

Economic Development

MISSION STATEMENT

The mission of the Department of Economic Development is to create, attract, retain and expand businesses in Montgomery County, expand employment opportunities for the residents of the County, enlarge the County's economic base, enhance the competitiveness of the businesses located in the County and promote Montgomery County as a SmartLocation for business - globally.

County Government Reorganization

In February, 2008, the County Executive announced a detailed Montgomery County Government Reorganization to improve effectiveness, customer service, accessibility, and efficiency. As part of this plan, the Local Small Business Reserve Program has been shifted to the Department of General Services to facilitate coordination with the County's procurement operations.

BUDGET OVERVIEW

The total approved FY09 Operating Budget for the Department of Economic Development is \$10,748,580, a decrease of \$224,780 or 2.0 percent from the FY08 Approved Budget of \$10,973,360. Personnel Costs comprise 48.0 percent of the budget for 49 full-time positions and 3 part-time position for 45.6 workyears. Operating Expenses account for the remaining 52.0 percent of the FY09 budget. The FY09 budget reflects the shifting of the Local Small Business Reserve Program (LSBRP) (\$197,960) to the Department of General Services.

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*
- ❖ *Vital Living for All of Our Residents*

PERFORMANCE MEASURES

This table presents the department's performance data estimates and projections from FY08 through FY10 if there are no changes in funding.

| Measure | Actual FY06 | Actual FY07 | Estimated FY08 | Approved FY09 | Projected FY10 |
|---|-------------|-------------|----------------|---------------|----------------|
| Acres of farmland preserved | 68,000 | 69,700 | 70,700 | 71,500 | 72,100 |
| Jobs placed to DED recruited employers | 3,269 | 5,691 | 8,433 | 8,550 | 8,075 |
| Number of DED related job placements for unemployed adults: Dislocated, older and disadvantaged workers | 6,963 | 11,287 | 15,797 | 13,775 | 12,650 |
| Impact of DED business incubators: Estimated fiscal impact of graduated companies (\$ millions) | 1.6 | 1.8 | 2.1 | 2.6 | 3.0 |
| Impact of DED business incubators: Cumulative number of jobs created | 370 | 450 | 520 | 570 | 620 |
| Impact of DED business incubators: Cumulative number of companies graduated | 38 | 43 | 50 | 61 | 71 |
| External funds leveraged by DED programs (\$ millions) | 16 | 15 | 14 | 14 | 20 |
| New revenue generated by DED programs (\$ millions) | 9.5 | 9.7 | 10.2 | 11.0 | 11.3 |
| Overall job growth in the County | 14,000 | 11,000 | 13,500 | 12,000 | 10,550 |
| New jobs created by businesses that received direct technical and/or financial assistance from DED during the fiscal year | 1,800 | 2,000 | 1,800 | 1,520 | 1,330 |
| Technical assistance sessions provided to all businesses and residents | 11,000 | 11,200 | 10,500 | 9,000 | 8,100 |
| Technical assistance sessions provided for small Minority, Female and Disabled (MFD) businesses/residents | 3,400 | 3,800 | 3,700 | 3,240 | 3,150 |
| Number of business prospects (new or expanding) developed annually | 140 | 130 | 128 | 109 | 109 |

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Added new Business Empowerment Division to enhance and increase the outreach efforts and support capabilities of the County's Small Business Community.*

- ❖ **Opened the Rockville Innovation Center Incubator, and began construction of 33,000 square foot Germantown Incubator.**
- ❖ **Enhanced international business development to promote foreign direct investment by County businesses by completing trade missions to India and Israel, and entering into a formal partnership with Gyongnam Province, Korea.**
- ❖ **In FY08 secured \$1.5 million in drought assistance to provide financial assistance to County Farmers who suffered crop losses due to the severe drought of 2007.**
- ❖ **Continued the Positive Youth Development Initiative, which provides bi-lingual employment programs for at-risk youth and summer jobs for 40 youth in Germantown, Wheaton, and Silver Spring.**
- ❖ **Exceeded 35% under the FY07 Local Small Business Reserve Program requirement of 10% for all non-exempt County contracts.**
- ❖ **Completed County's rebranding from the "Idealocation" to "SMARTLocation"**

PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Marketing and Business Development

This program promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses. The division provides services that result in the attraction and retention of those businesses to the County. This includes industry sectors including telecommunications, biotechnology, information technology, advanced engineering and professional services. Major focus of the program includes leads generated by the Department's business development specialists, and a business visitation program to retain existing businesses. Business specialists meet with company representatives during business visits, conferences and other events to offer assistance. They also serve as liaisons to business organizations to help identify and assist new and expanding companies. Assistance includes needs assessment, financial and training assistance, site identification and expediting and coordinating development. The program provides clients with land-use planning expertise, economic analysis, financing and international trade assistance.

Promotional activities include media relations; event coordination; local, regional, national and international advertising; and development of informational and sales materials including the Department's website. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact.

Activities and materials are directed toward achieving balanced economic growth with a positive business climate and are often closely coordinated with local, regional and State partners, such as the Maryland State Department of Business and Economic Development and the World Trade Center Institute.

FY09 Changes

| | Expenditures | WYs |
|--|---------------------|-------------|
| FY08 Approved | 1,907,070 | 12.0 |
| Shift: Business Development Specialist from Mid-County Regional Center | 125,750 | 1.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | -119,440 | -1.0 |
| FY09 Approved | 1,913,380 | 12.0 |

Business Empowerment

The Division of Business Empowerment provides a variety of programs and services to the County's small and minority business community, including technical publications and services, workshops and conferences, the business mentorship program, and events targeted to area such as procurement and contracting. This program serves as the resource base for small businesses within Montgomery County through advocacy efforts that involve active short-and long-range economic development strategies that address the unique needs of the small business community.

Also, this program manages the business incubator program and small and minority business services program. The County's Business Incubator Network currently has four facilities in operation. These incubators, housed in over 100,000 square feet of space,

provide office space and lab facilities, high-level technical assistance and innovative programming to over 90 budding entrepreneurial businesses. The program added one more incubator to its inventory during FY08, and also operates a virtual incubator that provides programs and services to participating businesses, without the added expense of renting office space.

FY09 Changes

| | Expenditures | WYs |
|--|---------------------|-------------|
| FY08 Approved | 1,151,790 | 11.0 |
| Reduce: Business Empowerment-Consultants | -5,700 | 0.0 |
| Reduce: Business Empowerment-SBDC Agreement | -15,000 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 197,450 | 0.0 |
| FY09 Approved | 1,328,540 | 11.0 |

Workforce Services

The Workforce Services Division is advised by a Workforce Investment Board (WIB), composed of business representatives (51%), community leaders and public officials. The board is appointed by the County Executive in accordance with the Workforce Investment Act (WIA) of 1998 and Montgomery County Executive Order No. 159-02. The Workforce Services staff provide support to the Board by implementing directives and policy initiatives.

WS is funded by approximately \$3 million in Federal Government, State of Maryland and Montgomery County funds. The majority of funds are received under WIA to implement the One-Stop career system. This system, operated locally as MontgomeryWorks, provides an array of career assessment, job readiness, job training, and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers, and youth. Program staff provide overall administrative support of the WIA grants, and are responsible for fiscal monitoring and accounting, program monitoring and review, new program development and grants, legislative development, and contract management for several service providers for the WIA and County programs. The WIB provides policy oversight and guidance for the expenditure of these funds enabling local business, public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Gaithersburg, which are operated as a consortium with the Department of Labor, Licensing, and Regulation and the Career Transition Center, Inc. and numerous other non-profit and local agency partners. MontgomeryWorks served over 10,180 adult and youth residents in FY07 with core services, intensive counseling services, and the purchase of occupational skills training.

FY09 Changes

| | Expenditures | WYs |
|--|---------------------|------------|
| FY08 Approved | 4,002,310 | 7.8 |
| Decrease Cost: Technical Grant Adjustment | 0 | -0.8 |
| Shift: Workforce Investment Services-Alliance for Workplace Excellence | -50,000 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | -132,230 | -1.0 |
| FY09 Approved | 3,820,080 | 6.0 |

Agricultural Services

This program encompasses the promotion of agriculture as a viable component of the County's business and economic sector, as well as the preservation of farmland as a resource for future agricultural production capabilities. The Department of Economic Development co-sponsors farmers' markets, an annual farm tour, and other activities which promote agricultural products. The goal of the Agricultural Preservation Program is to acquire easements to protect 70,000 acres of farmland in the Agricultural Reserve by the year 2010. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control program.

The Montgomery Soil Conservation District (MSCD) is considered a political subdivision of the State and is staffed by County, State, and Federal employees. Programs offered by MSCD include an array of technical advice for conservation and natural resource planning, as well as a variety of educational opportunities. MSCD staff assist farmers and landowners in the County with Soil Conservation and Water Quality Plans, provide technical assistance for conservation practices, and administer a variety of Federal and State cost-share programs which help fund projects to prevent soil erosion and improve water quality. Many of these programs are designed to help protect local waterways and the Chesapeake Bay. The MSCD provides a number of programs that focus on educating Montgomery County residents about the benefits of agriculture, conservation, and natural resources management. Other services include small pond review, drainage advice for residential landowners, and administering the Cover Crop program in the

County.

The Cooperative Extension Office serves as the agricultural outreach education component of the University of Maryland. This agency is funded cooperatively through local, State, and Federal governments. Farmers, families, and youth are the primary audiences of the Extension Office. Educational programs for farmers include raising crops and livestock, protecting the environment, farm and business management, marketing commodities, and pest management. Programs for families and youth include: home horticulture, family budgeting, consumer education with a focus on promoting positive parenting skills and healthful diets and lifestyles, leadership development, and traditional 4-H programs. The Extension Office's professional staff utilizes an extensive network of volunteers to assist them in program delivery. Extension Office personnel manage a diverse group of over 3,000 volunteers to respond to over 100,000 information requests a year. Outreach education programs are delivered informally through one-on-one contacts, telephone assistance, the internet, classes and workshops, field days, radio, TV, and print media.

FY09 Changes

| | Expenditures | WYs |
|--|---------------------|------------|
| FY08 Approved | 970,960 | 7.2 |
| Reduce: Cooperative Extension nutritional counseling | -10,600 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 43,310 | 0.0 |
| FY09 Approved | 1,003,670 | 7.2 |

Finance, Administration, and Special Projects

This program is responsible for all departmental administrative efforts, which enable direct services for fiscal and contract management, strategic planning, and special projects. This program administers five financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, the Impact Assistance Fund, the Micro-Loan Program, and the Small Business Revolving Loan program.

This program also works in concert with Marketing and Business Development and Business Empowerment to promote the development of high technology and professional services companies within Montgomery County. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for several new science and technology centers in Germantown at the Montgomery College campus and East County in the White Oak area.

FY09 Changes

| | Expenditures | WYs |
|--|---------------------|-------------|
| FY08 Approved | 2,468,730 | 10.0 |
| Increase Cost: Increase Incubator Operating grant by \$181,000 to mitigate increase in energy costs | 181,000 | 0.0 |
| Increase Cost: Printing and Mail Adjustments | 2,750 | 0.0 |
| Increase Cost: Motor Pool Rate Adjustment | 1,560 | 0.0 |
| Eliminate: IT Position | -88,010 | -1.0 |
| Shift: LSBRP to Office of Procurement-Personnel | -197,960 | -2.0 |
| Decrease Cost: Elimination of One-Time Items Approved in FY08 | -250,000 | 0.0 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | 115,040 | 0.0 |
| FY09 Approved | 2,233,110 | 7.0 |

Office of the Director

The Department of Economic Development is organized to promote team-based approaches to implementing economic development initiatives. This program provides overall direction and supervision for all programs, policies and representation of the Department. The Office of the Director functions as a liaison to local, State, Federal, and international governments; the community; small and minority owned businesses; and private industry partners, and serves as the leader in developing and implementing economic development opportunities for Montgomery County.

The major focus of the program is to establish and maintain high-level relationships with local government and private industry organizations, State and Federal agencies, and national and international governments and organizations. These important contacts are sought through meetings, trade shows and conferences, national and international missions, and other major events that provide exposure and opportunities to market and promote the County's economic vision.

FY09 Changes

| | Expenditures | WYs |
|--|----------------|------------|
| FY08 Approved | 472,500 | 2.8 |
| Decrease Cost: Director's Office: Non-Local Travel | -5,050 | 0.0 |
| Eliminate: Public Services Intern Positions | -11,230 | -0.4 |
| Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program | -6,420 | 0.0 |
| FY09 Approved | 449,800 | 2.4 |

BUDGET SUMMARY

| | Actual FY07 | Budget FY08 | Estimated FY08 | Approved FY09 | % Chg Bud/App |
|--|------------------|-------------------|-------------------|-------------------|------------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 3,283,331 | 4,099,010 | 3,428,440 | 3,916,980 | -4.4% |
| Employee Benefits | 992,014 | 1,198,510 | 1,028,280 | 1,161,010 | -3.1% |
| County General Fund Personnel Costs | 4,275,345 | 5,297,520 | 4,456,720 | 5,077,990 | -4.1% |
| Operating Expenses | 3,052,481 | 2,975,840 | 3,671,020 | 2,970,590 | -0.2% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| County General Fund Expenditures | 7,327,826 | 8,273,360 | 8,127,740 | 8,048,580 | -2.7% |
| PERSONNEL | | | | | |
| Full-Time | 48 | 52 | 52 | 48 | -7.7% |
| Part-Time | 2 | 5 | 5 | 3 | -40.0% |
| Workyears | 43.9 | 49.0 | 49.0 | 44.6 | -9.0% |
| REVENUES | | | | | |
| State Salary Reimb: Soil Cons District Mgr | 44,424 | 42,910 | 75,550 | 48,710 | 13.5% |
| County General Fund Revenues | 44,424 | 42,910 | 75,550 | 48,710 | 13.5% |
| GRANT FUND MCG | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 0 | 96,880 | 96,880 | 57,470 | -40.7% |
| Employee Benefits | 0 | 30,700 | 30,700 | 18,320 | -40.3% |
| Grant Fund MCG Personnel Costs | 0 | 127,580 | 127,580 | 75,790 | -40.6% |
| Operating Expenses | 2,632,759 | 2,572,420 | 2,572,420 | 2,624,210 | 2.0% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| Grant Fund MCG Expenditures | 2,632,759 | 2,700,000 | 2,700,000 | 2,700,000 | — |
| PERSONNEL | | | | | |
| Full-Time | 0 | 1 | 1 | 1 | — |
| Part-Time | 0 | 1 | 1 | 0 | — |
| Workyears | 0.0 | 1.8 | 1.8 | 1.0 | -44.4% |
| REVENUES | | | | | |
| Disabled Veterans | 24,999 | 0 | 0 | 0 | — |
| Workforce Investment Act Grants | 1,688,601 | 2,700,000 | 2,700,000 | 2,700,000 | — |
| Disability Grant:Workforce Invest Serv | 345,676 | 0 | 0 | 0 | — |
| Disability Program Navigator | 227,218 | 0 | 0 | 0 | — |
| MD Incumbent Worker | 104,324 | 0 | 0 | 0 | — |
| Statewide 50% Training | 71,739 | 0 | 0 | 0 | — |
| MD Healthcare Incumbent Worker | 19,920 | 0 | 0 | 0 | — |
| MD Youth Demo | 51,858 | 0 | 0 | 0 | — |
| MD Neg Brac | 19,234 | 0 | 0 | 0 | — |
| MD Works Re-Entry | 66,769 | 0 | 0 | 0 | — |
| MD Summer Youth Connection | 12,421 | 0 | 0 | 0 | — |
| Grant Fund MCG Revenues | 2,632,759 | 2,700,000 | 2,700,000 | 2,700,000 | — |
| DEPARTMENT TOTALS | | | | | |
| Total Expenditures | 9,960,585 | 10,973,360 | 10,827,740 | 10,748,580 | -2.0% |
| Total Full-Time Positions | 48 | 53 | 53 | 49 | -7.5% |
| Total Part-Time Positions | 2 | 6 | 6 | 3 | -50.0% |
| Total Workyears | 43.9 | 50.8 | 50.8 | 45.6 | -10.2% |
| Total Revenues | 2,677,183 | 2,742,910 | 2,775,550 | 2,748,710 | 0.2% |

FY09 APPROVED CHANGES

| | Expenditures | WYs |
|---|------------------|-------------|
| COUNTY GENERAL FUND | | |
| FY08 ORIGINAL APPROPRIATION | 8,273,360 | 49.0 |
| <u>Changes (with service impacts)</u> | | |
| Reduce: Business Empowerment-Consultants [Business Empowerment] | -5,700 | 0.0 |
| Reduce: Cooperative Extension nutritional counseling [Agricultural Services] | -10,600 | 0.0 |
| Eliminate: Public Services Intern Positions [Office of the Director] | -11,230 | -0.4 |
| Reduce: Business Empowerment-SBDC Agreement [Business Empowerment] | -15,000 | 0.0 |
| Eliminate: IT Position [Finance, Administration, and Special Projects] | -88,010 | -1.0 |
| Eliminate: Business Development Specialist | -207,320 | -2.0 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Increase Cost: General Wage and Service Increment Adjustments | 267,790 | 0.0 |
| Increase Cost: Increase Incubator Operating grant by \$181,000 to mitigate increase in energy costs [Finance, Administration, and Special Projects] | 181,000 | 0.0 |
| Shift: Business Development Specialist from Mid-County Regional Center [Marketing and Business Development] | 125,750 | 1.0 |
| Increase Cost: Retirement Adjustment | 57,410 | 0.0 |
| Increase Cost: Group Insurance Adjustment | 51,030 | 0.0 |
| Increase Cost: Annualization of FY08 Personnel Costs | 22,390 | 0.0 |
| Increase Cost: Printing and Mail Adjustments [Finance, Administration, and Special Projects] | 2,750 | 0.0 |
| Increase Cost: Labor Contracts | 1,700 | 0.0 |
| Increase Cost: Motor Pool Rate Adjustment [Finance, Administration, and Special Projects] | 1,560 | 0.0 |
| Increase Cost: Central Duplicating Recovery Charge | 710 | 0.0 |
| Decrease Cost: Director's Office: Non-Local Travel [Office of the Director] | -5,050 | 0.0 |
| Shift: Workforce Investment Services-Alliance for Workplace Excellence [Workforce Services] | -50,000 | 0.0 |
| Decrease Cost: Miscellaneous operating expenses | -96,000 | 0.0 |
| Shift: LSBRP to Office of Procurement-Personnel [Finance, Administration, and Special Projects] | -197,960 | -2.0 |
| Decrease Cost: Elimination of One-Time Items Approved in FY08 [Finance, Administration, and Special Projects] | -250,000 | 0.0 |
| FY09 APPROVED: | 8,048,580 | 44.6 |
| GRANT FUND MCG | | |
| FY08 ORIGINAL APPROPRIATION | 2,700,000 | 1.8 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Decrease Cost: Technical Grant Adjustment [Workforce Services] | 0 | -0.8 |
| FY09 APPROVED: | 2,700,000 | 1.0 |

PROGRAM SUMMARY

| | FY08 Approved | | FY09 Approved | |
|---|-------------------|-------------|-------------------|-------------|
| | Expenditures | WYs | Expenditures | WYs |
| Marketing and Business Development | 1,907,070 | 12.0 | 1,913,380 | 12.0 |
| Business Empowerment | 1,151,790 | 11.0 | 1,328,540 | 11.0 |
| Workforce Services | 4,002,310 | 7.8 | 3,820,080 | 6.0 |
| Agricultural Services | 970,960 | 7.2 | 1,003,670 | 7.2 |
| Finance, Administration, and Special Projects | 2,468,730 | 10.0 | 2,233,110 | 7.0 |
| Office of the Director | 472,500 | 2.8 | 449,800 | 2.4 |
| Totals | 10,973,360 | 50.8 | 10,748,580 | 45.6 |

CHARGES TO OTHER DEPARTMENTS

| Recipient Department | Recipient Fund | FY08 | | FY09 | |
|---------------------------|----------------------|---------|-----|---------|-----|
| | | Total\$ | WYs | Total\$ | WYs |
| GENERAL FUND | | | | | |
| CIP | CIP | 268,890 | 2.6 | 294,950 | 2.6 |
| Economic Development Fund | Economic Development | 109,970 | 1.0 | 122,400 | 1.0 |