

# Economic Development Fund

## MISSION STATEMENT

The mission of the Economic Development Fund is to assist private employers who are located, or plan to locate, or substantially expand operations in the County. The Fund is administered by the Department of Finance, and programs utilizing the Fund are administered by the respective departments as noted below.

## BUDGET OVERVIEW

The total recommended FY06 Operating Budget for the Economic Development Fund is \$840,990, an increase of \$274,410 or 48.4 percent from the FY05 Approved Budget of \$566,580. Personnel Costs comprise 11.1 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 88.9 percent of the FY06 budget.

The Debt Service for the Economic Development Fund is appropriated in the Debt Service Fund and is, therefore, not displayed in this section. To pay for the Debt Service, a transfer of funds from the Economic Development Fund to the Debt Service Fund of \$110,360 is required.

## HIGHLIGHTS

- ❖ *Increase small business opportunities in the County by expanding the County's Small Business Revolving Loan Program and seeking matching state assistance.*
- ❖ *Add Impact Assistance funding to provide grants to small businesses negatively impacted by the County's revitalization projects.*
- ❖ *Maintain business recruitment and retention efforts by continued funding for the Economic Development Fund's Grant and Loan Program.*

## PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Mary Cichello Beck of the Office of Management and Budget at 240.777.2753 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

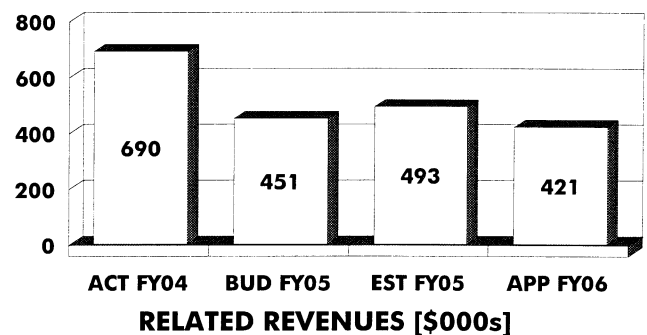
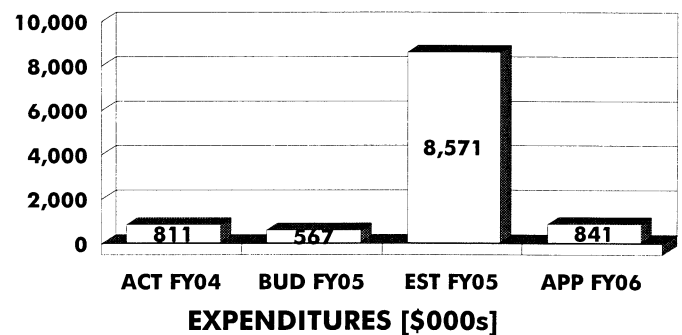
### Demolition Loan Program

The Demolition Loan Program was established in FY99. The program assists owners of obsolete, underutilized commercial buildings to demolish buildings and clear the land. This program is administered by the Department of Housing and Community Affairs.

## Program Summary

	Expenditures	WYs
Demolition Loan Program	0	0.0
Economic Development Grant and Loan Program	552,080	1.0
Technology Growth Program	0	0.0
Small Business Revolving Loan Program	288,910	0.0
<b>Totals</b>	<b>840,990</b>	<b>1.0</b>

## Trends



### **FY06 Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY06 Approved</b>	<b>0</b>	<b>0.0</b>

### **Economic Development Grant and Loan Program**

The Economic Development Grant and Loan Program was established in FY96 to provide assistance to private employers who will retain jobs already in the County or create jobs in the County through the expansion of current businesses or location of new businesses in the County. As part of its Marketing and Business Development Program, the Department of Economic Development (DED) identifies and develops prospects which meet the criteria for grants or loans from the Economic Development Fund. DED works to develop offers of assistance, frequently in close cooperation and coordination with the State of Maryland. By March 15, the County Executive submits an annual report on the status and use of the Fund, as required by Chapter 20-76 (b) of the Montgomery County Code. This program is administered by the Department of Economic Development.

### **FY06 Changes**

- Add Impact Assistance funding to provide grants to small companies negatively impacted by County revitalization projects*

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>452,010</b>	<b>1.0</b>
<b>FY06 Approved</b>	<b>552,080</b>	<b>1.0</b>

### **Technology Growth Program**

The Technology Growth Program was created in FY99 as a program within the Economic Development Fund to facilitate the growth of technology-based companies located or desiring to locate in the County. Financial assistance under the program is based on the evaluation of the technology and the innovation proposed, along with potential impact for the County. The program is aimed at leveraging private-sector financing and State Challenge and Equity Investment funds and is administered by the Department of Economic Development.

### **FY06 Changes**

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>0</b>	<b>0.0</b>
<b>FY06 Approved</b>	<b>0</b>	<b>0.0</b>

### **Small Business Revolving Loan Program**

The Small Business Revolving Loan Program was established in FY00. The program augments a grant from the Maryland Economic Development Assistance Authority and Fund (MEDAAF) Act under Senate Bill 446 to finance economic development projects that do not receive priority consideration from traditional private and public sources due to non-priority industry sectors and/or transaction site. The program offers secured loans typically in the range of \$25,000 to \$100,000 and is administered by the Department of Economic Development.

### **FY06 Changes**

- Increase small business opportunities in the County by expanding the County's Small Business Revolving Loan Program and seeking matching state assistance.*

	<b>Expenditures</b>	<b>WYs</b>
<b>FY05 Approved</b>	<b>114,570</b>	<b>0.0</b>
<b>FY06 Approved</b>	<b>288,910</b>	<b>0.0</b>

## BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Approved FY06	% Chg Bud/App
<b>ECONOMIC DEVELOPMENT FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	65,656	69,770	66,200	74,460	6.7%
Employee Benefits	16,427	18,490	22,060	19,240	4.1%
<b>Economic Development Fund Personnel Costs</b>	<b>82,083</b>	<b>88,260</b>	<b>88,260</b>	<b>93,700</b>	<b>6.2%</b>
Operating Expenses	728,947	478,320	8,482,470	747,290	56.2%
Capital Outlay	0	0	0	0	—
<b>Economic Development Fund Expenditures</b>	<b>811,030</b>	<b>566,580</b>	<b>8,570,730</b>	<b>840,990</b>	<b>48.4%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	1.0	1.0	1.0	1.0	—
<b>REVENUES</b>					
Investment Income - Pooled	23,337	80,000	45,820	30,000	-62.5%
Loan Repayment Small Business Revolving Loan	83,453	114,570	132,760	188,910	64.9%
Loan Repayments Grant & Loan Program	472,681	146,290	202,500	91,400	-37.5%
MICRF Loan Repayments	110,360	110,360	110,360	110,360	—
Technology Growth Program Loan Repayments	540	0	1,280	0	—
<b>Economic Development Fund Revenues</b>	<b>690,371</b>	<b>451,220</b>	<b>492,720</b>	<b>420,670</b>	<b>-6.8%</b>

## FY06 APPROVED CHANGES CROSSWALK

	Expenditures	WYs
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>FY05 ORIGINAL APPROPRIATION</b>	<b>566,580</b>	<b>1.0</b>
<b><u>Changes (with service impacts)</u></b>		
Add: Impact Assistance funding to provide grants to small companies negatively impacted by County revitalization projects [Economic Development Grant and Loan Program]	100,000	0.0
Enhance: The Small Business Revolving Loan Program by adding an additional \$100,000 to the fund [Small Business Revolving Loan Program]	100,000	0.0
Enhance: Funds for the Small Business Revolving Loan Program due to increased loan repayments. [Small Business Revolving Loan Program]	74,340	0.0
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY06 Retirement Rate Adjustments	70	0.0
<b>FY06 APPROVED:</b>	<b>840,990</b>	<b>1.0</b>