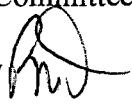


MEMORANDUM

April 24, 2017

TO: Planning, Housing and Economic Development Committee

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Worksession:** Bill 8-17, Executive Branch – Business Services Center - Established

Bill 8-17, Executive Branch – Business Services Center - Established, sponsored by Lead Sponsors Council President Berliner and Councilmember Riemer and Co-Sponsors Councilmembers Elrich, Navarro and Katz, was introduced on April 4. A public hearing is scheduled for April 25.¹

Bill 8-17 would establish a Business Services Center in the Office of the County Executive and define the duties of the Center. The County Attorney's Office found no legal issues with the Bill. See ©5.

Background

The Business Services Center would be a dedicated office within County Government to assist, inform, and advocate on behalf of businesses, including helping businesses interact with County Government. It would provide dedicated constituent service for County businesses in the Office of the Executive. The existing small business navigator would become part of the Center. In addition to the existing duties of the small business navigator, the Center would:

- (1) provide constituent services for businesses operating in the County or planning to operate in the County, including:
 - (A) communicating about new and revised County laws and regulations affecting County businesses;
 - (B) public outreach;
 - (C) providing technical publications on County policies;
 - (D) operating workshops and conferences; and
 - (E) convening targeted business development events; and
- (2) serve as a point of contact for County businesses seeking to:
 - (A) obtain a County contract; or
 - (B) comply with County requirements and regulations; and
- (3) advocate for County businesses with other State, County, and local government agencies.

¹ Council staff will send out a summary of the public hearing as an addendum to this memorandum.

Discussion

1. What is the fiscal and economic impact of the Bill?

OMB estimated that the Bill would require the addition of 2 new Grade 25 Program Manager II positions at an annual cost of \$227,380. OMB also estimated an additional cost of \$70,000 each year for events and marketing. See ©7-8. Finance was unable to estimate the potential increase in the number of businesses operating in the County due to the new Business Services Center. See ©9-10.

2. The Executive's recommended amendments.

The Executive has requested the following amendments (see ©11):

- a. change the name from Business Services Center to Business Solutions Group;
- b. change "public outreach" to "outreach" in the list of duties on line 38;
- c. change providing "technical publications" to "publications" in the list of duties on line 39;
- d. change "targeted business development events" to "targeted business events" in the list of duties on line 41;
- e. delete the requirement for the Center to serve as a point of contact for businesses seeking to "obtain a County contract or comply with County requirements and regulations" on lines 43-44; and
- f. change "advocate for County businesses" to "assist County businesses" on line 45.

Executive Branch representatives are expected to explain these recommended amendments at the worksession.

3. Should the Bill be enacted?

Providing constituent service for County based businesses is a core function for the County government. Each County department and office that interacts with a business operating in the County is charged with providing service to the business. Each of the tasks listed in the Bill for the Center (or Group if the Committee agrees to change the name) is important and useful. The question for the Committee is whether these business constituent services can be fulfilled by each individual department or office under our current structure or do we need a central organization to provide a liaison between an individual department or office and a business.

The Committee must weigh the cost to add 2 new Grade 25 positions along with other much needed expenses as the Council deliberates on the FY18 operating budget and the County's 6-year fiscal plan. Since labor and benefits costs for each employee tend to rise each year, one of the most effective methods to control the growth of overall labor costs is to limit the number of new positions created. Enactment of the Bill must be accompanied by an addition to the Executive's operating budget or a corresponding reduction to be implemented.

This packet contains:

Bill 8-17

Legislative Request Report

County Attorney Bill Review Memo

Fiscal and Economic Impact Statement

Executive's Recommended Amendments

Circle #

1

4

5

6

11

F:\LAW\BILLS\1708 Office Of Business Services\PHED Memo.Docx

Bill No. 8-17
Concerning: Executive Branch -
Business Services Center -
Established
Revised: March 28, 2017 Draft No. 2
Introduced: April 4, 2017
Expires: October 4, 2018
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council President Berliner and Councilmember Riemer
Co-Sponsors: Councilmembers Elrich, Navarro and Katz

AN ACT to:

- (1) establish a Business Services Center in the Office of the County Executive;
- (2) define the duties of the Center; and
- (3) generally amend the laws governing the organization of the Executive Branch.

By amending

Montgomery County Code
Chapter 2, Administration
Section 2-25B

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

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

Sec. 1. Section 2-25B is amended as follows:

2-25B. [Small Business Navigator] Business Services Center.

(a) *Definitions.* As used in this Section:

Center means the Business Services Center.

Navigator means the Small Business Navigator designated by the Executive under subsection (c).

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

(b) *Establishment of [Program] Center.* The Executive must create and administer a [Small Business Assistance Program] Business Services Center [with] that includes a Small Business Navigator. [to help small businesses comply with County policies and regulations] The Center must be part of the Office of the County Executive.

(c) *Small Business Navigator.* The Executive must designate an employee as the Small Business Navigator. Among other duties, the Navigator must:

(1) advise the Executive, the Council, the Chief Administrative Officer, County Department heads, the Planning Board, and any other appropriate government agency, of any action needed to assist small businesses to comply with County requirements and regulations;

(2) promote communications between a small business and each County department or agency that the small business must interact with;

(3) develop and maintain a database of information necessary for a small business to comply with County requirements and regulations;

- 27 (4) advise small businesses on how to comply with County
 28 requirements and regulations; and
- 29 (5) identify changes to regulations and requirements that would
 30 improve turnaround, eliminate duplication, resolve conflicts in
 31 authority, and eliminate unnecessary regulations and requirements.
- 32 (d) Additional duties for the Office. In addition to the duties of the Small
 33 Business Navigator described in subsection (c), the Office must:
- 34 (1) provide constituent services for businesses operating in the County
 35 or planning to operate in the County, including:
- 36 (A) communicating about new and revised County laws and
 37 regulations affecting County businesses;
- 38 (B) public outreach;
- 39 (C) providing technical publications on County policies;
- 40 (D) operating workshops and conferences; and
- 41 (E) convening targeted business development events; and
- 42 (2) serve as a point of contact for County businesses seeking to:
- 43 (A) obtain a County contract; or
- 44 (B) comply with County requirements and regulations; and
- 45 (3) advocate for County businesses with other State, County, and local
 46 government agencies.
- 47 (e) Reports. On or before September 15 of each year, the Executive must
 48 report to the Council on the activities and recommendations of the
 49 [Navigator] Center.

LEGISLATIVE REQUEST REPORT

Bill 8-17

Executive Branch – Business Services Center – Established

DESCRIPTION: Bill 8-17 would establish a Business Services Center in the Office of the County Executive and define the duties of the Center.

PROBLEM: There is no central office in County government for a business to receive constituent service.

GOALS AND The Business Services Center would be a dedicated office within County Government to assist, inform, and advocate on behalf of businesses, including helping businesses interact with County Government. It would provide dedicated constituent service for County businesses in the Office of the Executive. The existing small business navigator would become part of the Center.

OBJECTIVES:

COORDINATION: Office of the County Executive

FISCAL IMPACT: To be determined.

ECONOMIC To be determined.
IMPACT:

EVALUATION: N/A

EXPERIENCE
ELSEWHERE: N/A

SOURCE OF
INFORMATION: Robert H. Drummer, Senior Legislative Attorney

APPLICATION
WITHIN
MUNICIPALITIES: N/A

PENALTIES: N/A



OFFICE OF THE COUNTY ATTORNEY

Isiah Leggett
County Executive

Marc P. Hansen
County Attorney

MEMORANDUM

TO: Lily Qi
Assistant Chief Administrative Officer

FROM: Edward B. Lattner, Chief *EBL*
Division of Government Operations

DATE: April 7, 2017

RE: Bill 8-17, Executive Branch - Business Services Center - Established

Bill 8-17 would establish a Business Services Center in the Office of the County Executive and define the duties of the Center. The existing small business navigator would become part of the Center.

I see no legal issues. Because it is not a defined term, it might be helpful to describe the "Office" identified in line 33 as the "Office of the County Executive."

ebl

cc: Bonnie Kirkland, Assistant CAO
Marc P. Hansen, County Attorney
Robert H. Drummer, Senior Legislative Attorney

17-013623
Bill 8-17 OCA review



ROCKVILLE, MARYLAND

MEMORANDUM

April 21, 2017

TO: Roger Berliner, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Alexandre A. Espinosa, Director, Department of Finance

SUBJECT: FEIS for Bill 8-17, Executive Branch – Business Services Center – Established

Please find attached the fiscal and economic impact statements for the above-referenced legislations.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lily Qi, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
David Platt, Department of Finance
Dennis Hetman, Department of Finance
Pofen Salem, Office of Management and Budget
Naeem Mia, Office of Management and Budget

**Fiscal Impact Statement
Council Bill 8-17
Executive Branch – Business Services Center – Established**

1. Legislative Summary.

Bill 8-17 would establish a Business Services Center within the Office of the County Executive and define the duties of the Center.

The Center would include the existing Small Business Navigator position and would expand services offered to the business community. The Center would assist, inform and advocate on behalf of businesses, with a focus on providing constituent services to Montgomery County businesses and to assist with their interactions with Montgomery County Government.

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

The Bill does not impact revenues but will impact expenditures. It is anticipated that up to two additional full-time equivalent Program Manager II positions, Grade 25, would be required to deliver the expanded scope of services as identified in Bill 8-17. The total cost estimate of two staff positions is approximately \$227,380 (each position is estimated at \$109,190 for PC and \$4,500 for OE). In addition, a budget of approximately \$70,000 is needed for events and marketing in order to comply with the duties presented in the proposal Bill. The total annual expenditures are approximately \$297,380.

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

There is no estimated change to County revenues. The total expenditures for the next six fiscal years are estimated at approximately \$1.78M, including \$1.36M for personnel cost ($=\$227,380 \times 6$) and \$420,000 for events and marketing ($=\$70,000 \times 6$).

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

Not applicable.

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

Not applicable.

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

Not applicable. The Bill does not authorize future spending.

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

As indicated in #2, it is anticipated that up to two full-time equivalent Program Manager II positions, Grade 25, will be required to deliver the expanded scope of services as identified in Bill 8-17 at an estimated cost of approximately \$227,380.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

The additional new staff is anticipated to be fully occupied with delivering the expanded services to County businesses as required by the proposed Bill.

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

Not Applicable.

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

If the duties of this group are either significantly increased or decreased, the number of staff members needed would be impacted.

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

Costs for marketing and programming are difficult to project because the scope of what will be needed and/or provided depends on legislative activity and the needs of the business community.

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

Not Applicable.

13. Other fiscal impacts or comments.


None.


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

Judy Stephenson, Office of the County Executive

Lily Qi, Office of the County Executive

Pofen Salem, Office of Management and Budget


Jennifer A. Hughes, Director
Office of Management and Budget


Date

Economic Impact Statement
Bill 8-17 Executive Branch – Business Services Center - Established

Background:

This legislation would:

- Establish a Business Services Center (Center) in the Office of the County Executive; and
- Define the duties of the Center.

The Center would include the small business navigator and additional duties would include:

- Providing constituent services for businesses operating in Montgomery County (County) or planning to operate in the County;
- Serving as a point of contact for the County businesses wanting to obtain a County contract or seeking to comply with County requirements and regulations; and
- Advocating for County businesses with State, County, and local government agencies in Montgomery County.

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

The source of information is from the Statistics of U.S. Businesses, U.S. Census Bureau (Census Bureau). The Department of Finance (Finance) assumes the focus of Bill 8-17 is to assist small businesses both within the County and those small businesses who plan to operate in the County. For purposes of this economic impact statement, Finance assumes a small business employs less than twenty workers. There are no methodologies used in the preparation of the economic impact statement.

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

According to the Census Bureau, there were 18,962 firms with less than 20 employees operating in the County in calendar year 2014, the latest date that data are available. Of those firms, there were 19,056 establishments that employed 72,919 with a payroll of \$3.778 billion. The County's share of small businesses (firms and establishments) was 20.6 percent of total statewide small businesses with employees below 20, and 19.3 percent of total statewide employment.

The variables that could affect the economic impact estimates are the number of small businesses operating in the County and plan to operate in the County, employees in those small businesses, and total employee's annual income.

Economic Impact Statement
Bill 8-17 Executive Branch – Business Services Center - Established

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

The establishment of a Business Services Center could have a positive impact on the County by increasing the number of small businesses, employment in small businesses, and incomes to both businesses and employees. However, we do not have specific data on how the creation of the Business Services Center might impact small businesses in the County.

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

Bill 8-17 could have an economic impact. Please see paragraph 3.

- 5. The following contributed to or concurred with this analysis:** David Platt, Dennis Hetman, Mary Casciotti, and Rob Hagedoorn, Finance;



Alexandre Espinosa, Director
Department of Finance

4/20/2017
Date

PROPOSED AMENDMENTS TO BILL 8-17, EXECUTIVE BRANCH – BUSINESS SERVICES CENTER

On lines 2, 4, and 10 and 11, in each instance, strike “Services Center” and substitute “Solutions Group”.

In lines 4, 9, and 12, in each instance, strike “Center” and substitute “Group”.

In lines 32 and 33, in each instance, strike “Office” and substitute “Group”.

In line 38, strike “public”.

In line 39, strike “technical”.

In line 41, strike “development”.

Strike beginning with the colon in line 42 through “(B)” in line 44.

In line 45, strike “advocate” and substitute “assist” and in the same line, after “businesses” insert “interacting”.