the lead EDO to the county as a whole. As shown on Table A-8, both Baltimore County and Howard County are supported by the Economic Alliance of Greater Baltimore. Therefore, the Alliance budget was prorated to the two counties' based on their percent of total metro area population.

Additionally, St. Louis County experiences a significant benefit from the Regional Chamber and Growth Association. Although SLCEC, Baltimore DED, and HCEDA contribute to their regional EDOs, they also receive a great deal of services from the regional EDO since such organizations are primarily privately funded. Other comparable counties do not significantly benefit from a regional organization so no adjustment was made.

Table A-8

County Marketing, Business Recruitment & BRE Resources

County	Lead EDO MBR & BRE		Strong Regional MBR Focused EDO?	Add Budget of Regional Organization Based on County Share of Metro Population					
	Staff	Budget		Co. Pop.	Metro Pop.	County % of Metro Pop.	Regional EDO Budget	Estimated Regional EDO Services for County	Lead EDO Budget Plus Regional EDO Services for County
Montgomery County	7	\$1,599,889	No						\$1,599,889
Fairfax County	41	\$6,609,753	No						\$6,609,753
Prince William County	13	\$1,777,254	No						\$1,777,254
Baltimore County ¹	11	\$1,345,282	Yes	805,029	2,710,489	29.7%	\$1,497,972	\$444,905	\$1,790,187
Howard County ¹	12	\$1,955,194	Yes	287,085	2,710,489	10.6%	\$1,497,972	\$158,660	\$2,113,853
Miami-Dade County	28	\$5,338,756	No						\$5,338,756
St. Louis County ²	8	\$1,311,138	Yes	998,954	2,812,896	35.5%	\$4,609,248	\$1,636,899	\$2,948,037

¹Regional EDO for Baltimore & Howard Counties: Economic Alliance of Greater Baltimore

²Regional EDO for St. Louis County: Regional Chamber and Growth Association; half of total budget of \$9,218,495 is shown since about half of staff resources focus on economic development.

Source: IEDC

**Marketing and Business Recruitment (MBR) and Business Retention and Expansion (BRE)
Conclusions**

Montgomery County has the lowest per capita expenditures on MBR and BRE and the second lowest ratio of MBR and BRE expenditures to the county government budget compared to the other counties, as shown in Table A-9. MBR and BRE budget per capita ranged from a low of \$1.65 in Montgomery County to a high of \$7.36 in Howard County. Some of this discrepancy can be attributed to populations: Howard County has the lowest population, so it does not benefit from economies of scale. Nonetheless, the three counties with populations similar to Montgomery County’s (Fairfax, Baltimore, and St. Louis) have considerably higher MBR and BRE resources per capita. They range from \$2.22 to \$2.95 for Baltimore and St. Louis Counties respectively to \$6.11 for Fairfax County.

**Table A-9
County Marketing, Business Recruitment & BRE Budget Per Capita and Percent of Total County Budget**

County	Lead EDO MBR & BRE Budget Plus Regional EDO Services for County	County Pop-ulation	MBR and BRE Expenditures Per Capita	Total County Budget (\$000s)*	MBR & BRE Expenditures Percent of Total County Budget
Montgomery County	\$1,599,889	971,777	\$1.65	\$1,825,500	0.09%
Fairfax County	\$6,609,753	1,081,726	\$6.11	\$1,603,174	0.41%
Prince William County	\$1,777,254	402,002	\$4.42	\$464,371	0.38%
Baltimore County	\$1,790,187	805,029	\$2.22	\$1,220,939	0.15%
Howard County	\$2,113,853	287,085	\$7.36	\$721,117	0.29%
Miami-Dade County	\$5,338,756	2,468,461	\$2.16	\$6,503,821	0.08%
St. Louis County	\$2,948,037	998,954	\$2.95	\$546,785	0.54%

*Operating budget and annual portion of capital budget, excludes schools (K-12 & colleges)

Source: IEDC

Montgomery County is second to Miami-Dade County in MBR and BRE expenditures as a percent of total county budget at .09%, compared to .08% for Miami-Dade. Other counties were higher, ranging from .15% for Baltimore County to .54% for St. Louis County. The high figure for St. Louis County is primarily due to the county's small county budget relative to its population. Conversely, the low figure for Miami-Dade is primarily due to the county's large budget. With 2.3 to 2.5 times the population of Fairfax and Montgomery and Counties, Miami-Dade County is expected to have a larger budget. However, its \$6.5 billion budget is 3.5 to 4 times larger than that of Montgomery and Fairfax Counties respectively. Therefore, after adjusting for county budget size, Montgomery County has relatively low MBR and BRE expenditures as a percent of county government budget even when compared to Miami-Dade County. In conclusion, both the expenditures per capita and the expenditures as a percent of county budget metrics show lower MBR and BRE expenditures for Montgomery County than for the comparable counties.

Table A-10

Governance of Organization that is the Primary Provider of Specified Role

Role	Public: County Government	University or State Government	Quasi-governmental or Authority	Private – Greater Government \$s	Private – Greater Private \$s
Marketing & Business Recruitment	Montgomery Co. Prince William Co.		Fairfax Co. Howard Co.	Miami-Dade	Baltimore Co. St. Louis Co.
Business Retention & Expansion	Montgomery Co. Baltimore Co. Prince William Co.		Fairfax Co. Howard Co.	St. Louis Co. Miami-Dade	
Tech-led Develop.	Montgomery Co.	Baltimore Co. Prince William Co. Fairfax County Miami-Dade	Howard Co.	St. Louis Co.	
Sm. Bus. Dev/Fin.	Montgomery Co. Baltimore Co.	Fairfax Co. Prince William Co.		St. Louis Co. Baltimore Co. Miami-Dade	
Real Estate Development and Reuse	Montgomery Co. Fairfax Co. Prince William Co. Baltimore Co. Miami-Dade			St. Louis Co.	
WIB	Montgomery Co. St. Louis Co. Baltimore Co. Howard Co. Miami-Dade			Fairfax Co. Prince William Co.	

Organizational Assessment

The purpose of this section is to compare the EDO structures of Montgomery County and the other six counties. Economic development organizations can operate effectively as public, public/private or private organizations. Success is based on strong leadership, a clear, well-communicated mission and the relationships, resources, and staff skills to carry out the mission. Various economic development roles may align with specific organizational structures as shown in Table A-10. For some functions, such as BRE, EDOs are about equally represented among public, public/private and private organizations. For other functions such as tech-led, real estate and WIB management, EDOs coalesce around one organizational structure. For example, tech-led initiatives are often run by states or universities while real estate and WIB management are frequently part of local government. While MCDED and the six other counties represent a diverse cross section of counties, IEDC believes that for a larger sample of US EDOs, a majority of the MBR functions are handled by private sector-led organizations. Furthermore, real estate includes a concentration of public authorities (as well as government real estate departments).

The columns in Table A-11 represent a spectrum of different types of economic development organizations (EDOs) ranging from purely public on the left, to public/private partnerships in the middle, to purely private on the right. Moving from left to right, the structure becomes more autonomous from government influence and more aligned with private business interests. The rows represent key economic development functions or services, including:

- Marketing and business recruitment (MBR)
- Business retention and expansion (BRE)
- Technology-led development
- Small and minority/women/disadvantaged (MWD) business development/finance
- Real estate development and reuse
- The Workforce Investment Board (WIB)

Table A-10 designates which organization is the primary provider of the aforementioned economic development function/service. For example, under marketing and business recruitment, Baltimore County is shown as a private organization, the Economic Alliance of Greater Baltimore, that is primarily funded by the private sector. Note that the Alliance *is not* the lead county EDO for Baltimore County, but it *is* the lead marketing and business recruitment organization for the county. Since it serves six municipalities in the region, it does not focus exclusively on Baltimore County. Therefore, the BCDED, as the largest EDO focused exclusively on the county, is considered the lead county EDO. Furthermore, BCDED is the lead provider for BRE and the WIB related services. County level details are described in chapters 2-9 of this report.

Table A-11

Comparable Analysis of Marketing and Business Recruitment and Business Retention and Expansion

Role	Public: County Government	Quasi-governmental or Authority	Private – Greater Gov. \$s	Private – Greater Private \$s
Marketing & Business Recruitment	Montgomery Co. Prince William Co.	Fairfax Co. Howard Co.	Miami-Dade	Baltimore Co. St. Louis Co.
Business Retention & Expansion	Montgomery Co. Baltimore Co. Prince William Co.	Fairfax Co. Howard Co.	St. Louis Co. Miami-Dade	
Possible Advantages	Strong relations with political leadership thus, effective in implementing public mandate. Effectively addresses regulatory issues through close ties with other county staff, effectively links businesses with government programs	Nimble, autonomous organization with business leader appointed board can maintain close relations with both government and business	True public/private partnership, government influence through funding approval, leadership engaged through membership, board leadership, and financial contribution	Private leadership makes for flexible, nimble organization, very engaged business leaders can be very effective recruiters
Possible Disadvantages	Political oversight without business perspective, lack of management continuity, challenges with procurement, hiring & firing staff, FOIA unsuited for business confidentiality	Can still experience significant political oversight, may not be embraced by broad business constituency, private sector funding reluctance given government funding	Political backlash against public funding for private organization	Some municipalities may feel overlooked by regional EDO, distance from government can make staff less effective working with government regulatory constraints

Marketing and business recruitment (MBR) and business retention and expansion (BRE)

MBR

EDOS providing MBR and BRE services can range from purely public to purely private as seen in Table A-11. Marketing and business recruitment are especially amenable to private nonprofit organizations such as the Miami-Dade County Beacon Council. Governed by a majority private sector board, the council is comprised of business leaders who are very engaged and thus provide an important leadership role. For example, the Beacon Council is facilitating a comprehensive countywide economic development planning process with over 50 stakeholder groups. The plan will lead to about 80 recommendations of which the Beacon Council will take ownership of about 65. In general, for counties and regions where there is a high level of private sector engagement in economic development, the resulting private sector-led EDOs have been very successful. Organizations such as the Charlotte Regional Partnership, the Greater Phoenix Economic Council, and the Greater Oklahoma City Chamber of Commerce have been key to their regions' success.

Many US metropolitan areas, like Charlotte, NC; Phoenix, AZ; Oklahoma City, OK; and St. Louis, MO have private sector-led organizations that market the region and recruit businesses. Since relocating businesses first consider the region rather than the municipality, it follows that the recruiting organizations operate on a regional level. Unlike most US metropolitan areas, the Washington, DC region lacks a strong, regional marketing and business recruitment organization. The Greater Washington Board of Trade advocates for regional business interests, and its affiliate, the Greater Washington Initiative, does provide regional marketing and research. However, given that their purview covers two states and DC – with their diverse policies and cultures, these organizations do not lead regional recruitment efforts. Therefore, the counties have had to take on this role. Some counties, such as Montgomery, Arlington, and Prince William, have assumed the marketing and recruitment role within county government while others, such as Fairfax County, have established a quasi-public authority to provide such services.

The Fairfax Economic Development Authority (FCEDA) demonstrates a very effective use of this structure. Once the county has approved its total budget, the FCEDA CEO and board have the autonomy to shuffle budget items to meet rapidly changing needs. Despite this autonomy, FCEDA has retained county board support through numerous election cycles; the board even maintained FCEDA funding through the recession despite cutting other parts of the county budget. Much of the FCEDA's success is based on strong relationships. The County Board has been willing to delegate, trusting its appointed Commission and FCEDA's President and CEO to make the right decisions. Similarly, the County Board has appointed very capable commissioners, mostly C-level executives with exceptional strategic business analytical skills.

BRE

BRE is a broad category that comprises numerous functions, such as assistance with site selection, incentive programs, permitting and licensing, regulatory compliance, infrastructure development, obtaining capital, cluster based organization development, exports, and access to workforce training. This discussion focuses on business calls because they provide the information exchange that often leads to the other activities. A key to a successful BRE calling program is getting it done. That is, identifying a target list of businesses, committing to a number of annual business visits (calls), making the calls and promptly following up on concerns raised by the businesses.

As seen in Table A-11, BRE functions weigh a little more towards a government role compared to MBR functions. Of the seven EDOs that lead their county BRE efforts, three are public, four are public/private partnerships (authorities or private EDOs primarily funded by the government), and none are purely private. Both government and private EDOs bring strengths to this process. Government EDOs typically have close ties with other county staff so they can effectively represent businesses in resolving regulatory issues. Private EDOs relate to businesses more as peers. Therefore, a best practice for both private and government EDOs is to partner on a calling program and to have representatives from both types of EDOs at meetings.

Table A-12
Comparable Analysis of Tech-Led Development and Small Business Finance Roles

Role	Public: County Government	University or State Government	Private – Greater Gov. \$s
Tech-led Develop.	Montgomery Co.	Baltimore Co. Prince William Co. Fairfax County Miami-Dade	St. Louis Co.
Sm. Bus. Dev/Fin.	Montgomery Co. Baltimore Co.	Fairfax Co. Prince William Co.	St. Louis Co. Baltimore Co. Miami-Dade
Possible Advantages	County invests in incubators and other tech-led initiatives when other funding lacking, locates facilities according to economic needs and potential	Universities and states can approach tech-led development regionally, effectively engaging multiple regional partners. Universities well positioned to transfer technology and administer SBDCs	Mission-driven nonprofit organizations effectively compete for public and private grants to serve small and MWD business niche markets, close to customer
Possible Disadvantages	County geographic focus may miss regional tech-led development possibilities	University academic culture may resist tech transfer, critical seed capital missing	Nonprofit sector may not be strong enough to provide needed services

Table A-13
Comparable Analysis of Real Estate and Workforce Investment Board Roles

Role	Public: County Government	Quasi-governmental or Authority	Private – Greater Gov. \$s
Real Estate Development and Reuse	Montgomery Co. Fairfax Co. Prince William Co. Baltimore Co. Miami-Dade Co.		St. Louis Co.
WIB	Montgomery Co. St. Louis Co. Baltimore Co. Howard Co. Miami-Dade Co.		Fairfax Co. Prince William Co.
Possible Advantages	County staff understands the nuances of real estate through its planning and permitting roles. A separate redevelopment department can focus on project implementation. County has experience in securing WIB funding from other government agencies	Autonomous enough to take on a proactive redevelopment role	Autonomous enough to take on a proactive redevelopment role, can maintain needed government link through subsidiary organizations comprised of county executive appointed boards. Mission-driven nonprofit can effectively provide employment center services
Possible Disadvantages	Real estate staff may be too constrained to take on a needed proactive redevelopment role, WIB staff bogs board down with bureaucratic minutia	Political backlash if perceived as too powerful.	Real estate EDOs may not maintain close enough ties with county agencies to be effective

Technology-led Development and Small and MWD Business Development and Business Financing

Like marketing and business recruitment, technology-led development is often done at the regional level. State and university initiatives lead efforts in four of the studied counties, as shown in Table A-12. For example, the Virginia Center for Innovative Technology (CIT) is headquartered in Fairfax County, while the Maryland Technology Development Corporation (TEDCO) is headquartered in Howard County. Both organizations provide capital for technology startup and commercialization statewide. Howard County also partners with the state on entrepreneurial development. HCEDA staff manages the state's Maryland Center for Entrepreneurship (MCE) that includes (a) Howard County's Business Incubator, (b) the Business Resource Center, (c) the Howard Technology Council and (d) the Catalyst Loan Fund.

Universities, such as Virginia's George Mason University's Mason Enterprise Center (MEC), provide comprehensive small and MWD business development and services throughout northern Virginia. Their services include incubator and small business development center management. By having these large, well-funded organizations each offering a comprehensive package of services, technology and small business development needs are well met. Furthermore, organizations like FCEDA and the Prince William County DED can focus on what they do best, leaving others, such as the university, to lead small business development efforts.

Real Estate Development and Reuse

Government agencies often implement real estate development or, more commonly, redevelopment, as shown in Table A-13. County governments lead this function in five or six counties (Howard County does not appear to have such a role). Given government's planning and regulatory roles in real estate, staff often has the expertise to carry out comprehensive plan goals through community involvement, land assembly, tax increment financing, feasibility studies, financial incentives and permit approvals – predevelopment work often needed to attract private real estate investment. It can also easily work with other county departments, such as planning, zoning and public works to coordinate development efforts.

Development authorities or nonprofit organizations, such as SLCEC, can also package projects and attract private development. SLCEC has grown its real estate expertise to include all aspects of real estate predevelopment, finance, and construction management. It maintains needed government connections through subsidiary organizations, such as the Industrial Development Authority, that are governed by county-government-appointed boards. The benefit to this model is that SLCEC has the autonomy to act like a developer: acquiring property, preparing sites, and soliciting private development, and the added public sector expertise to promote comprehensive plan goals.

The Workforce Investment Board (WIB)

As the major funder for regional workforce development services, the WIB is a critical partner in both workforce development and economic development. Although its board is mandated by federal law to be majority private, the WIB is typically staffed by a government agency or private nonprofit organization. Even if it is staffed by the government, services are often operated by nonprofit grantees. As shown in Table A-13, five of the seven WIBs in the comparative analysis are operated by government agencies, with the remaining two operated by nonprofit organizations. That said, public agency staff is often well versed in the public policy and regulatory processes needed to secure funding from state and federal sources. Since the nonprofit organization can be close to the customer, the government may find it advantageous to keep the WIB in the public agency and contract out certain pieces to nonprofit

providers, as is done with MCDED. Alternatively, a strong nonprofit organization could both staff the WIB and provide workforce development services.

Organizational Assessment

Although Montgomery County conducts more economic development functions within the government than most other counties, county government can be effective at the delivery of such services. However, most other counties and regions have greater private sector engagement, especially in marketing and business recruitment. IEDC recommends Montgomery County further efforts to involve the private sector through a separate private sector-led organization or through MCDED. Greater private sector involvement in marketing and business recruitment would better validate Montgomery County as an attractive place to locate a business.

DRAFT

Montgomery County, MD Department of Economic Development

Overview of Economic Development Delivery System

County Economy

Montgomery County, home to 971,777 residents and covered employment of 441,877, is the most populous county in Maryland and the second most populous county in the Washington, DC metropolitan area. With a median household income of \$89,155, it is one of the wealthiest counties in the US. The population is well educated with 56.5% of adults with at least a bachelor's degree. The county's January 2012 unemployment rate of 5% is well below the national average.

Montgomery County has a strong, resilient economy represented by information technology, telecommunications, biotechnology, software development, aerospace engineering, and professional services. Nearly 600 businesses employ over 100 workers. The major employers are the National Institutes of Health (NIH), National Naval Medical Center, Adventist Healthcare, US Food and Drug Administration (FDA), Marriott International, and Lockheed Martin. Anchored by NIH, FDA and other federal facilities, the county is home to over 250 biotech companies including Human Genome Sciences, MedImmune, United Therapeutics, and Qiagen.⁴

Most of the primary economic development functions are managed by the county government. With a \$4.3 million administrative budget (FY12), the Department of Economic Development (DED) leads county efforts in marketing and business recruitment, business retention and expansion (BRE), technology-led development, small and minority, women, and/or disadvantaged (MWD) business development and finance, workforce development and agricultural services, as shown in Table B-1. DED engages or supports other county offices in strategic real estate development. DED staff manages the county's workforce investment board (WIB), which is responsible for channeling federal, state, and local funds to one-stop career centers and other workforce initiatives.

County History

Montgomery County originally developed as a bedroom community, but later experienced commercial growth and became an economically diverse urban municipality. During the Duncan administration (1994-2006), the county initiated projects such as the Strathmore Arts Center, Soccer Complex, and Silver Spring redevelopment in order to retain more residents for work and recreation. Today, as an established residential, cultural, and commercial center, economic development continues to be a priority for the county. Formed from a smaller county economic development office in the 1980s, DED has slowly grown since then. DED has always included agriculture services but did not include Workforce Services until 2001, taking on the WIB from private sector management.

⁴ Adapted from Montgomery County DED website

Lead County EDO: Montgomery County Department of Economic Development

Table B-1 Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	Employment	Budget	Budget per Capita	Funding Source	Primary Functions
Montgomery County Department of Economic Development	County Government	County and Executive Council	971,777	441,887	\$8,334,312 Admin- istrative Budget: \$4,257,237	\$8.58	100% public	Marketing, business recruitment, business retention & expansion, research, small business finance & TA, incubator management, workforce development, real estate, agricultural services

Table B-2 Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	Montgomery County Department of Economic Development (DED)	
Business Retention & Expansion	DED	
Technology-led development	DED	TEDCO, Bio Health Innovation, MD Bio Science
Small & MWD Business Development/Finance	DED, Small Business Development Centers	
Real Estate Development	DED, Dept. of General Services, Dept. of Housing & Community Affairs	
Workforce Investment Board	DED	

Source: DED, IEDC

Legal Designation, Governance and Funding

As a county government department, DED is led by a director and deputy director. The deputy also serves as the director of the Marketing and Business Development Division. The director, deputy director, and one other department head are political appointees. The DED director reports to the County Executive, who is elected. While the County Executive reviews and approves key DED operational changes, the budget must be approved by the County Council.

The FY12 budget of approximately \$4.3 million supports seven operating divisions comprising 32 positions or 26.5 work years. The budget, shown in Table B-2, allocates staff and budget among economic development roles so as to compare with other economic development organizations. The budget does not accurately show the staff and budget by department. The largest amount of the budget (32% or \$1.37 million) is allocated to the marketing and business development function, which also includes business retention & expansion, communications, and research activities. About \$700,000 goes to small business development and finance functions and another \$619,000 to administration and finance. In addition to the \$4.3 million operating and personnel costs, approximately \$1.73 million is passed through to the incubator facility owners. Another \$2.3 million is passed through from other governmental sources for WIB service providers.

If the administration and finance budgets were allocated among functions, the marketing and business development functions would total about \$1.57 million. This figure would be comparable to a budget for an economic development organization that focused on marketing, business attraction, business retention and expansion.

Budget

Table B-3 Montgomery County FY 2013 Budget

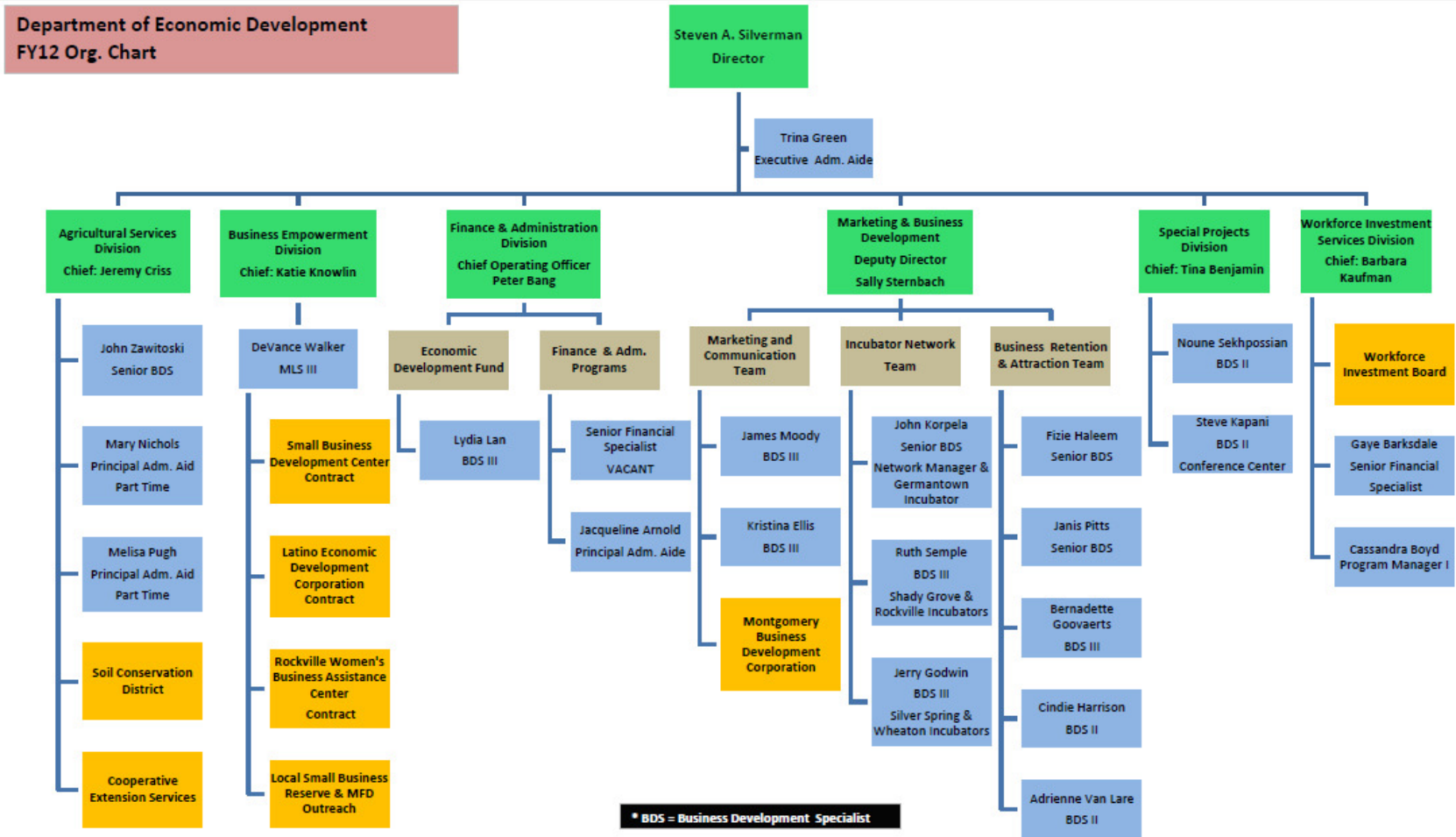
Departments	Staff	Budget
Administration/Finance (& staff for EDF)	6	\$619,469
Incubator Management- Operations and Personnel	3	\$358,166
Marketing & Business Development, including communications & research	7	\$1,367,090
Small Business Development/Finance	4	\$701,548
Special Projects	2	\$291,162
Workforce Investment Services (WIS)	3	\$425,579
Agricultural Services	<u>7</u>	<u>\$494,223</u>
Subtotal, Administrative Budget	32	\$4,257,237
5 Incubators Facility Pass-through		\$1,733,055
WIS Pass-through Funds for One Stop Centers		\$2,334,020
Total		\$8,334,312

Source: Montgomery County Department of Economic Development

Staff

DED has experienced a significant decrease in staff since 2008. Since that year, the department declined from 56 to 26.5 work years, over a 50% reduction in staff resources. Since county policy is to cut the last-hired first, the remaining staff are long time employees. To address the impact of the budget cuts on programs, the department also undertook a reorganization to reallocate staff. This and a more recent 2012 reorganization are shown in the organization chart (next page).

Figure B-1 Montgomery County Organizational Chart



As is common with many government agencies, county employees are not eligible for incentive pay or bonuses. Compared to the private sector, the process for procurement and the hiring and firing of staff is very time consuming. Except for seven managerial and two other staff, all are union members.

Economic Development Roles

Marketing and Business Recruitment

Given the staff reductions, DED tends to be more reactive than proactive. DED provides services to address prospect inquiries, such as site and building assistance, incentive negotiations, fast track permitting, and referrals. Staff participates in industry conferences and targeted trade missions often with the state. Staff members also call on GSA and other federal agencies. Since division staff specialize by industry, DED does not have dedicated business recruitment staff.

DED has access to funds to close its recruitment deals. Since the Economic Development Fund (EDF) was created in 1995, the county has funded 270 transactions for a total of \$38 million and an additional \$48 million from the state. Although the base EDF budget is \$850,000, DED often seeks additional county funds, if needed, to support a high impact business recruitment or expansion project.

Given its limited resources, DED doesn't have a well-defined marketing program. There are two communications staff: one focused on graphics and content development, and another on public relations. The \$50,000 advertising and promotion budget got a \$350,000 special supplement for 2012, which was used to design a new website. Approximately \$80,000 of this 2012 budget is going to ad placements, public relations, and other media efforts to build visibility for the county.

Business Retention & Expansion (BRE)

DED has a comprehensive business retention and expansion (BRE) program. DED identified target industries based on the top 236 largest and most strategic county firms. Business development specialists (BDS) are assigned to one of four target industries: life sciences, information technology, healthcare delivery and support, and federal contracting. A staff person focuses on each of these targets and a fifth staff person focuses half of her time on the finance, insurance, and real estate (FIRE) segment. Staff contacts each of the 236 companies twice a year. Staff also use contact management software to track firms.

DED works with other county offices to resolve regulatory concerns. For example, DED has worked with fire and rescue services and business representatives to resolve building code issues. DED can fast track high-impact, strategic projects through the regulatory process. Such efforts may require working with state officials and/or testifying before the legislature. Other aspects of BRE, such as industry cluster support, are discussed below.

Technology-Led Development

Technology-led development is addressed through several functions: technology-focused incubators, institutional relationships, and cluster organization development. Through its Business Innovation Network, DED actively manages five incubators (with 168 companies and 650 employees) and provides support to a sixth. Prior to the budget cuts, DED provided full services to the incubator tenants and virtually participating firms. Given the reductions in staff, management is limited in the amount of services that they provide to the incubators. DED currently has a study reviewing its incubator operations. Montgomery County's incubator program was a nationally recognized model and DED would like to maintain that level of excellence.

The incubators target both technology and non-technology firms. Biotech firms are encouraged in Shady Grove and Germantown since they have wet labs. IT firms are encouraged at the Germantown (clean labs) and Silver Spring locations. Wheaton targets small business professionals and Rockville targets international companies. A separately owned and operated incubator, Bethesda Green, focuses on clean energy. All except the Shady Grove space, which needs building improvements, are fully leased. DED also works with universities and federal labs on technology transfer. It has three MOUs with federal agencies.

DED supports industry cluster organizations. For example, it facilitated the Bio Sciences task force report and has helped implement the report's recommendations by starting a life science-based cluster organization (Bio Health Innovation). With initial staff and financial support, the organization is now self-sustaining. DED would like to do more to support IT startups. IT startups can grow relatively quickly compared to biotech firms. Other key technology-focused organizations include the Maryland Technology Development Corporation (TEDCO) and the Maryland Biotechnology Center.

Small & MWD Business Development and Finance

DED conducts small and MWD business development training and technical assistance (TA) through its Business Empowerment Division. It administers the finance programs through its Administration and Finance Division. The Empowerment Division director and two staff promote programs such as small business development center (SBDC) funding, the LEDC, Women's Business Center and the Local Small Business Reserve Program. This last program is intended to help small and MWD businesses gain access to county procurement contracts. Staff also recruits large institutions and private sector firms to participate in the program. Staff is also active in providing referrals to various service providers, such as SCORE and Montgomery College. Given the reduction in staff, the division does less outreach and little one-on-one counseling.

Real Estate Development

DED works on strategic real estate development. DED works with other county staff to complete predevelopment activities in order to help secure private investment. For example, DED did predevelopment work for the Fillmore Theater in Silver Spring. Area redevelopment efforts, such as those in Wheaton and Silver Spring, are typically led by local county office service centers.

Other county real estate roles include asset management, entertainment district support, façade improvements and strip mall revitalization. DED is the asset manager for the county-owned conference center in White Flint and therefore represents the property in White Flint redevelopment. DED also supports arts and entertainment districts by helping them reapply for designation, for example. Housing and neighborhood revitalization is handled by the county's Department of Housing and Community Affairs. DHDA programs include housing, façade improvements and strip mall revitalization. The DHDC also oversees the county's CDBG funds.

Workforce Investment Board (WIB)

DED's Workforce Investment Services Division manages the county WIB. Staff manages relations with the board and oversees the distribution of 12-15 county, state, and federal grants. Of the \$2.3 million in public funds, approximately \$900,000 goes to youth and disabled youth service providers, while the remaining goes to MontgomeryWorks, which operates the two one-stop employment centers. The centers provide vocational assessments and job readiness, training, and placement services. Since much

of the state and federal funding is based on a formula tied to poverty levels, Montgomery County receives a lower proportion of funding per capita than most other Maryland counties.

The division operates according to the strategic plan prepared by the WIB board in 2010. The WIB plan focuses on business outreach and engagement, especially to targeted sectors. The plan identified three target sectors based on high growth potential and resident demand: 1) health and education with an emphasis on allied health; 2) business, professional, and technical services; and 3) food services, especially hospitality related. The division measures performance through surveys of businesses that use the one-stop centers as well as through grantee reports.

Previously, division staff participated in DED business recruitment meetings. Given the DED staff reductions and decreased state funding for incumbent worker training, workforce services staff attends fewer of these meetings.

Agricultural Services

DED's Agricultural Services Division supports and promotes the county's agriculture industry. Its work includes marketing assistance, assistance with the regulatory and legislative issues, the emergency assistance program, and the management of the agricultural reserve transfer development rights. The agricultural reserve was established to preserve farmland. The land's developable density was reduced from one unit per five acres to one unit per 25 acres. To compensate for the lost density, property owners can sell development rights to growth areas in other parts of the county. The division oversees this process.

The division's office is in Derwood, MD and is co-located with other agricultural services such as USDA and the University of MD extension program. Performance measures include land preserved, easement inspections, businesses assisted, and fuel energy tax relief.

Supporting Components

Research

With the cut in staff, DED conducts a limited amount of research. Much of DED research is for internal consumption. DED identifies expiring leases and fast growth companies through secondary sources. Staff reports that it needs to conduct primary research to inventory county businesses and identify fast growth firms. There is a comprehensive section on the website about technology transfer that includes listings of federal and academic institutions.

Strategic Planning Process

In 2008, DED developed a strategic plan. However, it became obsolete with the onset of the recession and the resulting staff layoffs. DED then prepared a condensed version of the plan based on four strategic goals:⁵

1. Retain and grow existing businesses, strategically attract new ones, and enhance entrepreneurial opportunities, while also supporting strategic housing projects to increase the tax base.
2. Adapt to a more competitive business climate by creating an environment where knowledge-based industries and small businesses thrive.

⁵ "A Vision for Economic Development DED FY12 Major Goals & Action Items," Montgomery County DED

3. Foster creative and strong partnerships with academia, the federal research community, the private sector, and various levels of government in order 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.

There is legislation pending with the County Council to establish and maintain a formal two-year strategic planning process. The bill “would require the Executive to propose and update an economic development plan, subject to approval by the Council.”⁶ It requires an evaluation of peer jurisdictions and specifies ten performance metrics to measure the plan’s success.

Performance Evaluation Metrics and Methodology

DED has internally generated performance measures and supports the County Stat. The County Stat is a county initiative to promote data-driven performance and transparency and accountability. For DED, the results focus on countywide economic outputs such as job growth, capital investment, occupied commercial space, training and TA program satisfaction, and incubator company investment, occupancy, graduation rates and graduate jobs. DED is also revising and expanding its internal performance measures to include inputs and additional outcomes.

Organization Strengths & Weaknesses

Strengths

As a public agency, DED has unique strengths and weaknesses. As a department of county government, DED staff has very good access to other county staff. Therefore, staff members can effectively represent businesses with colleagues in resolving regulatory issues. Staff also has good access to knowledge about government programs and therefore, can promote them effectively. As a government department, DED can rely on other branches of government to administer very cost-effective health insurance and retirement plans.

Weaknesses

A government department has limitations. The bureaucratic nature of government often makes procurement and the hiring and firing of staff difficult and time consuming. In fiscally stringent times, the county’s “last in first out” rule may lead to arbitrary cutting of personnel with mission-critical skills. The department’s leadership is politically appointed. While the close relationship that appointees have with the County executive branch can make them more effective, their terms are tied to the election cycle. Therefore, there is no management continuity. Furthermore, there is no assurance that the political appointees will have expertise in economic development. Finally, the government compensation system is less flexible than those in the private sector. While Montgomery County can afford to compensate staff well, it is not configured to make incentive payments such as bonuses.

Supporting Economic Development Organizations

While there are numerous chambers and other businesses participants, they lack a clear and unified voice in economic development issues. DED staff reports that Montgomery County lacks the business engagement experienced in many other counties. It notes that as a mature county, buffered by federal

⁶ Memo to County Council, Bill 14-12, Economic Development Fund – Amendments, March 16, 2012

agencies and with a culture focused on government solutions, there is limited business involvement in economic development. Although there are a number of chambers of commerce, they are small and focused on the common chamber activities such as networking, education, and advocacy.

In 2010, the County Council created the Montgomery County Business Development Corporation (MBDC) to “study, evaluate, enhance and supplement the county’s economic development programs and activities.”⁷ The MBDC board is limited to 11 voting members from the private sector plus ex-officio nonvoting leaders from DED, Montgomery College, public schools, and county planning. The MBDC is determining how it should carry out its mission.

Other key organizations include the Maryland Technology Development Corporation (TEDCO) and the Maryland Biotechnology Center. TEDCO is a state-chartered corporation that provides seed funding to startups. Located in Columbia, MD, TEDCO has led the nation with the largest number of investments in start-up/seed or early-stage companies for five consecutive years.⁸ It has 13 staff. The Biotechnology Center, part of the MD state Department of Business and Economic Development (DBED), works to “create new bioscience enterprises, sustain the growth of successful enterprises and leverage Maryland’s unique life sciences assets in the academic and federal sectors.” Created in 2009, it has a staff of eight in offices in Rockville and Baltimore.

County Delivery System Strengths & Weaknesses

Unlike most municipalities where economic development is delivered through multiple public and private agencies, in Montgomery County, it is one organization: DED. As mentioned above, there are a number of strengths and weaknesses to a government department EDO. These factors are more critical in Montgomery County because the government provides most economic development functions. Therefore, if global economic circumstances call for the county to shift economic development priorities, DED, as a full service department, should be able to do so efficiently. However, if government requirements and oversight prevent or delay a needed shift, then the county delivery system is less effective. A more detailed discussion of economic development and public and private sector roles is provided in the summary section of this report.

⁷ Resolution to designate the Montgomery Business Development Corporation as the County’s Business Development Corporation, October 5, 2010

⁸ As ranked by *Entrepreneur Magazine*

Fairfax County, VA Economic Development Authority

Overview of Economic Development Delivery System

County Economy

Fairfax County, home to 1,081,726 residents and covered employment of 573,551, is the most populous County in Virginia and in the Washington, DC metropolitan area. With a median household income of \$103,010, it is one of the wealthiest counties in the U.S. The population is well educated with 56.1% of adults holding at least a bachelor's degree. The county's January 2012 unemployment rate of 4.1% is well below the national average.

Fairfax County's largest employers are Booz Allen Hamilton, Inova Health System, Freddie Mac, Lockheed Martin, Northrop Grumman and Science Applications International Corporation (SAIC). The County is home to nine Fortune 500 company headquarters, 26 of Inc. magazine's 500 fastest-growing private companies, 24 of the Washington Business Journal's (WBJ) top 50 largest technology employers in the Washington, D.C. region and 13 of the WBJ's 25 largest telecommunications employers in the Washington area.⁹

The Fairfax County Economic Development Authority (FCEDA) is the county's lead economic development organization. It leads the county's marketing and business recruitment and business retention and expansion (BRE) efforts as shown in Table C-1. Technology-led development is provided by the Center for Innovative Technology (CIT) and Northern Virginia Tech Council (NVTC). Small and minority, women, and/or disadvantaged (MWD) business development and finance is conducted by George Mason University's Mason Enterprise Center. The County Office of Community Revitalization and Investment leads real estate development while the Northern Virginia Workforce Investment Board leads workforce development as shown in Table C-2.

⁹ FCEDA website based on Fortune and Inc. magazines and the Washington Business Journal

Key Economic Development Organizations

Table C-1 Leading Economic Development Organizations: Fairfax County, VA

Economic Development Organization	Public or Private	Budget	Staff	Primary Functions
Fairfax County Economic Development Authority	Public Authority	\$7,093,393	44	Marketing, business recruitment, BRE, market & real estate research
Fairfax County Chamber of Commerce	Private nonprofit	\$1,938,893	11	Chamber member services: education, networking, advocacy
Center for Innovative Technology	Public - State chartered nonprofit	\$7,574,814	34	Technology startup support, technology transfer, seed funding
Northern VA Tech Council	Private nonprofit	\$3,949,268	21	Membership organization providing education, networking, & advocacy for technology firms.
Mason Enterprise Center	Public - University	\$8,000,000	29	Small business TA & counseling, education, government contracting support, incubator

Note: Rounded budget numbers are approximate.

Source: IEDC

Table C-2 Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	Fairfax County Economic Development Authority	
Business Retention & Expansion	Fairfax County Economic Development Authority	Fairfax County Chamber of Commerce
Technology-Led Development	Center for Innovative Technology, Northern VA Tech Council	Mason Enterprise Center, Fairfax County Economic Development Authority
Small & MWD Business Development/Finance	Mason Enterprise Center	Fairfax County Economic Development Authority
Real Estate Development	County Office of Community Revitalization and Reinvestment	
Workforce Investment Board	Northern VA Workforce Investment Board - serving 3 counties and 4 cities	

Source: IEDC

Lead Economic Development Organization: Fairfax County Economic Development Authority (FCEDA)

The primary focus of FCEDA is to encourage businesses to expand in or relocate to the county. In addition, the FCEDA provides market research including real estate information and provides liaison services between businesses and Fairfax County regulatory agencies.

Table C-3 Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	2010 Employment	Budget	Budget per Capita	Funding Source	Primary Functions
Fairfax County Economic Development Authority	Public authority	7 member commission appointed by county board of supervisors	1,081,726	573,551	\$7,093,393	\$6.56	100% public	Marketing, business recruitment, BRE, market & real estate research, entrepreneurial development

During the 1960s and 1970s, Fairfax County emerged as a suburban bedroom community of Washington, DC and home to federal government contractors. In 1976, with resident concerns growing over the high property rates (\$1.74 per \$100 in value in 1976 dollars), the county commissioned a study that linked the high tax rates with the imbalance between the rapid residential growth and lethargic commercial growth. Projections showed residential growth would continue as Virginia municipalities can't prevent development "by right" through growth constraints such as sewer moratoriums. To address the housing/jobs imbalance, the county government formed FCEDA. Since then, the commercial tax base has grown and diversified so that the county is second only to Orange County, CA in the amount of U.S. county office space. The county now provides 25% of the state's total income tax. Even without a county income tax, the county has been able to drop residential property rates (now at \$1.07 per \$100 in value).

Legal Designation, Governance and Funding

The FCEDA is an authority created under Virginia law and governed by a seven-member commission appointed by the Fairfax County Board of Supervisors. Funded by the Fairfax County general fund, FCEDA is headquartered in Tysons Corner, the 12th largest central business district in the nation. FCEDA leases 22,000 square feet, of which 8,000 are sublet to partner organizations such as the Workforce Investment Board.

While not required, the seven commission appointees are all from the private sector, governing as an autonomous authority as stipulated by Virginia law. As such, the County Board sets the vision and approves the total budget, but the FCEDA Commission is free to shift the budget priorities. Since the

commissioners are appointed at large, they do not match the County Board districts, and thus are free to promote the county as a whole.

FCEDA operates like a private sector firm in that employees work for the authority not the county. FCEDA employees participate in the county benefits plan because it is a highly regarded plan. However, FCEDA management can hire and fire at will and there is no grievance system like in the county government. FCEDA management sets the pay scale and employees are eligible for bonuses (see discussion of performance evaluation). While the FCEDA salaries are not linked to those of county government, FCEDA has frozen merit pay increases for the last two years in respect to similar actions by the county government.

FCEDA can protect prospect confidentiality. Although FCEDA is generally subject to the state’s freedom of information act, there is an exception for economic development prospects. The exception is used only to cover firms that have no existing presence in the county. FCEDA successfully lobbied to change the law to include firms with an existing presence. Consequently, business expansion prospects are now accorded the same confidentiality as recruitment prospects. Once the investment is publically announced, the exception no longer applies, but then FCEDA can and does legally destroy all confidential material.

FCEDA operates on a \$7.1 million budget as shown in Table C-3. The FY12 budget is comprised of \$3.2 million in personnel costs and another \$3.9 million in operating costs. The operating costs include \$1.25 million for advertising and promotion, \$695,000 for rent, \$465,000 for international offices and \$363,000 for travel. Based on the organizational chart, half of the 44 member staff are dedicated to international and domestic marketing with most of the remainder providing support services such as administration and research.

Budget and Staff

Table C-4 Fairfax County Economic Development Authority Departments

Program	Staff	Staff Percent
International marketing	10	23%
National marketing	12	27%
Subtotal, Marketing	22	
Small, minority & women owned businesses	3	7%
Market research & real estate	6	14%
Communications	3	7%
Leadership & Administration*	10	23%
Total	44	100%
* Includes Marketing Vice President		

Source: FCEDA, IEDC

Table C-5 Fairfax County Economic Development Authority Budget

Program	Budget	Budget Percent
Personnel	\$3,185,301	45%
Advertising & PR	\$1,250,000	18%
Travel	\$363,000	5%
Rent	\$695,154	10%
International Offices	\$465,000	7%
Community Business Partnership	\$275,750	4%
Greater Washington Initiative	\$25,000	0%
IT, legal & other contract services	\$633,500	9%
Other	<u>\$200,688</u>	3%
Total	\$7,093,393	100%

Source: FCEDA, IEDC

Economic Development Roles

Marketing and Business Recruitment

FCEDA’s international and national marketing divisions focus on business recruitment. The ten -person international marketing division includes representatives from offices in London, Munich, Bangalore, Tel Aviv and Seoul. The 12-person national marketing staff specialize by industry: government contracting, telecommunications, software and hardware, and life sciences. These professionals are recruited from their respective industries. The division also includes the Los Angeles office. There is also a division that promotes small and minority business development. These divisions are supported by two full-time communications staff and two contractors that handle advertising and public relations. There is also extensive research support as discussed in the section below on research. Finally, FCEDA has a program to support families of relocating employers.

The FCEDA promotes Fairfax County through an extensive national advertising campaign that includes sponsorship on NPR, ads on mobile devices, Google, online social media outlets like LinkedIn and print advertising in both business and mainstream publications. As part of its advertising program, the FCEDA has produced a series of white papers that are placed on the Potomac Tech Wire, New England Techwire, Silicon Valley Tech Wire, Bay Area Tech Wire and Tri-State Tech Wire.¹⁰

Business Retention and Expansion (BRE)

Marketing and business recruitment staff devoted about 15 to 20% of their time to BRE. Each of the 17 marketing staff based in Fairfax County visit two firms a week resulting in a total of 1,500 – 1,700 firm visits annually. Staff assign the visits based on each person’s industrial sector specialty. If there are regulatory concerns with the county, staff work to resolve the issues with county personnel. FCEDA reports that they have good relations with county government staff and can therefore effectively resolve issues.

¹⁰ FCEDA website

Staff also address concerns from businesses that call in with regulatory concerns. Each day, one of their marketing representatives is on duty to take such incoming calls. They may just direct the caller to the right county staff person, call the staff person on the business's behalf, or even join the business in a meeting with the county representative. The FCEDA also engages Fairfax County businesses by hosting events and providing sponsorships.

Technology-Led Development

FCEDA plays a supporting role in technology-led development, primarily acting as an information source to promote entrepreneurial growth and attract venture capital. FCEDA provides quarterly investment and deal information as well as general information on Fairfax County venture capital firms, investment organizations, investment and venture banks, venture-oriented law firms and selected venture capital events.¹¹ The FCEDA also coaches businesses for venture capital presentations.

Small & MWD Business Development and Finance

FCEDA plays a supporting role in small and MWD business development and finance. As discussed above, FCEDA promotes the startup and growth of such businesses. As part of the Marketing Department, the three-person Small and Minority Business Division staff provide the same services provided by other business development staff: help in identifying site or office locations, identifying financing and other resources, serving as a liaison to county government staff and providing research. They also conduct seminars on entrepreneurship and exporting. They don't provide business counseling but instead refer businesses to the Service Corps of Retired Executives (SCORE). And as discussed below, staff performance includes metrics for new minority owned businesses. Finally, FCEDA issues industrial development bonds on behalf of local firms.

FCEDA Supporting Components

Research

FCEDA produces an extensive amount of research, much of which is for external consumption. Its six-person research staff provides general economic and real estate information including business vital statistics, a real estate report covering the county's 17 submarkets, a business licenses and taxes reference guide, a handbook called *Doing Business in Fairfax County*, a list of technology companies, over 30 fact sheets and hundreds of valuable links. Staff track more than 150 million square feet of office and industrial/hybrid (flex) space. There is a detailed section on industrial revenue bonds and the application process. Other incentives are described with links to additional information. Several FCEDA publications are available for free by subscription.

Strategic Planning Process

Staff are very involved in the strategic planning process. Staff members develop an annual plan and senior staff members prepare three and five year plans. While the longer term plans set a broader context, they get revised every year during the annual planning process. The commission does not develop the plan but provides strategic input through an annual January retreat.

Performance Evaluation Metrics and Methodology

The FCEDA performance evaluation process is based on outputs and includes incentives and disincentives. At the beginning of the year, staff set aside 10% of their salary as "at risk." As a group, the staff are then evaluated according to their success in key, weighted metrics: 50% on job creation, 20% on expansion, 10% on foreign-owned company growth, 10% on minority-owned company growth and 10% on articles that provide a desired economic message about the county. The job creation metric is

¹¹ FCEDA website

based on announced jobs created or retained from FCEDA prospects. The 20% expansion is based on existing companies visited by FCEDA staff that identify a need for more space. These two metrics are linked to staff performance rather than the overall economy. In contrast, the company growth metrics (foreign and minority owned) are based on the number of new companies.

Each of the metrics has a low (.75), median (1.0), and high (1.25) performance level. The staff is expected to meet the low threshold, but if they only meet the low threshold they lose the 10% of their salary that was set aside. If they match the median, they don't lose any of the 10% and if they match the high, they receive a 10% bonus. The performance is measured along a graduated scale so losses and bonuses can vary, e.g. 2%, 5%, 7%. Staff have to document these metrics, and the results are audited annually by an outside firm. Staff are also eligible for smaller (3-4%) individual bonuses that are given at the discretion of management based on individual performance.

The commission sets the metrics during the annual January retreat. There are also a number of metrics which do not figure into the incentive system. Metrics such as venture capital invested, number of events hosted, SCORE appointments and real estate report recipients are monitored by the commission and measured against predetermined goals. The performance evaluation system has been very effective, aligning commission goals with staff performance. The only drawback is in years such as 2008 when major economic changes caused FCEDA to adjust their operations, staff are still being evaluated according to metrics established in January, which are not aligned with the operational changes.

FCEDA Strengths and Weaknesses

FCEDA has many of the advantages of both a public and private sector economic development organization. As a state chartered authority, it operates independently from county government. Therefore, it can hire, fire and compensate staff with the effectiveness of a private firm. The County Board provides a broad vision and approves the budget, but the details of running the organization are overseen by private sector senior executives.

Much of the FCEDA success is based on relationships. The County Board has been willing to delegate, trusting the Commission and FCEDA's President & CEO, Jerry Gordon, to make the right decisions. Similarly, the County Board has appointed commissioners, mostly C-level executives with exceptional strategic business skills. The commissioners have worked effectively with the president to align staff performance metrics with their strategic focus. Finally, the county government has worked well with FCEDA staff to maintain a pro business environment regardless of the particular party in power. County staff respond quickly and effectively to FCEDA inquiries on the behalf of business prospects.

Supporting Economic Development Organizations

The Center for Innovative Technology (CIT)

CIT was created as a state-chartered, non-profit corporation in 1985 in order to stimulate research and development and entrepreneurship. In addition to company formation, CIT provides consulting services in technology identification and assimilation, proof-of-concept projects, broadband planning and deployment and strategic planning.¹² Although CIT's headquarters are in Fairfax County in Herndon, VA, it maintains a statewide focus.

¹² CIT 2010 annual report

CIT programs and services¹³ include:

- GAP Funds – seed-stage investment funds
- Commonwealth Research Commercialization Fund - funding to help researchers transition federally-funded and other research projects into commercially viable products
- Federal Funding Assistance Program - assist entrepreneurs in obtaining SBIT/STTR program awards
- Commonwealth Innovation Index - cluster strategies for technology sectors such as information technology, wireless technology, alternative energy, bioscience and national security technologies.
- CIT Connect – help government and corporate consumers of technology identify and assimilate innovations created and made available by private sector start-ups.
- CIT Broadband - helps local and regional jurisdictions develop strategies and locate funding to install broadband technologies in underserved areas.

The GAP funds have experienced considerable volatility. The \$6 million in current year funding is comprised of \$4 million from the state and \$2 million in stimulus money from the Dept. of Energy. There were only \$500,000 in funding the previous year and there is expected to be a considerable decline in funds next year since there will be no stimulus money and the state is expected to reduce its contribution.¹⁴

Northern Virginia Technology Council (NVTC)

In the 1990s, CIT helped create regional technology councils to leverage an innovation message and related agenda. Today, there are ten regional councils across the Commonwealth. Collocated with CIT in Fairfax County, the Northern Virginia Technology Council is the association for the technology community in Northern Virginia. As the largest technology council in the nation, NVTC serves about 1,000 companies from all sectors of the technology industry as well as service providers and other allied organizations. NVTC advocates for the industry and provides over 150 networking and educational events per year.¹⁵

Mason Enterprise Center

Established as a not-for-profit institution by George Mason University in 1995, the Mason Enterprise Center specializes in small business services, government contracting, international business, entrepreneurship, technology ventures, and telework initiatives. It provides business counseling, seminars, publications, sponsored research programs, incubators and information services.¹⁶ Key programs, spread through five regional offices, include:

- Support to IT firms in developing international business,
- A 29,000 square foot incubator (joint venture with the City of Fairfax),
- A Fairfax County small business development center,
- Procurement Technical Assistance Program,
- Mentor-Protégé Program for MWD businesses,
- Flex-Office / Telework Services, and
- Community Business Partnership.

¹³ Adapted from CIT 2010 annual report

¹⁴ Washington Business Journal, March 9-15, 2012

¹⁵ Adapted from NVTC website

¹⁶ Adapted from GMU Website

Created in 1995, the Community Business Partnership is a non-profit, 501(c)(3) tax exempt subsidiary of the Mason Enterprise Center. It provides small business technical assistance and financing services, particularly to low-moderate income and disadvantaged individuals, including minorities, women and the disabled. Over the past decade Community Business Partnership has grown to five distinct programs all in Fairfax County in Springfield, VA. The programs and services include microloan program, a small business development center, incubator, women entrepreneur financial education and women entrepreneur training and technical assistance center.¹⁷

Other Incubators

Besides the Mason Enterprise Center incubators, there is INC.spire, an incubator operated by the Greater Reston Chamber of Commerce and the InnoHungary Technology Center, an incubator that is collocated with FCEDA in Vienna VA. InnoHungary helps Hungarian companies gain access to U.S. markets and attract U.S. companies to Hungary.

Real Estate Development

Strategic real estate development is managed through the Fairfax County government Office of Revitalization and Reinvestment (OCCR). The office was established in 2007 to ensure the viability and attractiveness of its older commercial areas including seven designated revitalization districts/areas. The OCCR works proactively with property owners and the community to facilitate development including work on plan amendments, zoning applications, and design guidelines. In addition to the seven areas, OCCR has taken the lead in implementing the Tysons Corner plan. The Office even has its own website: <http://www.fcrevit.org/>.

Workforce Development

The Northern Virginia Workforce Investment Board (NVWIB) and The SkillSource Group, Inc., its non-profit 501(c)(3) arm, administer funds and services for the Northern Virginia Workforce System. NVWIB serves Fairfax, Loudoun and Prince William counties and the cities of Falls Church, Fairfax, Manassas and Manassas Park. Two of the five one-stop career centers are in Fairfax County: Reston & Woodbridge. The central office is collocated with FCEDA in Vienna.

The parties (local municipalities) designate Fairfax County as the grant recipient for the Workforce Investment Act (WIA) funds. The parties also designate The SkillSource Group, Inc. as the grant subrecipient and fiscal agent. Fairfax County authorizes the transfer of such funds as they become available and are approved by the Local Board, to the SkillSource Group, Inc., for the limited purpose of fulfilling the requirements of the Local Board under WIA.

County Delivery System Strengths & Weaknesses

Strengths

Fairfax County offers one of the best county delivery systems in the country. As mentioned, FCEDA, as an authority, has advantages of both a public and private organization. CIT and the collocated Northern Virginia Technology Council provide comprehensive, technology-led development services. The Mason Enterprise Center complements these technology development services and extends its focus to address small and MWD business needs. By having these large, well-funded organizations each offer a comprehensive package of services, which allow for economic development needs to be well met.

¹⁷ Adapted from Community Business Partnership website

Prince William County, MD Economic Development Corporation

Overview of Economic Development Delivery System

County Economy

Prince William County, home to 402,002 people and covered employment of 103,887, is the second largest county in the Commonwealth of Virginia. According to the U.S. Census Bureau, the county is the 9th wealthiest County in the nation with a median household income of \$92,655. The population is also well-educated, with a bachelor's degree attainment rate of 43.7%. The County's January 2012 unemployment rate was 4.9%, which is well below the national average.

The County's largest employers include the Prince William County School Board, U.S. Department of Defense, the County of Prince William, Wal-Mart, Sentara Healthcare and Wegmans. Despite the recession, Prince William County is still growing. Between the second quarter of 2010 and the second quarter of 2011 (the most recent period for which data are available) the County experienced a net addition of 280 businesses as well as 3,900 jobs. Prince William County is ranked #3 in job growth nationally by the Bureau of Labor Statistics, and is ranked #1 for job growth for the Common Wealth of Virginia.

Key Economic Development Organizations

The Prince William County Department of Economic Development (PWCDED) is the lead economic development agency for the County. The 13-person county government department focuses on marketing, business recruitment and BRE. It works closely with the Economic Development Alliance (EDA) that advises the Board of County Supervisors on economic development policy. The Mason Enterprise Center operates a business incubator and accelerator and the nonprofit Flory Small Business center also supports start-ups and existing businesses. The Northern Virginia WIB is operated by SkillSource, a nonprofit entity.

The following two tables provide an overview of the primary economic development organizations in Prince William County. These tables explain the functions of the different major economic development organizations in Prince William, the relationships between those organizations as it relates to delivering economic development services, the organization's classification (public, private, or nonprofit), and budget and staff levels.

Table D-1 Leading Economic Development Organizations: Prince William County, MD

Economic Development Organization	Public or Private	Budget	Staff	Primary Functions
Prince William County Department of Economic Development	Public	\$2,026,654	13	Investment attraction, existing business support, market research
Flory Small Business Center	Nonprofit	\$506,675		Small business and start-up consulting, educational conferences and training seminars, advocacy
Mason Enterprise Center- Prince William	Public	\$8,000,000	29	Northern Virginia provider. Small business TA & counseling, education, government contracting support, incubator, technology commercialization
Prince William County Department of Development Services	Public			Facilitates development process, including land and site development as well as permitting
Prince William Chamber of Commerce	Nonprofit membership organization		14	Technical assistance, networking, advocacy, and marketing
SkillSource	501c3 branch of the Northern Virginia Workforce Investment Board	\$4,548,065	8	Operates one stop shops in Loudoun, Fairfax, and Prince William Counties

Source: Flory Small Business Center, Mason Enterprise Center, Prince William County Government, SkillSource, IEDC

Table D-2 Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	PWCDED	Economic Development Alliance
Business Retention & Expansion	PWCDED	Prince William Chamber of Commerce
Technology-Led Development	Mason Enterprise Center Flory Small Business Center	
Small & MWD Business Development/Finance	Flory Small Business Center	Mason Enterprise Center, PWCDED
Real Estate Development		Prince William County Government Department of Development Services and Department of Planning
Workforce Investment Board	SkillSource	

Source: IEDC, PWCDED

Lead County EDO: Prince William County Department of Economic Development

Table D-3 Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	Employment	Budget	Budget per Capita	Funding Source	Primary Functions
Prince William County Department of Economic Development	Public Agency	County Executive and Board of Supervisors	402,002	103,887	\$2,026,654	\$5.04	Majority County government	Investment attraction, existing business support, market research

Source: PWCDED, U.S. Census Bureau American Community Survey

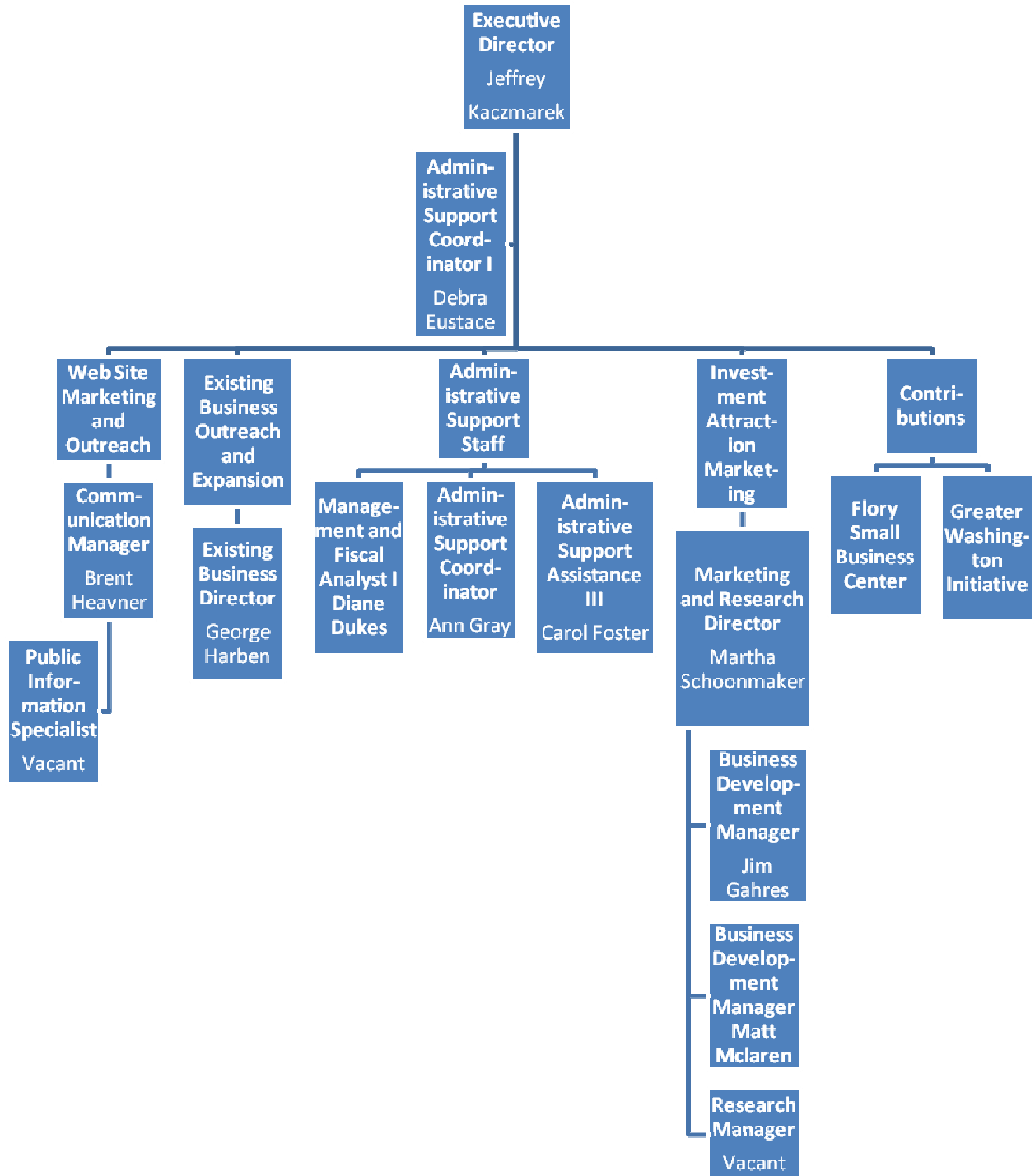
Legal Designation, Governance & Funding

Prince William County is operated by a County Executive and Board of County Supervisors (BOCS). The elected eight-member BOCS appoints the County Executive. The County Executive acts as the County's Chief Administrative Officer and oversees day-to-day operation of the government. The current Executive Director was interviewed by a panel of people nominated by the County Executive, and was approved by the BOCS.

The Prince William County Department of Economic Development (PWCDDED) is the lead economic development agency for the County. The 13-person PWCDDED is part of County Government and reports to the Executive Director, who reports to the County Executive (see organizational chart for additional details). Staff are not unionized, and while there is not a bonus program specific to PWCDDED, there is a county-wide bonus structure. Responsibilities of PWCDDED include encouraging new businesses to locate in Prince William County, retaining existing businesses, and encouraging existing businesses to expand.

Staff

Figure D-1 Prince William County Department of Economic Development Organizational Chart



Source: PWCED

Budget

The PWCDED budget is set by the County. In FY 2012, PWCDED budget was \$2,026,654, a 2.09% decrease from FY 2011's \$2,069,913 budget. The projected budget increased by 1.38% in FY 2013, however, bringing expenditures to \$2,054,663. PWCDED is funded primarily by tax revenue – over \$2 million in 2012—while smaller contributions to the yearly budget come from miscellaneous revenue and transfers.

Table D-4 Prince William County Budget Overview: FY 2012

Expenditure by Program	Amount
Investment Attraction	\$986,364
Existing Business	\$492,994
Market Research	\$297,896
Contributions	\$249,400
Total Expenditures	\$2,026,654
Expenditure by Classification	
Personal Services	\$953,328
Fringe Benefits	\$323,491
Contractual Services	\$281,378
Internal Services	\$37,659
Other Services	\$427,898
Capital Outlay	\$1,000
Leases & Rentals	\$1,900
Total Expenditures	\$2,026,654

Source: Prince William County Proposed FY 2013 Budget

Economic Development Roles

Marketing & Business Recruitment

PWCDED is responsible for increasing awareness of Prince William County as a potential business location, identifying and pursuing target market opportunities, developing relationships with investors, and packaging prospect proposals. This goal is accomplished by hosting a website with demographic, business, tax, and lifestyle information, attending trade shows and other events, and hosting prospect visits (see chart for the number of visits hosted and events attended each fiscal year).

PWCDED staff is not generally specialized by industry. Two exceptions to this are one staff person with extensive knowledge of and experience with life sciences, and another with a specialized background in data centers. Business attraction and recruitment consumes most of the staff's time, at about a four to one ratio when compared with retention. PWCDED staff view business attraction as something that is done by everyone on staff: projects are distributed based on existing relationships with major stakeholders as well as individual experience.

The total annual FY 2012 budget for Investment Attraction was \$986,364, which is scheduled to decrease to \$963,933 in FY 2013. Despite the budget decrease, the number of FTEs assigned to this task, 6.35, will remain the same.

Although PWCED works with businesses across all industries, several target industries for which Prince William County offers strategic advantages have been identified:

- Data Centers and Information Technology Companies
Software design and testing, equipment design and testing, internet service providers
- Biotechnology and Life Sciences Companies
Pharmaceutical R&D, manufacturing, and development; contract research and manufacturing; biomedical research, development, testing, manufacturing, and clinical trials
- Government Contractors and Facilities
Federal agencies, state agencies, defense contractors
- Corporate Facilities
Corporate headquarters, technical and operations centers, divisional headquarters
- High Tech Firms
Physics-based R&D, advanced technology, nonprofit research or educational institutes

These industries were chosen by PWCED based on goals and strategies set by the BOCS in the strategic planning process. Each of these industries is highlighted on PWCED webpage with information relevant to Prince William's locational advantages for that sector including existing business synergies, workforce skills, tax savings, potential sites, and transportation options.

Additional marketing efforts are undertaken by the Prince William County Economic Development Alliance, who advocates for Prince William as a business location.

Business Retention & Expansion (BRE)

PWCDED is a full-service resource for non-retail businesses who want to locate or expand in Prince William County. PWCED is involved with the business community through organizations such as the Greater Washington Board of Trade and the Prince William Chamber, but they are also examining ways to better involve the business community and chamber in PWCED's economic development initiatives. Specific services currently offered by PWCED include:

- In-person meetings by request
- Identifying suitable sites and buildings
- Providing economic data relative to the business environment in Prince William County
- Connecting businesses with workforce development resources. This network of resources includes individuals and agencies offering assistance in finance, international trade, process improvement, business planning, and workforce development

While the PWCED retention staff position is currently vacant, other staff members make retention calls to private firms. PWCED has not established a set number of contacts per month or year, but industries are targeted in a strategic manner. PWCED sees mid-size companies in basic industries as one of their highest priorities due to the potential for future growth as well as the observation that they often need help the most, but have the least access to resources. In addition to these calls, PWCED staff conducts an annual survey of local industries. While some responses are made public, other sensitive information is kept private. This survey forms the basis of their business directory, and has also prompted some businesses to ask for help based on an increased awareness of the services offered by PWCED.

PWCDED has 3.95 FTEs and an annual FY 2012 budget of \$492,994 dedicated to supporting existing businesses. The budget for this activity is set to increase by 5.22% in FY 2013 to \$518,747 and includes two major functions: existing business outreach/expansion, website marketing and outreach, and public relations and special events. Outreach with existing businesses includes in-person visits, technical

assistance, information distribution, and follow-up visits. The marketing, public relations, and special events activities include a newsletter, presentations to community groups, advertisements, and hosting or co-sponsoring events. PWCDED is currently examining alternatives to their business recruitment strategy, including developing a metric for measuring and tracking retention.

Technology-Led Development

PWCDED does not have its own technology incubator. Instead, other organizations such as the Mason Enterprise Center and the Flory Small Business Center support new and developing technology companies. In addition to this support, businesses engaged in high-tech activities in Prince William County are given “targeted industry status,” which makes them eligible for expedited permitting, fast-track site plan approval and other special incentives offered by the BOCS.

Small & MWD Business Development and Finance

The Prince William County website update has resulted in an increase in the number of small business troubleshooting calls to PWCDED. PWCDED staff refer these calls to other government agencies as needed, but is working to develop a better way of directing businesses to the correct department before calling PWCDED.

PWCDED does not offer direct financial assistance to small businesses, but does track outcomes related to their annual donation to the Flory Center. During FY 2012 PWCDED contributed \$224,400 to the Flory Small Business Center. The contribution amount is currently projected to remain the same in FY 2013.

The Prince William Chamber of Commerce also offers technical assistance on federal, state and local procurement as well as opportunities for international sales.

Real Estate Development

PWCDED does not have a direct role in the real estate development process, but it works with the County Department of Planning and the Department of Development Services, who do actively participate in the development process. For example, PWCDED will introduce developers to the relevant County departments as they begin the development process, and PWCDED often attends inter-departmental meetings to help ensure that Prince William County receives the maximum economic benefit from development projects.

In 2008, Prince William County established the Department of Development Services (DDS) by merging the Land Development Division from the Department of Public Works with other entities including the Commercial Development Ombudsman. The DDS is responsible for helping development customers navigate commercial development rules, regulations, and policies in a timely manner while ensuring the safety of citizens and the protection of the natural environment.

Supporting Components

Research

PWCDED budgets two staff for research. Responsibilities related to PWCDED’s research work include maintaining a site and building inventory, conducting industry and market analysis studies, developing local and regional economic indicator reports, and conducting or presenting economic development research to a client.

Strategic Planning Process

The Prince William BOCS develops a new county-wide strategic plan every four years based on the recommendations of a Strategic Plan Team as well as citizen input gathered through multiple forms of outreach including a citizen survey, community meetings, strategic goal task forces, and public hearings. The Strategic Plan Team is comprised of 20 members, all of whom are appointed by the BOCS to provide recommendations on areas of focus, community outcomes, and strategies for achieving those outcomes. Strategic Plan Team meetings are open to the public, and include a ten-minute block of time at the beginning of each meeting for citizen input. The most recent plan is for 2008-2012, but a brief update was released in 2011.

PWCDED takes the strategic planning process seriously, frequently referencing the current version of the plan when determining priorities. The 2008-2012 Strategic Plan is divided into four categories: economic development and transportation, education, human services, and public safety. The overarching goal for Economic Development and Transportation is to “create a community that will attract quality businesses that bring high-paying jobs and investment by maintaining a strong economic development climate and creating necessary multi-modal transportation infrastructure that supports our citizens and our business community.”

With this goal in mind, PWCDED is responsible for supporting and promoting existing business expansion and attracting new quality businesses that create high paying jobs and capital investment. PWCDED is not responsible for activities related to tourism, comprehensive planning, or retail business attraction. Specific community outcomes for economic development identified in the 2008-2012 Strategic Plan are:

- Increase economic development capital investment by \$420 million from the attraction of new business (non-retail) and the expansion of existing business (non-retail)
- Add and expand 80 targeted businesses to Prince William County
- Add 4,440 new jobs from the attraction of new and expansion of existing businesses (non-retail)
- Increase the average wage of jobs (non-retail) by 12% at the end of four years adjusted for inflation

Performance Evaluation Metrics and Methodology

The BOCS evaluates the performance of PWCDED based on measures of capital investment, targeted business attraction, quality job creation, and average weekly wage increases. The BOCS has set the following four-year strategic plan goals:

- \$420 million in capital investment
- attraction or expansion of 80 targeted businesses
- creation of 4,000 high wage jobs
- 12% increase in average weekly wages of non-retail workers

A benchmark report of progress on these metrics is below, and indicates progress on each of the goals. From 2004-2008, 144 targeted businesses were added or expanded and the total amount of announced and/or logged capital investment from the attraction of new businesses and existing businesses was \$1.28B and \$915.2M, respectively. For the period 2008-2012, 22 targeted businesses have announced intent to locate or expand within the County and \$354.14 million in capital investment has been announced and/or logged. To date, 84% of the investment attraction goal and 15% of the job creation goal have been achieved.

Table D-5 Prince William Performance Metrics and Outcomes

4-YEAR STRATEGIC PLAN	DESIRED OUTCOMES	RESULTS
2000 – 2004 ANNUAL BUDGET: \$1.4M, FTEs: 12	Capital Investment (in millions)	\$320 \$1280
	Targeted Businesses	60 68
	New Jobs	4000 5006
	Wage Increase (average weekly)	12% 19.7%
2004 – 2008 BUDGET: \$1.9M, FTEs: 13	Capital Investment (in millions)	\$420 \$915.2
	Targeted Businesses	80 76
	New Jobs	4400 4,666
	Wage Increase (average weekly)	12% 18%
2008 – 2012 BUDGET: \$1.8M FTEs : 13	Capital Investment (in millions)	\$420 \$354.16**
	Targeted Businesses	80 22**
	New Jobs	4400 649**
	Wage Increase (average weekly)***	12% 1.76**
** JULY 1, 2008 - DECEMBER, 2009 (16 MONTHS)		

Source: Prince William County Economic Development Ten Year Overview, 2000-2009

PWCDED places a high value on having timely performance measures, which is why this task is not outsourced to a third party. By keeping track of their progress in the four major performance measure categories on a daily basis, PWCDED is able to better evaluate their position at any point in time, rather than waiting for the arrival of an outside report. PWCDED has faced a few challenges with this model during the recession, however, as metrics on categories such as capital investment might not reflect the effort of staff or the most effective use of resources. Therefore, PWCDED is examining ways to adjust performance metrics to reflect variables outside the control of PWCDED as well as the demands of the market. For example, one way to evaluate performance in the future might be to monitor the ratio of the number of times Prince William County makes it to the finalist or semi-finalist list for businesses thinking of locating to the county rather than only keeping track of the number of businesses that choose to locate in the county.

Organization Strengths & Weaknesses

Strengths

PWCDED enjoys several benefits associated with their role as a county government agency. As a County agency, PWCDED follows a set of rules which are clear to all parties: local partners, other agencies, developers, and potential clients/businesses. While these rules can help facilitate the economic development process, they also prohibit PWCDED from certain activities. Therefore, PWCDED often partners with and relies on other agencies who are able to do some of the activities that PWCDED cannot, such as development financing.

Being part of a County agency has other benefits as well. Since PWCDED works closely with the County Executive and BOCS during the strategic planning process as well as executive-level hiring process, priorities and working styles are often aligned between the groups. The strategic planning process allows for continuous analysis of systems and processes, which allows PWCDED to have more streamlined systems as well as written procedures that allow for better management of work processes, inventory, and assets. The specialized staff that comes with a county-level government is also useful for getting tasks unrelated to economic development, such as IT work, done quickly and effectively.

Weaknesses

In addition to the benefits mentioned above, there are also a few weaknesses associated with being a government agency. While the formal structure of government gives everyone a clear set of rules to play by, some businesses can be uncomfortable with the number of processes or amount of disclosure required when working with PWCDED. As a public agency, the information exchanged between PWCDED and companies is in the public domain, which can make some companies uncomfortable. Gaining the trust and participation of businesses requires additional outreach and relationship-building efforts on the part of PWCDED that may not be required of a private industry.

Supporting Economic Development Organizations

Economic Development Alliance

The Prince William County Board of County Supervisors created the Economic Development Alliance (EDA) in 2010 in response to emerging challenges to the county's continued growth. The EDA, an organization of sixteen appointed members and four appointed alternate members, is charged with advising the BOCS on economic development policy. EDA members are from targeted industries, educational institutions, the banking/finance industry, commercial real estate, the small business community, Chamber of Commerce, Marine Corps, County Staff, and the BOCS. This diverse group offers competitive intelligence on targeted industries, advocates for Prince William County as a business location, and fosters teamwork among various stakeholders to foster a consistent and positive image of Prince William County.

The EDA is a public body: all meetings are open to the public, and minutes and documents produced by the EDA are available for public review.

Innovation Technology Park

Innovation Technology Park, a public-private partnership project, provides opportunities for collaborative research, data centers, bio-manufacturing, and corporate as well as governmental campus locations. The Park is anchored by George Mason University's Prince William Campus, which has

relevant programs in life sciences and applied information technology. Other tenants include the FBI Northern Virginia Resident Agency, MediaTech, the GMU/NIH Biosafety Research Laboratory, and Power Loft.

Mason Enterprise Center at Prince William

The Mason Enterprise Center at Prince William is a business incubator and accelerator that specializes in technology commercialization as well as other services like government contracting and entrepreneurship. The Center has three locations, including one on the George Mason University Prince William Campus.

Flory Small Business Center

The Flory Small Business center in Manassas, VA, established in 1991, is a nonprofit organization that assists start-ups and existing businesses by coordinating federal, state, local, educational, and private resources. The Flory Center is funded by Prince William County, the Prince William County Industrial Development Authority, and the cities of Manassas and Manassas Park. This funding helps the center provide a variety of services including one-on-one business consulting, educational conferences and training seminars, access to the only business information center in Virginia, and advocacy.

Industrial Development Authority

The Prince William Industrial Development Authority (IDA) implements Prince William County's tax exempt bond financing program in addition to work with various economic development projects in the county. Activities which fall under the IDA's economic development work include periodically offering real estate financial incentives and other grants or loans to entities in Prince William County. The IDA's ability to offer financing and incentives—something the County cannot do—makes them a conduit for development.

SkillSource

SkillSource, a nonprofit entity of the Northern Virginia WIB, serves Arlington, Fairfax, Fauquier, Loudon, Prince William, and Stafford Counties in addition to the independent cities of Alexandria, Falls Church, Fairfax, Manassas, and Manassas Park. SkillSource had a budget of just over \$4.5M in 2011, with funds coming from grants, rental income, and contributions. SkillSource is governed by a 14-member board; at this time, there are no board members from PWCEDED. Despite this, PWCEDED still works closely with SkillSource on workforce development.

Through SkillSource, businesses can obtain placement and staffing assistance, post available jobs, access a resume bank, and can learn more about the local labor market through the Northern Virginia Labor Market Information System. Entrepreneurs have access to a Business Service Center, which offers resources and technical assistance to emerging entrepreneurs and existing businesses in Northern Virginia.

SkillSource is known for working hard to get the private sector involved in workforce development. The organization faces some challenges, however, in their organizational structure. Since the activities of SkillSource are determined by Federal and State priorities, it is sometimes difficult to tailor services to local needs.

Delivery System Opportunities and Challenges

PWCDED Executive Director is relatively new, and the organization is in the midst of a strategic planning process. Both of these factors present PWCDED with an opportunity to refine their target industries, strategies, and relationships with regional players. For example, PWCDED is looking at ways to involve the active Prince William Chamber beyond their usual role as a membership services organization. An increased amount of direct involvement with the business community could help PWCDED capture intelligence about opportunities within the county as well as refine economic development strategy.

Prince William County is home to several colleges and universities, including George Mason University, Strayer University, and Northern Virginia Community College. These institutions are involved in the development of the local workforce as well as entrepreneurial community. PWCDED has not been very proactive with the entrepreneurial community, so the efforts of local university-supported incubators such as the Mason Enterprise Center help to fill what would otherwise be a gap in county economic development services.

Baltimore County, MD Department of Economic Development

Overview of Economic Development Delivery System

County Economy

Baltimore County is at the geographic center of Maryland, and is the largest jurisdiction in the Baltimore-Towson Metro Area, which is home to over 2.6 million people. The County surrounds much of the City of Baltimore, but the County and City are separate political entities. According to the 2010 U.S. Decennial Census, Baltimore County is home to 805,029 of the metro area's 2.6 million people, and features covered employment of 368,873. The county is continuing to experience population growth, growing 6.7% from 2000-2010; that growth has slowed, however, when compared with previous decades.

When compared with the rest of the nation, Baltimore County is relatively wealthy, well educated, and enjoys a comparatively low unemployment rate. The median household income in Baltimore County is \$63,494 with a per capita income of \$33,274. Over a third (34.9%) of residents over the age of 25 have a bachelor's degree or higher, and the unemployment rate (as of January 2012) was 7.5%, which is lower than the current national average of 8.2%.¹⁸ The county's major employers include a mix of public and private institutions such as the headquarters of the Social Security Administration and the Center for Medicare & Medicaid Services, Towson University, the University of Maryland, Baltimore County, various hospitals, T. Rowe Price, McCormick and Company, General Motors, BD Diagnostics, and Lockheed Martin.

Key Economic Development Organizations

The Baltimore County Department of Economic Development (BCDED) is the lead county EDO. It focuses on marketing, business recruitment, BRE, financing, and workforce development. In 2010, the Baltimore County Executive consolidated the Office of Workforce Development into the Department of Economic Development. The workforce division now comprises 44 of the total department staff of 56. BCDED, in partnership with the Baltimore County Chamber of Commerce, funds the Small Business Resource Center (SBRC) co-located with the Chamber. BCDED provides annual operating support to The University of Maryland, Baltimore County's bwtech@UMBC incubator and accelerator. The Baltimore County WIB is housed within the Baltimore County Department of Economic Development's Division of Workforce Development. BCDED supports and coordinates regional marketing through its partnership with the Economic Alliance of Greater Baltimore.

The following two tables provide an overview of the primary economic development organizations in Baltimore County. These tables explain the functions of the different major economic development organizations in Baltimore, the relationships between those organizations as it relates to delivering economic development services, the organization's classification (public, private, or nonprofit), and budget and staff levels.

¹⁸ BLS March 2012: U3, seasonally adjusted

Leading Economic Development Organizations: Baltimore County, MD

Economic Development Organization	Public or Private	Budget	Staff	Primary Functions
Baltimore County Department of Economic Development	Public	\$9,570,657	11 Economic Development, 44 Workforce Development	Business retention and expansion, site selection, technical assistance, and workforce development
Economic Alliance of Greater Baltimore	Private Nonprofit	\$1,497,972	7	Regional marketing, business attraction, and market research
Small Business Resource Center	Public-Private Partnership	\$100,000 - \$200,000	1.5	Small business training and technical assistance
bwtech@UMBC	Public-Private Partnership		7 (management team)	Business incubator, accelerator and research park focused on clean energy, cyber technology, life sciences, and tech commercialization
TowsonGlobal	University		2	Business incubator

Source: BCDED, bwtech@UMBC, Economic Alliance of Greater Baltimore, IEDC

Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	Economic Alliance of Greater Baltimore	BCDED
Business Retention & Expansion	BCDED	Economic Alliance of Greater Baltimore
Technology-Led Development	bwtech@UMBC	BCDED, TowsonGlobal
Small & MWD Business Development/Finance	Small Business Resource Center	BCDED
Real Estate Development	N/A	BCDED and other County agencies
Workforce Investment Board	BCDED	

Source: BCDED, IEDC

Lead County EDO: Baltimore County Department of Economic Development

Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	Employment	Budget	Budget per Capita	Funding Source	Primary Functions
Baltimore County Department of Economic Development	Public agency	Reports to County Executive as well as 7-member County Council	805,029	368,873	\$9,570,657	\$1.67 Econ Dev; \$7.06 Workforce	County and Federal funds	Business retention and expansion; site selection, and workforce development

Source: BCDED, U.S. Census Bureau American Community Survey

Legal Designation, Governance & Funding

The Baltimore County Department of Economic Development (BCDED) is part of the Baltimore County Government. In 2010, the Baltimore County Executive announced the consolidation of the Office of Workforce Development into the Department of Economic Development. The goal of this reorganization

was to achieve greater cost efficiencies by streamlining processes, resulting in better linkages between job opportunities in the private sector and residents seeking jobs. In addition, during this restructuring responsibilities relating to commercial corridors, arts and culture, and tourism were moved from the Department of Economic Development to other departments.

BCDED’s Director, who is appointed by the County Executive, reports to the County Executive as well as the seven member County Council. There is not a separate board of directors. BCDED is divided into two divisions: Business Development and Workforce Development. In order to better coordinate with other economic development providers, BCDED staff meets monthly with the CEOs of other county and city economic development organizations in the Baltimore Region.

BCDED does not administer any programs related to tourism, commercial revitalization, agriculture, arts and sciences, or community development block grants. In addition, BCDED does not currently have a private sector advisory board, but they are in the process of forming advisory groups of industry-based leaders.

Budget

The recession has had a major impact on the Department of Economic Development’s budget, which is developed through the standard Baltimore County budgeting process and monitored by the Office of Budget and Finance. According to the 2012 Strategic Operations Plan, the Department has fewer core staff and monetary resources than it has previously experienced over the last 20 years. BCDED staff believe that the County’s support of economic development will remain stable, however, as the County’s AAA rating from all three bond agencies denotes financial stability and certainty.

The Business Development Division of the BCDED anticipates a FY 2013 operating budget of \$1,345,282 that will support 11 staff people. The Baltimore County Capital Budget also includes up to \$2,100,000 for a Revolving Loan Fund (RLF). The Fund can provide direct loans, loan guarantees and grants to assist in the attraction and retention of businesses. In addition, BCDED manages a Small Business Loan Partnership with 20 private lending institutions which facilitates up to \$13.5 million in bank investment. County risk is limited to 15% in the event of a loss. In addition, the FY 2013 budget allocates \$272,500 for a small business resource center and incubators and \$105,000 for regional partnerships.

The Workforce Development Division FY 2013 operating budget is \$5,681,875, which is completely derived from Federal WIA funds. This budget will support 44 staff people.

BCDED FY 2013 Budget

Program	Staff	Budget
Business Development	11	\$1,345,282
Workforce Division	44	\$5,681,875
Subtotal		\$7,027,157
Capital Budget		\$2,166,000 ¹⁹
Regional Partnerships		\$ 105,000
Incubators and Small Business Resource Center	1.5 (at SBRC)	\$ 272,500

¹⁹ The level of RLF funding in the County Capital Budget in any particular year is based upon the annual collection of loan payments and program related fees.

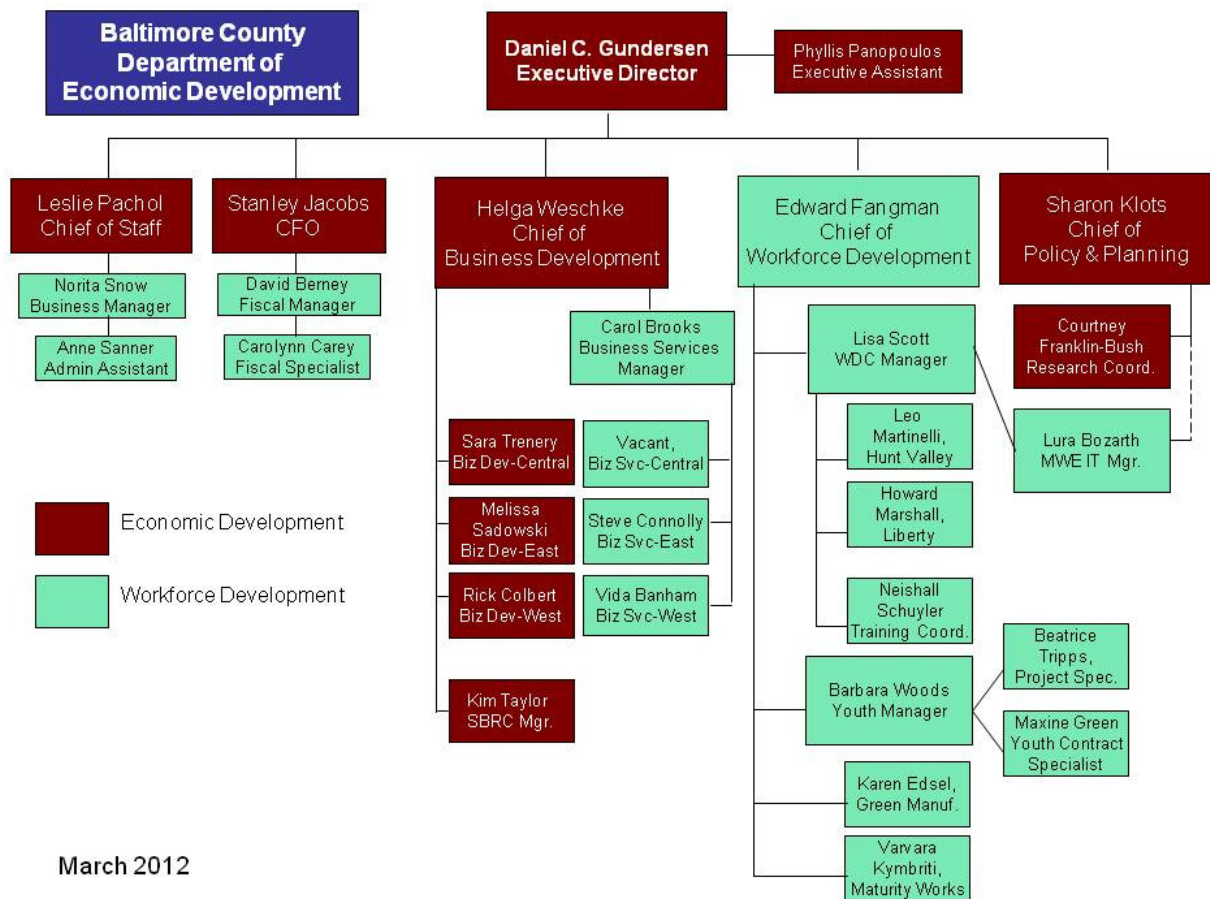
Total	56.5	\$9,570,657
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Source: BCDED

Staff

The majority of BCDED employees are not unionized and serve at will, with the exception of the Executive Director, who is appointed by the County Executive. BCDED employees stand in contrast to the majority of the Baltimore County government staff, who are civil service employees. An employee bonus plan was discontinued due to budgetary constraints in 2011.

BCDED Organizational Chart



Source: BCDED

Economic Development Roles

Marketing & Business Recruitment

The County provides an annual grant to the Economic Alliance of Greater Baltimore, a regional entity with a full-time staff of seven, for national marketing efforts. The anticipated grant amount for FY 2013 is \$90,000.

BCDED also coordinates with the Maryland Department of Business and Economic Development (MDBED), which receives most of the leads regarding businesses looking to locate in Maryland or Baltimore County. MBDED shares those leads with the Economic Alliance and BCDED.

In addition to these external efforts, BCDED offers in-house services in the form of individualized assistance to businesses. This assistance includes providing detailed information about available properties and sites that meet the real estate requirements of businesses looking to expand or relocate in the county. Examples of the type of information made available to businesses includes: proprietary lists of available properties and sites, site visits and familiarization tours, introductions to property owners, brokers, and developers, GIS mapping, and data regarding demographics, workforce, and infrastructure.

Business Retention & Expansion (BRE)

About 95% of BCDED's Business Development Division activity is focused on existing businesses. Staff are divided between business development and business services, and are not specialized by industry, but by geography. BCDED coordinates all business retention and expansion activity for the county, which includes approximately 500 retention contacts per year divided amongst three full-time business development representatives. The individual business development representatives are expected to contact two to three businesses per week, and are all very familiar with the businesses in their geographic area as well as the business associations. When choosing which businesses to contact, BCDED often begins with the primary employers, making sure that they have had recent contact with either a business development representative or someone on senior staff. After this, BCDED examines when companies were last contacted, prioritizing those that have gone the longest without direct contact from BCDED.

When businesses contact the county government (rather than BCDED reaching out), the County Executive's office is often the first to receive the call. They refer the call to BCDED, who then determines the location and particular needs of the business. Finally, BCDED tailors its services based on the following three filters: start-ups are referred to the Small Business Resource Center, retail businesses and/or those located in commercial corridors are referred to the planning department, and BCDED offers direct assistance to established firms. In addition these activities, BCDED works closely with a countywide chamber and smaller community chambers on business retention and expansion.

Technology-Led Development

Baltimore County has companies in bioscience, software development, interactive technologies, and systems integration. Large corporations include BD Diagnostic Systems, Firaxis Games, and Lockheed Martin. BCDED has a supporting role in technology development within the county.

The BCDED-sponsored Advanced Technology Revolving Loan Fund offers direct loans for small technology and/or defense related businesses. In addition to this direct support, BCDED provides annual

operating support to The University of Maryland, Baltimore County's bwtech@UMBC incubator and accelerator that supports cyber tech and clean tech businesses. In addition, BCDED provides operational support for TowsonGlobal, Towson University's incubator focused on helping start-up businesses find success in a global economy.

BCDED also utilizes regional partnerships to support manufacturing and biotechnology advocacy organizations. For example, BCDED is working with the University of Maryland and the State of Maryland on advocacy and feasibility for a new research park and incubator space at the bwtech@UMBC Research and Technology Park. BCDED has also worked with the Maryland Economic Development Corporation to develop a consultant study that examines feasibility of expanding the park.

Small & MWD Business Development and Finance

The Baltimore County SBDC is located in the city of Baltimore. Although it is managed through a partnership with the University of Baltimore, the BCDED works closely with the SBDC.

The Department of Economic Development, in partnership with the Baltimore County Chamber of Commerce, opened the Small Business Resource Center (SBRC) in 1997. This center is equipped with a staff position funded by BCDED (75%) and the Chamber (25%). Co-located with the Chamber, the SBRC offers assistance with technical, financial, and marketing issues free of charge to both new and existing businesses. In addition to independent activities, the Small Business Resource center also offers small businesses start-up workshops in partnership with the County's Workforce Centers and public libraries.

In addition to technical support, BCDED offers several types of direct financing programs, including:

- Small Business Loan Partnership: Real estate and fixed-asset loans are available through a partnership between Baltimore County and leading financial institutions
- Business Growth Loans: Direct loans or loan guarantees to new and expanding industrial and commercial businesses. Maximum loan amount is \$250,000.
- Tax Exempt Bonds

Real Estate Development

BCDED does not have the ability to own or develop land. BCDED can, however, help facilitate development, and they coordinate with the Office of Planning and the Department of Permits & Inspections on zoning and land use issues.

Although they do not take an active role in real estate development, BCDED does engage in other related activities. Baltimore County is home to the North Point, Southwest and, most recently, Federal Center at Woodlawn Enterprise Zones, which are managed by BCDED. In addition, the 2012 Strategic Plan outlines nine areas in the county that have been identified for business investment opportunity.

Workforce Investment Board (WIB)

The Baltimore County WIB is housed within the Baltimore County Department of Economic Development's Division of Workforce Development (DWD), which is 100% funded by Federal WIA dollars. The DWD acts with the guidance the Baltimore County Workforce Development Council and consists of three workforce development centers as well as youth services.

The Workforce Development Council, which advises the Division, consists of a 24-member board of representatives from private sector businesses, organized labor, educational institutions, government agencies, and community-based organizations. The council also has six standing committees, one of

which is a partnership with the Mayor’s Office of Employment Development to create a Baltimore Regional Initiatives Taskforce. The goal of this taskforce is to recommend strategies that will enhance regional collaboration and engagement among workforce and business entities.

Supporting Components

Research

BCDED has a two-person Policy and Program Planning section that works on strategic planning, research in support of business retention and attraction, maintenance of County economic data, GIS analysis, and staff support for special Department policy and geographic area initiatives. BCDED makes much of this research available on their website.

Strategic Planning Process

In response to a recent reorganization, a new Strategic Operations Plan was released by the County Executive in 2012. This plan identifies nine business investment areas throughout Baltimore County that are either currently high-employment centers or have the potential to become such centers. To facilitate key “game changing” projects in these areas, Baltimore County plans to develop focus area profiles, promote interactive and marketing tools that highlight investment opportunities, and identify prospective investors, developers, brokers, and thought leaders in order to target marketing campaigns and familiarization tours to key industries.

In addition, as part of their future growth strategy, the Department of Economic Development is working with external partners to target the following six high employment clusters:

- Federal Agencies and Contractors
- Healthcare
- Information/Advanced Technology
- Manufacturing
- Port-Related Industries, Logistics, and Distribution Centers
- Corporate Operations Centers/Shared Services

The 2012 Strategic Operations Plan was the county’s first economic development strategic plan in many years. BCDED expects this plan to be updated annually by the County Executive, County Council, and other staff.

Performance Evaluation Metrics and Methodology

With the completion of a new strategic plan and the upcoming finalization of the FY 2013 budget, BCDED is in the process of developing new metrics, which will be aligned with the initiatives identified in the Strategic Plan. In addition, BCDED is examining ways to make grants to external organizations performance-based.

Supporting Economic Development Organizations

Baltimore County Chamber of Commerce

The Baltimore County Chamber of Commerce focuses on business advocacy, education, and marketing. Activities include networking events, small business support through the Small Business Resource Center, which is a partnership between the Chamber and BCDED, and how-to sessions covering topics relevant to members.

Economic Alliance of Greater Baltimore

The Economic Alliance of Greater Baltimore (EAGB), a private nonprofit organization, focuses on marketing, business attraction, cultivating partnerships, and thought leadership for the Greater Baltimore Region. The EA's funding comes from a variety of investors in the public and private sector, including \$90,000 from Baltimore County. The EA has a staff of seven, a 44-member Board of Directors and an advisory committee of 13. The board consists of representatives from business, educational institutions, and government at the local, county, and state levels. BCDED is represented on both the Board and Advisory Committee- the Baltimore County Executive is a member of the Board of Directors, and BCDED's Executive Director is on the Advisory Committee.

The EA is currently working to create a regional marketing campaign that highlights the benefits of locating to the six jurisdictions that make up the Greater Baltimore region (Anne Arundel, Baltimore, Carroll, Cecil, Harford, and Howard Counties). Currently, their website includes statistics for top employers, employment by industry and occupation, educational attainment rates and enrollment at local institutions, and resources where interested parties can find real estate reports. In addition to making information readily available on their website, the Economic Alliance recruits prospective businesses through partnerships with the local jurisdictions and the Maryland Department of Business and Economic Development. The Economic Alliance helps with site selection and relocation, offers private sector incentives for relocating companies, facilitates relationships between new and existing companies, and works with local universities and community colleges to create customized job training programs.

Strategic priorities and activities of the Economic Alliance include:

- **Marketing:** The EA is developing a regional marketing campaign to highlight the economic development ecosystem in Greater Baltimore, including resources such as companies, universities, federal facilities, and incubator programs
- **Business Attraction:** The EA builds business cases for companies that might find a strategic advantage to locating in the Greater Baltimore area. Industry sectors of focus include life sciences, healthcare services, IT/defense, and financial services. In addition, the EA will often host site visits in Baltimore County.
- **Partnerships:** The EA works with the Maryland Department of Business and Economic Development, six member jurisdictions, businesses, universities, community colleges, and funders to help attract new businesses and retain existing firms in the Greater Baltimore region.
- **Research:** The EA conducts, and has readily available, research on the region including measures of educational attainment, workforce skills, quality of life, and geographic advantages.

bwtech@UMBC

BWCEDED helped form, and provides ongoing governance and financial support, for bwtech@UMBC. bwtech@UMBC is a business incubator and accelerator that focuses on clean energy, cyber technology, life sciences and technology, and technology commercialization. This incubator currently serves over 20 start-up and emerging high-tech and bioscience companies in addition to an Idea Lab intended to help UMBC students and faculty develop businesses. The incubator complements a fully-developed five-building research park.

Organization and Delivery System Strengths & Weaknesses

As the major provider of economic development services in the county, BCDED is an important part of the economic development delivery system.

Strengths

As a County agency, BCDED receives all of its funding directly from the county government and does not have any outside fundraising responsibilities, which alleviates some concerns regarding budget that BCDED might face as a private entity. Coordination with other county agencies is also easier than if BCDED were a non-governmental organization, such as a private nonprofit. In addition, this structure provides for clearly identified priorities, which creates simplicity in decision making. The absence of incorporated municipalities within Baltimore County is another asset, which helps Baltimore County to implement policy and economic development unopposed by conflicting municipal priorities.

BCDED also has a good relationship with the business community. Their business development representatives are engaged with business associations and know who the local businesses are. This familiarity allows BCDED to better assist local businesses directly and/or refer them to other organizations as needed. In addition, because BCDED is proactive about reaching out to local businesses through retention calls, the business community is aware of and willing to utilize the services offered by BCDED, who is able to offer them assistance quickly.

In addition to their own efforts, BCDED benefits from good relationship with regional partners and organizations that facilitate economic development activities outside of BCDED's specialization areas. The Economic Alliance of Greater Baltimore, for example, is the area leader in business marketing and recruitment and the University of Maryland promotes entrepreneurship and technology development at bwtech@UMBC.

Weaknesses

The county-centric structure of Baltimore County can be difficult for newcomers to understand. In response, BCDED is examining alternative, business-friendly website formats clearly distinguish it from the government's website. The emphasis on delivery through a county government agency can sometimes make it difficult to engage the private sector in economic development. BCDED must therefore actively seek their engagement. Other constraints associated with their status as a county agency include legal restrictions on supplementing the county budget with outside funds that might be sought for specific project purposes, standard public compensation and procurement restrictions, and a diminished capacity to assume risk as compared with a private entity. As is true for any organization headed by a political appointee, changes can occur after elections. However, it is important to note that the two previous directors each served 8 years.

External factors also present unique challenges to BCDED. For example, in 1967 Baltimore County developed an urban growth boundary that is still in place today. As a result of this boundary, the county must focus on maximizing existing, concentrated development rather than looking to greenfield development for future growth. BCDED therefore plans to focus on redevelopment, but it will be difficult considering BCDED's lack of authority to acquire, own, or develop land. In addition to the challenge of developable land, potential redevelopment efforts are also constrained by Baltimore County's tax structure. The County has not raised income tax rates in 20 years, and the property tax rate has remained steady for the past 24 years. Due to the recession, tax revenue has decreased in the county while rates have remained the same, resulting in a very constrained budget.

Howard County, MD Economic Development Authority

Overview of the Economic Development Delivery System

County Economy

With a 2010 population of 287,085, Howard County is the fifth most populous county in Maryland. Howard County has a strong economy that has performed well above national averages during and following the Great Recession. Howard County's covered employment is 146,125 and unemployment stands at 4.8% (as of January 2012) versus 8.2% nationally. The resilience of the local economy is due in no small part to its location in the Baltimore-Washington Corridor and the highly educated and comparatively wealthy population. Howard County is first in the nation in education attained with 56.9% of the population having a bachelor's degree or higher. The median household income in Howard County is upwards of \$103,000 which in 2011 ranked as the fifth highest of any county in the United States.

The core economy is comprised of information technology (IT), biotechnology, telecommunications, defense contractors, and wholesale distribution industries. Leading companies operating within the county include the Johns Hopkins University Applied Physics Laboratory, Science Applications International Corporation (SAIC), Giant Foods, Northrop Grumman, and Sunbelt Coastal Produce Company. Agriculture ranks as the fifth largest industry. In recent years, the county has focused on the development of the IT, biotechnology, and defense contracting industries, while continuing to support agriculture and manufacturing.

The primary economic development functions of Howard County are led by the Howard County Economic Development Authority (HCEDA). These efforts are supported by the Howard County Chamber of Commerce and the Howard County Office of Workforce Development.

HCEDA is a public-private partnership. Its main goal is promoting economic stability and growth through efforts to support existing companies, organizations and industries, target new businesses, and attract corporate and regional headquarters to Howard County. HCEDA also conducts programs designed to address the unique needs of small, minority-owned, and agricultural businesses and industry. HCEDA's particular areas of economic development focus include marketing, business development, small business development and training, and agricultural marketing.

History

Given its geographic location between both Baltimore, MD and Washington, DC, Howard County's economy has historically been intertwined with these broader regional economies. Because Howard County's major population centers are geographically more proximate to Baltimore, it has historically been identified as being more a part of the Baltimore metropolitan area. Yet, newer developments in the southern portion of the Howard County have resulted in a bit of realignment towards the Washington, DC metropolitan area (including employment and media markets).

The two main population and economic hubs in Howard County are Columbia and Ellicott City. Columbia is home to roughly 100,000 residents, and Ellicott City is home to around 60,000 residents. Elkrigde saw the greatest absolute population growth in the past decade.

Howard County’s economic development history includes some important benchmarks. The Howard County Economic Forum was created in 1990, followed by the launch of the Howard County High Tech Council a year later. The following year saw the establishment of the Jim Rouse Entrepreneurial Fund (j-ref) — a non-profit organization that offers funds to foster entrepreneurship in Howard County. The Howard County Economic Development Authority was launched in 1995 (with some assistance from county organizations like the Howard County Chamber of Commerce).

Key Economic Development Organizations

Table F-1 Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	Howard County Economic Development Authority (HCEDA)	Economic Alliance of Greater Baltimore (EAGB)
Business Retention & Expansion	HCEDA	
Technology-Led Development	HCEDA	Maryland Technology Development Corporation (TEDCO)
Small & MWD Business Development/Finance	HCEDA	Committee for Business and Economic Diversity (CBED), Small Business Development Center (SBDC)
Real Estate Development	HCEDA	
Workforce Investment Board	Howard County Office of Workforce Development (HCOWD)	Howard County Chamber of Commerce (HCCC), HCEDA

Source: HCEDA, HCOWD, HCCC, EAGB

Lead County EDO: Howard County Economic Development Authority

Table F-2 Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	Employment	Budget	Budget per Capita	Funding Source	Primary Functions
Howard County Economic	Public Authority	County Executive and Council	287,085	146,125	\$2,606,925	\$9.08	95% Public	Marketing, business recruitment,

Development Authority	appointed board	5% Private	business retention and expansion, entrepreneurial development, small business assistance, incubator management, agricultural services
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Legal Designation, Governance & Funding

The Howard County Economic Development Authority (HCEDA) is the lead economic development organization in Howard County. It is governed by a 12-member Board of Directors who are appointed by the County Executive to four-year terms and approved by the County Council. The Board selects the Chief Executive Officer, with nominees or input from the County Executive.

This Board of Directors is composed of representatives from various local and county businesses, including three real estate companies / organizations (Corporate Offices Properties Trust, General Growth Properties, The W Group Commercial Real Estate), three law firms (Miles & Stockbridge, P.C., Talkin & Oh, LLP, and Whiteford, Taylor, Preston, LLP), two university-affiliated organizations (Johns Hopkins University Applied Physics Laboratory, and Howard County General Hospital — a member of Johns Hopkins Medicine), two information technology-related companies (Jaypar, and Expert Trading Limited / Super Book Deals), one investment banking company (Evergreen Advisors) and one commercial fencing company (Best Fence). The Board of Directors also comprise of three Officers (Chair, Vice Chair, and Secretary / Treasurer) and nine additional directors.

The Howard County government is the largest financial contributor toward the HCEDA’s operations, funding 95 percent of HCEDA’s budget, with the remaining 5 percent of its budget derived from about 90 private sector organizations.

In fiscal year 2011, the Howard County government contributed \$1,370,661 in funds. For fiscal year 2012, the county has approved \$1,669,661 in funds, an increase of \$299,000. Over three-fifths (62.4%) of HCEDA’s budget is allocated to personnel expenses. Slightly more than one-eighth of HCEDA’s budget goes to rent expenses. Finally, slightly less than one-eighth (12.1%) of the budget goes toward business and education, partnerships, and special events activities.

Budget

Table F-3 Howard County Economic Development Authority Budget (FY12)

Program	Staff	Budget	Staff Percent	Budget Percent
Executive	3		25.0%	
Marketing	2		16.7%	
Business Development Programs	2		16.7%	
Support	3		25.0%	
	2		16.7%	
Total, Personnel	12	\$1,627,699	100.0%	62.4%
Rent Expense		\$350,000		13.4%
Contractual Services		\$228,753		8.8%
Supplies & Materials		\$56,266		2.2%
Business and Education		\$75,825		2.9%
Non-Capitol Items		\$11,155		0.4%
Depreciation		\$18,417		0.7%
Partnerships		\$96,579		3.7%
Special Events		\$142,231		5.5%
Total		\$2,606,925		100.0%

Now in its 18th year, HCEDA is led by a Chief Executive Officer and has 12 total staff members who are responsible for administration, marketing, business development, and agriculture. The organization does not offer financial incentives to employees, who are not unionized and are considered county employees for pension purposes. The above table contains information from the most recent financial statement reported in the 2011 annual report. One-quarter of the HCEDA's staff handle executive functions and another quarter are dedicated to the organization's program efforts. HCEDA's staff positions consist of executives (Chief Executive Officer, Deputy Director, Chief Operating Officer), a Marketing division (Marketing Manager, Senior Marketing Assistant), a Business Development division (Vice President of Business Development, Business Development Manager), a Programs division (Director of the Maryland Center for Entrepreneurship, Agricultural Economic Development Specialist, Programs Coordinator/Administrative Assistant) and support level staff (Executive Assistant, Office Coordinator).

Economic Development Roles

Marketing and Business Recruitment

HCEDA performs many of the more common functions of economic development organizations, such as handling business prospect inquiries and requests (e.g., site / facility selection assistance, permitting and regulatory assistance, referrals, financing, assistance with employee recruitment and training, etc.). HCEDA staff are active in direct marketing in the form of targeted relationship building with key partners and stakeholders at all levels (county, regional, and national). They achieve this by conducting trade missions and supporting constant communications.

It should be noted that 2011 saw a great deal of personnel changes at HCEDA, which has led to some changes in both the operational mechanics of HCEDA and its overall strategy. The organization hired six

new people in 2011, including the organization's CEO and Deputy Director. HCEDA's new leadership are still refining their understanding of HCEDA's historical role in Howard County (and the various partnerships and interactions this entails), while also aggressively forging new paths for HCEDA. In order to achieve its marketing objectives, the HCEDA currently has two full-time staff members dedicated to marketing: a Marketing Manager and a Senior Marketing Assistant.

HCEDA devotes only one industry-specific staffer to business retention and expansion as well as business recruitment and attraction efforts. The three other staff members are considered to be more "generalists" in terms of their industry focus and knowledge. This is largely based on the HCEDA leadership's perception that companies in HCEDA's targeted industries tend to know and understand their business wants and needs, and therefore from a staffing standpoint, it is generally considered more appropriate for HCEDA staff members to have a broader knowledge of the target industries on which it focuses its business retention / expansion and attraction / recruitment efforts than to have detailed expert-level knowledge of any one target industry.

HCEDA has, to some degree, shifted the focus of its advertising and promotional efforts (and likewise, the budget dollars that support these activities) away from more traditional print advertising (advertisements in Site Selection magazine for example) in order to concentrate resources on direct-marketing and relationship building (through trade mission trips for example) with important potential stakeholders. For example, HCEDA recently visited Silicon Valley (involving meetings with area universities, et al.) and New York City (which included meetings with the investment banking community).

In conjunction with these efforts, HCEDA is re-building / re-designing its website (with an anticipated launch date in October 2012) in order to provide easily-accessible promotional print materials in high-quality PDF form for users and interested parties.

HCEDA generally focuses its business recruitment and attraction activities on those competitive industries that have more potential to locate in a variety of regions. For example, HCEDA is somewhat more aggressive in its business attraction efforts aimed at technology companies as compared to the recruitment of federal contractors. The rationale for this stems from the idea that, generally speaking, the federal contracting industry is already more likely to view Howard County as a strong area to locate given the county's proximity to Fort Meade and the related cyber security activities. By comparison, high technology companies arguably have a broader selection of competitive geographic regions to potentially locate (e.g., U.S.-based technology hubs like those in Raleigh-Durham / North Carolina, Boston / Massachusetts, Silicon Valley / California, etc. and global technology hubs such as Ireland, Dubai, etc.). HCEDA is careful to note that this prioritization of industry attraction efforts does not imply that it views one industry as more important than another. Rather it is more a realization on the part of HCEDA that it must appropriately allocate its scarce resources in a way that maximizes potential successes for its business recruitment and attraction efforts.

HCEDA indicated they are increasingly working across county lines, rather than exclusively focusing their attention inside Howard County's borders. The general mantra has become "What's good for Maryland is good for Howard County." This shift in mentality is partly based on the recognition that, for HCEDA and Howard County, the competition for their targeted industries has shifted from neighboring counties and regions to regions across the country (e.g., New York, Silicon Valley, North Carolina, etc.) and across the globe (e.g. Ireland, Dubai, etc.).

Business Retention & Expansion (BRE)

The HCEDA currently has two staff members dedicated to business development: a Vice President of Business Development and a Business Development Manager. In terms of staff time, roughly 80% of HCEDA's staffing resources are focused on business retention and expansion activities as compared to around 20% focused on business recruitment and attraction activities. The HCEDA identifies protecting and nurturing existing businesses in Howard County as the most important economic development priority in its 2011 Strategic Plan. One of the main functions that supports this effort is HCEDA's call program for existing businesses in Howard County.

Technology-Led Development

The majority of HCEDA's technology-led development efforts focus on the Maryland Center for Entrepreneurship (MCE), previously known as the Center for Business and Technology Development. The MCE was launched in December 2011 and is a project in partnership with the State of Maryland. The MCE is, in effect, a conglomeration of various existing entrepreneurial economic development resources in Howard County including (a) Howard County's Business Incubator (formerly known as the Neotech Incubator), (b) Business Resource Center, (c) the Howard Technology Council, and (d) the Catalyst Loan Fund. Though located in Howard County and housed within the HCEDA, MCE is intended to benefit the region and state through its programs and services. The MCE Director is a full-time staff member of the Howard County Economic Development Authority.

The business incubator supports entrepreneurship and innovation by providing a physical space and office support for start-ups, as well as a series of programs to help them develop and bring their products to market. These programs include: Business and Leadership Development; Monthly CEO Roundtable Discussions; Capital Scrubs; and Center Premier Affiliates. The business incubator also provides assistance with advisors and shadow boards, intellectual property management, technology commercialization, strategic business partners, and funding resources.

Howard County owns the business incubator, thus HCEDA does not pay any recurring rental costs for the incubator facility. In effect, the incubator is self-sustaining in the sense that its tenants pay close to market rate rents for space in the facility, which amounts to enough dollars to cover overhead costs and staff salaries. The incubator is fortunate to be currently at or near capacity. Consequently, they can be more selective with tenants and can generate enough revenue to partially cover the costs of facility-space.

The Business Resource Center (BRC) provides a one-stop resource for the Howard County business community that provides guidance and information, including individual counseling and referrals, business education seminars, government contracting assistance and a small business awards program. The BRC also offers the option of becoming a Center Select Affiliate, which provides a small business with a physical address and discounted meeting room rentals. The program offers a business library, computer workstations and meeting / training room rentals. The BRC partners with j-ref, the Maryland Small Business Development Center (SBDC) and Service Corps of Retired Executives (SCORE) to provide support and financing to small businesses.

The Howard County Technology Council (HTC) provides technology companies of varying sizes and stages of growth with the opportunity to connect with peers to foster further growth and development of the technology industry in Howard County. The HTC is a membership-driven body that collects dues

and supports technology-led growth through programming that includes monthly seminars, executive breakfast series, targeted affinity groups and networking opportunities. Other specific events include annual technology awards, procurement and technology transfer events and technology and science conferences.

The Catalyst Loan Program offers small business loans from the HCEDA ranging from \$25,000 to \$100,000. The program's maximum is \$300,000. Applicants are approved or denied by the HCEDA's Incentives Committee. HCEDA is also becoming more active in reaching out to and getting involved in the venture capital community.

Small & MWD Business Development and Finance

The Committee for Business and Economic Diversity (CBED) spearheads minority business development for the HCEDA. CBED works with the Equal Business Opportunity program coordinator of the Howard County Office of Purchasing to ensure equal opportunity in the government procurement office. CBED also partners with other organizations, such as the Howard County Chamber of Commerce, in support of access to resources for minority and women-owned businesses.

Real Estate Development

The HCEDA assists prospects and businesses with land and facility selection while keeping an active inventory of the county's commercial / industrial real estate offerings. They also actively promote these real estate opportunities to interested parties.

The HCEDA also works closely with the County in the planning process for overall county development. A General Plan is created by a committee, which includes a seat for the HCEDA. Through this body, the HCEDA influences the General Plan, which includes the full range of planning topics, from environmental protection to infrastructure.

The HCEDA, through its 2011 Strategic Plan, identified the need to focus on renovating or rebuilding existing development instead of on developing greenfields. This strategy acknowledges both the dwindling amount of space not already devoted to rural and agricultural preservation as well as the need to revitalize existing areas such as downtown Columbia and the Route 1 Corridor.

Agricultural Services

The HCEDA's Agricultural Marketing Program provides assistance to the Howard County agriculture industry by promoting products, diversifying activities, and expanding markets. The program is supported by a dedicated, full-time marketing position.

The Agricultural Marketing Program also acts as a one-stop resource to the Howard County agricultural industry. The Program provides significant information about what government and private resources are available to agricultural businesses. These resources range from financing opportunities to listings for farm services.

The HCEDA website also lists information on roadside stands, farmers markets and agricultural events supported by the HCEDA, such as an annual film festival that highlights the county's agriculture industry as well as agriculture more generally.

In Howard County's previous General Plan (covering 2000 to 2009), supporting the agricultural community was a key focus and will be again in the next General Plan, PlanHoward 2030. The General Plan included policy objectives related to the Agricultural Land Preservation Program (ALPP) and regulations that support farm diversification and beneficiation. The ALPP is a voluntary program that allows farmers to sell easements to the county and bind the land to agricultural purposes regardless of who owns the property in the future. The county government took steps to pass regulations that allowed and encouraged farmers to diversify their operations and develop means to benefit their products.

HCEDA Supporting Components

Research

Research on the HCEDA's website appears somewhat dated, but this may be due to the imminent release of the new HCEDA website. Much of the data on the HCEDA website seem to come from the US Census and the State of Maryland's Department of Business and Economic Development. The HCEDA does not have any full-time staff dedicated to providing research.

HCEDA partners with the Howard County Chamber of Commerce to produce a "Howard County, Maryland Economic Indicators" publication, which takes stock of Howard County's economy. The publication aims to provide publicly the most current available economic indicators for Howard County and surrounding areas. Part of the rationale for this effort is to provide advanced awareness of potential shifts in the local economy that may affect private sector business decisions and government policy.

Strategic Planning Process

The HCEDA recently completed a five-year strategic plan in 2011. The process included representatives from local, regional, and state government agencies as well as the private sector, education, and community organizations.

Performance Evaluation Metrics and Methodology

HCEDA tracks a typical set of Key Performance Indicators (KPI) in order to measure performance. These include the number of new jobs created, the square footage of business expansion and the dollar amounts of new capital investment in the area. HCEDA also measures accomplishments specific to the organization's work in four areas: business development, marketing, the entrepreneurial enter, and operations. In counting new jobs, it only counts jobs from firms that staff actively works with in securing incentives and real estate. HCEDA does not count jobs if HCEDA only helped the firm with permitting.

It's important to note, however, that HCEDA is in a transition stage regarding its staffing and functions, and therefore a rigorous system of performance metrics has yet to be fully developed. HCEDA intends to develop such a performance and measurement system in the future.

Organization Strengths & Weaknesses

The Howard County Economic Development Authority is a well-staffed and well-funded economic development organization for a county the size of Howard County. The HCEDA provides services ranging from marketing to providing direct financing opportunities. The county is well-suited for specific industries. The HCEDA identifies these industries as targets and then designs programs and incentives to attract them. Working closely with Howard County, the HCEDA supports regulations that attract and retain businesses. They act as a liaison during the site selection process and consult county schools on the workforce needs of both the present and future economy. Supporting and attracting the agriculture

industry—though not typically as glamorous as attracting a national biotechnology headquarters—remains a sincere focus of the HCEDA as the county strives to maintain its historical identity and quality of life. While the HCEDA could certainly benefit from additional funding and staff resources, it appears to be making the best with what it has by providing a dynamic, yet focused economic development organization for Howard County.

Supporting Economic Development Organizations

The Howard County Chamber of Commerce supports economic development in the county by facilitating “the success of business...through advocacy, communication and education.” Through regular communication, such as action alerts, newsletters and networking opportunities, the Chamber maintains an open dialogue among business leaders and county, state and regional officials. They also support training for the current workforce as well as educational initiatives that connect businesses with local schools to prepare the future workforce.

As HCEDA does not provide specific workforce investment activities, Howard County’s Office of Workforce Development (OWD)—which operates from an office housed in the Howard County Administration in Columbia, Maryland—carries out the functions of a “one-stop employment services” provider (in partnership with the State of Maryland) as outlined in the Workforce Invest Act of 1998.

The HCEDA does, however, engage in other workforce-related initiatives, such as their recent agreement with the Howard County public school system. By connecting employers with educators, HCEDA aims to prepare students with skills specific to local business needs.

These economic development services are administered by three full-time staff positions: Director of the Maryland Center for Entrepreneurship, Agricultural Economic Development Specialist, and an Administrative Assistant/Programs Coordinator.

The Economic Alliance of Greater Baltimore (EAGB) is a non-profit economic development organization led by a consortium of partners including public sector elected officials, regional private sector business executives, and higher education leaders. EAGB’s purpose is to market Greater Baltimore as a premier region for working and investing. They concentrate on marketing and business recruitment throughout Greater Baltimore. By working with their multi-county partners, EAGB engages in direct marketing and outreach efforts in order to attract outside employers and talented personnel. In addition to promoting Greater Baltimore’s favorable business environment, they also target existing businesses for expansion and retention opportunities.

County Delivery System Strengths and Weaknesses

Howard County economic development organizations offer strong support for economic development within the county, region and state. Through the cooperation and involvement of both the business community and the county government, Howard is able to offer robust economic development services, leading to a low unemployment rate and a high standard of living. Howard County needs to prepare for a growing population and the corresponding, regional competition for resources. By engaging stakeholders and providing aggressive, targeted services in accordance with the General Plan, Howard should continue to see positive growth and development.

HCEDA and county government will, however, need to address their weak connection to workforce development. Currently, workforce development efforts appear to be private-sector driven, and lack

connection to state and federal resources. A combined and coordinated effort is more likely to meet with success.

Particularly in the area of workforce investment, the HCEDA and the county seem to have a weaker connection to the state-supported One-Stop Career Center. The HCEDA and the Chamber both support workforce development and training, but these programs appear private-sector driven and not directly connected to state and federal resources.

The Beacon Council: Miami-Dade County, Florida

Overview of Economic Development Delivery System

County Economy

Miami-Dade County, Florida, is home to almost 2.5 million people and covered employment of 947,091. The median household income is \$42,157 and 16.4% of the population 25 and over have a bachelor's degree or higher. The Great Recession has had a major impact on the Miami-Dade economy. In February of 2007, unemployment in Miami-Dade County was low at 3.4 percent. By February of 2010, the rate had ballooned to 11.7%. The rate in January of 2012 stood at 9.9%. The economy is comprised of various industry sectors, ranging from aviation to fashion and lifestyle. Major companies operating in the county and surrounding metropolitan area include American Airlines, Precision Response Corporation, Royal Caribbean, Office Depot, Burger King, Caterpillar, Boston Scientific, and Motorola.

Key Economic Development Organizations

Miami-Dade County contracts their economic development functions to The Beacon Council, a 501(c)(6) non-profit public-private partnership. As the lead economic development organization in Miami-Dade County, The Beacon Council focuses on marketing, business recruitment and BRE. It partners with the Miami-Dade County Sustainability, Planning, and Economic Enhancement Department (SPEED), who manages planning, business incentives, small and MWD business development, and real estate redevelopment functions. The South Florida Workforce Investment Board is the primary workforce development organization. The following two tables provide an overview of the primary economic development organizations in Miami-Dade County. These tables explain the functions of the different major economic development organizations in Miami-Dade, the relationships between those organizations as it relates to delivering economic development services, the organization's classification (public, private, or nonprofit), and budget and staff levels.

Table G-1 Leading Economic Development Organizations: Miami-Dade County, FL

Economic Development Organization	Public or Private	Budget	Staff	Primary Functions
The Beacon Council	Nonprofit	\$5,338,756	28	Marketing & Recruitment, BRE, Research
Miami-Dade County Sustainability, Planning and Economic Enhancement Department (SPEED)	Public	\$30,339,000	217	Economic development, planning, Business Location and Expansion Incentives, Small Business, MWD, Redevelopment

South Florida Workforce Investment Board	Pubic agency	\$92,000,000	Regional Workforce Investment Board; Miami-Dade & Monroe Counties
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Table G-2 Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	The Beacon Council	
Business Retention & Expansion	The Beacon Council	
Technology-led Development	University of Miami, Incubate Miami, Florida International University	
Small & MWD Business Development/Finance	Multiple organizations	SPEED, The Beacon Council
Real Estate Development	SPEED, City Governments	The Beacon Council
Workforce Investment Board	South Florida Workforce Investment Board	

Source: The Beacon Council, Miami-Dade County

County History

Dade County, Florida, was created in 1836. In 1997, the citizens of Dade County voted to change the name to Miami-Dade County to capitalize on the visibility of Miami, which is the county seat.

The Beacon Council was created in 1986. Since then, it has been involved in almost 800 new location and expansion projects. These projects have yielded nearly 80,000 direct and indirect jobs, the retention of 16,000 existing jobs, and nearly \$3 billion in new capital investment. Miami-Dade County contracts the county marketing and BRE functions to The Beacon Council, a 501(c)(6) non-profit public-private partnership. As the lead economic development organization in Miami-Dade County, The Beacon Council supports economic development by marketing the county to prospective businesses and by providing assistance to companies seeking to relocate or expand their operations within the county. Economic development services in Miami-Dade County are delivered in the following ways:

- Miami-Dade County services small businesses and minority, women-owned, and disadvantaged businesses (MWD) in two ways:

- Through multiple small organizations such as the South Florida Minority Business Development Council, the Women’s Small Business Development Center, the South Florida Economic Development Council, the Hispanic Business Initiative Fund, and
- Through the Miami-Dade County Sustainability, Planning and Economic Enhancement Department (SPEED)
- Miami-Dade County provides business assistance related to real estate through the Miami-Dade County Department of Public Housing and Community Development (PHCD).
- The county addresses workforce related issues through a regional Workforce Investment Board (WIB), South Florida Workforce (SFWIB). SFWIB serves Miami-Dade and Monroe County with 13 one-stop career centers in addition to several fully-equipped mobile career centers that move to different locations in Miami-Dade and Monroe counties on a set schedule.

Lead County EDO: The Beacon Council

Table G-3 Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	Employment	Budget	Budget per Capita	Funding Source	Primary Functions
The Beacon Council	Non-profit Public-Private Partnership	63-member Board and 35-member Executive Committee	2,468,461	947,091	\$5,338,756 (FY 11-12)	\$2.16	County Business Tax, private sector	Marketing & Recruitment; BRE

Source: The Beacon Council

Legal Designation, Governance and Funding

The Beacon Council is a 501(c)(6) non-profit public-private partnership. The County funds roughly 70% of The Beacon Council’s operating budget. This funding comes through a local Business Tax Receipt surcharge, created through an ordinance the County attached to the original agreement with The Beacon Council, signed in 1987. The remaining 30% of the budget is supported through private sector membership dues, grants, event income and sponsorships.

Although The Beacon Council gets most of their funding from Miami-Dade County, they incorporate the private sector on the 63-member Board of Directors, which includes representatives from local and national organizations as well as representatives from local and county government. Approximately two of every three board members are from the private sector. The precise composition of the board is determined by The Beacon Council’s bylaws, which specify the entities that must be represented as well as the number of at-large members, who are approved by a board vote. In addition to the Board of Directors, The Beacon Council is guided by a 63-member Advisory Board of Trustees comprised of representatives from the private, public, and education sectors that meets twice a year on a project-by-project basis. The Beacon Council 35-member executive committee is more active, however, and meets monthly.

Staff & Budget

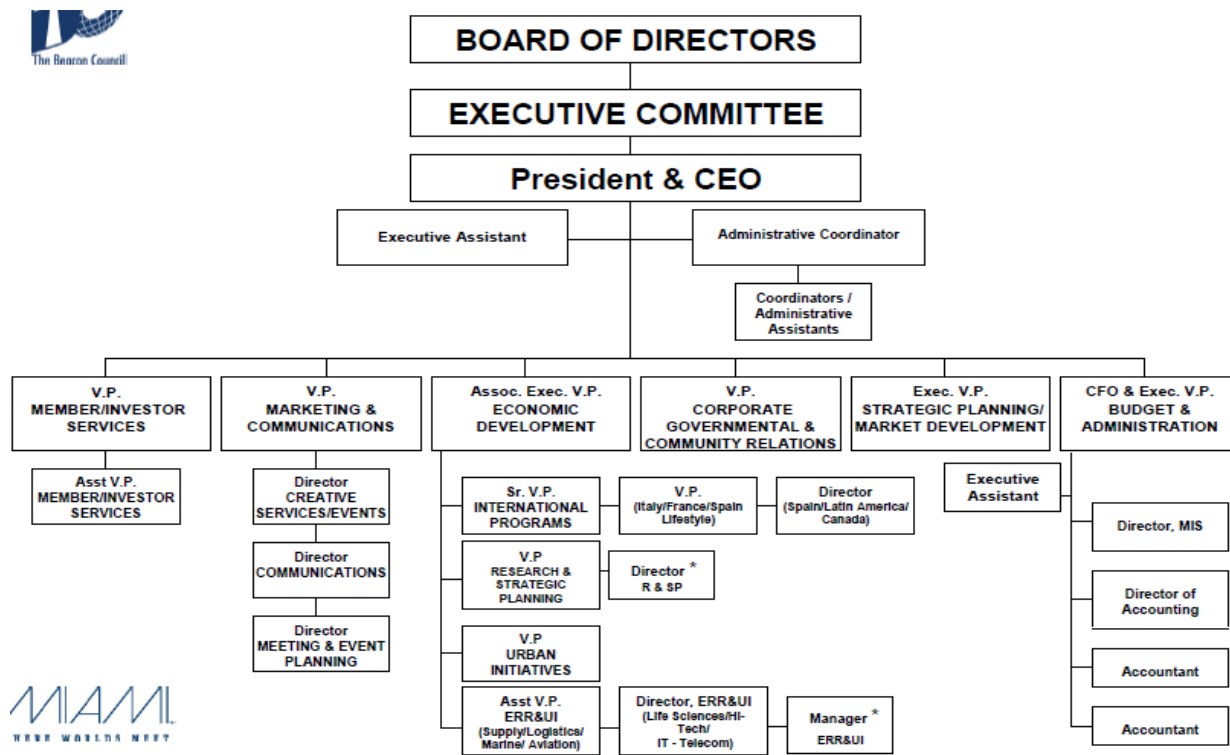
The Beacon Council has eight major departments with a staff of 28. The table below shows each department with the corresponding number of staff.

Table G-4 Beacon Council Staff

Department	Staff
Office of the President	4
Budget & Administration	6
Member-Investor Services	3
Marketing & Communications	5
International Economic Development	3
Economic Development	2
Expansion/Retention/Recruitment & Urban Initiative	2
Research & Strategic Planning	3
Total	28

Source: The Beacon Council

Figure G-1 Beacon Council Organizational Chart



* - Per Approved Budget

Source: The Beacon Council

The majority of The Beacon Council’s budget, just over 70%, comes from Miami-Dade County (see table below for revenue details), making the county The Beacon Council’s largest stakeholder. Other funding comes from membership revenue, sponsorships, and events. In FY 11-12, the Beacon Council had a total budget of \$5,338,756. This is \$96,323, or 1.84%, more than their FY 10-11 budget of \$5,242,432.

Table G-5 Budget Detail: Revenues FY 2011-2012

Revenue Category	Amount
Local Business Tax Receipt Surcharge	\$3,900,000
Membership Revenue- cash	\$650,000
Membership Revenue- in kind	\$133,256
Sponsorship	\$345,000
Sponsorship- in kind	\$0
Beacon Foundation Management Fees	\$0
Interest Income	\$500
Event Income	\$100,000
Miami-Dade Marketing Initiative	\$0
Other Income	\$210,000
Total Revenues	\$5,338,756

Source: The Beacon Council

During FY 2011-2012, The Beacon Council spent the largest portion of their programmatic budget on membership services and events, followed by promotional events and travel and entertainment. They did not spend any money on advertising. The following chart shows expenses by category for the Beacon Council, which total \$200,000 more than reported revenues. The difference was made up through a transfer from cash reserves.

Table G-6 Budget Detail: Expenses FY 2011-2012

Expense Category	Amount
Advertising	\$0
Publications	\$34,950
Professional Services	\$108,557
Promotional Events	\$242,900
Travel & Entertainment	\$229,025
Market Research	\$31,500
Membership Services & Events	\$260,750
Total Program Expenses	\$1,058,032
Personnel	\$3,080,095
Occupancy & Equipment	\$935,337
Other	\$465,292
Total Operating and Programmatic Expenses	\$5,538,756

Source: The Beacon Council

The Beacon Council's staff have a bonus structure, which is at the discretion of the CEO and determined on an individual basis. The amount of each bonus is dependent on factors such as the employee's annual plan and attainment of pre-determined goals and objectives. The Beacon Council's employees are not unionized.

Economic Development Roles

Marketing & Business Recruitment

As Miami-Dade County's official economic development partnership, The Beacon Council is responsible for marketing the area and bringing new companies to Miami-Dade County. Approximately half of staff time is spent on this task. In addition, The Beacon Council is responsible for handling all business leads for the county and also coordinates county and state incentive negotiations.

The Beacon Council markets Miami-Dade through their website, which features industry-specific reports as well as data on demographics, major employers and industries, quality of life information, and real estate. Each of Miami-Dade's target sectors is featured on an individual web page with industry-specific information including the advantages to locating in Miami-Dade as well as relevant market data and incentive opportunities. These industries are: aviation, professional services (accounting, architecture, commercial real estate, engineering, legal services), life sciences, logistics, financial services, film and entertainment, IT and telecommunications, tourism, and international business. Although The Beacon Council offers potential clients market information, they do not offer direct financing. Rather, they will provide referrals to other organizations that do provide funding and/or coordinate loans and financial products for companies.

In addition to their independent efforts, The Beacon Council is a sponsor of the "Miami: Where Worlds Meet" marketing campaign. This campaign is funded through a two-to-one cost match with Miami-Dade County and also includes support from American Airlines, the Greater Miami Convention and Visitors Bureau, the Miami-Dade County Government, the Port of Miami and Miami International Airport. In contrast with previous campaigns that primarily focused on business, the "Where Worlds Meet" initiative is a global marketing campaign that promotes Miami-Dade County as a good place for business, meetings, and vacation.

Business Retention & Expansion (BRE)

Business retention and expansion is a major priority for The Beacon Council, which works with the county and individual cities on efforts such as fast-track permitting. The Beacon Council also works with partners such as Enterprise Florida, Inc, the Governor's Office of Tourism, Trade, and Economic Development, and the Florida Economic Development Council to identify and advocate for specific incentives, training, and finance packages that will help retain and expand businesses in Miami-Dade County. The Beacon Council offers the following services: site identification, customized research, access to local partners, access to financing programs, permitting and regulatory assistance, and labor recruitment and training.

Staff are assigned to business retention and expansion projects according to their particular experience. The entire staff devotes 50% of their time to such projects. Staff members are not specialized by industry, but as projects arise, The Beacon Council assesses where a particular staff member's skills and experience might be compatible with the needs of a particular industry or business.

Although Miami-Dade is an international destination for business, the retention and expansion of local businesses is a high priority. The Beacon Council's Local Business Local Jobs (LBJ) program focuses on expanding and/or retaining local employers as well as guiding them toward growth opportunities. According to the Beacon Council's 2008-2009 Report to the Community, the Beacon Council representatives visited 158 businesses that employ over 21,700 workers. In addition, during the period

2008-2009 fifteen projects were completed through the LBLJ program. In 2011, according to The Beacon Council's KPIs, 154 businesses were visited, exceeding the annual goal of 150.

Supporting Components

Research

The Beacon Council conducts research on the demographics and markets in Miami-Dade County, and has the ability to create customized reports for businesses. Data are available for a variety of factors including demographics, firms by major industry, employment by industry, percent distribution of employment and wages, international business, international transportation, and quality of life. This data is also available on the Beacon Council's website, but in a generalized format.

In addition to developing company-specific reports, The Beacon Council frequently publishes reports highlighting different aspects of the business climate in Miami-Dade County. Some reports are industry-specific, such as the Aviation Report. Others, such as Business and The Arts Survey, discuss survey responses. Still others are very general, such as A Quarterly Analysis of Miami-Dade County's Business Climate. These reports are all listed on The Beacon Alliance's webpage but are restricted to membership-only access.

Strategic Planning Process

The Beacon Council released a strategic plan for 2009-2012 in July of 2009. As an update to the previous plan, which was developed in 2000. The 2009 plan was developed over two years, from October 2007 to February 2009. During this time, data was collected and over 60 reports were compiled and analyzed. The plan was developed by a committee who was charged with developing a vision for the future of The Beacon Council as well as a plan for getting there.

Since the current strategic plan goes through 2012, a new strategic plan for 2012-2017 is in development. Unlike past strategic plans, this effort benefits from the involvement of approximately 50 groups who have developed 80 recommendations, 65 of which will be assigned to The Beacon Council for implementation. Industry clusters have become increasingly important in The Beacon Council's marketing activities, and the development of the One Community One Goal (OCOG) Targeted Industry Strategic Plan, which is part of The Beacon Council's new strategic planning efforts, will reflect this.

In addition to the renewed emphasis on industry clusters, The Beacon Council strategic plan also has a few organizational aims. The Beacon Council is looking to:

- Create a flatter organization
- Involve all staff in business recruitment, retention, and expansion
- Develop a marketing strategy

In order to ensure that the plan is responsive to market conditions, the plan calls for an annual review of the originally developed recommendations in addition to a report to the Board of Directors concerning the plan's relevancy in the present as well as future market conditions. The plan also calls for market, member, and community surveys to be undertaken annually or biannually to track changes in the market, identify emerging trends, and make changes to update competitive measures that may affect the financial position of The Beacon Council.

Performance Evaluation Metrics and Methodology

The most important performance metric for The Beacon Council is the number of projects completed. Each time a project is completed, the business involved signs off to validate The Beacon Council's role and the number of jobs created. Other performance metrics are reported in a two to three page document, which highlights The Beacon Council's accomplishments on key performance indicators (KPIs) that include:

- New direct jobs completed
- Projects completed
- Enterprise Zone Projects completed
- New capital investment
- New square feet
- LBLJ visitations of Miami-Dade businesses

Other metrics include the number of new locations and expansions, a list of completed relocation/expansion projects along with the business's place of origin, the number of local, national and international missions/events, and the number of international delegations/events hosted in Miami.

These metrics are reported to the Board of Directors and County Executive monthly, but the data is updated on a weekly basis. The Beacon Council's metrics are currently under consideration, however, and will likely change with the release of their updated strategic plan.

Organizational Strengths and Weaknesses

Strengths

Due to The Beacon Council's longevity, they have established a strong working relationship with Miami-Dade County, Miami-Dade city mayors, and county commissions. This relationship allows The Beacon Council to work closely with other organizations to implement economic development programs. For example, The Beacon Council partners with the county on incentives, works with the South Florida Workforce Investment Board on workforce issues, and collaborates with the Miami-Dade County Mayor on promoting new locations for businesses as well as fast tracking permitting.

The Beacon Council's current strategic planning process has been a good opportunity for working with the different economic development organizations in the county. The strategic planning process has involved the participation of over 50 organizations including schools, social organizations, and EDOs and is the first time that all of the economic development stakeholders have been brought together in a visioning process. This inclusiveness will likely make the final strategic plan a stronger, more relevant document than it would otherwise be if The Beacon Council was the only organization involved in its development.

Weaknesses

The Beacon Council's reliance on funding from Miami-Dade County is a potential source of concern about financial sustainability. If the county were to be unable to provide the current level of funding in the future, it could be difficult for The Beacon Council to find a comparable level of funding from another source.

Supporting Economic Development Organizations

Technology-led Development

Miami-Dade County does not have any strong county-wide incubator programs. Rather, incubators and tech transfer programs are hosted by a variety of institutions. Three of the most prominent programs are discussed below.

Incubate Miami is a private company that provides support for entrepreneurs throughout the product development phase, from concept to commercialization of new technologies. Incubate Miami partners with the Miami Downtown Development Authority, Enterprise Development Corporation, Digiport, and Gordon-Diaz Balart Public Relations. Incubate Miami focuses primarily on downtown Miami.

The University of Miami has technology transfer programs in life sciences as well as engineering and physical sciences through the Wallace H. Coulter Center for Translational Research, the Life Science and Technology Park. Their Wallace H. Coulter Center for Translational Research supports the research, development, and commercialization of biomedical technology by staff and students at the university. In addition to these in-house efforts, the University of Miami Life Science & Technology Park provides facilities for private and public entities for research and development in the medical and technological fields. The University also supports entrepreneurial efforts through The Launch Pad, which offers University of Miami student and alumni entrepreneurs technical assistance for starting and growing companies or nonprofits.

The Eugenio Pino and Family Global Entrepreneurship Center (Pino Center) at Florida International University (FIU) also fosters technology-led development. The Pino Center helps professionals as well as students and alumni of FIU develop the knowledge and contact necessary for designing and launching innovation-based firms.

Small & MWD Business Development/Finance

The Miami-Dade County Department of Small Business Development (SBD), located in the Department of Sustainability, Planning, and Economic Enhancement, works to increase the participation of small businesses on County contracts in addition to coordinating and implementing small business programs that provide technical assistance. Specifically, the SBD does the following:

- Administers Mentor Protégé program, which pairs emerging certified CSBEs with similar, more experienced firms
- Administers financial assistance programs, including a Small Business Contract Lending Program in which CSBEs and SBEs with Miami-Dade County contracts may be eligible to receive short term working capital loans
- Manages the County's Community Workforce Program, which requires contractors and subcontractors contracting with Miami-Dade County to hire a minimum of 10% of their labor force from Designated Target Areas in which the Capital Construction Project is located
- Manages the County's job clearinghouse, which posts job opportunities required of contractors involved in the construction of improvements on County

The Miami-Dade Economic Advocacy Trust, a public agency that reports to the Miami-Dade Board of County Commissioners, is responsible for ensuring the participation of Black in Miami-Dade County's economic growth through advocacy and monitoring of economic conditions and economic development initiatives in Miami-Dade County. The Trust's economic development functions are completely funded by the county.

The Small Business Development Center Miami-Dade is part of Florida's statewide SBDC network (FSBDCN), and is funded by the U.S. Small Business Administration. When The Beacon Council receives calls from entrepreneurs or small businesses, they often refer callers to the FSBDCN centers to the Miami-Dade County website. The FSBDCN is a partnership between higher education and stakeholder organizations that offer technical assistance to entrepreneurs and established businesses. The SBDC Miami-Dade offers one-on-one business counseling, workshops, seminars, conferences, and information resources on business development and management.

Real Estate Development

The Miami-Dade County Department of Public Housing and Community Development's Public Housing and Community Development Division promotes economic development through programs that support private sector investment and job creation. These programs include a referral program that helps businesses access information related to technical and financial assistance, a brownfield refund bonus program that offers an incentive for businesses that create jobs in brownfield areas, and an enterprise zone program.

Workforce Investment Board (WIB)

The South Florida Workforce Investment Board (SFWIB) is Miami-Dade's WIB, covering Miami-Dade and Monroe Counties with workforce development programs including multiple one-stop shops across the two-county region as well as to fully-equipped, mobile workforce centers. SFWIB, chartered by the state of Florida, has a budget of approximately \$92 million and consists of 45 appointed Directors, most of whom are from the private sector. Board members are appointed by the County Mayor, and SFWIB employees are employed by Miami-Dade County. Funding for SFWIB comes from the federal government through the State of Florida, who distributes funding to the regional workforce boards.

County Delivery System Strengths and Weaknesses

Miami-Dade County is home to a multitude of economic development organizations, including approximately 30 chambers of commerce, which can be both a strength and a weakness. The number of economic development organizations means that The Beacon Council is able to focus on their specialties: marketing and recruitment, business retention and expansion, and research. In the areas where The Beacon Council is not as strong, such as technology-led development and real estate development, they are able to work with other entities that specialize in those areas. The difficulty with a large number of EDOs is experienced in the development of priorities: each entity represents a specific group or interest that may not align with the other organizations, and the sheer volume of organizations can make it difficult for The Beacon Council to make sure everyone is working toward the same goals. In addition, businesses often do not know which organization to approach with specific issues or questions. As mentioned previously, The Beacon Council often refers callers to other organizations when they are unable to help with a specific request.

St. Louis County, MO Economic Council

Overview of Economic Development Delivery System

County Economy

St. Louis County, Missouri is the most populous and economically diverse county in the St. Louis metropolitan area. As of 2010, the county had 998,954 residents in 91 municipalities. Though the county closed 2010 with an annual unemployment rate of 9.1%, data show that unemployment had shrunk to 7.0% by January 2012. Covered employment is 561,063; the largest employment sector is Education & Health (25.2%), while the Trade & Transportation sector comprises 19.6% [2009].

While the recent economic downturn has had a significant impact, St. Louis County has weathered the global recession better than most. The county accounts for 22% of Missouri's labor force and 27% of the state's wages. The county is home to seven Fortune 500 companies, and the top five employers are: The Boeing Company, Washington University in St. Louis, SSM Healthcare, Schnuck Markets, and St. John's Mercy Health Care. The St. Louis region is the nation's fifth-largest exporter, tallying \$11.1 billion in exports per year. Economic development initiatives are led by the St. Louis County Economic Council (SLCEC) and supported by other economic development organizations (EDOs).

Key Economic Development Organizations

The St. Louis County Economic Council (SLCEC) is the county's lead EDO. It is the largest EDO in terms of staff and total revenues in both St. Louis County and among the comparative counties in this report. SLCEC works closely with the St. Louis Regional Chamber and Growth Association (RCGA), which is responsible for marketing the entire region (16 counties in two states). RCGA receives a small portion of its funding from SLCEC and a number of other regional partners.

SLCEC leads county efforts in BRE, business finance, real estate redevelopment, export promotion (as operator of World Trade Center St. Louis), and entrepreneurial development. SLCEC owns and operates five business incubators, including one (the Helix Center Biotech Incubator) that is currently under construction. SLCEC has partnered with the recently-established BioSTL to promote the Helix Center. In addition, BioSTL markets the St. Louis region's other bioscience companies and collects workforce data to help match talent with jobs.

While 60% of Enterprise Center business owners are minorities, SLCEC primarily utilizes the services of the St. Louis Minority Supplier Development Council to address the needs of Minority, Women, and Disadvantaged (MWD) business owners in the county. Additional assistance is provided by the University of Missouri Extension's four Small Business Development Centers (SBDCs) in St. Louis County.

The St. Louis County Workforce Investment Board (WIB) is managed by the St. Louis County Department of Human Services' Division of Workforce Investment.

Table H-1 Leading Economic Development Organizations: Saint Louis County, MO

Economic Development Organization	Public or Private	Budget²⁰	Staff	Primary Functions
SLCEC	Private Nonprofit 501c4	\$13,821,026	50	BRE, Business Financing, Customized Site Selection, Incentive Programs, Entrepreneurial Support, International Trade Assistance, Real Estate and Community Reinvestment
St. Louis Regional Chamber & Growth Association (RCGA)	Private Nonprofit 501c6	\$9,218,495	35	Regional Project Management, Business Recruitment, BRE, Site Selection, Information and Research
St. Louis Minority Supplier Development Council	Private Nonprofit 501c3	\$960,423	8	Promotes Minority Businesses to Major Corporations; Assists Corporate Supplier Diversity Programs; Advocates for Minority Businesses
BioSTL	Private Nonprofit 501c3	~\$6,000,000	6	Promotes Entrepreneurship in the Biosciences; Markets St. Louis' Bioscience Companies; Collects Workforce Data to Match Talent with Jobs
Missouri Biotechnology Association	Private Nonprofit 501c6	\$951,454	4	Research, Workforce Development, Networking, Trade Association
University of Missouri Extension (SBDCs)	Public University	~\$450,000	4	Provides small business counseling, training, and technical assistance

²⁰ Budget totals for all organizations are from FY 2010, with the exception of SLCEC, which is from FY 2011.

Table H-2 Economic Development Roles

Economic Development Role	Lead Organization	Supporting Organization
Marketing & Business Recruitment	St. Louis Regional Chamber & Growth Association (RCGA)	SLCEC
Business Retention & Expansion	SLCEC	
Technology-led development	SLCEC	BioSTL, iTen, Missouri Biotechnology Association
Small & MWD Business Development/Finance	SLCEC	St. Louis Minority Supplier Development Council, University of Missouri Extension (SBDCs)
Real Estate Development	SLCEC	
Workforce Investment Board	St. Louis Workforce Investment Board	

Lead County EDO: Baltimore County Department of Economic Development

Table H-3: Lead EDO Profile

LEAD EDO	Legal Status	Governance	2010 Pop.	Employment	Budget	Budget per Capita	Funding Source	Primary Functions
St. Louis County Economic Council	Private Non-profit	13-member board; 7 appointed directly by County Executive, 7 from subsidiary boards	998,954	561,063	\$13,821,026	\$13.83	45% county, rest: grants, fees for services, property rental	BRE, business financing, site selection, entrepreneurial support, incubator management, international trade assistance, community reinvestment, real estate redevelopment

History

In 1984, a group of disparate agencies—including the St. Louis County Business Development Office, the St. Louis County Port Authority, and the Land Clearance Redevelopment Authority of the County of St. Louis—were consolidated to form the St. Louis County Economic Council (SLCEC) as a public-private partnership mandated to drive growth and prosperity within St. Louis County. Over the years, SLCEC grew to fill gaps that arose in the county’s economic development program. While the organization had only 17 employees in 1990, it has 50 employees (including vacancies) today.

SLCEC’s mission is to facilitate the development of long-term, diversified business, and employment opportunities that will lead to increased wealth and well-being for the citizens, businesses, and institutions of St. Louis County. Today, SLCEC is the umbrella organization whose staff serves seven distinct boards related to economic development in St. Louis County.

Legal Designation, Governance & Funding

SLCEC is a 501(c)(4) nonprofit whose board of directors, which meets every other month, oversees all economic development activity in St. Louis County. The 13-member board is composed of seven members who are directly appointed by the St. Louis County Executive and two members each from the following SLCEC boards: the Land Clearance Redevelopment Authority board, the Port Authority board, and the Industrial Development authority board. The board is composed mostly of representatives from the private sector, while civic organizations, like universities and community organizations, are also represented.

The President and CEO and Executive Vice President report directly to the SLCEC board of directors. These executives oversee various departments of the organization, including: Accounting, Business Development, Communications and Marketing, Entrepreneurship, World Trade Center St. Louis, and Real Estate and Community Development.

The County Council must approve its funding level annually, while SLCEC’s board of directors is responsible for approving the overall organizational budget. SLCEC presents an annual report to the city government that details how SLCEC spent the city’s funds and the subsequent return on investment (ROI).

Staff and Budget

SLCEC employees serve at will and are not civil servants. The organization is comprised of two main divisions: Administration and Operations. The Operations Division includes five primary areas:

- Entrepreneurship
- Marketing and Communications
- Real Estate and Community Development
- World Trade Center St. Louis
- Business Development

Table H-4 SLCEC Operating Budget

Programs	Expenses
Administration	\$2,473,999
Business Development	\$425,762
Enterprise Centers	\$368,242
Business Finance	\$190,881
Real Estate & Community Development	\$863,539
Grants	\$1,184,358
Total	\$5,506,781*

SLCEC receives 45-50% of its \$5-6 million in annual operating revenues from the county government, while the remaining funds come from fees for services such as loans and real estate rentals. After accounting for the fee income and grants, SLCEC's FY 2011 (October 1st to September 30th) Operating Budget totaled \$5,506,781. Of this total, \$3,630,830 came from St. Louis County funding. However, this number includes funding for five fiscal quarters, as SLCEC recently realigned its budget to reflect the organization's change from a calendar year to a fiscal year. Thus, it should be noted that the county contributes between \$2.6 and \$2.8 million per year for SLCEC's operations.

Table H-5 Revenues & Expenditures

Revenues	
Grants	\$1,856,641
St. Louis County Grants & Contributions	\$3,630,830
Contributions & Private Contracts	\$1,111,148
Fees	\$1,526,120
Interest	\$249,156
Unrealized Loss on Investments	(\$55,311)
Property Rental	\$5,502,442
Total Revenues	\$13,821,026
Expenditures	
Administration	\$3,441,267
Business Development	\$464,859
Enterprise Centers	\$539,625
Business Finance	\$480,406
Real Estate & Community Development	\$2,416,763
Grants	\$1,385,260
Capital Outlay	\$1,154,412
Total Expenditures	\$9,882,592
Excess Revenues	\$3,938,434

SLCEC's Total Revenues were \$13,821,026. Fees accounted for \$1,526,120, while the organization brought in \$5,502,442 from Property Rentals and \$1,856,641 in Grants. Nearly 100% of the money that

* Excludes World Trade Center St. Louis

SLCEC takes in from Grants (via SBA, EDA, HUD, etc.) is re-granted to St. Louis County organizations and businesses. A large portion of the organization's property rental income comes from a casino. The funds are used in real estate and community revitalization.

Economic Development Roles

Marketing & Business Recruitment

The Marketing Department is tasked with "promoting the overall organization through advertisements, email blasts, newsletters, special events, and public relations campaigns." SLCEC's Marketing Plan breaks down the organization's marketing activities into 19 different tasks.

However, SLCEC is not responsible for promoting the county on a regional scale. That task falls to the St. Louis County Regional Chamber and Growth Association (RCGA), which is funded by SLCEC and numerous other partners. RCGA contracts professional marketing firms that, in turn, promote the St. Louis region throughout the U.S. and abroad. SLCEC President and CEO Denny Coleman serves on RCGA's board of directors.

Business Retention & Expansion (BRE)

SLCEC's Business Development Division oversees the organization's BRE efforts, which are a core function of the division's responsibilities. One of its primary efforts is reaching out to county businesses in order to offer expertise and assistance. To that end, SLCEC makes 260 annual calls to local companies. The division focuses on reaching out to companies in manufacturing and the life sciences. In addition, they make sure to contact the county's largest businesses and the fastest growing businesses.

SLCEC's Business Development staff also assists businesses by providing site selection assistance, access to a site selection database, financial incentives, and tax abatements. Furthermore, SLCEC provides information on compliance matters like licensing, permitting, codes, and enforcement issues. The organization also works as a liaison between the government and the business community to provide workforce information and assistance.

In 2012, SLCEC intends to make a better effort at tracking project leads via customer relationship management (CRM) software. These data will help the organization measure the success rates of its various leads.

World Trade Center St. Louis

Opened in 1993, the World Trade Center St. Louis (WTC) is operated by SLCEC, although the organization funds WTC in conjunction with the private sector. As one of 300 global World Trade Centers, WTC St. Louis is tasked with "encouraging and assisting regional companies to take advantage of international trade to support business growth and, in turn, new job creation at home." The organization has a separate board (appointed by the St. Louis County Executive). WTC St. Louis offers various services, including international market research, comprehensive data systems, premier events, business-to-business matchmaking, and educational opportunities like seminars.

Technology-Led Development

SLCEC owns and operates five state-of-the-art Enterprise Centers throughout St. Louis County. These facilities are currently home to almost 50 client companies that utilize offices, warehouses, kitchens, manufacturing equipment, distribution space and laboratories. The Helix Center Biotech Incubator, which will be SLCEC's fifth Enterprise Center, is set to open in June 2012. The new 33,000-square-foot

incubator “will offer affordable, high quality, wet and dry lab space and offices.” The center will be focused on attracting bioscience, technology, and plant and life startups.

Companies that participate in the Enterprise Centers program have access to SLCEC-led financing, incentives, trade education, and business development assistance. The results of a 2009 impact study show that the Enterprise Centers were responsible for 246 full-time employees and revenues of \$56 million. In addition, the Enterprise Centers boast an 80% success rate.

SLCEC is also a contributor to the Missouri Biotechnology Association (MBA). This statewide nonprofit trade association serves companies in the biotech and biomedical industries. MBA supports industry research, works to help ensure an educated workforce, provides networking opportunities, promotes legislation to advance the field, and provides business development support.

Small & MWD Business Development and Finance

SLCEC plays a supporting role in addressing issues concerning Minority, Women, and Disadvantaged (MWD) business owners. However, sixty percent of the businesses that operate in SLCEC’s Enterprise Centers are owned by women, minorities, or immigrants. Furthermore, SLCEC’s business retention program includes scheduled calls to large women-owned businesses, businesses with top female executives, and businesses that are minority owned. However, most MWD business development initiatives in St. Louis County are carried out through the St. Louis Minority Supplier Development Council (SLMSDC) and the Small Business Administration’s (SBA) St. Louis District Office.

Business Finance Division

SLCEC’s Business Finance Division (BFD) is housed in the Entrepreneurship wing of the organization. BFD is tasked with three primary responsibilities:

1. Marketing and managing the Industrial Development Bonds (IDBs) program and the SBA 504 loan program,
2. Administering SLCEC’s BOOST loan program and other niche loan programs, and
3. “Researching, developing, and implementing new products and services that fill voids in the marketplace.”

BOOST

Begun in 2010, SLCEC’s BOOST program is offered as an alternative to the SBA 504 program. It features lower eligibility requirements and is intended for companies expanding within St. Louis County. In this program, SLCEC’s Business Finance division administers the loan itself, providing up to 40% of the total. In most cases the maximum BOOST loan is \$500,000. SLCEC distributed two new BOOST loans in FY 2011.

Other Loans

In addition, SLCEC offers various niche loan programs including the Metropolitan Loan program, the Enterprise Center Loan Program, the Recycling Loan Program, and the Contractor Guaranty Program.

SBDCs

The University of Missouri Extension (UME) operates five St. Louis-area Small Business Development Centers (SBDCs). These centers offer counseling, training, and technical assistance in small business management. In 2011, UME partnered with SLCEC to hold a Seminar for Success.

Real Estate Development

The staff of SLCEC's Real Estate Division operates the Port Authority, the Land Clearance Redevelopment Authority, and the Wellston Redevelopment Corporation. The division receives grants, including funds from the U.S. Economic Development Administration (EDA), to construct and/or renovate various facilities throughout the county. For instance, SLCEC 2011 successes included:

- Coordinating the \$2 million renovation of the Helix Center Biotech Incubator, and
- Receiving \$5 million in grants to finalize the design and construction plans for the Wellston Child Care Facility.

Workforce Investment Board (WIB)

The St. Louis County Workforce Investment Board (WIB) is managed by the St. Louis County Department of Human Services' Division of Workforce Investment. The board is composed of 32 members who are appointed by the County Executive and approved by the St. Louis County Council. WIB works to "identify [the community's] needs and develop strategies for administering the Title One Program of the Workforce Investment Act."

Supporting Components

Research

SLCEC's website provides basic background information on St. Louis County. Researchers have compiled a County Factbook, a table of demographic and employment facts and figures, and assorted ED-related maps. Otherwise, SLCEC does not carry out much independent research. Instead, it largely relies on studies undertaken by the St. Louis Regional Chamber and Growth Association (RCGA). However, SLCEC is sometimes awarded grant funding to carry out a study within the county. In such instances, the organization usually contracts a local academic institution to complete any necessary research.

Strategic Planning Process

SLCEC's most recent Strategic Plan covers the three-year period from 2009 to 2012 and was primarily developed during a short board of directors retreat. Before the retreat, SLCEC gathered the input of local business leaders, elected officials, and numerous other stakeholders via phone calls, electronic surveys, and face-to-face meetings. In addition, the organization completed an environmental scan and SWOT analysis in the preplanning process in order to gain a broad perspective on the state of the county.

Performance Evaluation Metrics and Methodology

Each SLCEC division develops a performance scorecard, which includes goals in objectives in five to seven major areas, during its annual strategic planning process. This scorecard is updated throughout the year and reviewed quarterly by President & CEO Denny Coleman. The results are compiled into an overall organizational dashboard that incorporates each division's progress, which Denny Coleman presents to the SLCEC board of directors during its bimonthly meetings. When possible, the organization attempts to utilize measurable objectives, such as the number of projects landed, the number of jobs created, the volume of loans approved, and the number of overseas deals signed.

Organization and Delivery System Strengths & Weaknesses

The depth and regularity of SLCEC's organizational reporting ensures private sector engagement in county economic development activities. Since SLCEC's board of directors and its seven constituent boards are largely composed of private-sector members, there are many contacts to build a strong

relationship between SLCEC and the business community. These relationships allow SLCEC to effectively engage the private sector.

SLCEC is constantly assessing the community's needs and is able to make adjustments when necessary. Given its broad portfolio of skills and services, SLCEC can make such adjustments. For instance, the organization has realigned resources to place more emphasis on BRE, international trade, and especially technology-led entrepreneurial development.

However, SLCEC works in a county with 91 municipalities, and there is an even larger number of municipalities and stakeholders region-wide. Most county municipalities are too small to be able to afford an economic development staff, and those that can afford it may only have one professional employed. Collaborating with these municipalities and regional interests is a time consuming and challenging endeavor.

Supporting Economic Development Organizations

St. Louis Regional Chamber & Growth Association

Though it traces its roots to 1873, the St. Louis Regional Chamber & Growth Association (RCGA) took on its current form in 1973 with the merger of three organizations. RCGA serves as the region's chamber of commerce and the bi-state (Missouri and Illinois) region's lead EDO. In addition to its research initiatives, RCGA is also responsible for marketing the entire region.

Though RCGA receives about 90% of its funding from the private sector, the organization still receives a small amount of its funding from SLCEC and local economic development agencies. The amount SLCEC provides varies annually depending on SLCEC's financial performance and the availability of funds. In the past, SLCEC has provided somewhere between \$50,000 and \$200,000 annually.

The Missouri Partnership

The Missouri Partnership (MSP), a nonprofit EDO, was created in 2007 "with the intention of bringing new business and industry into the state." MSP works with EDOs throughout the state, including SLCEC, to attract new companies via a variety of business recruitment services, including:

- Site selection assistance,
- Business and workforce data,
- Incentives eligibility,
- Labor training programs, and
- Utility availability and costs.

It should be noted that MSP is not the state's economic development office. That role is filled by the Missouri Department of Economic Development.

Missouri Biotechnology Association

The Missouri Biotechnology Association is a nonprofit trade association that aims to help develop the state's biotechnological and biomedical industries by supporting research, commercializing technological advancements, promoting strengthened science and math curricula in both K-12 and institutions of higher learning, and providing networking opportunities for biotech-related firms and individuals. The association's numerous committees include the Public Policy Committee, Capital Formation Committee, Program Committee, and Workforce Development Committee. SLCEC is a Bronze-level contributor to the association.

St. Louis Minority Supplier Development Council

Established in 1973, the nonprofit St. Louis Minority Supplier Development Council (MSDC) works to “promote partnerships with minority business enterprises (MBEs) among major U.S. corporations through strategic marketing and communications programs that educate companies on the benefits of doing business with minority entrepreneurs.” In particular, MSDC offers its services to companies that are looking to effectively execute their supplier diversity programs. The organization has eight employees and 18 board members from various employers like Washington University St. Louis, Boeing, Bausch + Lomb, and Ameren.

St. Louis County Workforce Investment Board

The St. Louis County Workforce Investment Board (WIB) is managed by the St. Louis County Department of Human Services’ Division of Workforce Investment. The board is composed of 32 members who are appointed by the County Executive and approved by the St. Louis County Council. WIB works to “identify [the community’s] needs and develop strategies for administering the Title One Program of the Workforce Investment Act.”

BioSTL

BioSTL was created in September 2007 as a regional organization aimed at promoting bioscience company creation. The organization uses funds from Washington University St. Louis, BJC HealthCare, and the St. Louis Life Sciences Project for venture capital investments associated with newly created enterprises. SLCEC President & CEO Denny Coleman is a member of the BioSTL coalition.

Information Technology Entrepreneur Network (iTen)

Founded in 2008, iTen is a 501(c)(3) nonprofit that seeks to provide information technology (IT) ventures with resources and services that can allow for accelerated growth. iTen currently includes 90 startup IT companies and 60 expert mentors. The program is primarily funded through the Missouri Technology Corporation and the University of Missouri-St. Louis.

Small Business Development Centers

The University of Missouri Extension (UME) operates five St. Louis-area Small Business Development Centers (SBDCs). These centers offer counseling, training, and technical assistance in small business management. In 2011, UME partnered with SLCEC to hold a Seminar for Success.

Delivery System Strengths & Weaknesses

Overall, St. Louis County, Missouri’s economic development initiatives are very strong. SLCEC plays an important leadership role and effectively collaborates with many other EDOs of various sizes. However, since the county includes 91 municipalities—many of which have their own economic development programs—communication and coordination can be difficult at times. Nonetheless, statistics continue to show that SLCEC is effective at encouraging entrepreneurship, growing existing businesses, promoting international trade, and developing useful real estate properties.

About IEDC

The International Economic Development Council (IEDC) is a non-profit membership organization dedicated to helping economic developers do their job more effectively and raising the profile of the profession. When we succeed, our members create more high-quality jobs, develop more vibrant communities, and generally improve the quality of life in their regions.

Our Mission

Provide leadership and excellence in economic development for our communities, members, and partners.

We embrace the following core values. They reflect and support our mission, and guide our decisions, actions and provision of services:

- Social responsibility and a dedication to building healthy, just, and competitive communities
- Creation of wealth for individuals, businesses, and communities
- Advancement of both the economic development profession and professional
- Cooperation and collaboration
- Diversity, tolerance, and equity