



Economic Development Fund

Approved FY18 Budget
\$4,110,738

Full Time Equivalents
1.00

Mission Statement

The mission of the Economic Development Fund (EDF) is to assist private employers who are located, plan to locate, or substantially expand operations in the County. Each program under the EDF is administered by the Department of Finance and the prospective applicants are identified by the Montgomery County Economic Development Corporation, a nonprofit economic development organization created by the County in 2015.

Budget Overview

The total approved FY18 Operating Budget for the Economic Development Fund is \$4,110,738, an increase of \$1,532,958 or 59.47 percent from the FY17 Approved Budget of \$2,577,780. Personnel Costs comprise 3.50 percent of the budget for no full-time position(s) and no part-time position(s), and a total of 1.00 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 96.50 percent of the FY18 budget.

Linkage to County Result Areas

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

- ◆ **Healthy and Sustainable Neighborhoods**
- ◆ **Strong and Vibrant Economy**

Initiatives

- ★ Add funds to disburse grant payment for retention and expansion of the U.S. Department of Health and Human Services, HMS Host Corporation, and Abt Associates, Inc.
- ★ Enhance the MOVE Program to provide additional leasing incentives for companies to locate in targeted County areas.
- ★ Partner with Bethesda Green, Inc. to create an Incubator Fund that will serve a wider geographical area and assist the County to become more competitive in attracting, growing, and retaining the best innovative green technology companies in the region.
- ★ Add funds in the Wheaton Redevelopment Capital Improvement Project for a full-time position to administer the Small Business Assistance Program and allocate resources in the Economic Development Fund to provide financial assistance for eligible businesses adversely impacted by the redevelopment project.

Accomplishments

- ☑ Facilitated the retention and expansion of Abt Associates, Inc., a government contractor with international development focus, to create 55 new jobs in the next four years.
- ☑ Facilitated the retention and expansion of Wedding Wire, Inc., an online wedding market place provider, to create more than 200 new jobs in the next five years.
- ☑ Facilitated the attraction and expansion of Tracx US, Inc. to establish its U.S. Headquarters in Bethesda and create 200 new jobs in the next five years.
- ☑ Facilitated the attraction of Donohoe Corporation Inc. to relocate 230 jobs from Washington, D.C. to Montgomery County and create 30 new jobs in the next three years.
- ☑ Facilitated the retention and expansion of RainKing Software Inc. to create 66 new jobs in the next three years.

Program Contacts

Contact Sarah Gomez of the Department of Finance at 240.777.8885 or Pofen Salem of the Office of Management and Budget at 240.777.2773 for more information regarding this fund.

Program Descriptions

☀ Economic Development Grant and Loan Program

The Economic Development Grant and Loan Program was established in FY96 to assist private employers who will either retain jobs already in the County or create additional jobs in the County through the expansion of current operations or relocation of new operations in the County. This program is administered by the Department of Finance through its Fiscal Management Division. Finance identifies and develops prospects that meet the criteria for a grant or loan from the Economic Development Fund (EDF) and then develops an assistance package. Frequently, Finance works in close cooperation and coordination with the State of Maryland. The County Executive submits an annual report by March 15 on the status and use of the EDF as required by Chapter 20-76 (b) of the Montgomery County Code.

FY18 Approved Changes	Expenditures	FTEs
FY17 Approved	1,577,780	1.00
Increase Cost: U.S. Department of Health and Human Services	1,300,000	0.00
Increase Cost: Abt Associates, Inc.	250,000	0.00
Increase Cost: HMS Host	100,000	0.00
Increase Cost: FY18 Compensation Adjustments	29,655	0.00
Decrease Cost: Decrease Operating Expenses to Offset Personnel Costs	(24,092)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(372,605)	0.00
FY18 Approved	2,860,738	1.00

Notes: In FY18, \$200,000 is allocated as the seed funding for the Small Business Assistance Program to provide financial assistance for eligible businesses adversely impacted by the Wheaton Redevelopment project.

☀ MOVE Program

The MOVE Program, part of the Economic Development Fund, is designed to accelerate business attraction, thereby reducing

vacant office spaces in the County. It also provides an additional benefit for leasing vacant office space and renovation of aging commercial buildings in targeted areas of the County.

FY18 Approved Changes	Expenditures	FTEs
FY17 Approved	500,000	0.00
Enhance: One-time Leasing Incentive for Targeted County Areas	250,000	0.00
FY18 Approved	750,000	0.00

Biotech Credit Supplement

The Biotech Credit Supplement Program authorizes the County to provide a local supplement to the State of Maryland's Biotechnology Investment Tax Credit Program. Applicants that have received final tax credits under the State program and have invested in a company that has located its headquarters and base operations in Montgomery County are eligible for a 'piggyback' grant payment from the County of up to 50 percent of the State tax credit, with the final amount dependent and subject to the annual appropriations by the County Council.

FY18 Approved Changes	Expenditures	FTEs
FY17 Approved	500,000	0.00
FY18 Approved	500,000	0.00

BUDGET SUMMARY

	Actual FY16	Budget FY17	Estimate FY17	Approved FY18	%Chg Bud/App
ECONOMIC DEVELOPMENT FUND					
EXPENDITURES					
Salaries and Wages	102,656	90,866	73,380	120,184	32.3 %
Employee Benefits	26,184	23,312	18,575	23,649	1.5 %
Economic Development Fund Personnel Costs	128,840	114,178	91,955	143,833	26.0 %
Operating Expenses	2,329,391	2,463,602	5,187,405	3,966,905	61.0 %
Economic Development Fund Expenditures	2,458,231	2,577,780	5,279,360	4,110,738	59.5 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Investment Income	34,081	33,253	33,253	38,917	17.0 %
Loan Payments	203,350	94,970	94,970	134,438	41.6 %
Miscellaneous Revenues	26,000	0	0	0	—
Economic Development Fund Revenues	263,431	128,223	128,223	173,355	35.2 %

FY18 APPROVED CHANGES

	Expenditures	FTEs
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FY18 APPROVED CHANGES

	Expenditures	FTEs
ECONOMIC DEVELOPMENT FUND		
FY17 ORIGINAL APPROPRIATION	2,577,780	1.00
<u>Changes (with service impacts)</u>		
Enhance: One-time Leasing Incentive for Targeted County Areas [MOVE Program]	250,000	0.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: U.S. Department of Health and Human Services [Economic Development Grant and Loan Program]	1,300,000	0.00
Increase Cost: Abt Associates, Inc. [Economic Development Grant and Loan Program]	250,000	0.00
Increase Cost: HMS Host [Economic Development Grant and Loan Program]	100,000	0.00
Increase Cost: FY18 Compensation Adjustments [Economic Development Grant and Loan Program]	29,655	0.00
Decrease Cost: Decrease Operating Expenses to Offset Personnel Costs [Economic Development Grant and Loan Program]	(24,092)	0.00
Decrease Cost: Fund Balance for the Cybersecurity Supplement Program [Cybersecurity Tax Credit Supplement]	(372,605)	0.00
FY18 APPROVED	4,110,738	1.00

PROGRAM SUMMARY

Program Name	FY17 APPR Expenditures	FY17 APPR FTEs	FY18 APPR Expenditures	FY18 APPR FTEs
Economic Development Grant and Loan Program	1,577,780	1.00	2,860,738	1.00
MOVE Program	500,000	0.00	750,000	0.00
Biotech Credit Supplement	500,000	0.00	500,000	0.00
Total	2,577,780	1.00	4,110,738	1.00

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY17 Total\$	FY17 FTEs	FY18 Total\$	FY18 FTEs
ECONOMIC DEVELOPMENT FUND					
CIP	Capital Fund	0	0.00	120,000	1.00

FUTURE FISCAL IMPACTS

CC APPROVED (\$000S)

Title	FY18	FY19	FY20	FY21	FY22	FY23
ECONOMIC DEVELOPMENT FUND						
EXPENDITURES						
FY18 Approved	4,111	4,111	4,111	4,111	4,111	4,111
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Approved in FY18	0	(250)	(250)	(250)	(250)	(250)

FUTURE FISCAL IMPACTS

CC APPROVED (\$000S)

Title	FY18	FY19	FY20	FY21	FY22	FY23
Items recommended for one-time funding in FY18, including the MOVE Program Incentive Area Leasing Bonus, will be eliminated from the base in the outyears.						
Labor Contracts	0	3	3	3	3	3
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	4,111	3,864	3,864	3,864	3,864	3,864

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