

# 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 approved FY12 Operating Budget for the Economic Development Fund is \$4,922,280, which is a 477% increase over the FY11 Approved Budget. Personnel Costs comprise 2 percent of the budget for one workyear for a position in the Department of Economic Development. Operating Expenses account for the remaining 98 percent of the FY12 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**

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Retain 270 jobs and create 97 new jobs for the ICF Consulting Group.**
- ❖ **Retain 435 jobs and create 153 new jobs while attracting \$44 million in investment for Boeing DRT.**
- ❖ **Create 475 new jobs by supporting the Westfield-Costco project.**
- ❖ **Retain 375 existing jobs and create 75 new jobs by retaining Choice Hotels headquarters.**
- ❖ **Provide seed funding for early stage Bioscience companies.**

## PROGRAM CONTACTS

Contact Peter Bang of the Economic Development Fund at 240.777.2008 or Mary Oneda-Brown of the Office of Management and Budget at 240.777.2751 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### **Demolition Loan Program**

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

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY13 CE Recommended</b>	<b>0</b>	<b>0.00</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.

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>4,697,490</b>	<b>1.00</b>
Add: EDF Funding for the Westfield-COSTCO Project 2nd Phase	2,000,000	0.00
Add: Choice Hotels Headquarters Relocation Project	1,920,150	0.00
Add: Lockheed Martin Room Rental Transient Tax Rebate Payment for FY12-13 for Expedited Bill 44-10	900,000	0.00
Add: Seed Funding for Bioscience Tax Credit Supplement Program	500,000	0.00
Add: EDF Funding for Meso Scale Expansion Project	167,000	0.00
Decrease Cost: Reduction to Economic Development Fund (EDF) Grants and Loans	-342,000	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12	-4,075,000	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. Other large variances are related to the transition from the previous mainframe budgeting system to Hyperion.	-2,410	0.00
<b>FY13 CE Recommended</b>	<b>5,765,230</b>	<b>1.00</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.

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>0</b>	<b>0.00</b>
<b>FY13 CE Recommended</b>	<b>0</b>	<b>0.00</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 institutional lenders and other public sources because they are in non-priority industry sectors and/or non-priority transaction sites, and/or cannot fully satisfy the credit requirements of conventional lend. The program offers secured loans typically in the range of \$25,000 to \$100,000 and is administered by the Department of Economic Development.

<b>FY13 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY12 Approved</b>	<b>224,790</b>	<b>0.00</b>
<b>FY13 CE Recommended</b>	<b>224,790</b>	<b>0.00</b>

## BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
<b>ECONOMIC DEVELOPMENT FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	92,345	94,300	94,303	94,295	0.0%
Employee Benefits	29,538	26,240	28,967	23,835	-9.2%
<b>Economic Development Fund Personnel Costs</b>	<b>121,883</b>	<b>120,540</b>	<b>123,270</b>	<b>118,130</b>	<b>-2.0%</b>
Operating Expenses	630,000	4,801,740	6,399,216	5,871,890	22.3%
Capital Outlay	0	0	0	0	—
<b>Economic Development Fund Expenditures</b>	<b>751,883</b>	<b>4,922,280</b>	<b>6,522,486</b>	<b>5,990,020</b>	<b>21.7%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
<b>REVENUES</b>					
Investment Income	55,489	20,700	0	0	—
Loan Payments	222,734	174,590	148,780	94,970	-45.6%
Miscellaneous Revenues	274,730	0	0	0	—
<b>Economic Development Fund Revenues</b>	<b>552,953</b>	<b>195,290</b>	<b>148,780</b>	<b>94,970</b>	<b>-51.4%</b>

## FY13 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>ECONOMIC DEVELOPMENT FUND</b>		
<b>FY12 ORIGINAL APPROPRIATION</b>	<b>4,922,280</b>	<b>1.00</b>
<b>Changes (with service impacts)</b>		
Add: EDF Funding for the Westfield-COSTCO Project 2nd Phase [Economic Development Grant and Loan Program]	2,000,000	0.00
Add: Choice Hotels Headquarters Relocation Project [Economic Development Grant and Loan Program]	1,920,150	0.00
Add: Lockheed Martin Room Rental Transient Tax Rebate Payment for FY12-13 for Expedited Bill 44-10 [Economic Development Grant and Loan Program]	900,000	0.00
Add: Seed Funding for Bioscience Tax Credit Supplement Program [Economic Development Grant and Loan Program]	500,000	0.00
Add: EDF Funding for Meso Scale Expansion Project [Economic Development Grant and Loan Program]	167,000	0.00
<b>Other Adjustments (with no service impacts)</b>		
Decrease Cost: Group Insurance Adjustment	-2,410	0.00
Decrease Cost: Reduction to Economic Development Fund (EDF) Grants and Loans [Economic Development Grant and Loan Program]	-342,000	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12 [Economic Development Grant and Loan Program]	-4,075,000	0.00
<b>FY13 RECOMMENDED:</b>	<b>5,990,020</b>	<b>1.00</b>

## PROGRAM SUMMARY

Program Name	FY12 Approved		FY13 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Demolition Loan Program	0	0.00	0	0.00
Economic Development Grant and Loan Program	4,697,490	1.00	5,765,230	1.00
Technology Growth Program	0	0.00	0	0.00
Small Business Revolving Loan Program	224,790	0.00	224,790	0.00
<b>Total</b>	<b>4,922,280</b>	<b>1.00</b>	<b>5,990,020</b>	<b>1.00</b>

## FUTURE FISCAL IMPACTS

Title	CE REC. FY13	FY14	FY15	(\$000's) FY16	FY17	FY18
<b>This table is intended to present significant future fiscal impacts of the department's programs.</b>						
<b>ECONOMIC DEVELOPMENT FUND</b>						
<b>Expenditures</b>						
<b>FY13 Recommended</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>
No inflation or compensation change is included in outyear projections.						
<b>Subtotal Expenditures</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>	<b>5,990</b>