



## **Frequently Asked Questions on Restructuring Economic Development in Montgomery County**

County Executive Ike Leggett has decided to privatize the core functions of the Department of Economic Development by establishing a nonprofit public-private partnership as Montgomery County's lead economic development organization. Below are the most frequently asked questions about this move.

### **1. Why does Montgomery County want to privatize economic development functions?**

The County Executive made a decision to privatize the Department of Economic Development based on community input, the neighboring jurisdictions' models, and most importantly, 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 similar moves 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.

### **2. What does it mean to have a "private economic development organization?"**

A new nonprofit 501c3 will be established as a public-private partnership to replace both the Department of Economic Development and the Montgomery Business Development Corporation (MBDC) as the lead economic development organization (EDO) for Montgomery County. The organization will have its own board and is not part of the Montgomery County government structure.

### **3. What are other examples of privatized economic development organizations?**

In the National Capital Region, there are many examples of privatized economic development organizations acting as their jurisdictions' lead or primary point of contact for businesses, including the Fairfax County Economic Development Authority, the Washington, DC Economic Partnership, the Prince George's County Economic Development Corporation, the Baltimore Development Corporation, the Howard County Economic Development Authority, and the Anne Arundel Economic Development Corporation.

**4. What does Montgomery County hope to achieve through this new economic development organization that it cannot achieve with the current structure?**

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. Business operates at a much faster pace than most government services and, in order to be effective, the new organization needs to be responsive to businesses in their timeframe.

**5. What is the estimated timeline?**

It is the goal of Montgomery County government to have the new nonprofit incorporated and board members appointed and approved by January 2016. The organization is expected to be operational by late spring of 2016.

**6. Would Montgomery County fund this new organization?**

Yes. The Montgomery County government intends to fund the core functions of the new EDO. However, being a nonprofit corporation also enables the organization to raise or receive funds through grants, gifts, donations, fee for services, and other revenue sources.

**7. How much does the County intend to fund the organization?**

The new organization will be funded according to its scope of responsibility and at a level competitive to other comparable jurisdictions.

**8. Would the new economic development organization have the exact same portfolio of responsibilities of the Department of Economic Development?**

A majority of the current DED responsibilities will be transferred to the new EDO, especially those related to marketing, business attraction, business retention and growth, entrepreneurship and innovation programs. The functions that will be kept within the County government include Finance, Special Projects, Small Business Navigation, marketing of the Local Small Business Reserve Program, and Agricultural Services.

**9. What would happen to the employees of the Department of Economic Development?**

DED employees have years or even decades of excellent service to Montgomery County and the business community. We hope the new organization's leadership will recognize their value so those who wish to work with the new organization will find employment there. However, it will be a decision by the leadership of the new organization. As the transition unfolds, it is

anticipated that many DED employees will continue their services within the County government in different capacities, either because their functions will remain in the government, or because they choose to stay on as a County employee. Montgomery County government will make every effort to make the transition as smooth as possible.

**10. What kind of board will this organization have and who appoints the board members?**

An 11-member board will be appointed by the County Executive and approved by the County Council. In addition, there will be non-voting ex-officio members representing the County Executive, the County Council and the State's Office of the Secretary of Commerce. The board will be made of primarily private sector representatives with consideration for various industry sectors, geographical regions, company size, etc. Members will serve staggered terms with a combination of 1-year, 2-year and 3-year terms appointments to the initial board.

**11. How can the County government ensure accountability of a private-sector-led economic development organization?**

Montgomery County government provides budgetary oversight through contractual agreements with performance metrics with the EDO.

**12. Who would manage the County's contractual relationship with this new organization?**

There will be a designated senior staff person or function within the Office of the County Executive that will oversee the County's contractual relationship with this new EDO and facilitate its interaction with the rest of County government functions.

**13. Who makes personnel and compensation decisions in the new organization?**

The board of directors makes hiring and firing decisions of the Chief Executive Officer, who has the authority on all other personnel matters.

**14. Does the County still have an active role in economic development with a privatized economic development organization?**

Yes, economic development takes a village and there are many functions related to economic development that a local government performs, including land use, community development, transportation, etc. So creating this new EDO does not take away the County government's need to be actively engaged in economic development or provide overall leadership and vision on economic development.

**15. Is the new organization subject to open meeting laws?**

Yes, the new EDO is subject to the Open Meeting Act and Maryland Public Information Act similar to other County boards, committees and commissions. However, there are times when the board and its committees may need to have closed-door sessions for sensitive discussions related to certain businesses and prospects during negotiations, as is the case today.

**16. Would this new organization be the first point of contact for businesses about doing business in Montgomery County?**

Yes, as Montgomery County's lead economic development organization, the new EDO will be the first point of contact for start-ups as well as resident and prospective businesses about moving to, starting or growing a business in Montgomery County.

**17. Would the new organization be responsible for implementing the comprehensive economic strategy that is under development?**

The new EDO will play a major role in implementing the recommendations, but will not be solely responsible for implementing the strategic plan, which is much broader in scope than the new EDO's functions and will require active participation of both non-governmental and governmental agencies. The Office of the County Executive, which has been leading the development of the Comprehensive Economic Strategy, will continue to oversee the overall implementation and reporting of the strategic plan. The new EDO will assume leadership responsibility in developing a strategic plan beginning 2018 as required by County law.

**18. How will this new EDO work with other economic development organizations?**

As the County's lead EDO, the new organization is expected to take a leadership role in coordinating and facilitating marketing and business development functions, and for collaborating with partner organizations such as BioHealth Innovation, the new workforce development organization, etc.

**19. What do you call this new organization?**

For the purpose of incorporation, the new organization is called the Montgomery County Economic Development Corporation. The board of directors can decide on a new name later if it so chooses.

**20. Who is the point of contact if we have more questions or want to provide input?**

Please contact Lily Qi, Office of the County Executive, at [lily.qi@montgomerycountymd.gov](mailto:lily.qi@montgomerycountymd.gov) or 240-777-2524.