



Economic Development

Restructure County Economic Development Efforts

During FY2015, the County Executive made a decision to privatize the core functions of Department of Economic Development (DED) based on community input, the neighboring jurisdictions' models, and the profound changes in the region's economy and the competitive landscape. This is part of a larger effort to increase Montgomery County's economic competitiveness. Other efforts also include completion of a comprehensive economic strategy as a blueprint for future economic success and restructuring workforce development to create a central coordinating organization for all workforce strategies and programs for both employers and employees. By restructuring economic development functions, Montgomery County seeks to strengthen private sector involvement in economic development, to be more nimble and adaptive to market changes and community needs, and to improve operational efficiency and effectiveness.

Based on County Council Bills 25-15 and 40-15, Montgomery County reorganized DED to a non-profit organization, the Montgomery County Economic Development Corporation (MCEDC), and to designate a non-profit corporation, WorkSource Montgomery, Inc. (WSM), to assume the role as the County's workforce development organization. With the closure of DED effective June 30, 2016, a majority of the DED responsibilities, especially those related to marketing, business attraction, business retention and growth, entrepreneurship development and technology innovation programs, will be transitioned to MCEDC. The County's workforce development programs and services will be transitioned to WSM. Some economic development programs and initiatives will remain under the auspices of other County departments, which include:

- Finance – the fiscal management of the County's Business Innovation Network, small business financial and technical assistance services, and the Economic Development Fund.
- The County Executive – small business navigation and special economic development projects.
- Agriculture – all agricultural related services and programs.
- Procurement – minority business assistance and outreach.
- General Services – lease payments to the American Film Institute.

Accomplishments and Initiatives

- Fifty-six companies were retrained, attracted, or expanded to Montgomery County that resulted in creating and retaining more than 1,850 jobs, leasing 366,000 square feet of commercial space, and generating \$7.3 million in capital investment in the next three to five years. The efforts of local partner organizations, in part supported with County funding, created 10 additional businesses and 112 jobs and attracted three foreign companies.
- Completed the construction of the National Cybersecurity Center of Excellence (NCCoE) and the newly expanded facility was opened in January 2016.
- Partnered with the BioHealth Innovation, Inc. to convert part of the Rockville Innovation Center to a Relevant Health Accelerator Program.
- Promoted Local Small Business Reserve Program to the County's minority, female, and disabled-owned businesses at more than 70 organizations' events and 20 regional conferences on County business resources and contract opportunities in FY15.
- Worked with more than 300 businesses, organizations, and federal agencies in Montgomery County, resolving over 600 issues and providing assistance to over 1,200 additional businesses through the County funded partner organizations.

Productivity Improvements

- Partnered with the Maryland Technology Development Center (MEDCO) to increase the impact of the Life Sciences Impact Grant Program. The program awarded grants in amounts ranging from \$10,000 to \$25,000 to

eight companies. The grants enabled the companies to advance a business development/product development goal which positioned them for faster growth.

- Collaborated with the Latino Economic Development Corporation, Hispanic Chamber of Commerce, Greater Washington Hispanic Chamber of Commerce, and the U.S. Small Business Development Center to reallocate resources and expand services to small businesses in Wheaton and down County areas.
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Program Contacts

Contact Lily Qi of Office of the County Executive at 240.777.2524 or Pofen Salem of the Office of Management and Budget at 240.777.2773 for more information regarding the County's economic development transition.

Budget Summary

| | Actual FY15 | Budget FY16 | Estimate FY16 | REC FY17 | %Chg Bud/Rec |
|--|-------------------|-------------------|-------------------|-------------|-----------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 3,186,710 | 3,239,476 | 2,799,187 | 0 | -100% |
| Employee Benefits | 966,284 | 975,499 | 828,317 | 0 | -100% |
| County General Fund Personnel Costs | 4,152,994 | 4,214,975 | 3,627,504 | 0 | -100% |
| Operating Expenses | 7,630,203 | 7,073,036 | 7,780,889 | 0 | -100% |
| County General Fund Expenditures | 11,783,197 | 11,288,011 | 11,408,393 | 0 | -100% |
| PERSONNEL | | | | | |
| Full-Time | 38 | 38 | 38 | 0 | -100% |
| Part-Time | 2 | 2 | 2 | 0 | -100% |
| FTEs | 32.40 | 32.40 | 32.40 | 0.00 | -100% |
| REVENUES | | | | | |
| Miscellaneous Revenues | 83,560 | 163,300 | 163,300 | 0 | -100% |
| Other Intergovernmental | 0 | 48,710 | 48,710 | 0 | -100% |
| County General Fund Revenues | 83,560 | 212,010 | 212,010 | 0 | -100% |
| GRANTFUND- MCG | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 0 | 0 | 0 | 0 | ---- |
| Employee Benefits | 0 | 0 | 0 | 0 | ---- |
| Grant Fund - MCG Personnel Costs | 0 | 0 | 0 | 0 | --- |
| Operating Expenses | 3,788,010 | 3,572,311 | 3,572,311 | 0 | -100% |
| Grant Fund - MCG Expenditures | 3,788,010 | 3,572,311 | 3,572,311 | 0 | -100% |
| PERSONNEL | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | ---- |
| Part-Time | 0 | 0 | 0 | 0 | ---- |
| FTEs | 0.00 | 0.00 | 0.00 | 0.00 | ---- |
| REVENUES | | | | | |
| Federal Grants | 4,023,149 | 3,572,311 | 3,265,175 | 0 | -100% |
| State Grants | 231,104 | 0 | 307,136 | 0 | ---- |
| Grant Fund - MCG Revenues | 4,254,253 | 3,572,311 | 3,572,311 | 0 | -100% |
| DEPARTMENTTOTALS | | | | | |
| Total Expenditures | 15,571,207 | 14,860,322 | 14,980,704 | 0 | -100% |
| Total Full-Time Positions | 38 | 38 | 38 | 0 | -100% |
| Total Part-Time Positions | 2 | 2 | 2 | 0 | -100% |
| Total FTEs | 32.40 | 32.40 | 32.40 | 0.00 | -100% |
| Total Revenues | 4,337,813 | 3,784,321 | 3,784,321 | 0 | -100% |

FY17 Recommended Changes

| | Expenditures | FTEs |
|--|-------------------|--------------|
| COUNTYGENERALFUND | | |
| FY16 ORIGINAL APPROPRIATION | 11,288,011 | 32.40 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Shift: CoStar Licenses to Conference Center Non-Departmental Account | (4,000) | 0.00 |
| Shift: Telecommunications to the Telecommunications Non-Departmental Account | (39,400) | 0.00 |
| Decrease Cost: FY16 Savings Plan | (115,042) | (1.25) |
| Shift: Minority Business Support and Outreach to Office of Procurement | (226,742) | (1.00) |
| Shift: Small Business Navigation and Special Projects to the Office of the County Executive | (370,484) | (2.00) |
| Decrease Cost: Elimination of One-Time Items Approved in FY16 | (375,000) | 0.00 |
| Shift: Operating Support for the American Film Institute to Department of General Services | (597,004) | 0.00 |
| Shift: Administration of Economic Development Fund and Small Business Financing Support to Department of Finance | (600,142) | (2.00) |
| Shift: Funding to WorkSource Montgomery Non-Departmental Account [Workforce Services] | (728,206) | (3.00) |
| Shift: Agricultural Services to the Office of Agriculture | (948,579) | (4.15) |
| Shift: Fiscal Management and Operating Support of Incubators to MEDCO Grant Non-Departmental Account | (3,416,621) | 0.00 |
| Shift: Funding to Montgomery County Economic Development Corporation Non-Departmental Account | (3,866,791) | (19.00) |
| FY17 RECOMMENDED | 0 | 0.00 |
| GRANTFUND- MCG | | |
| FY16 ORIGINAL APPROPRIATION | 3,572,311 | 0.00 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Shift: Funding from DED to WorkSource Montgomery Non-Departmental Account [Workforce Services] | (3,572,311) | 0.00 |
| FY17 RECOMMENDED | 0 | 0.00 |

Program Summary

| Program Name | FY16 APPR | | FY17 REC | |
|------------------------------------|-------------------|--------------|--------------|-------------|
| | Expenditures | FTEs | Expenditures | FTEs |
| Marketing and Business Development | 2,196,660 | 12.00 | 0 | 0.00 |
| Business Empowerment | 785,402 | 4.00 | 0 | 0.00 |
| Workforce Services | 4,407,518 | 3.00 | 0 | 0.00 |
| Agricultural Services | 853,239 | 4.40 | 0 | 0.00 |
| Special Projects | 376,053 | 2.00 | 0 | 0.00 |
| Finance and Administration | 6,241,450 | 7.00 | 0 | 0.00 |
| Total | 14,860,322 | 32.40 | 0 | 0.00 |

Charges to Other Departments

| Charged Department | Charged Fund | FY16 | | FY17 | |
|---------------------------|---------------------------|----------------|-------------|----------|-------------|
| | | Total\$ | FTEs | Total\$ | FTEs |
| COUNTYGENERALFUND | | | | | |
| Environmental Protection | Water Quality Protection | 320,000 | 2.10 | 0 | 0.00 |
| CIP | Capital Fund | 263,104 | 2.50 | 0 | 0.00 |
| NDA - ConferenceCenter | General Fund | 118,314 | 1.00 | 0 | 0.00 |
| Economic Development Fund | Economic Development Fund | 129,166 | 1.00 | 0 | 0.00 |
| Total | | 830,584 | 6.60 | 0 | 0.00 |

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