

PHED Committee #4
April 22, 2014

Worksession

MEMORANDUM

April 14, 2014

TO: Planning, Housing and Economic Development Committee
FROM: Jacob Sesker, Senior Legislative Analyst *JS*
SUBJECT: FY15 Operating Budget: Department of Economic Development

Those likely to attend: Steve Silverman, Director, DED; Sally Sternbach, Deputy Director, DED; Peter Bang, Chief Operating Officer, DED; Jeremy Criss, DED; Tina Benjamin, DED; Barbara Kaufman, DED; Jackie Arnold, DED; Jahantab Siddiqui, OMB

Relevant pages from the FY15 Recommended Operating Budget are attached on ©1-8.

1. EXPENDITURE OVERVIEW

A. General

The Department of Economic Development (DED) budget is supported by the general fund and by grant funds. The Executive recommends a general fund budget for FY15 of \$10,103,381 and a grant funded budget for FY15 of \$2,842,854.

	FY14 Rec.	FY14 App.	FY15 Rec.
DED General Fund	\$8,483,228	\$8,769,515	\$10,103,381
DED Grant Fund	\$2,842,854	\$2,842,854	\$2,842,854

While the Executive's recommended budget represents a 15.2% increase in the General Fund budget, the recommendation does not include any increase in the General Fund personnel

complement—full-time equivalents (FTE) in the operating budget are 31.30 in FY15 (equal to the FTEs in the FY14 Approved Budget).¹

Also, Staff notes that the FY15 budget establishes performance targets for FY15 and FY16 that are generally at the same level as the estimated FY14 performance and in some cases below the FY13 actual performance, although recommended resources from the General Fund are up relative to FY14.

For a division by division overview of DED’s budget, see © 22.

B. Summary of proposed changes

The Executive recommended the following changes to the General Fund portion of DED’s budget:

<i>Change-DED General Fund</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Original Appropriation	\$8,769,515	31.30
Add: Convert William Hanna Innovation Center to National Cybersecurity Center of Excellence	\$435,000	0.00
Add: Life sciences incubator programming and support	\$400,000	0.00
Add: Montgomery Moving Forward	\$130,000	0.00
Add: Maryland Women’s Business Center (REDI)	\$40,000	0.00
Enhance: LEDC Foreclosure Support Services	\$55,000	0.00
Increase Cost: Wheaton Business Innovation Center Lease Payment	\$59,000	
Increase Cost: FY15 Compensation Adjustment	\$134,612	0.00
Increase Cost: American Film Institute	\$96,792	0.00
Increase Cost: Annualization of FY14 Personnel Costs	\$25,213	0.00
Increase Cost: Group Insurance Adjustment	\$6,042	0.00
Increase Cost: Retirement Adjustment	\$5,735	0.00
Increase Cost: Printing and Mail Adjustment	\$1,535	0.00
Increase Cost: Motor Pool Adjustment	\$160	0.00
Decrease Cost: Reductions in Office Supplies/Equipment	(\$5,223)	0.00
Decrease Cost: Contract Services Absorbed by FY14 Approved Positions	(\$50,000)	0.00
FY15 Recommended	\$10,103,381	31.30

Compensation issues are reviewed separately by the GO Committee. Motor Pool Adjustment issues are reviewed separately by the T&E Committee.

¹ The County Executive’s FY15-20 CIP included 4.70 FTE charged to the Capital Improvements Program (CIP). The PHED Committee recommended and the full Council agreed to a reduction from 4.70 to 3.70 FTEs in the CIP, shifting that 1.00 FTE to the General Fund operating budget.

The Executive recommended no changes to the Grant Fund portion of DED's budget:

<i>Change-DED Grant Fund</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Original Appropriation	\$2,842,854	0.00
FY15 Recommended	\$2,842,854	0.00

Some of the proposed changes in the County Executive's budget are the subjects of written questions and answers attached to this memorandum at © 9.

C. History

From FY08 to FY12, the original appropriation from the General Fund for DED declined by more than 25%, from \$8,273,360 to \$5,990,310. The recommended FY15 appropriation from the General Fund for DED's operating budget is up 68.7% over the FY12 Approved Budget.

Original Appropriations FY07-FY14 and FY15 Recommended			
Year	General Fund	Grant Fund	Total
FY07	\$7,133,530	\$2,700,000	\$9,833,530
FY08	\$8,273,360	\$2,700,000	\$10,973,360
FY09	\$8,048,580	\$2,700,000	\$10,748,580
FY10	\$7,628,240	\$2,700,000	\$10,328,240
FY11	\$6,285,150	\$2,344,020	\$8,629,170
FY12	\$5,990,310	\$2,344,020	\$8,334,330
FY13	\$9,197,933	\$2,742,854	\$11,940,787
FY14	\$8,769,515	\$2,842,854	\$11,612,369
FY15 Rec	\$10,103,381	\$2,842,854	\$12,946,235

Total workyears/FTEs declined from a high of 55.40 in FY08 to a low of 32.70 in FY12. In FY14, the Council added 2.00 FTEs to the DED budget, and total FTEs today are 16.2% above the FY12 low watermark.

Workyears/FTEs (by budget or fund) FY07-FY14 and FY15 Recommended						
Year	General Fund	CIP	EDF	NDA Conf Cntr	Grant Fund	Total
FY07	43.90	2.10	1.00	1.00	0.00	48.00
FY08	49.00	2.60	1.00	1.00	1.80	55.40
FY09	44.60	2.60	1.00	1.00	1.00	50.20
FY10	40.60	2.60	1.00	1.00	0.20	45.40
FY11	30.80	3.00	1.00	1.00	0.00	35.80
FY12	26.50	4.20	1.00	1.00	0.00	32.70
FY13	29.05	4.20	1.00	1.00	0.00	35.25
FY14	31.30	4.70	1.00	1.00	0.00	38.00
FY15 Rec	31.30	4.70	1.00	1.00	0.00	38.00

D. Public hearing testimony

The Bethesda-Chevy Chase Chamber of Commerce submitted testimony in support of funding for Montgomery Business Development Corporation, specifically MBDC's request for additional funding to expand marketing efforts and to hire a research analyst. *See BCCC Testimony*, © 23.

The Gaithersburg-Germantown Chamber of Commerce submitted testimony in support of full funding for the County Executive's recommended budget for the Department of Economic Development, including full funding of the Economic Development Fund and the proposed additional programmatic funding for the Life Sciences Incubator Program. GGCC also testified in support of \$100,000 of additional funding for MBDC. *See GGCC Testimony*, © 25.

The City of Takoma Park testified in favor of additional funding for neighborhood-based economic development initiatives. Specifically, Takoma Park testified in favor of more marketing and revitalization-related work along the Purple Line corridor. *See Takoma Park Testimony*, © 26.

The Montgomery County Chamber of Commerce submitted testimony in support of DED's budget. MCCC emphasized the importance of focusing economic development efforts on promoting the County and attracting new businesses. MCCC also testified in favor of the biotech and cybersecurity tax credit programs, and in favor of improvements to the incubator program. MCCC also testified in support of MBDC's efforts. *See MCCC Testimony*, © 27.

E. Neighborhood Economic Development

Councilmember Branson submitted a letter to Chair Floreen requesting additional wayfinding improvements in Silver Spring. *See* © 97. The Mayor of Takoma Park submitted testimony requesting more neighborhood economic development along the Purple Line and other commercial corridors in Takoma Park.

DED's capacity to respond to such requests is limited (though improved by last year's decision to add a Capital Projects Manager to DED). Over the years, such neighborhood economic development efforts have from time to time occurred, though typically not out of DED.

If the Committee would like to make a specific request, Staff recommends allowing DED time to coordinate other departments and report back to the Committee in writing.

F. Themes and Big Picture Issues

The following issues and themes provide the context for this review of DED's budget:

- Incubators: DED's implementation of the incubator transition and National Cybersecurity Center of Excellence has been controversial. *Staff has included materials at* © 30-55 *of this packet. For a summary of the issues, see Council Staff's memorandum*

to Councilmembers, © 35. For current status, see *Memo from Silverman to Council*, © 49.

- **Bioscience:** In the Economic Development Fund budget, the Executive requests \$500,000 for the biotech tax credit, and requested funding for a previously executed Economic Development Fund Agreement with Meso Scale Diagnostics. In the DED budget, the Executive requests \$400,000 for additional/new programming for the life sciences incubator programs, and also requested \$500,000 for BioHealth Innovation (up from \$250,000 in the 2012 multi-year funding commitment).
- **Ag Services Funding:** Work to reorganize the Ag Services budget continues from the capital budget worksessions. This operating budget discussion includes not only adding a shifting of positions out of the capital budget, but also includes using WQPC funds as a source of revenue for operating budget positions.
- **Workforce Development:** Demand for workforce services continues to grow. *For the 2014 Update on Workforce Services, see © 84.* A restricted donation account containing \$86,606 can be used to fund additional efforts in Workforce Services. DED partners MBDC and MMF are both involved in a project called Rx for Employability (*see © 60*) for which MBDC has applied for a State grant. Based on Staff's analysis, assistance from the County to that project for the purpose of ensuring that students have adequate wraparound services and stipends (for child care and transportation) would require putting up to \$77,500 on the reconciliation list.

2. FY15 EXPENDITURE ISSUES

A. Add: Convert William Hanna Innovation Center to National Cybersecurity Center of Excellence (NCCoE) \$435,000

This \$435,000 includes estimated debt service and capital reserve for the NCCoE in addition to the \$250,000 already in the DED base budget, leading to a recurring annual cost of approximately \$685,000 over the next 10 years. This represents the County's share of the cost of the NCCoE project, with the State picking up a portion of the tab as well. *For more detail on this project, please see Council Staff's memo to Councilmembers, © 35.*

Offsetting some of the cost of conversion is the future savings from a near-term replacement of the HVAC system (estimated cost of \$2.5 million).

Some incubator tenants are advocating for another physical incubator on the same site, or a shared use facility with the NCCoE. *For example, see Letter from Stringham et al, © 53.* It is not clear what advantage that would have to the County beyond the advantage to the current or former incubator tenants, who would like to maintain the status quo at the facility.

Staffing levels for the incubator have been an issue of concern—closure of the William Hanna Innovation Center improves the incubator-to-staff ratio from 5:3 to 4:3. This will assist in providing enhanced programmatic support to the incubators (see below).

Staff concurs with the Executive's recommendation.

Staff recommends requesting monthly reports from DED regarding the status of current incubator tenants, accommodations made to provide soft landings to tenants, status of any ongoing discussions with commercial landlords, and feasibility of privately owned incubators.

B. Add: Life sciences incubator programming and support \$400,000

In addition to improving the staff-to-incubator ratio, the FY15 Recommended budget includes an additional \$400,000 for incubator programming and support. This programming and support will be provided to companies within the life sciences industries, whether or not they are currently in the incubator network.

In short, this expenditure would provide the following: \$60,000 to build a strong mentorship program; \$130,000 for grants to life sciences companies to assist with valuation; \$130,000 for milestone/hurdle grants to assist life sciences companies to obtain necessary technical experts or assistance in making SBIR grant applications; and \$80,000 for a consultant to design the programs, and recruit mentors and partners. *For a detailed description of DED's plans for this \$400,000 expenditure, please see Q & A #1 on © 9.*

Improved and expanded incubator programs are an important part of improving the County's innovation ecosystem. The next stage of the incubator transition will involve more emphasis on operating and programming, and less emphasis on real estate.

Staff concurs with the Executive's recommendation.

C. Ag Services Funding

The Montgomery Soil Conservation District sent a letter to Councilmember Roger Berliner regarding the SCD's additional needs, as well as potential funding for those needs. *See Soil Conservation District Letter, © 67.* To wit, the SCD requested \$320,000 in funding from the Water Quality Protection Charge in order to (1) fund restoration of a currently vacant Resource Conservationist position, (2) shift the other Resource Conservationist from the DED budget (currently 10% in the CIP and 90% in the operating budget), and (3) provide funding for best practices management, cost share and equipment rental programs to assist farmers in implementing improvements to water quality and reducing storm water impacts. *For more details, see © 69-70.* Councilmember Berliner subsequently sent a letter to the members of the PHED Committee expressing his support for this request. *See Berliner Letter, © 71.*

The PHED Committee will need to decide whether to support this change and place additional resources on the reconciliation list. Procedurally, if the PHED Committee recommends adding the resources requested to the reconciliation list, then the next step is for the T&E Committee to consider whether to fund this \$320,000 request within the budget of the Water Quality Protection Charge. If the T&E Committee supports this approach, then the

reconciliation list request could be funded without competing with other priorities for General Fund resources.

Staff recommends the following approach:

- **Place \$230,000 on the reconciliation list for the operating budget to fully fund the Soil Conservation District's request.**
- **On April 29, the T&E Committee will make a recommendation to the Council as to whether the Water Quality Protection Charge should fund the requested \$320,000 in Soil Conservation District uses.**
- If the Council decides to add \$320,000 in funding for the Soil Conservation District to the Water Quality Protection Charge, then the \$230,000 can come off of the reconciliation list.
- If \$230,000 comes off the Reconciliation List and \$90,000 is shifted out of the General Fund portion of DED's budget, then the Soil Conservation District's \$320,000 request will be fully funded.
- The Ag Land Preservation Easement Program PDF should be further amended to remove reference to the 0.1 FTE for Resource Conservationist and 0.1 FTE for Program Manager, and shift funding (\$20,000) for those personnel costs from Planning, Design and Supervision to Land Acquisition. These changes will substantially clean up the capital budget for agricultural land preservation, further increasing resources available for land preservation. See *Ag Land Preservation Easements PDF #788911*, © 73.

During worksessions on the capital budget, this Committee recommended, and the full Council supported, shifting the Manager II position from the capital budget to the operating budget. That shift would be a straight addition, rather than being added to the reconciliation list. **Add \$211,260 to the General Fund portion of DED's operating budget.** A consequence of this action is that there would be annual funding in the capital budget for the purchase of approximately one additional Building Lot Termination (BLT).

During worksessions on the capital budget, this Committee also recommended, and the full Council supported, shifting a vacant and unfunded Business Development Specialist position from the capital budget to the operating budget. **The Committee will need to decide whether to add funding for this position (\$89,581) to the operating budget reconciliation list.**

D. Workforce Services Funding

The Executive did not recommend funding for new initiatives or personnel in the budget for Workforce Services in FY15. While the recommended budget did not include additional funding for Workforce Services, Staff's review of the Restricted Donations NDA revealed a restricted donation balance of \$86,606. DED, OMB, and Finance provided the following details for the potential use of this balance: *The \$86,606.15 residing in the RDA 95027 is for the Workforce Services Division. \$24,933 was carried over since FY08 and the source is from the program income of the Annual Workforce Award Ceremony. In FY12, \$60,024.75 was deposited in this RDA. The source was from the State Dept. of Labor Licensing and Regulation (DLLR) for the rent payment of their space in the Wheaton One Stop Center. This was the first and the only time the rent payment was deposited into the RDA as DED did not have the proper method*

addressed to handle this first rent payment from the State. DED has now set up a grant account to handle the DLLR rent payment. Workforce Services Division is tracking this balance and will be expending it during FY15/FY16.

The available RDA balance is a potential source available for unfunded requests, such as additional coordination or support of DED's Montgomery Moving Forward initiative and the related EARN Grant proposal submitted by DED partner MBDC. The RDA balance might also be available to fund work related to the PHED Committee's recent request that DED task the County's Workforce Investment Board to develop by December 1, 2014 an implementation plan for linking more disconnected youth to in-demand career pathways in the County. Development of that implementation plan would necessarily involve coordination with MCPS, Montgomery College, and other key stakeholders.

E. Montgomery Business Development Corporation

In FY13 and FY14, the Council appropriated \$500,000 to the Department of Economic Development to contract with Montgomery Business Development Corporation (MBDC), and MBDC was included in the non-competitive contract list. MBDC was established to be an apolitical organization providing a business-friendly perspective regarding economic development issues. MBDC seeks to improve the County's ability to compete economically, to minimize the cost of doing business, and to foster growth while maintaining and improving the County's quality of life. MBDC functions include strategic planning, retaining and attracting business, and legislative and regulatory advocacy. *For more information about current activities, please see MBDC 3rd Quarter Report (© 57A) and MBDC 2nd Quarter Report (©56).*

The following table outlines FY14 contract tasks and budgets:

Task	Key Deliverable Activities	Activity Period	Budget (including and/overhead and programming)
Task I. Supplementing DED's business retention, attraction, and expansion	a. Business Visitation	Ongoing Activity	\$125,000
	b. Develop marketing materials, both print and digital for targeted audiences, e.g., site selection consultants. Develop and implement marketing plan that results in increase awareness for target markets and relationships building with decision makers and site selection consultants.	Marketing Plan: 9/30/13; Marketing Materials 8/30/13-1/30/13; Ongoing Activity	\$145,000
	c. Identify and market mixed use commercial sites, including sites owned by the County.	Ongoing Activity	\$30,000
Task II. Advocate for the business community, participating in strategic planning and effective policy analysis	a. Engage in policy discussions and where appropriate and where policy will have a direct impact on the business community and/or economic development, the MBDC Board shall make recommendations and/or take positions.	Ongoing Activity	\$60,000
	b. Collect and communicate relevant, current and consistent demographic and economic data with stakeholders, the business community and elected officials.	Ongoing Activity	\$60,000
	c. In collaboration with DED, assist with development on long range strategic plan.		\$50,000
	d. Develop and maintain a list of the assets of Montgomery County as the place to invest and do business, and communicate those assets through their business visits, website, marketing literature and other means of regular and electronic publications.	September 2013; ongoing activity	\$15,000
	e. Undertake studies of the business community, emerging sectors and target markets. This shall include Roundtables with various business sectors.	July 1, 2013-ongoing activity	\$15,000
TOTAL			\$500,000

In March, MBDC requested additional funding of \$100,000 to hire a dedicated research/IT staff person² and to expand marketing efforts beyond the FY14 baseline. *See MBDC Funding Request* © 58. After discussing cash flow and account balance through 3QFY14, **Staff and MBDC agreed that the additional FY15 expenditures could be funded by current account balance without falling below benchmark for reserves.**

While MBDC's proposed plan to ramp up marketing efforts can be funded within reserves, **a more ambitious marketing action plan for FY15 would require additional expenditures.** Examples of expenditures for this purpose might include: site selection audit, consultant studies, professional services, targeted marketing materials, and materials developed with DED and the State of Maryland marketing specific economic development incentive or tax credit programs or to market the County's MOVE program. **If the Committee supports a more robust marketing program, \$25,000 to \$40,000 could be added to the MBDC budget.**

However, given the pace of MBDC's expenditures through 3QFY14 and the natural uncertainty associated with any planned hiring/expansion, **Staff recommends the following budget provision:**

Staff recommends the following: *This resolution appropriates \$540,000 to the Department of Economic Development to contract with the Montgomery Business Development Corporation (MBDC), \$40,000 of which is for new/expanded marketing and attraction efforts. Before that \$40,000 is spent, the Department of Economic Development must submit a report to the County Council in January 2015 detailing MBDC's 3rd Quarter and 4th Quarter action plan for marketing and attraction. In order to provide the Council with a baseline of marketing activity, the report should also include a summary of marketing activities and expenditures by quarter in FY14 up to and including the first two quarters of FY15.*

F. Rx for Employability and Montgomery Moving Forward

Rx for Employability is a project proposed for an EARN grant from the State Department of Labor, Licensing and Regulation. MBDC submitted the grant proposal for an industry led career pathway development model. EARN grant notification is expected after the Council approves its budget, but before the end of FY14.

If the grant is awarded, the project would serve unemployed or underemployed heads of households who are unlikely to move along a pathway to a career without substantial assistance (assistance for tuition, child care, transportation, professional and soft skill development, etc.). *For more detail about this grant proposal and MBDC's partners, see* © 60. Rx for Employability is a pilot program—if successful the program can be refined and repeated by other

² MBDC estimated that personnel costs would account for 70% to 75% of that additional cost, not including office expansion costs (higher rent in FY15, additional computer, furniture, etc.). The remainder (approximately 15%-20%) would have funded additional marketing initiatives. Staff believes that MBDC has underestimated the personnel costs associated with the desired skill set—if Staff's estimated personnel costs are accurate, this would leave a smaller remainder for new marketing initiatives.

combinations of Montgomery County coordinating and implementing entities, can be modified to serve other populations, or can be implemented with partners in other industries.

While MBDC submitted the grant proposal, MBDC has several partners in the effort. Those partners include CVS/Caremark, Nonprofit Roundtable (Montgomery Moving Forward), Universities at Shady Grove, UMD, Montgomery College, Adventist Health Care, Holy Cross Hospital, Johns Hopkins Health Care, and others. *For a complete list of partners, see © 61.*

The project would begin with cohorts of students in three career pathways: sterilization technicians leading to a career path in infection control; pharmacy technicians leading to a career path in pharmacy; and medical coder bridge program for incumbent workers.

A key to the ultimate success of the project will be the career navigation, wraparound services, tuition assistance and stipends for child care and transportation.

The Executive recommended \$130,000 for Montgomery Moving Forward in the DED budget (in addition to another \$30,000 in the CE Grants NDA) for a total of \$160,000.³ This effort seeks to find common ground and develop actionable plans to tackle problems facing Montgomery County. Moving Montgomery Forward is a collaborative effort with a leadership group comprised of top leaders in government, education, private industry, and the non-profit community. *See Montgomery Moving Forward, © 62; Montgomery Moving Forward Leadership Group, © 63.*

Montgomery Moving Forward defines itself as “a vehicle for change, not an organization or a program.” **MMF itself requires a budget of only \$45,000.** However, Montgomery Moving Forward is identified as one of the partners contributing to the Rx for Employability project. **Staff estimates that the appropriate level of contribution is \$192,500.** *Please see Council Staff e-mail, © 63-64.*

DED, in response to Staff’s question regarding why the \$30,000 was funded in the CE Grants NDA rather than in DED, provided the following response: *These all came in as CE Grant Applications. The items moved to the DED base budget were established programs that have received funding for several years for the same purpose. This year’s Moving Montgomery Forward application was different, because it was tied to salary for the Project Director. In prior years, the award was for the Beyond Charity project and follow up symposium. Now that MMF is its own program (under Nonprofit Roundtable), a CE Grant was awarded.*

Whether the money is in the Grants NDA or in the DED budget, the management will be in DED.

³ MMF also requested an additional \$10,000 in the Council grants NDA.

Staff recommends moving the \$30,000 out of the Grants NDA and into DED, increasing the total in the DED budget to \$160,000. Of that amount, \$45,000 should be designated for Montgomery Moving Forward (Nonprofit Roundtable), with the remainder designated for Rx for Employability. Staff recommends adding \$77,500 for Rx for Employability on the reconciliation list (total of \$237,500).

As a follow-up item, Staff recommends that the PHED Committee should ask for a summer report from MBDC and MMF regarding the status of the grant award and the status of coordination efforts with DED.

G. BioHealth Innovation

BioHealth Innovation (BHI) facilitates the development of commercially viable biohealth products and companies by connecting market relevant research assets to funding, management and marketplaces. *For a description of BHI and FAQs, see © 75-76.* BHI receives funding from a variety of sources, including: federal grants, in-kind donations, university partners, and private contributions. *See BHI Sources and Outcomes, © 77; BHI Impact, © 78.* BHI has leveraged contributions from Montgomery County and other early funding partners and raised a substantial amount of private capital. *See BHI Impact, © 78; 2013 and 2014 Performance Metrics, © 79-80.*

BHI's innovation startup package assists early stage bioscience firms in reaching their goals. *See Startup Package, © 81.* BHI is in the planning stages for a possible health technology accelerator in Montgomery County, similar to the DreamIt accelerator operated by BHI in Baltimore. *See Health IT Accelerator, © 82.*

The FY15 recommended budget includes \$500,000 for BHI, representing no change from the FY14 budget. This amount is greater than the \$250,000 for FY15 identified in the multi-year funding agreement in Supplemental Appropriation 12-329, which was adopted on January 31, 2012. A provision in that resolution indicated that funding for BHI would fall from \$500,000 in FY14 to \$250,000 in FY15 and then to \$0 in FY16.

Staff agrees with DED's statement that BHI will "need a solid anchor sponsor for the next 3-5 more years to mature into a self-sustaining organization." See Q & A, © 11. Given the amount of leverage to date, Staff agrees that it is appropriate to "evaluate and recommend to the County Executive in early FY15 the funding commitment for FY16 and, if necessary, beyond FY16." While it may be appropriate for FY16 funding to drop below the FY15 recommended budget, BHI's fundraising efforts would be assisted by certainty regarding FY16-FY17 funding.

Staff concurs with the Executive's recommended budget of \$500,000.

Staff recommends requesting follow up from DED before the end of 1QFY15 regarding a funding commitment in FY16-FY17.

H. Enhance: LEDC Foreclosure Support Services \$55,000

In response to Staff's questions, DED clarified that the additional \$55,000 for LEDC is for small business assistance programs and not for foreclosure counseling. For more details regarding this planned expenditure, see Q & A on © 15.

Staff concurs with the Executive's recommendation.

I. Add: Women's Business Center (REDI) \$40,000

The MWBC program helps Montgomery County women start and grow enterprises positioned for long term growth in our community. The program provides training, individual counseling, facilitated peer support, specialized resources, and access to capital.

In response to Staff's questions, DED provided the following response: *The MWBC helps more than 600 women per year gain the skills, connections and confidence needed to successfully navigate the challenging path leading to sustainable business ownership. Nearly 90% of the 800 Montgomery County people that they assist every year are women (and the majority of these women is moderate/low income and represents racial/ethnic minority groups). Through DED's partnership with the Maryland Women's Business Center, the County will provide \$40,000 in operating support enabling them to continue providing the training and free business counseling to entrepreneurs in Montgomery County. The County's support is a critical source of matching funds for their SBA grant which has leveraged an additional \$150,000 of federal funds into our community to support entrepreneurs through the MWBC.*

Staff concurs with the Executive's recommendation.

J. Increase Cost: American Film Institute \$96,792

DED provided (and AFI verbally confirmed) the following response to Staff's question: *AFI handles their cashflow shortage through their parent company's books/resources. As such, AFI's request for \$758,781 is not only to offset anticipated FY14 deficit of \$402,100 but also to pay off their parent company's advance for the past accrued deficit of \$356,681. Since FY15 funding to AFI, if approved at the recommended level, addresses accumulated deficit per AFI's request to the County, we believe AFI's FY16 finding needs will be reduced. The new process [required by the Council in the FY14 operating budget resolution] worked well with each party having clarity on timelines and the required information exchanges.*

Staff concurs with the Executive's recommendation.

K. Increase Cost: Wheaton Business Innovation Center Lease Payment \$59,000

Under the terms of the County's Economic Development Fund Agreement (EDFA) with Westfield, rent was reduced by a total of \$212,500 from FY11 through FY14. The reduced rent period will end at the end of FY14, resulting in a request for an additional \$50,000 in rent. The total rent and common area maintenance charge for this facility in FY15 is expected to be

\$329,000. This is based on a rent of \$298,000 (DED's response in the Q & A included two transposed numbers) and CAM charges of \$31,000. This lease expires in 2016.

Staff concurs with the Executive's recommendation.

L. Bethesda Blues and Jazz

Bethesda Blues and Jazz has requested assistance obtaining additional AV equipment. *Please see Bethesda Blues and Jazz Letter, © 66.* This is equipment that the County leased to Bethesda Cultural Alliance prior to its going out of business. The lease included no requirement that the County replace or replenish the equipment. The equipment lease was assigned to Bethesda Blues and Jazz.

When Bethesda Blues and Jazz purchased the facility and began operating as a venue, it appears that some of the equipment was missing or had been replaced with equipment of a lower quality than when BCA leased the equipment. While the County did state that the "equipment is currently believed to be located in the Bethesda Theater Condominium Unit," the County appears to have made no representation that all equipment was present or functional.

The County has no legal obligation to replace the equipment, and cannot confirm chain of possession of the equipment after BCA ceased operations. Furthermore, the original lease was executed almost a decade ago and contained **no replacement or replenishment requirement**—some of the equipment that is currently missing or was replaced at some point in time with lower quality equipment quite possibly would be not functioning just as a result of age or use. Bethesda Blues and Jazz provided the costs of the equipment as listed in the 2006 lease between the County and BCA. However, some of that equipment might cost more or less than those amounts if new, and probably would cost substantially less if the County were to replace the equipment with decade-old equipment.

Staff has asked BBJ to provide estimates of the cost of comparable new equipment and the cost of comparable used equipment of roughly similar vintage. Staff recommends no action at this time due to the fact that there is no legal obligation and to the difficulty in verifying the appropriate costs of any missing equipment.

3. CANDIDATES FOR THE RECONCILIATION LIST

From above: \$230,000 for funding of the Soil Conservation District's request; \$89,581 for vacant Business Development Specialist in Agricultural Services; \$25,000 to \$40,000 for MBDC (marketing); \$77,500 for Rx for Employability.

DED has 8 business development specialists (not including incubator staff) in a County with more than 33,000 businesses, and a relatively small number of professional staff members in special projects and finance. Consequently, a very small number of professionals cover a large number of strategic industries and strategic accounts and manage a large number of contracts, grants, and partnerships. An additional professional (at Grade 25 level) would assist DED in its efforts to serve the County's growing needs and the increasing complexity of DED's

projects, partnerships, incentive programs, and financial monitoring. **The cost of this position would be approximately \$95,000 fully loaded at the mid-point of the salary range.**

In addition, the MBD Division could use additional funding for prizes, awards or challenge grants for firms in cybersecurity, software development or other high-tech industries. **Staff recommends adding \$100,000 to the reconciliation list to fund prizes, awards and challenge grants.**

4. BUDGET PROVISIONS

If the Council funds the \$25,000 to \$40,000 on the reconciliation list for MBDC, Staff recommends adding the following budget provision: *This resolution appropriates \$540,000 to the Department of Economic Development to contract with the Montgomery Business Development Corporation (MBDC), \$40,000 of which is for new/expanded marketing and attraction efforts. Before that \$40,000 is spent, the Department of Economic Development must submit a report to the County Council in January 2015 detailing MBDC's 3rd Quarter and 4th Quarter action plan for marketing and attraction. In order to provide the Council with a baseline of marketing activity, the report should also include a summary of marketing activities and expenditures by quarter in FY14 up to and including the first two quarters of FY15.*

5. ITEMS FOR FOLLOW UP

- Monthly reports from DED regarding the status of current incubator tenants, accommodations made to provide soft landings to tenants, status of any ongoing discussions with commercial landlords, and feasibility of privately owned incubators.
- Request follow up from DED before the end of 1QFY15 regarding a funding commitment in FY16-FY17.
- Request a summer report from MBDC and MMF regarding the status of the grant award and the status of coordination efforts with DED.

©	Item
1	DED Budget
9	Council Staff Q & A
22	Division Summaries
23	BCC Chamber Testimony
25	GGCC Chamber Testimony
26	Takoma Park Testimony (excerpt)
27	MCCC Testimony
30	Incubator Letter Silverman to Rice (Jan 14)
33	Tech Council of Md Letter to CE Leggett (Feb 18)
35	Memo from Council Staff to Council Members (Feb 19)
40	Incubator Transition Fact Sheet (Feb 13)
42	Silverman E-mail to Tenants (Feb 18)
45	Appendix 8 from Orion Report
46	Incubator Letter Leggett to Gutierrez (Mar 5)
49	Incubator Memo Silverman to Council (Apr 1)
51	Incubator Letter Leggett to Balcombe (Apr 9)
53	Incubator Letter Stringham et al to Leggett (Apr 10)
56	MBDC Q2 Update
57A	MBDC Q3 Update
58	MBDC Request \$100,000
60	Rx for Employability
62	Montgomery Moving Forward
64	Council Staff E-mail re Rx for Employability
66	Bethesda Blues & Jazz Letter
67	Soil Conservation District Letter
71	Berliner Letter to PHED re SCD
73	PDF 788911
75	BHI
76	BHI FAQ
77	BHI Sources and Outcomes
78	BHI Impact
79	BHI 2013 Metrics
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81	BHI Startup package
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89	Small Business Navigator Report
97	Letter from CM Branson re Silver Spring Wayfinding

Economic Development

MISSION STATEMENT

The mission of the Department of Economic Development (DED) is to ensure Montgomery County remains a globally competitive and highly diversified knowledge-based economy that provides for the retention and growth of existing companies, stimulates new job creation, and enhances entrepreneurial opportunities. The Department's current Strategic Plan is based on six programs of work, which have been identified as priorities for sustainable economic growth in Montgomery County. The focus is on: 1) company retention, 2) company growth, 3) the development of strategic industry sectors, 4) the expansion of minority, women, disadvantaged and veteran owned businesses, 5) entrepreneurship, and 6) marketing.

BUDGET OVERVIEW

The total recommended FY15 Operating Budget for the Department of Economic Development is \$12,946,235, an increase of \$1,333,866 or 11.5 percent from the FY14 Approved Budget of \$11,612,369. Personnel Costs comprise 31.5 percent of the budget for 37 full-time positions and two part-time positions, and a total of 31.30 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 68.5 percent of the FY15 budget.

LINKAGE TO COUNTY RESULT AREAS

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

- ❖ ***A Responsive, Accountable County Government***
- ❖ ***Healthy and Sustainable Neighborhoods***
- ❖ ***Strong and Vibrant Economy***
- ❖ ***Vital Living for All of Our Residents***

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY14 estimates reflect funding based on the FY14 approved budget. The FY15 and FY16 figures are performance targets based on the FY15 recommended budget and funding for comparable service levels in FY16.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***The County Executive recommends funding the Montgomery Moving Forward initiative, a partnership of County Government, Montgomery County Public Schools, Montgomery College, the non-profit community and the private sector, to assist unemployed and underemployed County residents in gaining employment in the health and wellness industry.***
- ❖ ***In partnership with the State of Maryland and the National Institute of Standards and Technology (NIST), Montgomery County has become the new home to the National Cybersecurity Center of Excellence. The Center will position the County to be the epicenter of this emerging and fast growing industry.***
- ❖ ***Implement the first phase of the new Incubator Strategy by delivering more programmatic activities for the life sciences industry, including: developing a complement of programs and seminars to support the life sciences innovation program; cultivating relationships with private sector partners for real estate options; providing executive mentors with domain expertise for member companies; and developing a cadre of seasoned entrepreneurs and other life science professionals who can provide direct assistance in a wide array of subject areas.***
- ❖ ***DED will use the framework and performance measures identified in its FY14-15 Strategic Plan to begin developing a four-year Economic Development Strategic Plan for FY16-FY19.***

- ❖ **DED's job retention, attraction, and creation efforts led to 47 out of 54 interested companies to start up, expand, or relocate to the County. The 47 companies are projected to retain and create 2,254 jobs, lease 232,000 square feet of office space, and generate \$56 million in capital investment over the next 3-5 years.**
- ❖ **Through DED's business assistance efforts, staff worked with over 300 businesses, organizations, and federal agencies in Montgomery County, resolving over 600 issues, retaining over 1,400 jobs, and creating approximately 850 new jobs.**
- ❖ **In FY14, DED partnered with Bethesda Green, the Montgomery Business Development Corporation and the William James Foundation to launch the Mentor Capital Network to provide local green businesses with one-on-one mentoring, peer networking, business plan assistance and access to investors.**
- ❖ **Completed the Business Incubator Network study to improve incubator program viability, investment activities, and job creation.**
- ❖ **Assisted over 14,000 job seekers, including placing 6,000 workers in jobs in approximately 700 businesses.**
- ❖ **Assisted nearly 3,000 business officials through 100+ technical assistance events and trainings.**
- ❖ **Obtained State approval to designate the 235-acre Glenmont Enterprise Zone, to encourage redevelopment and job creation through income and real property tax credits.**
- ❖ **Created the New Farmer Pilot Project to encourage agricultural entrepreneurs to choose Montgomery County as a home for their start-up businesses, resulting in four new farm enterprises in Montgomery County.**
- ❖ **DED will partner with UMD Extension, the Farm Bureau, and private farmers to create a farm equipment sharing program, which will provide small farms with more efficient ways to do business.**
- ❖ **The County Executive recommends funding for the Maryland Women's Business Center (MWBC), which provides training, counseling, peer group support, resources, and access to capital to over 600 women entrepreneurs in Montgomery County.**
- ❖ **In addition to the funding for this department, the recommended budget includes grants to our community partners totaling more than \$1.5 million for 37 proposals for economic development. Community organizations augment and supplement government programs by providing services such as professional development, internships, community building, and training as well as support for the Food Council and food recovery programs. These community organizations are critical to an effective network of services and are often able to provide these services in a more cost-effective, culturally appropriate, and flexible way than County Government. They also are able to leverage community resources that may be unavailable to County Government. For details, please see Community Grants: County Executive in the Non-Departmental Accounts section.**
- ❖ **Productivity Improvements**
 - **Promoted the Local Small Business Reserve Program (LSBRP) and the Minority, Female, and Disabled-Owned Program to local, state, and regional organizations, contributing to \$45 million in contracts (38% of all eligible contracts) awarded to LSBRP contractors.**
 - **DED successfully launched the www.i2conference.com site and held the 2nd Annual Innovation2Commercialization Conference, hosting 100+ innovators, 20+ federal labs and university tech transfer offices, and numerous investors and large companies seeking small business partners. This effort enhances the support provided to the research community and the federal laboratory system in Montgomery County.**
 - **Ten small businesses graduated from the DED's Small Business Mentorship Program.**

PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Jahantab Siddiqui of the Office of Management and Budget at 240.777.2795 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 creation of new businesses, the retention and growth of existing businesses, and the attraction of strategic businesses to the County. This includes a specific focus on strategic industry sectors: life sciences, IT, healthcare, green technology, and government contracting.

The Department supports the county's entrepreneurial ecosystem by running a highly-regarded innovation center network for 150+ technology companies and by leveraging entrepreneurial activities and events by partners. The retention and growth of County businesses includes a robust visitation program focusing on the largest private employers in the County, on those businesses with significant changes (contract wins, mergers, C-level changes, etc.) and those with upcoming lease expirations. DED staff work with these companies to remove roadblocks to growth, to provide introductions to contacts and identification of resources. Attraction targets are identified through trade show and conference attendance, through referrals from partners, through visits to select companies, and through advertising, web site, social media, and public relations events.

In general, DED staff assists with needs assessment, financial and training assistance, site identification, and expediting and coordinating business development. DED staff also provide clients with land-use planning expertise, economic analysis, b2b match-making, 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. The program also establishes and maintains 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 trade missions, and other major events that provide exposure and opportunities to market and promote the County.

In addition, this program, jointly with the Finance and Administration Division, manages the Business Innovation Network, which currently includes five facilities in Wheaton, Silver Spring, Shady Grove, Rockville, and Germantown and encompasses over 140,000 square feet of office/lab space. These facilities provide high-level business support services and innovative programming to over 160 entrepreneurs. The program also operates a virtual network that provides identical programs and services to over 20 participating businesses without incurring the cost of leasing office space.

Program Performance Measures	Actual FY12	Actual FY13	Estimated FY14	Target FY15	Target FY16
Actual total jobs created by DED per fiscal year	1,560	1,372	1,163	1,163	1,163
Amount of federal grant funding received by County incubator companies (in millions)	4.4	4.4	4.4	4.4	4.4
Amount of private equity financing received by County incubator companies (in millions)	16.9	16.9	16.9	16.9	16.9
Number of intellectual property issued to County incubator companies ¹	38	38	38	38	38
Number of new jobs created by incubator companies during the incubation period ²	180	0	0	0	0
Percent of active prospects successfully closed per fiscal year ³	25%	30%			
Total new prospects developed	64	64	64	64	64
Jobs created by existing business expansion within three years of DED involvement ⁴	709	720	730	730	730
Jobs created by new business attraction within three years of DED involvement ⁵	758	769	781	781	781
Total new capital investment by businesses currently located in the County through DED involvement (in millions) ⁶	380	320	258	258	258
Total new capital investment by newly attracted businesses and start-up businesses through DED involvement (in millions) ⁷	141	57	68	68	68
New commercial space occupied by businesses currently located in the County through DED involvement (sq. feet)	368,850	1,049,458	724,832	750,000	750,000
New commercial space occupied by newly attracted businesses and start-up businesses through DED involvement (sq. feet) ⁸	316,457	240,314	195,085	200,000	200,000

¹ The County's incubator network is currently going through the strategic evaluation, as the market demand and the functionalities of the incubator have changed in the last several years. As such, pending adoption of new strategies and programs, all performance measurements related to the incubators will likely change.

² This measure will no longer be reported from FY13. By definition and physical design, the incubators are not established to accommodate rapid or big job growth "during incubation period." An emphasis will be on monitoring the post-graduation job creation. In addition, the County's incubator network is currently going through the strategic evaluation, as the

³ Due to the ambiguity and difficulty in interpreting and monitoring this measure, from FY13 on this measure will not be used.

⁴ From FY13, this measure is renamed "Jobs created by existing expansions through DED involvement."

⁵ From FY13, this measure is renamed as "Jobs created by new business attractions and start-ups through DED involvement."

⁶ The projection is an average of previous three years, unless DED has actual prospects in the pipeline with confirmed investment number.

⁷ Increase from FY11 to FY12, and the decrease from FY12 to FY13 is caused by several large projects like COSTCO, Teva Pharmaceuticals, and Filmore being captured in FY12.

⁸ Projections are average of three previous years.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	2,153,896	13.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-64,115	-1.00
FY15 CE Recommended	2,089,781	12.00

Business Empowerment

The Division of Business Empowerment provides a variety of programs and services to the County's small and minority business community through creative initiatives and partnerships with community organizations, business groups, private enterprises, and other public agencies. Services include providing technical publications and services, workshops and conferences, the business mentorship program, and convening targeted business development events in areas such as procurement and contracting. Serving as the primary resource and advocate for small businesses in Montgomery County, this program addresses the unique needs of the small business community and helps with short- and long-range economic development strategies for the County.

The Division of Business Empowerment provides a Small Business Navigator to assist small businesses with their compliance with County policies and regulations. This person promotes communications between a small business and County departments or agencies that the small business must interact with. Efforts are also made to identify changes that could improve turn around, eliminate duplication, resolve conflicts and eliminate unnecessary regulations and requirements.

<i>Program Performance Measures</i>	<i>Actual FY12</i>	<i>Actual FY13</i>	<i>Estimated FY14</i>	<i>Target FY15</i>	<i>Target FY16</i>
Number of new jobs created by incubator companies post graduation ¹	59	109	109	109	109
Percent of participants satisfied with DED sponsored technical assistance and training programs	94%	96%	96%	96%	96%

¹ The County's incubator network is currently going through the strategic evaluation, as the market demand and the functionalities of the incubator have changed in the last several years. As such, pending adoption of new strategies and programs, all performance measurements related to the incubators will likely change.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	648,043	4.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	126,639	-1.00
FY15 CE Recommended	774,682	3.00

Workforce Services

The Workforce Services (WS) program ensures that Montgomery County has a well-prepared, educated, trained, and adaptable workforce to meet the current and future needs of business, and that the County's workforce has the tools and resources to successfully compete in a global economy.

The Workforce Investment Board (WIB) provides advice and oversight on workforce development activities and policy. The 30-member WIB is 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 WIB does much of its work through its committees, which include the Communications, Outreach, and Board Development; Executive; Finance; Program Planning; Quality Assurance; and Youth Council committees. The work of the Board is defined by its Strategic Plan. The Staff provides support to the Board and its committees.

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

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Germantown and are operated as a consortium with the Department of Licensing, Labor, and Regulation, the Workforce Solutions Group (formerly Career Transition Center, Inc.), Maryland Job Service, and other non-profit and local agency partners. MontgomeryWorks serves the businesses of the County on an ongoing basis and also provides direct services to adult and youth residents. Youth services are provided through the Maryland Multicultural Youth Center, which is operated by the Latin American Youth Council (LAYC) while TransCen offers a full range of services to youth with disabilities.

<i>Program Performance Measures</i>	<i>Actual FY12</i>	<i>Actual FY13</i>	<i>Estimated FY14</i>	<i>Target FY15</i>	<i>Target FY16</i>
Number of customers assisted with job placements for unemployed adults - dislocated, older, and disadvantaged workers. ¹	13,200	13,200	13,200	13,200	13,200
Number of employers assisted with recruitment	120	120	120	120	120
Number of employers assisted with training	40	40	40	40	40

¹ The County received additional federal stimulus grants at the end of FY09, but FY10 placements will decrease due to the continuing rise in unemployment. To reflect the anticipated improvement in the job market, DED projects a gradual increase in placements in FY11 and FY12.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	3,333,760	3.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	24,943	0.00
FY15 CE Recommended	3,358,703	3.00

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 that promote agricultural businesses and products. The Division is also engaged in supporting a local food production network. Whether through programs like the New Farmer Pilot Program, or through association with the Montgomery Food Council, the Division is actively providing assistance in local food production, food recovery and food recycling initiatives.

The goal of the Agricultural Preservation Program was to acquire easements to protect 70,000 acres of farmland in the Agricultural Reserve. This goal was achieved in January 2009, one year prior to the 2010 target date. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control and Deer Donation programs.

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 as well as help achieving State mandated nutrient reduction goals for farmland. 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 Montgomery County Cooperative Extension Office serves as the agricultural outreach education component of the University of Maryland- Extension. 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 youth development 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.

<i>Program Performance Measures</i>	<i>Actual FY12</i>	<i>Actual FY13</i>	<i>Estimated FY14</i>	<i>Target FY15</i>	<i>Target FY16</i>
Cumulative farm acres protected	71,832	71,832	71,832	71,832	71,832
Number of farm businesses assisted	160	160	160	160	160

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	537,029	3.30
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	4,808	0.00
FY15 CE Recommended	541,837	3.30

Special Projects

The Division of Special Projects administers all aspects of DED's public-private partnerships programs, encompassing the Department's capital projects, legislative activities, strategic planning endeavors and new program development. The program builds programmatic relationships with local academic institutions and Federal installations to advance the County's economic base. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for new science and technology centers in the east County area at White Oak, and manages the Conference Center NDA. The Special Projects Division also initiates and implements such activities as the development of workshops on GSA leasing activities, and forums on development issues with site search consultants and commercial brokers.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	437,795	3.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	-96,122	-1.00
FY15 CE Recommended	341,673	2.00

Finance and Administration

This program is responsible for managing and servicing all departmental administrative functions including fiscal, procurement, grant applications and monitoring, IT, human resources allocation and management, market research and data analysis, and formulating and administering the operating and capital improvement budgets. This program also administers six financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, the Impact Assistance Fund, the Small Business Revolving Loan program, the Biotech Tax Credit Supplemental Program, and the Green Investor Incentive Program. This program also works in concert with Marketing and Business Development and Business Empowerment staff to promote the development of high technology and professional services companies within Montgomery County, and applies and negotiates financial assistance from the State for the County's businesses.

<i>FY15 Recommended Changes</i>	<i>Expenditures</i>	<i>FTEs</i>
FY14 Approved	4,501,846	5.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	1,337,713	3.00
FY15 CE Recommended	5,839,559	8.00

BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,733,721	3,042,560	2,874,806	3,163,871	4.0%
Employee Benefits	753,055	858,704	830,674	908,995	5.9%
County General Fund Personnel Costs	3,486,776	3,901,264	3,705,480	4,072,866	4.4%
Operating Expenses	6,046,642	4,868,251	6,045,697	6,030,515	23.9%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	9,533,418	8,769,515	9,751,177	10,103,381	15.2%
PERSONNEL					
Full-Time	34	37	37	37	—
Part-Time	4	4	4	2	-50.0%
FTEs	29.05	31.30	31.30	31.30	—
REVENUES					
Miscellaneous Revenues	4,902	163,300	163,300	163,300	—
Other Intergovernmental	0	48,710	48,710	48,710	—
County General Fund Revenues	4,902	212,010	212,010	212,010	—
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MCG Personnel Costs	0	0	0	0	—
Operating Expenses	3,799,173	2,842,854	2,842,854	2,842,854	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	3,799,173	2,842,854	2,842,854	2,842,854	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Federal Grants	3,597,092	2,842,854	2,842,854	2,842,854	—
State Grants	105,757	0	0	0	—
Other Intergovernmental	96,324	0	0	0	—
Grant Fund MCG Revenues	3,799,173	2,842,854	2,842,854	2,842,854	—
DEPARTMENT TOTALS					
Total Expenditures	13,332,591	11,612,369	12,594,031	12,946,235	11.5%
Total Full-Time Positions	34	37	37	37	—
Total Part-Time Positions	4	4	4	2	-50.0%
Total FTEs	29.05	31.30	31.30	31.30	—
Total Revenues	3,804,075	3,054,864	3,054,864	3,054,864	—

FY15 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY14 ORIGINAL APPROPRIATION	8,769,515	31.30
Changes (with service impacts)		
Add: Convert William Hanna Innovation Center to become the National Cybersecurity Center of Excellence (NCCoE)	435,000	0.00
Add: Life Sciences Incubator Programming and Support	400,000	0.00
Add: Montgomery Moving Forward	130,000	0.00
Enhance: LEDC Foreclosure Support Services	55,000	0.00
Add: Maryland Women's Business Center (Rockville Economic Development, Inc.)	40,000	0.00
Other Adjustments (with no service impacts)		
Increase Cost: FY15 Compensation Adjustment	134,612	0.00
Increase Cost: American Film Institute	96,792	0.00
Increase Cost: Wheaton Business Innovation Center Lease Payment	59,000	0.00
Increase Cost: Annualization of FY14 Personnel Costs	25,213	0.00
Increase Cost: Group Insurance Adjustment	6,042	0.00
Increase Cost: Retirement Adjustment	5,735	0.00

	Expenditures	FTEs
Increase Cost: Printing and Mail	1,535	0.00
Increase Cost: Motor Pool Rate Adjustment	160	0.00
Decrease Cost: Reductions in Office Supplies/Equipment	-5,223	0.00
Decrease Cost: Contract Services Absorbed by FY14 Approved Positions	-50,000	0.00
FY15 RECOMMENDED:	10,103,381	31.30
GRANT FUND MCG		
FY14 ORIGINAL APPROPRIATION	2,842,854	0.00
FY15 RECOMMENDED:	2,842,854	0.00

PROGRAM SUMMARY

Program Name	FY14 Approved		FY15 Recommended	
	Expenditures	FTEs	Expenditures	FTEs
Marketing and Business Development	2,153,896	13.00	2,089,781	12.00
Business Empowerment	648,043	4.00	774,682	3.00
Workforce Services	3,333,760	3.00	3,358,703	3.00
Agricultural Services	537,029	3.30	541,837	3.30
Special Projects	437,795	3.00	341,673	2.00
Finance and Administration	4,501,846	5.00	5,839,559	8.00
Total	11,612,369	31.30	12,946,235	31.30

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY14		FY15	
		Totals	FTEs	Totals	FTEs
COUNTY GENERAL FUND					
CIP	CIP	568,754	4.70	586,475	4.70
Economic Development Fund	Economic Development Fund	122,136	1.00	125,976	1.00
NDA - Conference Center	County General Fund	106,567	1.00	113,277	1.00
Total		797,457	6.70	825,728	6.70

FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY15	FY16	FY17	FY18	FY19	FY20
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY15 Recommended	10,103	10,103	10,103	10,103	10,103	10,103
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	30	30	30	30	30
These figures represent the estimated annualized cost of general wage adjustments, service increments, and associated benefits.						
Labor Contracts - Other	0	-5	-5	-5	-5	-5
These figures represent other negotiated items included in the labor agreements.						
America's BioHealth Intermediary (ABHI)	0	-250	-500	-500	-500	-500
Subtotal Expenditures	10,103	9,879	9,629	9,629	9,629	9,629

Response to CC - FY15 OPERATING BUDGET QUESTIONS FOR DED

Submitted to CC on 4/15/2014

- 1. Incubators: Life sciences incubator programming and support (\$400k). Please break out the \$400k into separate tasks related to—(1) developing a complement of programs and seminars to support the life sciences innovation program, (2) cultivating relationships with private sector partners for real estate options; (3) providing executive mentors with domain expertise for member companies, (4) developing a cadre of seasoned entrepreneurs and other life science professionals who can provide direct assistance in a wide array of subject areas.**

\$400,000 in funding to support Life Sciences companies relocating within or moving to the County. In addition to establishing a complement of programs to support the life sciences innovation program and assist companies in developing relationships conducive to growth, the funding will enable the Department to make progress toward transforming the County's Business Innovation Center Network.

Based on Orion's report, DED has expanded the concept of incubator companies to include any early stage technology companies that DED provides on-going assistance and program support to. Hence, DED's approach in utilizing this \$400K referred to as Life Sciences Incubator Programming and Support will not be limited to life sciences companies physically located in the County's incubator.

The proposed use of \$400K in FY15 is as follows:

Category	Budget	Need
Mentorship Program	\$60,000	<ul style="list-style-type: none"> • A weakness in BIN pointed out by the Orion Report was a lack of individualized technical assistance on broad subject areas pertinent to business operations and management. • DED will identify 5-7 long term partners (including 2-3 DED staff) to acquire 4 day training and certification through the MIT Enterprise Forum Mentor Program. These individuals will in turn manage 20-30 mentors (recruited partners and volunteers) to provide on-going assistance to incubator companies (not limited to life science) regarding best practices and execution on management and operational issues. • This program will feature one-on-one sessions between incubator companies and mentors, enabling attendees to gain expert feedback pertaining to their business needs. • \$6 -\$8,000/person required to complete 4-day MIT Enterprise Forum Mentor Program.
Business Valuation Grant	\$130,000	<ul style="list-style-type: none"> • Early stage high technology and life sciences companies inherently require sophisticated and unique approaches to determining their value. Proper determination of the value can lead to companies taking proper path for further growth by M&A, licensing, pricing equity infusion.

		<ul style="list-style-type: none"> • This grant will assist 5-6 well qualified incubator companies to receive industry specific valuation, assisting them to transition to optimal survival/growth path. • Similar to EDF transactions, certain “stay put” conditions will be imposed to grant recipients to ensure long-term benefit to the County.
Milestone/Hurdle Grant	\$130,000	<ul style="list-style-type: none"> • Many early stage high technology and life sciences companies require assistance in very focused areas to prime/prepare their business for the next round of equity funding, SBIR Phase II Grant submission, or enter into a license deal, but lacks resources. • This grant will assist 5-6 well qualified incubator companies to acquire necessary technical experts (beyond the capacity of mentors or required longer commitment) to assist them meet the milestones and/or prove the “value.”
Consultant/Contractor	\$80,000	<ul style="list-style-type: none"> • Designing these mentorship program, recruiting and managing volunteers/partners, and implementing and managing the proposed grant programs require significant staff capacity that DED does not present have. • \$80K will allow DED to engage consultant/contractor to design/oversee these new initiatives.

2. Wheaton Incubator: The FY15 budget indicates a cost increase of \$59,000 for this item, which is comprised of rent and CAM charges. Please explain basis/formula leading to assumed increase in CAM charges.

For Wheaton Incubator, \$329,000 is budgeted in the CE’s Recommended Budget. Of \$329,000, \$279,939.46 is for the lease payment to Westfield and \$31,060.54 allocated for the CAM charge. As separately attached CAM fee chart (last page of this packet--from 1/31/2011 through 4/30/2014) illustrates, during FY13, the total CAM charge was \$28,598.52. The increase of \$2,462.02 was to factor for the snow removal and increasing costs.

3. BHI: Please explain why the Executive recommended \$500,000 in FY15 rather than the \$250,000 in the multi-year funding agreement described in the original supplemental appropriation resolution. Please describe the additional tasks to be performed or targets to be met with this increase above the previously established FY15 funding commitment.

The initial funding commitment to BHI was for \$1.5 million over three years; funded \$250K in FY12, \$500K in FY13, \$500K in FY14, and \$250K was in the base budget of FY15. The increase of \$250K in FY15 is to enable BHI to have a stronger leverage (anchor sponsor) to encourage other existing and new partners to continue their investments for a minimum of another 3 years.

BHI executes a solely economic development based non-profit mission. BHI has been one of the most productive economic development initiative seed funded by the County to this date, as clearly detailed in BHI's presentation to the County Council early this year. BHI, through its first three years of operations has connected the dots with government-industry-academia foundations and non-governmental organizations in the health & life science industry to truly formulate a resource and the necessary delivery system to promote entrepreneurship. In FY13, the County's \$500,000 was leveraged with \$1.7 million in private contribution, in FY14, BHI leveraged the County's \$500,000 with \$4.093 million from 19 entities (Medimmune and Becton Dickenson were the next largest contributor after the County at \$250,000 each).

BHI is on pace to improve the leverage factor in FY15. BHI's first three years were focused on service delivery system and partnership setup and developing an infrastructure and quality organization to function as an effective innovation intermediary for Montgomery County. We believe the next few years will be when the County is rewarded with the economic development benefits and impact from their operation. The County's unwavering commitment has been, and will be integral to BHI's success in leveraging private sector funds and delivering the high-impact, high-result entrepreneurial and innovation activities in the County.

Due to the comprehensive activities of BHI covering the full range of assisting life sciences industry, and thanks to 19 very active and prominent board members representing the industry, academia, and government research field setting BHI's direction, the County does not limit BHI's ability by requiring our own "performance targets" beyond BHI's existing goals.

4. BHI: Please clarify approach to funding in FY16 and beyond.

BHI's dependence on the County's funding will decrease over time. However, BHI will need a solid anchor sponsor for the next 3-5 more years to mature into a self-sustaining organization that we have all envisioned and endorsed during BHI's formation, which BHI hopes to leverage using the County's increased support in FY15.

Based on BHI's continued success (both in performance outcomes private investment raised), DED/OMB will evaluate and recommend to the County Executive in early FY15 the funding commitment for FY16 and if necessary, beyond FY16.

5. MBDC: List FY14 tasks and amounts, and please indicate current status for each task (achieved, in progress, amount paid out, etc.).

Following table is an excerpt from MBDC's FY14 Contract. Most of the work elements are for on-going activities, suitable to be measured at the end of the contract term in June 30, 2014. Due to the nature of their organization, DED constructed FY14 payment schedule like a retainer contract. As such, MBDC receives \$41,667 per month to handle fixed costs like payroll, rent, and IT related expenses. Beginning FY15, DED will attempt to develop a payment schedule that recognizes performance and attainment of outcomes.

Task	Key Deliverable Activities	Activity Period	Budget (including and/overhead and programming)
Task I. Supplementing DED's business retention, attraction, and expansion	a. Business Visitation	Ongoing Activity	\$125,000
	b. Develop marketing materials, both print and digital for targeted audiences, e.g., site selection consultants. Develop and implement marketing plan that results in increase awareness for target markets and relationships building with decision makers and site selection consultants.	Marketing Plan: 9/30/13; Marketing Materials 8/30/13-1/30/13; Ongoing Activity	\$145,000
	c. Identify and market mixed use commercial sites, including sites owned by the County.	Ongoing Activity	\$30,000
Task II. Advocate for the business community, participating in strategic planning and effective policy analysis	a. Engage in policy discussions and where appropriate and where policy will have a direct impact on the business community and/or economic development, the MBDC Board shall make recommendations and/or take positions.	Ongoing Activity	\$60,000
	b. Collect and communicate relevant, current and consistent demographic and economic data with stakeholders, the business community and elected officials.	Ongoing Activity	\$60,000
	c. In collaboration with DED, assist with development on long range strategic plan.		\$50,000
	d. Develop and maintain a list of the assets of Montgomery County as the place to invest and do business, and communicate those assets through their business visits, website, marketing literature and other means of regular and electronic publications.	September 2013; ongoing activity	\$15,000
	e. Undertake studies of the business community, emerging sectors and target markets. This shall include Roundtables with various business sectors.	July 1, 2013-ongoing activity	\$15,000
TOTAL			\$500,000

6. MBDC: What is the status of FY15 contract negotiations? If agreement on tasks has been reached, what are the tasks and associated amounts?

In FY15, we expect that MBDC's outreach will expand beyond the Montgomery County borders and enumerate the missions to other cities as part of their attraction responsibility. We are also hopeful that MBDC can represent the County at Corenet in addition to ICSC-Mid Atlantic in FY15. MBDC partnered with DBED on their Austin, TX visit mid-FY14

and attended the ICSC Mid-Atlantic event: In addition, MBDC provided >500 addresses of site selection professionals for receipt of the Community Journal publication coming in April.

7. AFI: Please provide background on this year. Did the process work better? Why did the amount increase again?

AFI's FY13 Audited Financial Statement is attached. AFI handles their cashflow shortage through their parent company's books/resources. As such, AFI's request for \$758,781 is not only to offset anticipated FY14 deficit of \$402,100 but also to pay off their parent company's advance for the past accrued deficit of \$356,681. Since FY15 funding to AFI, if approved at the recommended level, addresses accumulated deficit per AFI's request to the County, we believe AFI's FY16 finding needs will be reduced. The new process worked well with each party having clarity on timelines and the required information exchanges.

8. Sponsorships/grants to chambers of commerce and other partners. Please list by group with amount for FY14 and FY15. For each recipient, if performance measures were established in FY14 let me know whether they are on track to meet those performance measures (I think at one point Sally put together a list of the performance measures for each group—you could even just send me that list and circle any ones that seem problematic at this point).

Most of DED's sponsorships are done as a part of marketing and network building. As a result, no particular outcome, other than the County/DED participation prominently displayed for the event itself and DED's participation, is required. The only exception is the VIP (Veteran's Procurement Institute) sponsorship to MCCC issued as a contract--during the Term (as defined below), the Contractor must use the funding provided under this Contract to enable up to eight veteran owned small business owners/CEOs headquartered in Montgomery County to complete the three-day Veteran Institute for Procurement Program (the "VIP Program"). The cost of attendance for these owners/CEOs – up to a maximum of eight (8) – will not exceed three thousand dollars (\$3,000) during the Term of this Contract. MCCC have met the requirements of the contract.

While sponsorship funding does not carry performance measures, performance measures are built into all contracts such as LEDC, Maryland Women's Center, and Bethesda Green.

For instance, Hispanic Chamber is required to:

- The Contractor must provide a report with each invoice that is submitted to the County. The report must include a detailed description of the events and activities held, details on the outcomes, the (electronic) event roster/list of participants, a copy of the participant evaluations, and any additional information that is relevant to each of the items specified in the paragraphs under Article I, Scope of Services, outlined under Attachment B, and requested by the County.
- The electronic registration/attendee roster should be emailed to Jacqueline.arnold@montgomerycountymd.gov in coordination with invoice submission.

Most of DED sponsorships are expended from the marketing division budget and while not guaranteed, most of FY14 sponsorship recipients have long partnership relationship with

DED. DED does add/discontinue sponsorships annually based on past results/proposed new results. Following is a list of FY14 Sponsorship Expenditures as of 3/26/2014:

	Sponsored Entity/Program	Sponsorship
07/05/13	Tech Council of Maryland	\$ 20,000.00
07/12/13	Ethiopian Sports Federation Sponsorship	\$ 10,000.00
07/22/13	DC Tech Breakfast Sponsorship--	\$ 3,000.00
07/23/13	Chinese Biopharmaceutical Association--annual sponsorship	\$ 5,000.00
07/23/13	Maryland DC Minority Council-Sponsorship	\$ 25,000.00
08/09/13	Maryland Hispanic Coalition/Montgomery Hispanic Gala	\$ 15,000.00
08/15/13	Montgomery County Chamber of Commerce	\$ 26,030.00
08/15/13	TEDCO--Palmer Startup Maryland Pitch 2.0	\$ 2,500.00
08/20/13	MEDA--annual sponsorship	\$ 5,000.00
08/26/13	NAIOP Annual Sponsorship	\$ 500.00
09/12/13	BHI--sponsorship for Annual Crabfest	\$ 1,500.00
09/12/13	Annual Venture Capital Forum Sponsorship	\$ 5,000.00
10/11/13	JG Business Link (Wonro Lee)--MD Korea BioExpo Sponsorship	\$ 5,000.00
10/11/13	Women in BIO Sponsorship	\$ 700.00
10/16/13	BIO Annual Membership	\$ 2,200.00
10/16/13	Governor's Asian American Event Sponsorship	\$ 2,500.00
10/21/13	World Trade Center--annual membership	\$ 1,000.00
11/08/13	MCCC-VIP Program	\$ 24,000.00
02/04/14	Montgomery Coalition for Adult English Literacy--sponsorship for grown up	\$ 1,000.00
02/11/14	A Wider Circle Inc--sponsorship	\$ 3,500.00
02/19/14	Fort Detrick Alliance Inc--DED membership	\$ 2,000.00
02/19/14	The Korean Business Enterprise Association	\$ 500.00
02/28/14	MEDA-Annual Conference Sponsorship	\$ 3,000.00
02/28/14	Emerging Leaders Program-Small Business Sponsorship	\$ 5,000.00
03/06/14	FLC (Federal Lab Consortium) Sponsorship of National Meeting in Bethesda	\$ 1,000.00
03/24/14	MIT Forum of Baltimore/Washington-Annual Sponsorship	\$ 1,000.00
03/24/14	Bethesda Green --Mentor Capital Network Program	\$ 14,500.00
03/26/14	2014 PostDoc Conference and Career Fair Diamond Sponsorship	\$ 10,000.00
	TOTAL	\$ 192,430.00

9. Other known claims on FY14 operating expenses (consultant contracts, etc.): Please identify (and approx. amount).

Following table lists consultant/contracts that exceed \$10,000. DED also issued several under \$10,000 task/contract to further its mission.

Description	Amount
Consulting Contract--Maryland Business Center Shanghai Co, Ltd.	\$ 23,000
Consulting Contract to Expand Buy Local Program, and Wheaton Area Job Creation Study	\$ 50,000

Consulting Contract--CyberSecurity & Incubator strategy and implementation	\$ 180,000
Cyber Center Space Design Contract Payment to MEDCO	\$ 55,000
Consultant to assist in FY16-FY19 Economic Development Strategic Plan development	\$ 99,999
Market Research Contract	\$ 99,999
Consulting Contract Renewal--David Winstead	\$ 75,000
Consulting Contract--Van Scoyoc Contract Extension	\$ 100,000
AT&T Tournament	\$ 66,000
LEDC	\$ 100,000
Small Business Award Event Planning	\$ 25,000
Cost for Temp Service-bilingual in Chinese	\$ 22,000
Social Media Contract	\$ 50,000

10. Please list by division FY15 consultant studies that are known to be reasonably likely and approximate cost for each.

At this time, no consultant studies are planned for FY15, however, DED will evaluate the need for any additional studies related to the FY16-19 Strategic Plan development.

11. MMF: What specific deliverables are tied to this \$130k? How are those deliverables separate from the \$30k proposed CE Grant to MMF?

The \$130K funding will implement a program to link unemployed and underemployed residents to health and wellness jobs in Montgomery County. The \$30K for Moving Montgomery Forward in the CE Grants awarded to Nonprofit Roundtable is tied to salary for the Project Director (Sharon Friedman).

12. MMF: Why is the \$30k CE grant for operational support in the CE Grant NDA rather than in the DED budget?

These all came in as CE Grant Applications. The items moved to the DED base budget were established programs that have received funding for several years for the same purpose. This year's Moving Montgomery Forward application was different, because it was tied to salary for the Project Director. In prior years, the award was for the Beyond Charity project and follow up symposium. Now that MMF is its own program (under Nonprofit Roundtable), a CE Grant was awarded.

13. LEDC: Why increase from \$70k to \$125k? Why is foreclosure support services in the DED budget instead of in DHCA or HHS budget?

There is an error in the display; the \$125,000 recommended in DED's budget is for LEDC's business assistance program support. The County Executive reduced LEDC's FY14 budget from the FY13 level of \$170,000 to \$70,000 and moved the funding to DED's base budget

instead of the Community Grants NDA, when he learned of LEDC's leadership change in January 2013.

DED evaluated LEDC's performance during the first 4 months of FY14. Based on the satisfactory performance and the arrival of new leadership, DED recommended restoring FY14 funding by \$100,000 to the FY13 level of \$170,000 to minimize transitional impact for the new leadership. For FY15, DED requested that LEDC develop two sets of budget requests; one at \$150K, and the other at \$125K. Following is an excerpt from LEDC's funding request:

"With \$150,000, LEDC will:

OBJECTIVE 1: Support small business growth by providing access to capital to existing and aspiring small business owners, by closing 25 small business loans, supporting the creation/retention of 40 jobs.

OBJECTIVE 2: Educate small business owners to improve the management of their businesses by providing 250 hours of technical assistance to at least 90 businesses/potential businesses and educating 120 entrepreneurs through 12 onsite and offsite workshops and courses. This work will support the creation of 10 businesses.

With \$125,000, LEDC will:

- Close 20 small business loans, creating/retaining 32 jobs
- Provide 200 hours of technical assistance to at least 75 businesses/potential businesses, creating 8 new businesses
- Educate 100 entrepreneurs through 10 workshops and courses.

To reduce project costs from \$150,000 to \$125,000, LEDC will reduce the staff working on this project from 1.7 FTE to 1.4 FTE through small reductions in the time spent by 5 individuals working on this project. FTE levels form the basis of all other cost determinations, so all other costs will adjust correspondingly.

14. Women's Business Center: Please describe this \$40,000 item.

The MWBC program was established to help the County's diverse population of women start and grow enterprises positioned for long term growth in our community. Through training, individual counseling, facilitated peer support, specialized resources, and access to capital, the MWBC helps more than 600 women per year gain the skills, connections and confidence needed to successfully navigate the challenging path leading to sustainable business ownership. Nearly 90% of the 800 Montgomery County people that they assist every year are women (and the majority of these women is moderate/low income and represents racial/ethnic minority groups).

Through DED's partnership with the Maryland Women's Business Center, the County will provide \$40,000 in operating support enabling them to continue providing the training and free business counseling to entrepreneurs in Montgomery County. The County's support is a critical source of matching funds for their SBA grant which has leveraged an additional \$150,000 of federal funds into our community to support entrepreneurs through the MWBC.

15. Workforce Services: Please describe DED's plan for coordinating with Montgomery Moving Forward and Montgomery Business Development Corporation in the event that MBDC receives an EARN implementation grant.

Detailed discussions among DED, Montgomery Moving Forward (MMF), and Montgomery Business Development Corporation (MBDC) will wait until notification of the grant being awarded is received. Discussions will be based on the understanding that DED, through the WIB and its MontgomeryWorks one-stop system, has an infrastructure in place to assist businesses and job seekers. In preliminary discussions, MBDC has indicated that they are seeking assistance from the Workforce Investment Board and one-stop system for outreach to and recruitment of candidates for their proposed training and for the provision of supportive

services to those candidates. Numbers, capacity issues and required funds will be part of the detailed discussions to follow.

WBIC CAM charges

Co	Tenant	Lease	Unit	Doc Type	Invoice Date	Service/ Tax Date	Gross Amount	Open Amount	G/L Offset	Remark
12307	357293	00121699	700	RD	4/1/2014	4/30/2014	\$ 2,362.46		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	3/1/2014	3/31/2014	\$ 2,362.46		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	2/1/2014	2/28/2014	\$ 2,362.46		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	1/1/2014	1/31/2014	\$ 2,362.46		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	12/1/2013	12/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	11/1/2013	11/30/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	10/1/2013	10/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	9/1/2013	9/30/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	8/1/2013	8/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	7/1/2013	7/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	6/1/2013	6/30/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	5/1/2013	5/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	4/1/2013	4/30/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	3/1/2013	3/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	2/1/2013	2/28/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	1/1/2013	1/31/2013	\$ 2,392.53		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	12/1/2012	12/31/2012	\$ 2,373.89		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	11/1/2012	11/30/2012	\$ 2,373.89		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	10/1/2012	10/31/2012	\$ 2,373.89		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	9/1/2012	9/30/2012	\$ 2,373.89		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	8/1/2012	8/31/2012	\$ 2,373.89		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	7/1/2012	7/31/2012	\$ 2,373.89		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	6/1/2012	6/30/2012	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	5/1/2012	5/31/2012	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	4/1/2012	4/30/2012	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	3/1/2012	3/31/2012	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	2/1/2012	2/29/2012	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	1/1/2012	1/31/2012	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	12/1/2011	12/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	11/1/2011	11/30/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	10/1/2011	10/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	9/1/2011	9/30/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	8/1/2011	8/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	7/1/2011	7/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	6/1/2011	6/30/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	5/1/2011	5/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	4/1/2011	4/30/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	4/1/2011	3/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	4/1/2011	2/28/2011	\$ 2,419.93		CAM	Common Area Maintenance
12307	357293	00121699	700	RD	4/1/2011	1/31/2011	\$ 2,419.93		CAM	Common Area Maintenance
							\$ 95,962.28			

FY15 OPERATING BUDGET QUESTIONS FOR EDF

- 1. Small Business Revolving Loan Program: What is the multi-program adjustment here that is causing a reduction of \$222,409?**

Adjustments are a result of removing one-time funded items and adjustments to revenues.

- 2. When I add up everything in the budget I get \$330,000 as undesignated. Please explain the intent with that balance and confirm my math.**

	FY15 CE rec
Total	\$2,350,567
Small Business Revolving Loan Program	\$77,591
EDFGLP	\$2,272,976
Total EDFGLP	\$2,272,976
Personnel	\$125,976
Capital outlay	\$0
Meso Scale Diagnostics	\$167,000
Choice Hotels	\$150,000
Cybersecurity tax credit	\$500,000
Biotech tax credit	\$500,000
Green Investor Incentive Program	\$500,000
????	\$330,000*

Are you assuming approx. \$40,000 in admin costs in FY15 (as in FY14, per EDF Annual Report)? If so then I guess it is just the remaining \$290,000 that I am interested in learning more about.

\$330,000 is a placeholder funding for smaller EDF Grants and Loan Programs. If we do not have this small sum available, EDF can quickly become dysfunctional as every EDF transaction, regardless of the size, has to go through a Council approval for a supplemental appropriations.

\$40,000 in Adm costs will decrease in FY15. Since a new position was added in FY14, we no longer require hiring contractor for adm. support. However, some adm. cost will be charged each year moving forward, due to a decision to utilize an outside expert on unconventional transactions (i.e. hiring Bolan Smart for the City Place project) to conduct due diligence and fiscal impact analysis.

- 3. Please provide update on status of cybersecurity tax credit (marketing efforts, interest or evidence of demand, etc.).**

No marketing effort has been made to this date as there will not be a program until the County Council approves the County Executive's recommendation of \$500K in FY15. The State just started the Program effective 1/1/2014. Once the County's FY15 budget is approved, DED will coordinate with the State in joint marketing and use various medium to market the program.

4. Please provide update on status of biotech tax credit (FY13 actuals, FY14 YTD, marketing efforts, interest or evidence of demand, etc.).

DED does not market the program using collateral material, as we are embedded in the State's Biotech Tax Credit Program (State's website has County's program information) and the State's program is so well known—the State's \$10 million (\$12 million for FY15) credit is fully committed within a first few hours of the application opening date every year. DED does, however, market the program anytime we meet life sciences companies, potential investors, and attend biotech related functions/tradeshows.

For 2012 calendar year (using FY13 funding of \$500,000):

- 61 investment transactions to 11 companies in the County received the State's tax credit
- \$6,253,987 in total investment was made ranging from \$25,000 to \$500,000.
- 61 investors (not all unique) received \$1,998.73 (for \$25K investment) to \$39,974.58 (for \$50K investment) during the spring of 2013.

For 2013 calendar year (using FY14 funding of \$500,000):

- 51 investment transactions to 10 companies in the County received the State's tax credit
- \$7,053,000 in total investment was made ranging from \$25,000 to \$500,000.
- DED is currently processing the 1st payment batch (investors have to supply the County with W-9 forms to register as a vendor to receive payment).

5. Please provide update on status of green investor incentive program (FY13 actuals, FY14 YTD, marketing efforts, interest or evidence of demand, etc.).

To this date, DED has engaged in the following to promote the program but has not received any applications:

- DED/Berliner/Bethesda Green promotion at the Investor Training Workshop, June 2013
- DED/CE Press Release on July 25, 2013
- DEP sent emails in mid-August to various networks including econ-entrepreneurs, investor types, and law firms who have (or intend to create) a "green" practice area of expertise
- DED /Green Investor Incentive Program was the lunchtime speaker series topic at Bethesda Green, September 26, 2013
- DEP promotion at the MCEC Clean Energy Summit, October 2013
- January Green Business Certification e-Newslettter, January 2014
- Discussed investor incentive with businesses at networking events, specifically ARPA-e in February, 2013
- DED/Feature Story, DED e-Newsletter, March 2014
- DED – Will present Green Investor Incentive Program at the April, 2014 MCCC Green Business Forum.
- Answered 3 inquiries via email/phone call

DED currently is working with a company by the name of Solvista located in the Silver Spring Innovation Center going through an Angel Investment round. Their investor likely will be the first recipient(s) of the program.

At the beginning of FY15, DED will evaluate overall feedbacks from the business community and propose to the CE/CC, if necessary, either programmatic or legislative changes to make the Green Investor Incentive Program more active.

DIVISION SUMMARIES

Agricultural Services			
	FY14	FY15 Rec	Change
Personnel	\$345,308	\$350,116	\$4,808
Operating Expenses	\$191,721	\$191,721	\$0
Total	\$537,029	\$541,837	\$4,808

Business Empowerment			
	FY14	FY15 Rec	Change
Personnel	\$512,043	\$483,682	(\$28,361)
Operating Expenses	\$136,000	\$291,000	\$155,000
Total	\$648,043	\$774,682	\$126,639

Finance and Administration (Expenditures)			
	FY14	FY15 Rec	Change
Personnel	\$449,826	\$954,047	\$504,221
Operating Expenses	\$4,052,020	\$4,885,512	\$833,492
Total	\$4,501,846	\$5,839,559	\$1,337,713

Special Projects			
	FY14	FY15 Rec	Change
Personnel	\$419,595	\$323,473	(\$96,122)
Operating Expenses	\$18,200	\$18,200	\$0
Total	\$437,795	\$341,673	(\$96,122)

Workforce Services			
	FY14	FY15 Rec	Change
Personnel	\$355,825	\$380,770	\$24,945
Operating Expenses	\$135,080	\$135,080	\$0
Total	\$490,905	\$515,850	\$24,945



THE GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE

7910 Woodmont Avenue, Suite 1204
Bethesda, MD 20814
T: (301) 652-4900
F: (301) 657-1973
staff@bccchamber.org
www.bccchamber.org

Your Business Is Our Only Business

THE GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE TESTIMONY OF ANDREW P. SHULMAN, CHAIR ON PROPOSED FY15 OPERATING BUDGET BEFORE THE MONTGOMERY COUNTY COUNCIL – April 10, 2014

Good afternoon. I am Andy Shulman, Chair of The Greater Bethesda-Chevy Chase Chamber of Commerce, representing over 575 member businesses and nonprofit organizations in Montgomery County.

Numerous times over the past several years, we have testified before you that many of the Chamber's members are struggling to survive, much less grow, in current economic conditions. Our members have imposed wage and benefit freezes on their employees, and long ago discontinued matching programs for their 401(k) plans. Yet, the County Executive proposes to grow the FY '15 budget even though the lackluster economic conditions that affect our members persist; to increase salaries for employees of certain government unions by significant amounts over the next several years; and to exceed the MOE-mandated level for MCPS, a decision that will bind the County's hands prospectively, and which – if approved – will be a major ongoing constraint for future budgets. These proposals are simply out of touch with current economic realities. The time has not arrived for such increases, particularly when increased expenditures are being funded, in large part, through ever-increasing taxes and fees on our County's businesses.

Our primary concerns are with regard to the fuel/energy tax. Years ago, during the FY11 budget review, the County Council agreed that the existing fuel/energy tax increase would sunset on July 1, 2012. However, the County Executive's proposed FY13 budget asked the Council to repeal the sunset, to which the Council agreed, failing to honor its previous determination. Now, as part of the proposed FY15 budget, the County Executive proposes holding the energy tax at 2013 levels.

The County Executive states that maintaining the energy tax will preserve "a broad-based revenue source that includes federal institutions that otherwise pays no taxes in exchange for County services." It is important to note that this "broad-based revenue source" does not just affect federal institutions in the County; it also affects private businesses, who are now contributing to an increased revenue stream that was never supposed to be permanent, which is funding irresponsible, MOE increases and out-of-touch salary increases. No other jurisdiction in the Washington region charges the Federal Government these types of taxes.

We strongly object to the continued imposition of increased fuel/energy taxes, which has fundamentally undermined the business community's faith in County government and serves to fuel the perception that Montgomery County is not business friendly. We support Councilmembers Berliner and Andrews' proposal to reduce the fuel/energy tax by 10%, although we believe that 10% every year is just not enough.

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OUR MISSION: Build an environment that encourages business to grow and prosper within a thriving Bethesda-Chevy Chase community.
OUR VISION: The Bethesda-Chevy Chase community will be regarded as the pre-eminent place to do business in the Washington Metropolitan Area.
OUR GUIDING PRINCIPLES: Our Chamber supports its members by providing both a voice and a forum to help shape public policy and enhance opportunities for exposure, connections, and growth. Our responsibility is to lead by example, holding ourselves to the highest governance principles, ethical standards and business practices.

Testimony of The Greater Bethesda-Chevy Chase Chamber of Commerce
Regarding Proposed FY15 Operating Budget
Page Two

We support adequate funding for both the Montgomery Business Development Corporation and the White Flint Downtown Advisory Committee, specifically MBDC's supplementary request for an additional \$100,000 to support expanded external marketing and the hiring of a research analyst and the White Flint DAC's \$75,000 to support their meager \$20,000 budget line item to develop a downtown White Flint website and initiate marketing, branding and beautification efforts as the first projects of the new, award winning sector plan begin to come on line later this year. The missions of both of these groups is to expand the tax base and improve the economic viability of the County, and every achievement realized by these departments directly benefits the businesses and residents of the County and helps the County's bottom-line.

Last year we applauded the County Executive's fiscal restraint in his proposed FY14 operating budget, including the Executive's proposal to fund Montgomery County Public Schools ("MCPS") at the level necessary to comply with Maintenance of Effort ("MOE"). This year, we cannot issue the same praise. We are concerned that the increases in the County Executive's recommended FY15 operating budget will be disproportionately borne on the backs of businesses and other taxpayers in the County. We call on the County Council to continue exercising prudence and fiscal restraint in evaluating the proposed FY15 operating budget.

The Chamber looks forward to continuing our discussions with the County Council over the coming year, as we all work to improve the economic viability and competitiveness of our County. Thank you for the opportunity to present these comments.

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Gaithersburg-Germantown Chamber of Commerce, Inc.

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2015 Montgomery County Operating Budget Public Hearing Marilyn Balcombe, President & CEO

My name is Marilyn Balcombe, I am the President/CEO of the Gaithersburg-Germantown Chamber of Commerce. Thank you, Mr. President and County Councilmembers for the opportunity to talk with you this afternoon.

Although we happen to be inside on this afternoon, it is a glorious day out day out there and driving in to work this morning I was reminded how fortunate I am to live here in Montgomery County. I don't take that for granted. This is a great place to live and to work and I want to thank you for your stewardship as you move through the County's operating budget.

As you might expect the focus for the Gaithersburg-Germantown Chamber is creating a vibrant local economy where we can increase the number of jobs in Montgomery County and thereby increasing our tax base. With that in mind, the Chamber is requesting your full support of the County Executive's budget for the Department of Economic Development, including the continued funding of the Economic Development Fund, as well as the newly proposed programmatic funding for the Life Sciences Incubator Program. This is particular important given the transition of the County's incubator program.

We support the ongoing funding for the Montgomery County Business Development Corporation and ask that an additional \$100,000 be added to the County Executive's proposed budget request for MBDC. MBDC has made great strides since its inception and the additional funds would help to enhance research, reporting, and external marketing.

An important aspect of Economic Development recruitment and retention is our business climate. The Chamber would like you to really consider reducing and ultimately eliminated the energy tax. The energy tax is a lightning rod issue for our Chamber members and it is often invoked when discussing the business climate in the County. But it is not merely a symbolic issue, it is a real burden to businesses large and small, but particularly to industries that are heavily energy dependent such as high-tech data centers. The increased energy tax was never meant to be a staple in the County's operating budget. It was established as a short term, stop-gap measure. If the County is seriously interested in establishing itself as a high-tech, Cybersecurity destination, we need to eliminate economic development barriers such as the energy tax.

I would also like to express our full support for Montgomery College. The business community relies on a well-educated and highly trained workforce. Please give careful consideration to Montgomery College's budget request. It is a very exciting time in Germantown with the new state-of-the-art Bioscience Education Center and Holy Cross Germantown Hospital opening this fall, and the planning for the development of the new Hercules Pinkney Life Sciences Park is well on its way. We would like to thank you for your ongoing support for the Campus.

As always, thank you for your time and your service.

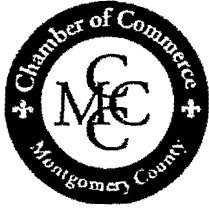
BRUCE WILLIAMS, MAYOR, TAKOMA PARK

Third, economic development assistance. We ask that the Council direct that a portion of the County's economic development assistance be targeted to more neighborhood-based economic development initiatives. Current assistance goes to large-scale projects or encourages small-business contracting with the County. Virtually no County help is available for marketing and encouraging revitalization along the Purple Line route or our major corridors. Such work will pay off in greater revenues for both Montgomery County and Takoma Park, as well as more livable inside-the-Beltway communities.

Fourth, capital funding for important projects. We have asked for, and continue to request, a change in timing and increased assistance in capital funds for the exciting Flower Avenue Green Street project. We also urge the County to make building improvements to the County's Piney Branch Pool inside Piney Branch Elementary School a priority. The pool is 43 years old and has not seen a significant upgrade. Targeted and relatively small capital investments for the pool can serve to both modernize this facility as well as move it closer to financial self-sufficiency. Neither of these requests is large, but both would show good faith to the Silver Spring/Takoma Park community. While these are capital items, and I am testifying on the County's proposed operating budget, it should be noted that the County's flexibility on capital planning may be facilitated by the exchange for cable funds.

In closing, based upon my over 20 years in serving the citizens of Takoma Park and Montgomery County, I am confident that by working together we can achieve all of these mutually beneficial goals.

Thank you.



The Voice of Montgomery County Business

CHRISTOPHER CARPENITO, CHAIRMAN
LISA CINES, CHAIR-ELECT
ORI REISS, IMMEDIATE PAST CHAIR
GEORGETTE "GIGI" GODWIN, PRESIDENT & CEO

MONTGOMERY COUNTY COUNCIL
HEARING ON THE FY15 COUNTY EXECUTIVE PROPOSED BUDGET
APRIL 8, 2014
WRITTEN TESTIMONY
MONTGOMERY COUNTY CHAMBER OF COMMERCE

The Montgomery County Chamber of Commerce commends the County Executive and his staff for providing a thorough and transparent explanation of the recommended operating budget. Our remarks focus on key areas that are explained in our 2014 Legislative Agenda: Business Climate, Tax Reform and a Vibrant Economy. The full platform is attached.

The overriding goal of this Operating Budget must be to increase economic activity in order to preserve our strong community. We must invest in expanding the revenue base. Policies must support this goal. If we do not grow our tax base (specifically income tax and sales tax) and the county budget continues to grow, more will be asked of fewer people which is unsustainable.

Montgomery County is fortunate to have many strategic assets including our geography and our high concentration of skilled and experienced talent. This County does remarkable things. Efforts to be more transparent, more customer-oriented, and more accountable are hallmarks of our civil culture. Our top-ranked schools, unparalleled public safety and high quality of life are strong assets. This is why, year after year, we support the emphasis placed on dedicating resources to attract the best and the brightest to educate our children and keep our streets safe. We don't want to see any of that minimized. And yet, it continues to concern us that without a robust local economy, we will lose our competitive edge.

The challenge is to sustain this level of quality as demands on resources continue to increase. Economic Development and policies that support a vibrant economy are critical if we want to sustain the high quality of life that defines this County. The county's economic development efforts, which the County Executive counts among his priorities, should focus on promoting the county and attracting new business to our area.

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Therefore, we support the increase in the Department of Economic Development's budget and encourage even more activity around marketing, promotion and 'capture' that is critical to continued success. Think of it in election terms. A political candidate does not design a strategy that relies solely on voters from the last election. That is why they and their campaign staffs work so hard months in advance of an election to identify new voters to engage, involve and ultimately get out to vote. We need that same attention focused on bringing in new business to make us competitive and to sustain the quality of life we have come to expect.

As we invest in identifying and attracting new business, we need a strong voice telling our story in a compelling manner. We support the continued work of MBDC and encourage the County Council to continue to invest in these efforts that are producing real results.

We support a number of initiatives in the Department of Economic Development budget because these pieces of public policy reinforce goals and objectives that propel the county forward. We are encouraged to see innovative tax credits for the bio health and cyber security continued in this budget. We also support efforts to improve the incubator program so that Montgomery County can continue to be at the forefront of nurturing home grown businesses. We encourage the County to develop more programs to support established businesses so that there are more advantages to staying in Montgomery County and Maryland once a company is profitable.

And yet, policies that hamper the goal of attracting and retaining businesses continue to exist. One such policy is the FY11 increase to the Energy Tax that is borne disproportionately by the non-residential energy users.

An artificially elevated consumption tax on something as fundamental as energy usage increases the cost of living and doing business in Montgomery County. The market cannot bear the additional cost and it negatively affects the very economic activity needed to underwrite and grow the county government budget. Companies in the bio tech, life sciences and cyber security industries are heavily dependent on energy to power their research and work. The energy tax is a very real burden on their ability to succeed in Montgomery County. We need to align our policies to attract and support the companies we need.

Returning to FY10 energy tax levels has the following benefits:

- Honors the original sunset provision included in the FY11 increase
- Supports the stated policy goals of county government to attract and retain technology-driven, knowledge economy businesses – which are heavy energy users - to strengthen the local economy.
- Lowers the cost of living for Montgomery County residents (lower utility bills)

- Lowers the cost of utility expenses for business making it easier to absorb other costs imposed on businesses
- More in line with energy tax rates in nearby jurisdictions
- Conservation goals can still be promoted
- Allows government contractors to remain competitive by keeping operating costs low
- The county will not incur the additional tax and will pay less for its energy usage

For these reasons, we continue to recommend the FY11 Energy Tax be sunset as originally promised.

Another area of government service that continues to strain the ability to attract and retain businesses is the hidden cost of doing business in Montgomery County, particularly with regard to planning and permitting services. While we know much emphasis has been placed on streamlining processes and providing improved customer service, there are still concerns about the length of time it takes to get things done. We hope that with the additional resources recommended for DPS that improved processes and customer service will continue to be goals.

Lastly, as we look at priorities in the pipeline that will transform our county and make it a showcase of managing growth and investment in infrastructure, the County needs to play an active role in managing large scale projects like the Purple Line and CCT to ensure they are done to the highest standard with the least disruption possible. Each of these projects has enormous impacts on housing, transportation, and economic development. The County Executive should appoint a high-level "Project Czar" as the designated point person with authority to manage these multi-year, multi-jurisdiction projects. The goal of the position should be to ensure that projects in Montgomery County are world class from beginning to end.

Investing in the community through effective economic development will result in increased economic activity that is vital to generating much needed resources. It is how we will gain the competitive edge and ensure that Montgomery County maintains its place as the best: The best place to work. The best place to live. The best place to be.

Thank you for the opportunity to provide these comments.

BUD, FIN &
ECON DEV



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DEPARTMENT OF ECONOMIC DEVELOPMENT

Isiah Leggett
County Executive

Steven A. Silverman
Director

January 14, 2014

The Honorable Craig Rice
Montgomery County Council President
100 Maryland Avenue
Rockville, Maryland 20850

RECEIVED
MONTGOMERY COUNTY
COMMISSION

2014 JAN 15 AM 9:39

Dear Council President Rice:

As we approach the public signing of the Partnership Intermediary Agreement (PIA) between NIST, the state and the county, to expand the National Cybersecurity Center of Excellence (NCCoE) here in Montgomery County, I want to summarize our journey to date and assure that the council is fully informed.

Through the combined efforts of the County Executives and County Councils over the past 14 years, Montgomery County has earned a well-deserved reputation as a welcoming location for start-ups, especially those in the technology sectors. Our program has included and will continue to include financial incentives, creation and support for BioHealth Innovation, a DED staff focus on the development of high-growth technology sectors, and a highly-regarded incubator system.

Each of these program components was reviewed, augmented or created beginning in 2011. By far the most complex component is the incubator system, known as the Business Innovation Network (BIN). The BIN review began in 2011 and concluded in mid-2013. The review resulted in recommendations to shift our emphasis from providing space to providing more substantive programmatic, financial and mentoring support in conjunction with the private sector.

Cybersecurity emerged as a high-growth sector during the same period. In Maryland, it was spurred initially by the growth of NSA and Fort Meade, with a focus on the needs of the national defense community. In 2011, however, Senator Barbara Mikulski created an opportunity for Montgomery County to become the national center for civilian cybersecurity, where approaches to protect the nation's infrastructure, health information, financial transactions, etc., would be developed through the National Cybersecurity Center of Excellence. The County and State agreed to provide the space for the center, recommending the William E. Hanna, Jr. Innovation Center as its location. The Center's age, its need for renovation, and



location fit with NIST's current programmatic needs, expansion requirements and overall cost considerations.

The NCCoE has agreements to work on projects with nationally-known companies (Intel, Google, Symantec, etc.) that are not currently located in the county. Over time we expect the NCCoE will have a very positive impact on the local economy, much as the National Security Agency has for Howard and Anne Arundel Counties. The NCCoE also has space for and a programmatic focus on incorporating start-ups into the projects in an incubator-like environment.

As you know, Montgomery County has been a national leader in our support for the life sciences and our record bears out that point. There are over 300 life sciences companies in Montgomery County. The county has provided 85 grants to life sciences companies—34% of the total Economic Development Fund grants—for a total investment of almost \$9.5 million, representing 22% of the EDF funds. We expect that record to continue.

The county was instrumental in creating BioHealth Innovation and is investing \$500,000 annually into this public/private partnership promoting the commercialization of federal and university laboratory technologies. Approximately 35% of the companies in our incubator system are in the life sciences sector and we expect that ratio to continue. Further, our innovative biotech investor tax credit program has gained traction and led to several attractions of early stage companies. Ours is a strong record, a proud record and a continuing record of support for the life sciences in Montgomery County which with your continued support, we intend to expand.

Work on the renovation of the William E. Hanna Jr. Innovation Center (WHIC) is expected to start mid-summer. Today there are 34 companies with offices and/or labs at the WHIC. Of these, 21 have been in the center for more than three years and 11 of those for more than five years. A number are ready for graduation. We are working with each of them individually, based on their circumstances and needs, for their transition to new space. Some will be accommodated in the Germantown Innovation Center (GIC), some will take commercial space and some are considering various other options. All will continue to be connected to the BIN through our programming, events and communications. We are in discussion with the state on ways to provide relief for company transition costs and will keep you informed as that plan comes together.

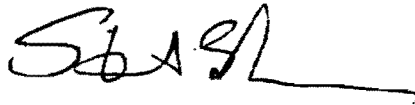
The GIC is the county's state-of-the-art life sciences incubator, its newest facility and includes 11 wet labs and four clean rooms. It serves as an anchor in the county's newest life sciences development, which also includes an about-to-open hospital, a recently-opened Montgomery College science building, access to a corps of eager interns, and a technology park across the street with another planned on land adjacent to the GIC. We believe that the decision to focus life science activities in Germantown is consistent with our charge to lead and support development in new areas.

We are very excited by the possibilities that these changes offer. With the NCCoE we add a nationally recognized facility to the county's impressive portfolio of assets and create a hub of activity around one of the newest, most critical and fastest-growing business sectors. We

are able to consolidate our life sciences start-ups in the county's newest development area. We have the opportunity to refocus on programming, mentoring and financial resources for our technology start-ups. And throughout the process, we remain committed to working with our WHIC tenant companies as they transition to new space.

Please contact either me or Sally Sternbach with questions. Thank you for your on-going support.

Sincerely,

A handwritten signature in black ink, appearing to read 'S.A. Silverman', with a long horizontal line extending to the right.

Steven A. Silverman
Director

cc: Montgomery County Councilmembers
Timothy Firestine, Chief Administrative Officer
Joy Nurmi, Special Assistant to the County Executive

February 18, 2014

The Honorable Isiah Leggett
Montgomery County Executive
Executive Office Building
101 Monroe Street, 2nd Floor
Rockville, MD 20850

Dear County Executive Leggett:

I am writing with regard to the arrival of the National Cybersecurity Center of Excellence (NCCoE) in Montgomery County and the critical role both entrepreneurial technology and life science companies play in Maryland's economy. The Tech Council of Maryland is the state's largest advocate for advanced technology and life sciences companies, representing hundreds of firms with thousands of employees across a wide spectrum of technology disciplines.

The arrival of the NCCoE gives Maryland an outstanding opportunity to solidify itself as a global cyber capital. The cybersecurity industry is expected to grow to \$120 billion by 2017. Few regions in the world rival our combination of federal, research, and commercial assets, all of which are essential to capturing this growth market. Establishing the NCCoE in Montgomery County positions us to create thousands of high-paying jobs, modernize our university offerings, and serve as the critical hub in the nation's cyber defense. The Tech Council applauds your efforts and those of the Maryland state government in this regard.

Despite cyber's rapid growth, Maryland's existing life sciences and technologies companies remain essential drivers of our economy. Maryland has the nation's fourth highest concentration of technology jobs and has been recognized by the Milken Institute as one of the top tier bioscience states. Much of the credit for Maryland's prosperity and highly educated workforce goes to the success of these communities.

As you know, the life science companies currently in residence are being transitioned out of the Shady Grove Innovation Center to make way for the NCCoE. We are concerned that this transition places undue stress on the affected companies and has led some in the broader life science and technology community to question the County's support for early stage life sciences companies.

The County deserves great credit for its longstanding efforts to foster a robust life sciences community, including enactment of the nation's first local biotech tax credit. The I-270 corridor is synonymous with technical innovation. The County's record is admirable, but this new concern demonstrates that its work is not done.

To make NCCoE's arrival a win for all concerned, we believe the County must refocus and reaffirm its support for life science companies both in the short term and long term. In the short term, the County should provide reasonable assistance to companies transitioning out of Shady Grove Innovation Center to minimize disruption to their operations and to ensure their access to space that encourages collaboration and learning. We support, and are participating in, efforts to identify space for current incubator residence and to ensure that appropriate space exists for future entrepreneurial companies.

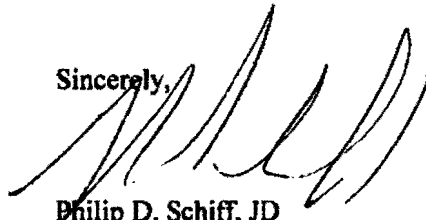
Over the long-term, the County, private sector, and higher education system must partner to modernize the full cycle of services provided to early stage technology entrepreneurs. Gone are the days when a real estate-centric incubator model successfully serviced entrepreneurs. To remain competitive, we must build a new model that offers a broader suite of services for innovation companies, from investment resources and mentoring to networking and access to operational expertise.

This effort will require the expertise and resources of the entire technology community, from policymakers and employers to universities and industry associations like ours. It will affirm the County's commitment to, and actually encourage, growth in our base of technology and life science companies, increase investment by entrepreneurs and investors, create new, high-paying jobs, and preserve its reputation as a national center of technical innovation.

Montgomery County has a unique opportunity to build on its legacy of success and create a new national model for supporting early stage technology entrepreneurs. Careful consideration of the interests of all technology disciplines - cyber, life sciences, and advanced technologies - is an essential stepping-stone toward that goal.

Thank you for the important work you do to strengthen Montgomery County's economy. The Tech Council stands ready to partner with you and the entire technology community to ensure Montgomery County and the state of Maryland remain at the forefront of technology innovation and economic growth.

Sincerely,



Philip D. Schiff, JD
Chief Executive Officer
Tech Council of Maryland
Pschiff@techcouncilmd.com
240-243-4045

CC: Mr. Douglas Doerfler
Ms. Sally Costello
Sen. Nancy King
Mr. Michael J. Knapp
Sec. Dominick Murray
Mr. Steven A. Silverman
Ms. Janis Pitts

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MEMORANDUM

February 19, 2014

TO: Councilmembers
FROM: Jacob Sesker, Senior Legislative Analyst
SUBJECT: Incubators

INTRODUCTION

This purpose of this memo is to provide Councilmembers with some background on the incubator transition and the National Cybersecurity Center of Excellence (NCCoE). Most of the facts included herein were provided by DED. The cost comparison of alternatives was prepared by Council Staff using information provided by DED.

This spring, the Council will approve a budget for DED that either includes or does not include funding for the next phase of the incubator program transition. DED will brief the PHED Committee and the Council during budget.

Council Staff has requested that DED provide frequent, detailed written updates regarding its efforts to formulate a plan and communicate next steps to current tenants of the Shady Grove incubator. See © 6.

INCUBATOR TRANSITION

The current incubator program, which was among the first and remains among the largest in the nation, was designed to meet real estate needs of many small start-ups. As is frequently the case, best practices have evolved since early implementers like Montgomery County first jumped into the incubator business. Current best practice is to provide more targeted and intensive assistance to incubator program participants. **For DED to provide this targeted and intensive assistance would require either a substantial increase in resources or greater financial flexibility within the incubator program.**

Roughly 65% of the net cost of the incubator program is annual operating subsidies to the Rockville and Germantown incubators (see © 9), which opened in 2007 and 2008 respectively.¹ The County has limited financial flexibility with either of those two facilities due to the ownership/lease and financing structures. Other options include: (1) eliminating the operating subsidy at Shady Grove, (2) allowing the Wheaton lease to expire in 2016, and/or (3) selling the Silver Spring facility (which the County owns outright) and diverting the proceeds from the sale to operations at the other facilities.

¹ Both the Rockville and Germantown incubators are saddled with pre-recession real estate costs in a post-recession market.

DED briefed the PHED Committee three times on its overall plan to transform the incubator network. After initial briefings on July 23, 2012, and November 26, 2012, DED presented its preferred future structure for the incubator network on October 21, 2013, with an understanding that additional discussion would occur during budget worksessions.

- The Shady Grove and Rockville incubators would focus on data analytics.
- The life sciences focus of the Germantown incubator would be strengthened.
- The Silver Spring facility would operate as an accelerator program.
- A green technology incubator would be *programmed* but would not operate out of County space (for example, the incubator could be a partnership with Bethesda Green).
- The Wheaton facility would close at the end of the current lease term (the lease expires in 2016).

Unfortunately, tenants of the Shady Grove facility were notified that their licenses would not be renewed next year before DED had made substantial progress to find landing places for those companies in private real estate. Consequently, many Shady Grove tenants have been understandably nervous regarding their future prospects.

Shady Grove/William Hanna Innovation Center

The Shady Grove Innovation Center (now the William Hanna Innovation Center (WHIC)) opened in 1999. The facility was built in partnership with MEDCO. Total costs for the project were approximately \$9 million. According to DED, roughly half of the initial capital costs were related to the labs in the facility. The facility is owned by MEDCO, but the County can assume full ownership upon retiring the debt in 2019.

The WHIC currently serves 34 companies, 29 of which are biotechnology companies. The facility has 60,000 gross square feet (37,945 leasable square feet). The facility has 76 office spaces and 24 wet labs.

- Today there are 34 companies with offices or labs at Shady Grove. These companies employ approximately 200 employees (mix of full and part time).
 - Of the 34 companies, 21 have been there for more than 3 years, and 11 for more than 5 years.
 - As of February 12, the average incubation period for the companies was 3 years, 10 days. The median incubation time is 4 years, 72 days. The longest incubation time of any current tenant is 10 years, 104 days.
- The facility contains 37,945 square feet of leasable space, of which 4,265 square feet (11.2%) is currently vacant.

Germantown Innovation Center

The Germantown Innovation Center (GIC) opened in 2008. The center is located at Montgomery College's campus in Germantown, and the County leases the facility from the College Foundation. The lease runs until 2026.

The facility encompasses 33,000 square feet, of which 17,513 is leasable. The facility contains the only "clean room" facilities in the Business Innovation Network (BIN) system. In addition, the GIC contains 11 wet labs and 50 office spaces. The GIC is currently home to 29 companies, 15 of which are biotechnology companies, along with 9 information technology firms.

Historically, incubation times/graduation rates have been higher in this facility than in the County's other incubators. The current projected graduation schedule includes the following: 4 companies moving out between December, 2013 and February, 2014; up to 6 other companies slated to graduate or move out by June, 2014; and 2 other tenants to graduate in December, 2014.

- Today there are 21 companies with offices or labs at Germantown. These companies employ approximately 125 employees (mix of full and part time).
- The facility contains 18,755 square feet of leasable space, of which 1,242 square feet (6.6%) is currently vacant.
- The facility contains 11 wet labs, all of which are currently occupied.
- The facility contains 2 "clean rooms," both of which are currently occupied.

According to DED, vacant offices in the lab corridor of the Germantown facility could be converted into as many as 4 additional wet labs at a cost of approximately \$550,000.

NATIONAL CYBERSECURITY CENTER OF EXCELLENCE²

The following history/summary is taken from the NCCoE Statement of Work for a Federally Funded Research and Development Center (FFRDC):

In February 2012, NIST, the State of Maryland, and Montgomery County, MD established the National Cybersecurity Center of Excellence (NCCoE), which is dedicated to furthering innovation through rapid identification, integration, and adoption of practical cybersecurity solutions, via a Memorandum of Understanding (MOU). The NCCoE brings experts together from industry, government and academia under one roof to develop practical, interoperable cybersecurity approaches that address the real world needs of complex information technology (IT) systems. By accelerating dissemination and use of these integrated tools and technologies for protecting IT assets, the NCCoE enhances trust in U.S. IT communications, data and storage systems; lowers risk for companies and individuals in the use of IT systems; and encourages development of innovative, job-creating cybersecurity products and services.

Montgomery County and the State of Maryland agreed to contribute land to the partnership. DED's contractor (Scheer Partners) surveyed the local real estate market³ and found that large (50,000-68,000 square foot) chunks of office space in the Rockville-Germantown office market would be cost prohibitive. Scheer's December 2012 estimate was that the cost of financing the improvements and leasing the space would cost between \$2.4 million and \$3.1 million annually, meaning that the County's 50% share of the cost would be \$1.2 million to \$1.5 million annually.

² The NCCoE is not an incubator. The NCCoE is being discussed at the same time as the incubator transition due to the relationship of both initiatives to one piece of real estate. However, it is possible that the NCCoE could include an incubator at some point in the future—in fact, DED has been in negotiations with DBED and NIST regarding how such an incubator might be structured.

³ The largest block of County-owned vacant space in the I-270 corridor is the police station on Seven Locks Road (17,944 gross square feet).

Comparative costs of locating the NCCoE at the Shady Grove incubator

The following factors shape the analysis of alternatives: (1) For the Shady Grove incubator to remain operating as an incubator will require a total investment of roughly \$2.5 million⁴ in 2016; (2) For the County and State to finance improvements and lease space for the NCCoE would cost roughly \$3.4 million in the first year, and \$2.4 million annually each year thereafter (split 50/50); and (3) For the current Shady Grove incubator to be re-used for the NCCoE will require that the County split the debt service costs with MEDCO on \$9 million in construction debt.

Using these assumptions, the lowest cost alternative would be to maintain the current Shady Grove incubator without paying to either acquire real estate in fee or leasehold for the NCCoE. A close second would be to use the current Shady Grove incubator for the NCCoE. The other alternative modeled (acquiring a leasehold for use as the NCCoE and financing improvements) is significantly more expensive.

Alternative 1: Continue to operate Shady Grove facility as an incubator, no NCCoE. Projected nominal cost of \$5.3 million.

- Assume \$250,000 annual operating subsidy through FY19 (could be higher or lower depending on vacancy rate, loss from unpaid rent, etc.), with County taking ownership in FY19.
- Do not assume any operating surplus after the debt service is paid (assuming instead that either rents would be reduced or operating expenses would be increased).
- Assume \$79,000 annual allocated personnel costs throughout the 20 year period.
- Assume \$2,500,000 HVAC-related expenditures in FY16.

Alternative 2: Use the Shady Grove facility for the NCCoE. Projected nominal cost of \$6.7 million.

- Assume total cost of \$9 million, to be financed over 10 years with debt service obligations split 50/50 between the County and the State.
- Assume no operating subsidy or personnel costs.
- Assume \$50,000 annual reserve for maintenance during life of the bonds.

Alternative 3: Continue to operate Shady Grove facility as an incubator, lease space for the NCCoE. Projected nominal cost of \$29.8 million.

- Assume \$250,000 annual operating subsidy through FY19 (could be higher or lower depending on vacancy rate, loss from unpaid rent, etc.), with County taking ownership in FY19.
- Do not assume any operating surplus after the debt service is paid (assuming instead that either rents would be reduced or operating expenses would be increased).
- Assume \$79,000 annual allocated personnel costs throughout the 20 year period.
- Assume \$2,500,000 HVAC-related expenditures in FY16.
- Assume County share of debt service and lease costs is \$1.7 million in FY15 and \$1.2 million annually for the remainder of the 20 year period.
- No County costs associated with the relocation of current incubator tenants have been assumed, because those costs have not yet been determined.

Regardless of which inflation and discount rate assumptions are used, continuing to operate the Shady Grove facility as an incubator and paying to find an alternative site is not a cost-competitive option.

⁴ DED estimates that the cost of the HVAC replacement is \$2.0 million to \$2.5 million, and there will be some loss of revenue or additional operating costs associated with the disruption (abatement, mitigation, vacancy).

Other avenues of support for the current incubator tenants

DED is currently working with private real estate companies to identify potential space in their portfolios for companies currently located in the incubator. Director Steve Silverman has indicated that, later this week, the Council will receive an update regarding the status of those negotiations and DED's efforts to secure a "soft landing" for current incubator tenants. One way that the County could facilitate a soft landing would be to provide some current incubator tenants with relocation reimbursement, fund a portion of the tenant's tenant improvement costs, or provide grants to partially offset rent costs during the first year of the lease.

DED has several tools available to assist these companies, including economic development grants and loans through the Economic Development Fund.⁵ In addition, the local biotech investor tax credit has provided financial assistance to several current incubator tenants⁶—the Executive will propose FY15 funding for that tax credit in his March 15 operating budget.

Attachments:

Silverman Letter to Council President Rice © 1

DED Fact Sheet © 4

DED E-mail to tenants (February 18th) © 6

Appendix 8 from Orion Report © 9

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⁵ According to DED, the County has provided 85 grants to life sciences companies, for a total investment of \$9.5 million. See © 2. Economic development awards since 2010 include \$1,000,000 to Zyngenia, \$750,000 to Emergent Biosolutions, \$250,000 to Sucampo, \$200,000 to Precision for Medicine and a commitment of up to \$1,982,000 to Meso Scale Diagnostics.

⁶ The Council has already appropriated \$500,000 for the Local Biotech Investor Tax Credit Program. In the last 3 years, seven companies currently located at the facility have received financial assistance through the Biotech Investor Tax Credit: Neogenix (\$36,127); Rafagen (\$27,951); Alper Bio (\$138,152); Clarassance (\$64,818); Otraces (\$8,417); American Gene Technologies International (\$70,884); and SynAm Vaccine (\$19,493).

13 February 2014

**National Cybersecurity Center of Excellence and Shady Grove Incubator
Transition Fact Sheet
Montgomery County Department of Economic Development**

National Cybersecurity Center of Excellence (NCCoE)

- Partnership between National Institute of Standards and Technology (NIST), State of Maryland and Montgomery County.
- NCCoE brings together experts from industry and academia to demonstrate integrated solutions to the nation's most pressing cybersecurity challenges.
- NCCoE funded through FY2013 appropriation of \$10M, and FY2014 appropriation of \$15M.
- County Executive Isiah Leggett and Governor Martin O'Malley committed to NIST partnership with MOU signed in 2012 and most straightforward way to support center is to provide space for NCCOE.

Why Shady Grove Incubator?

- DED contracted with local real estate firm to assess market for 65,000 sf to meet NIST program of requirements – data indicated that annual lease costs would total ~\$2.5M - \$3.0M – total cost for 10 year partnership - \$25M - \$30M
- Leased space wouldn't provide flexibility for contiguous expansion space and it would require DBED and DED to seek annual appropriations.
- Renovation cost to meet NIST NCCoE program of requirements at WHIC- ~\$9M financed over 20 years for annual financing cost of \$750k.

WHIC, Life Sciences and Business Innovation Network

- Currently, 33 companies located at WHIC – 27 life science, and 11 that have lab and office space totaling ~11k sf – total employees ~200.
- More than half of companies have been in incubator for more than 4 years. License agreements are for 1 year.

13 February 2014

- County is focusing life science activities at state of the art Germantown Innovation Center in Montgomery College Life Science Park where 14 life science companies are located. Evaluating possible additional lab space conversion from offices.
- County is working with local commercial real estate companies to develop broader partnership to provide space to small life science companies and help transition all incubator tenants. County is exploring how best to support companies in new space (i.e. lease subsidy, build-out financing). County will also pay for companies moving costs.

Support for Life Sciences

- 300+ life science companies in Montgomery County.
- 85 grants to life science companies from County Economic Development Fund (34%) totaling \$9.5 million (22% of EDF).
- \$500,000 local biotech investor tax credit program – only local credit in Country.
- \$500,000 amount committed to BioHealth Innovation leveraging millions in private \$ to support tech transfer – partners include MedImmune, Qiagen, Emergent, GSK, United Therapeutics, USG and JHU.

For more information, please contact Steve Silverman, Director for the Montgomery County Department of Economic Development at 240-777-2005 or via email at Steve.Silverman@montgomerycountymd.gov

From: Silverman, Steve
Sent: Wednesday, February 19, 2014 6:42 AM
To: Sesker, Jacob
Subject: Fwd: William E. Hanna Jr. Innovation Center update

Jacob pls attach to memo. This is copy of what was sent to all WHIC tenants yesterday. Tnx SS

Steve Silverman Director, Dept. of Economic Development 111 Rockville Pike #800 Rockville Md. 20850.
240-777-2005
www.choosemontgomerymd.com

Begin forwarded message:

From: "Silverman, Steve" <Steve.Silverman@montgomerycountymd.gov>
Date: February 18, 2014, 4:30:47 PM EST
To: <d.wolf@ac-discovery.com>
Cc: "Sternbach, Sally" <Sally.Sternbach@montgomerycountymd.gov>, "Korpela, John A." <John.Korpela@montgomerycountymd.gov>, "Semple, Ruth" <Ruth.Semple@montgomerycountymd.gov>
Subject: William E. Hanna Jr. Innovation Center update

Dear Mr. ___:

Since my last letter to you, much has happened and I want to keep you abreast of events.

I know that you and your colleagues have been meeting with Ruth Semple and John Korpela from my office, as well as the BioMaryland representatives, Linda Ellerton and Judy Costello, to develop transition plans that can best meet your needs going forward. This is important, since June 30, 2014 continues to be the date on which the building must be vacant and the conversion of the center will begin immediately after. Although you will be receiving notification to this effect from MEDCO in the coming weeks, the required 60-day notice for license termination is not sufficient time to assess your needs, review the facility options available to you, make a choice and move into the new space. So, please don't wait for the official notification from MEDCO to begin this process.

For those of you needing laboratory space, I am aware that one of the impediments to relocating has been the absence of smaller, commercially available labs. As a result, my staff and I have met with each of the major owners of laboratory space in the Rockville/Gaithersburg area and asked each of them to offer both smaller laboratories and more flexible terms than they have in the past. The county has agreed to work with the real estate sector on tenant improvements needed to subdivide larger spaces, and their response has been very positive. To

date, we have met with Alexandria Real Estate, BioMed Realty, Jones Lang LaSalle, Rickman Properties and Scheer Partners.

We will continue to undertake these meetings to facilitate access to as many facilities and organizations as we can for your benefit. DED representatives will be in direct contact with you to work with you on your specific space needs. It may also be worthwhile for you to discuss with your colleagues and other licensees the benefits of “co-location” in a particular space that may be too large for one company but could work quite well for 2 – 3 companies.

As I indicated in my last letter, we are committed to helping you and your company work through this transition period successfully and grow into the future. In addition to working with real estate companies in creating more small labs with flexible lease terms, the county will provide funding for relocation within Montgomery County to licensees in good standing. We recognize that even though the license arrangement allows either party to make a change with 60 days notice, this is not something that you were anticipating and we want to lessen some of the burden during this transition period. Therefore, the county will provide reimbursement for your reasonable, documented moving expenses.

We also realize that there can't be a “one-size fits-all” approach to companies that are in such varying stages of development. Therefore, the county is also willing to consider additional assistance on a case-by-case basis in order to address extraordinary expenses that may exist for a given licensee. Please work with my staff to articulate your needs so that we can provide you with a timely answer on the assistance you can expect.

In the coming weeks you will see more communications from me and other important organizations that play a role in the administration of the William Hanna Innovation Center. The staffs from the County, BioMaryland and MEDCO meet weekly to coordinate these communications as much as possible. That being said, each organization has different requirements that need to be met, so it is very important that you read and respond to each communication as required in order to make sure that you are informed and prepared.

I know that change can be challenging and stressful. This is an important time for your organization and we are committed to working with you to help you address whatever issues we can. The one thing we can't do is make more time. As we sit here looking at snow on the ground, it is difficult to imagine that the warmth of June 30th is right around the corner, but it is. So, I would urge you to engage in the transition process for your company now. Staff is available to meet with you and understand your needs and help identify options for you to consider.

Finally, it is important to note that this transition for you is moving from one space to another, not out of the Innovation Network. We are working to increase the programmatic, mentoring and resource support for life sciences in the coming months to help you and your colleagues bring innovative new products to market as quickly as possible.

Sincerely,

A handwritten signature in black ink that reads "Steven A. Silverman". The signature is fluid and cursive, with the first name "Steven" and last name "Silverman" clearly legible.

Steven A. Silverman
Director, Montgomery County Department of Economic Development

Appendix 8

Montgomery County Incubator Network Overview and FY11 Operations Summary and Budget

	Steady Groves (SSG)	Silver Spring (SSC)	Wilmetts (WIK)	Rockville (RVC)	Greenbelt (GBC)	TOTAL
Year Opened	1999	2004	2006	2007	2008	
Ownership	MEDCO, w/\$2.3 million PNC loan	County	County leases facility from Westfield	MEDCO, w/\$4.2 million PNC loan	County leases from Montgomery College Foundation	
Ownership Condition	MEDCO retains ownership after mortgage pay off in 2019 due to State's bond	None	10-year lease w/2.7% annual increase till 2016	Ownership reverts to County after mortgage pay off in 2032	20-year lease until 2026	
Total Project Capital Costs	\$9.45 million (\$850,000 in County fund)	\$2.5 million (\$800,000 in County fund)	\$300,000 County fund	\$6.6 million (\$900,000 in County fund)	\$6.7 million (\$2.95 million in County fund)	\$25.6 million (\$5.9 million in County fund)
Estimated FMV of Property	\$10-\$11 million	\$3-\$4 million	N/A	\$4-\$5 million	N/A	\$17-\$20 million
Facility Size/Capacity						
Gross Area (sq.ft.)	60,000	21,000	12,000	22,000	33,000	148,000
Net Leasable Area (sq.ft.)	33,690	9,920	5,623	13,339	17,513	80,075
Number of Office	76	36	36	46	50	244
Number of Wet Lab	24	0	0	0	9	33
Number of Cleanroom	0	0	0	0	4	4
Number of Tenant (Physical)	45	23	22	22	25	137
Number of Tenant (Virtual)	7	5	0	5	1	18
Current Occupancy Rate	76%	94%	100%	99%	99%	as of 2/27/2012
County Staff Assigned	0.5 workyear	0.5 workyear	0.5 workyear	0.5 workyear	1.0 workyear	3 workyear
County Staff Personnel Costs	\$58,692	\$56,036	\$56,036	\$58,692	\$128,710	\$358,166
Maximum Annual Rent Revenue @ 100% capacity	\$1,383,162	\$308,019	\$175,019	\$449,822	\$686,393	\$3,002,415
FY11 Annualized Occupancy Rate	88%	98%	90%	91%	89%	
FY11 Total Revenue Charged—includes non-rental income	\$1,260,107	\$312,492	\$142,776	\$435,816	\$615,585	\$2,766,776
FY11 Total Operating Costs	\$958,504	\$301,579	\$116,776	\$586,303	\$310,698	\$2,273,860
FY11 Operating Income (Loss)	\$301,603	\$10,913	\$26,000	(\$150,487)	\$304,887	\$492,916
FY11 County Operating Grant	\$200,000	\$25,000	\$280,000	\$610,000	\$442,000	\$1,557,000
Annual Debt Service	\$440,000	\$0		\$410,000	\$0	\$850,000
Annual Lease (BCAM) Payment	\$0	\$0	\$299,594	\$0	\$634,821	\$934,415
Total County Costs	\$250,692	\$81,036	\$338,036	\$648,692	\$570,718	\$1,915,168

Operating Income + County Operating Grant is used to service debt/lease pmt. Total revenue charged does not equate to actual collected, as 3-8% variance occurs due to delinquency (A/R increase) and tenant companies filing for bankruptcies.

45



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

March 5, 2014

The Honorable Ana Gutierrez
220 Lowe House Office Building
Annapolis, Maryland 21401

Dear Delegate Gutierrez:

Thank you for your letter inquiring about our biotechnology industry, the new National Cybersecurity Center of Excellence (NCCoE), and about the transition plans for our existing biotech and life sciences companies at the Shady Grove Incubator.

I want to start out by assuring you that Montgomery County's support for the biotech and life sciences industries is steadfast and we are committed to continue the momentum and tremendous progress we have made in recent years in advancing our biotech businesses at all stages of growth and development.

The County has made significant investments in our biotech industry, including:

- 85 grants to life science companies from County Economic Development Fund (34%) totaling \$9.5 million (22% of EDF).
- \$500,000 each year for the first local biotech investor tax credit program in the nation.
- \$500,000 each year for the BioHealth Innovation, Inc. (BHI), which has leveraged millions in private dollars to support tech transfer – Our partners include MedImmune, Qiagen, Emergent, GSK, United Therapeutics, USG and JHU. BHI's focus is building and advancing early-stage companies and products and has already assisted many promising local biohealth companies by connecting them with capital and business know-how, in addition to helping major research institutions better transfer their market-relevant technologies into the private sector.
- Championing two major life sciences centers in Montgomery--the Great Seneca Science Corridor and the White Oak Science Gateway. These two anchor science centers will connect existing medical research, academic and healthcare delivery organizations across sectors, and attract new businesses and investments and create live-work-play destination centers that will put Montgomery County on the national and global maps and solidify our leadership positions in the biotech and biohealth and healthcare industries.

The Honorable Ana Gutierrez
March 5, 2014
Page 2

Montgomery County's current incubator program, which was among the first and remains among the largest in the nation, was designed to meet real estate needs of many small start-ups. Best practices have evolved since the early days of the incubator business, and now the trend is to provide more targeted and intensive assistance to incubator program participants. As a result of two studies commissioned by the County Department of Economic Development (DED), Montgomery County is moving forward with transforming our incubator network to better serve our businesses and better serve Montgomery County's overall economic growth and job creation by focusing on growing networks and peer support and mentoring for our budding biotech and other technology companies.

DED communicated with each of the incubator companies in November, 2013, so they would have a full seven month notice about the relocation. The County has pledged to absorb the costs of relocation, which is scheduled to take place by June 30, 2013.

As you may know, the tenants have one year license agreements, although 21 of the tenants have been there for more than three years and 11 for more than five years, including the longest for over 10 years.

I am personally committed to ensuring the successful transition of each company from the Shady Grove Incubator into new space that will provide them with the support they need to be successful. DED is actively working with each of the tenants to ensure that they find an appropriate combination of private and/or public space suitable for their growth and success. In the past two weeks, DED has met with 32 of the 33 remaining companies at Shady Grove. Seven companies have already moved to new locations including the Germantown Innovation Center.

The GIC is the county's state-of-the-art life sciences incubator, its newest facility and includes 11 wet labs and four clean rooms. It serves as an anchor in the county's newest life sciences development, which also includes an about-to-open hospital, a recently-opened Montgomery College science building, access to a corps of eager interns, and a technology park across the street with another planned on land adjacent to the GIC. We believe that the decision to focus life science activities in Germantown is consistent with our charge to lead and support development in new areas.

Staff has met with six real estate concerns and is receiving proposals from some of them to create small lab space for relocation of tenants to commercial space.

Using the Shady Grove Incubator for the new National Cybersecurity Center of Excellence (NCCoE) allows Montgomery County to capture a growing industry – cybersecurity – in an economically sensible way. Thanks to NIST, Senator Mikulski and the State of

The Honorable Ana Gutierrez
March 5, 2014
Page 3

Maryland's strong support, Montgomery County has a historic opportunity to position itself as the epicenter of cybersecurity.

The NCCoE has agreements to work on projects with nationally known companies – Intel, Google, Symantec, etc. – that are not currently located in the County. Over time, we expect the NCCoE will grow jobs and have a positive impact on our County, and the State, which is why there was a strong commitment from our Governor, and a significant financial contribution from the State.

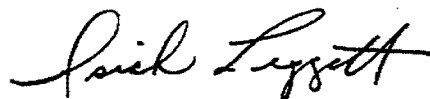
The County's decision to locate the NCCoE at the Shady Grove Incubator was the result of a careful evaluation of the comparative costs of all options, which we have previously briefed the Delegation on.

I am attaching a summary assessment done by County Council staff which reaches the conclusion that "continuing to operate the Shady Grove facility as an incubator and paying to find an alternative site is not a cost-competitive option."

While I believe that we could have done a better job of communicating with the biotech companies currently in the Shady Grove Incubator about our plan of relocating their companies and what to expect, I am fully committed to working closely with each individual business to ensure a smooth transition into a successful future.

If you have questions, please contact me or Steve Silverman, Director of the Montgomery County Department of Economic Development at 240-777-2005.

Sincerely,



Isiah Leggett
County Executive

Enclosure

cc: Montgomery County Delegation
Craig Rice, President, Montgomery County Council
Steven A. Silverman, Director, Montgomery County Department of Economic Development
Dominick Murray, Secretary, Maryland Department of Business and Economic Development



DEPARTMENT OF ECONOMIC DEVELOPMENT

Isiah Leggett
County Executive

Steven A. Silverman
Director

April 1, 2014

Below is a short recap of the current status of the County's incubator portfolio in the William Hanna Center for Innovation at Shady Grove, and several options the County has identified for those that currently remain in the Center.

- We started with 40 companies when we announced our intention to repurpose the Center.
- To date, 21 companies have either transitioned out or have a definitive transition plan in place to move out by May 31st.
- This leaves us with 19 companies that need to identify a new location (16 looking for wet lab space and 3 needing office space only).

The County staff has toured many properties in the community, organized tours for companies and interacted with those landlords who own significant wet lab space in the County. The leading options which will allow companies to cluster at this time are:

Alexandria Real Estate: 19 Firstfield Road, Gaithersburg, Md
Size: 2 additional lab/office combinations @ 1,775 and 1,802 sq.ft. 1 lab/office already leased to a WHIC licensee.
Space status: This space is "tenant ready"

William Rickman: 9119 Gaither Road, Gaithersburg, MD
Size: 5,500 sq.ft. that Mr. Rickman is willing to subdivide into five or six labs. The property offers two 5,500sf suites
Cost: \$28.00 psf Space Status: This space needs improvements for occupancy but does not require significant permitting and construction.

There was an additional option that now looks unlikely, both because of the cost of renovation and the amount of time it would require.

We presented the two options to the remaining licensees this week by posting floor plans and details, hosting a group meeting on Tuesday, April 2, and continuing with one-on-one meetings to discuss which property best fits each company's needs. In addition, we are compiling a list of individual office/lab spaces for lease and for sublet for companies. We also continue to urge the companies to select and work with a broker.

We have defined a "soft landing" as doing our best to keep cost for each company (so long as they stay in Montgomery County) for the same size space for the first year of their lease (FY15) equivalent to their license costs at WHIC. Most of the companies can afford \$40 sq. ft. full service for commercial space under that definition; all can afford comparable space at \$28 sq.ft. full service. A few companies that are newer to the WHIC and have lower rates could see their costs rise somewhat at the \$40 rate; we are prepared to work with them individually. In addition, we have agreed to cover reasonable move costs for licensees who are in good standing and moving to a location within Montgomery County.

Between the cluster options and the individual lab/office options, we believe that we can deliver on the County's pledge to provide each company a "soft landing" within the County.

BUD, FIN &
ECON DEV



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

RECEIVED
MONTGOMERY COUNTY
COMMUNITY DEVELOPMENT

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NAN
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Isiah Leggett
County Executive

April 9, 2014

Ms. Marilyn Balcombe
President/CEO
Gaithersburg-Germantown Chamber of Commerce
910 Clopper Road, Suite 205N
Gaithersburg, Maryland 20878

Dear Ms. Balcombe:

Thank you for the opportunity to share with you our plan for the continued support and growth of the life sciences industry in Montgomery County. Our track record in support of this important industry is unparalleled in the region. Yet, as we look for ways to grow economy for the future, it is vitally important that we leverage all of our assets and we are also uniquely positioned to expand into another major growth area - civilian cybersecurity. This new area of opportunity will complement our technology industry sectors and allow us to diversify and strengthen our economy as a whole.

In my proposed 2015 budget, I have recommended increasing County financial support for both life sciences and cybersecurity. Obviously, as we undertake these new opportunities we need to facilitate as smooth a transition as possible for all parties. To this end, my staff and I are working diligently to assist the current licensees at the William Hanna Innovation Center (WHIC) in finding suitable relocation space. We are providing each company with relocation assistance and are exploring a variety of mechanisms to assist the companies and commercial real estate partners with resources to facilitate the transition into new space. The landscape of incubator programs has changed and I believe that it is in the long term best interest of the county to engage the private sector as our real estate partner. This will ultimately increase the attractiveness of the life sciences by cultivating stronger private sector relationships and not making future growth dependent solely on public resources.

I have enclosed a summary that outlines the key facts related to the County's activities in life sciences and cybersecurity over the past year. I hope that this summary gives you a better sense of the steps that we have taken to address the needs of the life science companies in the near term, while building a solid foundation for future growth. Please don't hesitate to contact me or Steve Silverman, Director of Economic Development if you should have any follow-up questions.



**ACTIVITIES UNDERTAKEN BY MONTGOMERY COUNTY REGARDING
LIFE SCIENCE AND CYBERSERURITY**

March 31, 2014

Real Estate

- In February 2012, NIST signed an MOU with Maryland and Montgomery County regarding collaboration for the creation of the National Cybersecurity Center of Excellence
- In 2013, Senator Mikulski received additional **\$15M federal appropriation** (for a total of **\$35M** from 2011 -2013) to support NCCoE in Maryland and **\$15 million annually on an on-going basis.**
- Partnership Intermediary Agreement (PIA) between NIST, State and County outlined that DBED and DED would be responsible for providing space for NCCoE and NIST would provide operating resources.
- Scheer Partners, a local real estate broker and developer for life science and technology companies, was retained to assess local commercial market for NCCoE.
- Given the constraints of the need (65,000 square feet, close proximity to NIST, and the opportunity to expand), the cost of a 10 year lease for available commercial property that Scheer identified was about \$3 million per year, or, \$30 million, split equally between the County and the State (\$15 million each over that period -- no ownership).
- The ONE time cost to renovate the WHIC -- which is around the corner from NIST and due for renovation (and is expandable and meets the sq footage need) was ~\$9 million -- \$4.5 for the County and \$4.5 for the State.
- NCCoE is currently located in vacant space at the IBBR facility on the USG campus -- there is not sufficient space in that facility or on that campus that meets its space requirements.

WHIC Licensees:

- In 2012, Montgomery County began review of its incubator network and programs resulting in two reports -- review of incubator policies and objectives to date, recommendations of options for the future.
- In Summer 2013, based on report recommendations, county agreed to pursue strategy to shift focus of incubator program to reflect best practices and transition from real estate to programmatic activities.
- Since each occupant of the WHIC (and each incubator facility) has a one year lease with a 60 day notice provision, Montgomery County wanted to provide ample notice of its changing focus.

April 10, 2014

Hon. Isiah Leggett
County Executive
101 Monroe Street, 2nd Floor
Rockville, MD 20850

Re: Eviction of Biotech Companies from Shady Grove Incubator

Dear County Executive Leggett:

The undersigned biotech tenants and graduates of the William E. Hanna Innovation Center at Shady Grove ("Innovation Center") write to express our profound disappointment at your decision to evict our companies from the Innovation Center without taking steps to help establish a comparable incubator facility in this area. We respectfully urge that the eviction process be suspended until such an alternative facility is established.

Incubators plays a critical role for early stage biotechnology companies and cities around the country and the world are increasing their investment in life science incubators and accelerators. The essential structures that improve the odds of companies like ours to succeed are the ready-to-use research labs (500-1500 square feet), shared specialty equipment, reasonable (but not necessarily below market) short term rents without personal guarantees, conference rooms and office support (mailroom, high speed photocopier/printer/scanner), and an environment to share early stage challenges with fellow entrepreneurs. **Only incubators provide the venue to network and share know-how among start-up CEOs, the value of which cannot be overstated or replicated if companies are scattered to a dozen or more facilities that sub-lease small blocks of space.**

Since the surprise announcement of Mr. Silverman's plans to destroy two dozen highly valuable, expensive, state funded wet labs, we have sought to understand the decision and seek alternatives to its loss that are less damaging to the long term viability of biotech in Montgomery County. Our companies fail to understand the economic basis of your decision which replaces private, rent paying tenants with tax payer funded subsidies for federal personnel. We have spoken out to preserve the institution that current and former tenants universally agree is a vital resource to the County biotechnology community. We appreciate the many entrepreneurs, elected officials, and groups like the Gaithersburg Chamber of Commerce who have spoken out against your decision. We nevertheless lament the fact that these voices of descent appear to be meeting stubborn resistance from your Director of Economic Development.

Before this important and successful institution is lost forever, we urge you to adopt one of the following two options:

First, the County had previously explored an expansion of the current center with a shared bio/cyber use designation. We support construction of a 40,000 square foot addition on the existing campus, which is similar to what had already been drawn up by the County five years ago. The first 15,000 square feet could be available in short order for cybersecurity, while construction of the four story cybersecurity tower is initiated. None of the current tenants would be forced to leave, nor the valuable wet lab facilities destroyed.

Second, as an alternative option, the County should provide seed capital for a new biotech incubator facility that would eventually be completely privatized. Ideally this facility would have at least these characteristics:

Hon. Isiah Leggett
April 10, 2014
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- Near the Shady Grove Life Science Center
- Scale to at least 30,000 square feet over 24 months
- Shared common areas, equipment, etc.
- Heavy input from current and former tenants of the "old" incubator in the process of creating and operating this new facility
- Similar financial terms and features for tenants as WHIC

As a group, we have taken time from our current businesses to evaluate and endorse these options, with a major goal being to promote a **healthy biotechnology business environment in Montgomery County in the long run**. Many CEOs of former Innovation Center Businesses have helped to express the short-sightedness of the current decision as well as promote options. Those that know best universally support the continued operation of the William Hanna Innovation Center at its current location.

Thank you for considering our views on this urgent topic.

CC: Members of Montgomery County Council

Respectfully Submitted,

Jerry Stringham
President & CEO
Blue Torch Medical Technologies
William Hannah Innovation Center
9700 Great Seneca Hwy.
Rockville, MD 20850

David Beylin
President & CEO
Brain Bio
William Hannah Innovation Center
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Aprile Pilon
President & CEO
Clarassance
William Hannah Innovation Center
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Dietmar Wolf
Executive Vice President
Analyticon Discovery, LLC
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David Ho
President & CEO
HeMemics Biotechnologies Inc
William Hannah Innovation Center
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Martha Knight
Executive & Scientific Director
CC Biotech
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Mark Ricigliano
President & CEO
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William Hannah Innovation Center
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Hui Ge
President & CEO
AscentGene, Inc.
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Hon. Isiah Leggett
April 10, 2014
Page 3

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Nate Ahn/Steingrimur Stefansson
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Guo-An Wang
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Hojune Lee
L&J Biosciences, Inc.
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Mark Gui, Ph.D.
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Anatoly Dritschilo/Scott Grindrod
CEO/Dir of Chemistry
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Christopher Oak
President
Magbio Genomics
William Hannah Innovation Center
9700 Great Seneca Hwy.
Rockville, MD 20850

R. Paul Schaudies, Ph.D.
CEO
GenArraytion, Inc.
William Hannah Innovation Center
9700 Great Seneca Hwy.
Rockville, MD 20850

Recent Graduates of the Innovation Center:

Noel Doheny
CEO
Epigenomics, Inc.
20271 Goldenrod Lane
Germantown, MD 20876

Israel Gannot
CEO
Opticul Diagnostics
9601 Medical Center Drive
Rockville, MD 20850

Richard Garr
CEO
Neuralstem, Inc.
20271 Goldenrod Lane
Germantown, MD 20876

Cha-Mei Tang
President
Creative Microtech, Inc.
11609 Lake Potomac, Dr.
Potomac, MD 20854

To: Councilmember Nancy Floreen, Chair, PHED committee
From: Holly Sears Sullivan, President, Montgomery Business Development Corporation
Date: January 21, 2014
RE: FY14 Quarter 2 report on Resolution 17-443, budget provision #61

As indicated in Resolution 17-443, budget provision #61, *“The Department of Economic Development and the MBDC must report to the Council quarterly the status of contract negotiations and contract deliverables.”* We are pleased to report the following ongoing actions within these focus areas during the first quarter.

COMMUNICATIONS/MARKETING ACTIONS:

- MBDC has developed (4) marketing brochures highlighting the community. Additional brochures are in process.
- MBDC is an active participant in the planning process of the County Executive’s “New Montgomery” initiative.
- MBDC participated with DBED on a business-recruiting trip to Dallas, TX.
- MBDC has developed and working on implementing a marketing plan with DED, as approved by the MBDC Board.
- MBDC is participating in the ISCS Mid-Atlantic conference and will have a booth. Currently, developing a marketing banner to showcase Montgomery County.
- MBDC has engaged in on-going dialogues with Council members, Chambers, Board members, ED partners, State officials, Business leaders, and Civic leaders to identify assets and challenges impacting business and economic development and sustaining a healthy climate for growing and attracting business.

ADVOCACY/ADVISORY ACTIONS:

- MBDC is participating in Non-Profit Montgomery Moving Forward for Workforce Development
- MBDC has acted as a liaison between the business community and legislators when addressing current issues and bill development; Minimum wage and workforce development.
- MBDC continues to be a resource for relevant data concerning policy.

business works here

- MBDC has regularly scheduled meetings with state officials on business climate initiatives
- MBDC Board members and staff continue to be available to provide advice regarding current or proposed legislation or actions relating to business development.

ECONOMIC DATA/METRICS & ANALYSIS

- MBDC continues to partner with UMD (grant funded) to develop quarterly economic data currently posted on the website.
- MBDC has contracted with DataStory to implement ESRI ArcGIS online platform, clarifying data through mapping and GIS technology. Utilizing this technology, MBDC and the business community will be able to focus on strategy and decisions. Custom maps with key business attributes from various data sources will be posted on the website with capabilities for specific region queries for extended data.
- Received EARN planning grant funds for workforce development in the healthcare industry.

BUSINESS RETENTION/EXPANSION ACTIONS:

- In collaboration with DED, MBDC meets regularly to discuss existing business visits and relationship building. Per scope of services within DED/MBDC contract, MBDC will conduct at least 100 business visits this fiscal year.
- Business retentions visits –over 40 since July 2013; Stakeholder/Leadership meetings – over 50 since July 2013
- MBDC details retentions visits to DED for database.
- MBDC has explored opportunities in non-target markets for business expansion and job creation opportunities. MBDC has organized the Maryland Smart Energy Hub (MSEH) consisting of mid-size energy companies in Montgomery County to create synergy and a stronger energy-sector presence in the county.



To: Councilmember Nancy Floreen, Chair, PHED committee
From: Holly Sears, President, Montgomery Business Development Corp.
Date: March 31, 2014
RE: FY14 Quarter 3 report on Resolution 17-443, budget provision #61

As indicated in Resolution 17-443, budget provision #61, "*The Department of Economic Development and the MBDC must report to the Council quarterly the status of contract negotiations and contract deliverables.*" We are pleased to report the following ongoing actions within these focus areas during the third quarter.

Communication/Marketing Actions:

- **Community Profiles:** Developed and made available to the public on our website 7 Community Profile marketing brochures highlighting the following locations: 270 Corridor, Rockville, Silver Spring, Bethesda, Gaithersburg, Germantown, and Wheaton. Continued development (currently in draft form) Development Sites, Purple Line overview, The Pike Market district and an updated Business Incentive brochures.
- **Website and Social Media Development:** MBDC has updated the website to include quarterly economic data, economic resources and interactive maps. Average 300 new visitors to the website with 1,100 page views per month
- **Presentations:** MBDC given 10 presentations this quarter to various business and civic groups within the County
- **Conference participation:** Attended and developed banners and marketing materials displayed at a booth at the ISCS Mid-Atlantic conference (Feb.), UMD- Beyond the Tracks Conference (March) and will participate in the Makeover Montgomery Conference (May).
- **Sponsorships:** Endorsements or direct funding to the following events: Bethesda Green entrepreneurial program, Small Business Awards, REDI- Business Appreciation Day
- **Communication:** MBDC has engaged in on-going dialogues with Council members, Chambers, Board members, ED partners, State officials, Business leaders, and Civic leaders to identify assets and challenges impacting business and economic development and sustaining a healthy climate for growing and attracting business.

Advocacy/Advisory Actions:

- **Civic Partnerships:** Participated in the following workgroups: Montgomery Moving Forward Leadership Team, Community Foundation, MBDC is participating in Non-Profit Montgomery Moving Forward for Workforce Development, WIB strategic Plan Committee, New Montgomery Initiative Committee
- **Chamber Engagement:** Regular meetings with the Chambers.
- **Advisory:** MBDC has acted as a liaison between the business community and legislators when addressing current issues and bill development; Minimum wage and workforce development. MBDC has acted as a liaison between the business community and legislators when addressing current issues and bill development; Minimum wage and workforce development.

Metric Collection & Analysis Actions

- **Economic Data:** Partnership with UMD Economic Development Center to provide quarterly economic data reports. Provided 25 organizations with requested data.
- **Business Analytics:** Partnership with DataStory (McKinsey Group). Developed GIS data maps indicating regional workforce characteristics, transit, health care spending, unemployment, Bio companies and Zoning. Provided Business Analytics and Community Profiles to 15 organizations upon request.
- **Workforce Development Focus Groups:** Conducted 4 structured focus groups and 17 interviews with industry, education and community organizations to gather data regarding workforce needs in the health and wellness industry as part of the EARN Grant.

Business Retention/Expansion Actions:

- **Business Retention:** Visited 22 existing companies in Montgomery County, building relations with companies across industry sectors. Provided support for requested permitting needs, workforce needs, marketing needs, and data needs. Made connections with industry based contacts to enhance collaborative projects.
- **Maryland Smart Energy Hub:** Regularly convene local energy companies to explore ways to expand sector. Developed synergy for alternative and green energy business development. Reviewed and analyzed proposed energy/green legislation. Promoted collaboration between energy and IT industries – exploring new industry niche.

To: Nancy Floreen, Montgomery County Council
Chair, Planning, Housing Economic Development Committee

From: Holly Sears Sullivan, President MBDC

Date: March 25, 2014

Subject: FY 2015 Funding

The Montgomery Business Development Corporation is the primary public-private business development organization for Montgomery County. In the last year, the MBDC has further developed our four focus areas of Economic Data, Advocacy, Business Retention and Marketing into a robust strategy aimed at improving the business climate in Montgomery County. By partnering with our private board of directors, we are able to quickly identify gaps in the economic and business development ecosystem.

In FY 2014, the MBDC has:

- Partnered with the University of Maryland to produce meaningful quarterly economic data, which includes: job growth data, industry sector data, workforce data, employment concentrations, commuting data, wage/income data, and other relevant economic data
- Developed a Real Estate Site Selection tool, powered by CoStar/Loopnet
- Developed data software by using ESRI and GIS (Geographic Information System) to create a data story that is relevant and can be effectively communicated to the private sector and government sector. The data story software is designed to complement the UMD static data and provide current, detailed information on a variety of demographics, workforce analytics, zoning, employment data and much more. The MBDC continues to develop unique and relevant applications for this data and mapping software.
- Become an industry source for reliable, consistent data. Data is available on our website in word and PDF format for downloads.
- Developed a robust website, which has over 1,000 hits on a monthly basis
- Continues to develop relationships with existing business leaders and address opportunities and challenges. The MBDC has met with over 80 companies and business leaders thus far in FY 2014
- Received a workforce development training grant from the State of Maryland Department of Labor, Licensing and Regulation, the EARN Grant. The MBDC has selected the health and wellness industry to

assist in the alignment of resources of our existing business sector, Montgomery Moving Forward and DED.

- Developed Business Profiles for Silver Spring, Bethesda, Rockville, Germantown, Gaithersburg, Wheaton and the 270 Technology Corridor. The Business Profiles were developed to complement each other and build upon additional marketing materials that we are developing. The brochures provide a consistent marketing message and brand.
- Developed a marketing brochure in conjunction with DGS to market 5 sites on which, the County has partnered with private development to highlight the sites and the County's pro-business climate.
- Developed an incentives brochure that briefly describes the economic development incentives available in Montgomery County
- Developed a Purple Line marketing brochure

The Montgomery Business Development Corporation is requesting modest additional funding from the Montgomery County Council. The MBDC appreciates the continued support of the County Council as the MBDC continues to grow and expand services to meet the needs of the business community.

The MBDC is requesting \$100,000 additional funding in FY 2015 to:

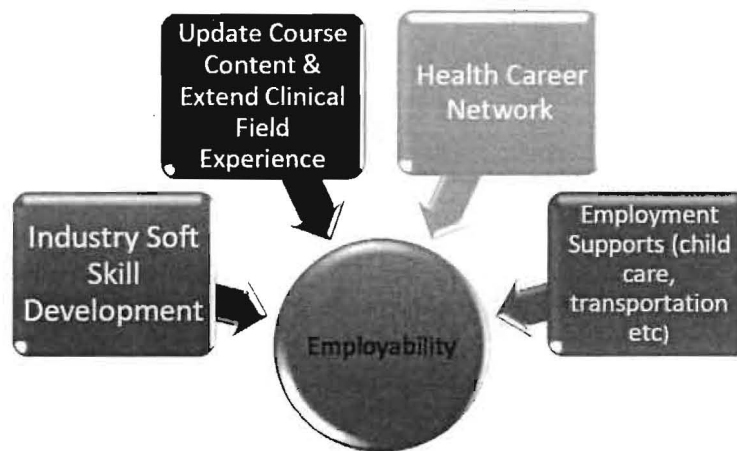
1. Hire an additional employee with strong research and information technology skills and experience: Economic Development Research Analyst
This person will be engaged to:
 - Build upon existing databases, software and external resources to provide relevant data, trends and analytics to the business community, government agencies, non-profits and residents of Montgomery County
 - Provide labor and economic analyses for the creation and retention of jobs in Montgomery County.
 - Prepare routine economic updates for stakeholders
 - Assist in preparing relevant marketing materials
2. Expand Montgomery County's economic development marketing services to include:
 - Targeted outreach to Site Selection Consultants and decision makers
 - Build upon the Montgomery County brand: *Business Works Here*
 - Participate in relevant trade shows and marketing opportunities, such as: International Council of Shopping Centers, Corenet, Industrial Asset Management Council, and Site Selection conferences

business works here

Rx for Employability

Rx for Employability is an industry-led career pathway development model matching industry employment trends and needs with designated populations within Montgomery County. In alignment with our overall mission to *effect change in the positive economic model of Montgomery County by fostering business growth while improving our quality of place*, Montgomery Business Development Corporation (MBDC), currently serves as the convener and project manager. The planning and development of the model was funded by the Maryland EARN Grant with the initial focus addressing career pathways in the health and wellness industry. An EARN Implementation Grant proposal for partial implementation funding has been submitted and pending approval. Leveraging the many resources in Montgomery County, the model structures a coordinated approach for accessing existing supports in order to address Industry-led relevant training content, training delivery approaches as well as addressing employability barriers for sustained employment and continued growth.

The initial designated participants will be unemployed or underemployed heads of households living in Montgomery County who are unlikely to follow a conventional pathway to prosperity without specific support or assistance. To ensure success, the Rx for Employability program will provide the required personal touch and support to access extensive wrap-around supports to minimize training/employability barriers including childcare assistance, transportation supports, enhanced computer skills, communication and literacy support and a vested interest in each participant's success. The coordinated model of support aims to encourage self-improvement and enhanced dignity. This model can be replicated and modified to address the unique needs of various designated populations.



The intent of Rx for Employability is to create a sustainable and comprehensive career pathways workforce development model that is both flexible and nimble in order to serve a variety of both industry needs and designated populations. The Rx for Employability career pathways model will begin implementation in the fall 2014 addressing the following industry designated entry level and incumbent pathways:

- Sterilization Technicians leading to a career path in infection control
- Pharmacy technicians leading to a career path in pharmacy
- Medical coder bridge program for incumbent workers - bridging skills and knowledge between Medical Coder 9 to Medical Coder 10 to ensure continued and possibly enhanced career pathways in medical records management.

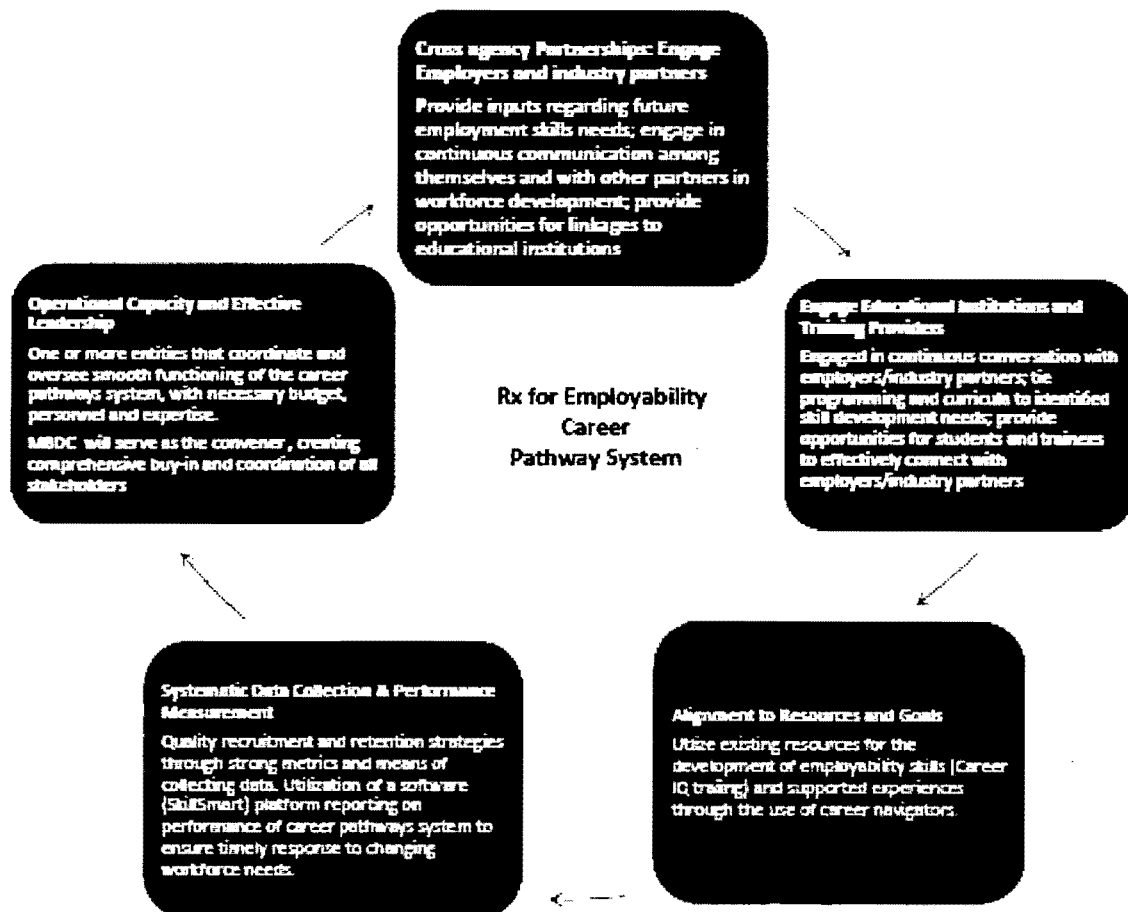
MBDC is pleased to have the following partners. To confirm sustainability, all partners have committed either in-kind or direct support as well as a commitment to work together to ensure a successful program.

HealthCare Industry Partners: Adventist HealthCare, Holy Cross Hospital, Mid-Atlantic Kaiser Permanente, CVS/Caremark, Johns Hopkins Medical Institute (Suburban Hospital & Sibley Hospital), Sodexo, National Institute of Health, Mobile Medical Care.

Education/Training Partners: The Universities at Shady Grove, UMD school of Nursing, UMD School of pharmacy, UMD School of Public Health, Salisbury University, Montgomery College

Community Partners: Nonprofit Roundtable (Montgomery Moving Forward), The Starfish Group, Montgomery County Workforce Investment Board, SkillsSmart, Council for Adult & Experiential Learning (CAEL), Workforce Solutions.

As the coordinating entity, a governance protocol will be enacted that will optimize each organization's assets and eliminate duplicative activities. MBDC has already taken actions and will continue our efforts to work collaboratively across sectors towards proactively reaching out to unemployed and underemployed residents to be engaged in the workforce. MBDC has created essential relationships so that we have a firm and ongoing understanding of the industry needs, required job skills, coordinated outreach strategies and supports, training and assistance programs and employability barriers so that we can optimize and synchronize essential elements of the workforce development system. Critical to addressing the employability barriers is the coordinated efforts with Montgomery Moving Forward who has also envisioned and engaged community leadership in the Rx for Employability program to provide the connections through the use of career navigators to community resources to ensure successful participation. Scheduled meetings and regular communications are planned to update our partners regarding our current training cohorts, solicit feedback as to the value and impact of the training and partnership and explore strategies for continuous improvement.



Montgomery Moving Forward

Mobilizing leaders to work across sectors to solve our biggest problems together

Montgomery Moving Forward (MMF) is experimenting with a new way of working together to solve problems. We will find **common ground**, come to a **common vision** and embrace specific and **actionable plans** to tackle our problems.

MMF is building on the collective people power and talent in Montgomery County to bring together committed and invested leaders from all of our communities and professions – including education, business, philanthropy, nonprofits and government.

Montgomery County has real problems – ranging from environmental sustainability and the lack of affordable housing, to growing poverty rates and a shortage of qualified workers, to school achievement gaps and childhood obesity.

The good news is that many problems are new to the County and therefore not intractable. We have veteran and emerging leaders who bring vision and insight to the table. We have the resources, intellectual capital and will to solve our problems. That's what MMF is all about.

Our first issue: jobs

To begin, MMF is focusing on workforce development – leading a community-wide conversation on how best to train and match more Montgomery County residents with the good jobs of the future, so that more residents achieve self-sufficiency, more businesses find qualified workers, and more communities contribute to county-wide prosperity.

What makes MMF different?

We are collaborative, not competitive.

We are a vehicle for change,
not an organization or program.

Leaders from across sectors
have joined our effort.

See back for MMF leadership group.

Learn more and get involved.

- ▶ Sign up for the MMF E-update.
Contact Mindy Chong:
mchong@nonprofitmontgomery.org
- ▶ Be part of MMF's first issue: jobs.
To learn more, contact Sharon Friedman:
sfriedman@nonprofitmontgomery.org
- ▶ Spread the word.
Tell colleagues and community leaders
about MMF and how they can get involved.

Nonprofit Montgomery is functioning as MMF's hub, supported by seed funding from the Community Foundation for Montgomery County and the Montgomery County Department of Economic Development.



Montgomery Moving Forward Leadership Group

March 2014

Uma Ahluwalia
Director
Montgomery County Department of
Health and Human Services

Marilyn Balcombe
CEO
Gaithersburg-Germantown
Chamber of Commerce

Steve Bauman
VP, Global Learning
Marriott International

Kevin Beverly
MMF Co-Chair
Executive VP
Social & Scientific Systems, Inc.

Shirley Brandman
MMF Co-Chair
Member
Montgomery County
Board of Education

Bob Buchanan
Partner
Buchanan Partners

Sterling Crockett
MMF Co-Chair
CEO
Chesapeake Bay Roasting Company

Stewart Edelstein
Executive Director
Universities at Shady Grove

Ronnie Galvin
Executive Director
IMPACT Silver Spring

David Gamse
CEO
Jewish Council for the Aging
of Greater Washington

C. Marie Henderson
Director
Community Foundation for
Montgomery County

Suzan Jenkins
CEO
Arts and Humanities Council
of Montgomery County

Mike Knapp
MMF Co-Chair
CEO
Orion Ventures

Kelly Leonard
CEO & President
Taylor-Leonard Corporation

Susan Madden
Chief Government Relations Officer
Montgomery College

Linda McMillan
Legislative Analyst
Montgomery County Council

Luisa Montero
Director
LAYC/Maryland
Multicultural Youth Center

Manny Ocasio
Chief HR & Integrity Officer
Holy Cross Health

Marta Brito Perez
Senior VP / Chief HR Officer
Adventist Healthcare

Arlene Pietranton
CEO
American Speech-Language-Hearing
Association

DeRionne Pollard
President
Montgomery College

Sally Rudney
Philanthropic Advisor

Holly Sears Sullivan
President
Montgomery County Business
Development Corporation

Chuck Short
Special Assistant
Office of the County Executive

Larry Shulman
Senior Counsel
Shulman Rogers Gandal
Pordy & Ecker, P. A.

Steve Silverman
Director
Montgomery County Department of
Economic Development

Karla Silvestre
Director of Community Engagement
Montgomery College

Joshua P. Starr
Superintendent of Schools
Montgomery County
Public Schools

Kathy Stevens
Executive Director
Montgomery Coalition for
Adult English Literacy

Diego Uriburu
MMF Co-Chair
Executive Director
Identity, Inc.

Alexa Verveer
Senior VP of Public Policy &
Government Relations
Discovery Communications

Cliff White
Chair
Neighbors in Need Montgomery

Andy Zuckerman
Chief of Staff
Montgomery County
Public Schools

Sesker, Jacob

From: Sesker, Jacob
Sent: Thursday, April 17, 2014 7:20 PM
To: 'Sharon Friedman'
Cc: Ellie Giles; McMillan, Linda; Silverman, Steve; Hope Gleicher
Subject: RE: MMF/Rx for Employability

Sharon,
You are correct, grants recruitment refers to grant participant outreach.

Best wishes,

Jacob Sesker
Senior Legislative Analyst
Montgomery County Council
240-777-7942
Jacob.Sesker@montgomerycountymd.gov

From: Sharon Friedman [mailto:sharon@friedmanstrategiesllc.com]
Sent: Wednesday, April 16, 2014 8:44 AM
To: Sesker, Jacob
Cc: Ellie Giles; McMillan, Linda; Silverman, Steve; Hope Gleicher
Subject: RE: MMF/Rx for Employability

Hi Jacob -

Many thanks to you and Linda for your time and patient analysis (!) And, your understanding (as noted in the email below) of the topics we discussed is indeed correct!

I would make one small "wording" request. Can you clarify that the term grants recruitment refers to grant participant outreach?

Let me know if any further information is required. If not, best of luck with packet preparation (all of them!) Sharon

From: Sesker, Jacob [mailto:Jacob.Sesker@montgomerycountymd.gov]
Sent: Tuesday, April 15, 2014 8:00 PM
To: Sharon Friedman
Cc: Ellie Giles; McMillan, Linda; Silverman, Steve
Subject: MMF/Rx for Employability

Sharon,
Thank you for taking the time to meet with me and Linda again this afternoon. I would like to confirm my understanding of the topics we discussed. I am cc'ing Ellie Giles, Steve Silverman and Linda McMillan on this e-mail.

Because of the timing of the County budget process, the budget parameters for the Rx for Employability project were not known when MMF submitted its budget to DED (and were not known when the CE transmitted his budget to the County Council).

4/17/2014

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MMF initially made two requests totaling \$300,000:

- \$40,000 for operational support to the Non-Profit Roundtable of Greater Washington.
- \$260,000 for FY15 for project implementation —(\$220,000), project data collection/evaluation/reports (\$30,000), project communications (\$7,000), and community foundation fee (\$3,000).

The County Executive's recommended budget partially funds those requests with \$160,000.

- \$30,000 for operational support to the Non-Profit Roundtable of Greater Washington.
- \$130,000 in the DED budget for the MMF demonstration project.

The \$40,000 operational support funds MMF's core operation (continuing the cross-sector collaborative effort, approaching problem solving in a new way). However, that operational support does not fund the contributions to the Rx for Employability project. Several contributions were identified by MBDC in the EARN grant proposal as contributions from MMF to the Rx for Employability project.

1. **There is no need for data collection, evaluation and reporting in Year 1 (MMF's had originally requested \$30,000).** This is because some collection and tracking is already built into the grants management budget in the grant proposal, and also because the collection, evaluation and reporting effort is more appropriate to include in a Year 2 budget.
2. **MMF's project communications budget, which is consistent with its role as a convener, need not exceed \$5,000 (MMF had originally requested \$7,000).** This is in line with MMF's recent experience for project communications in large scale cross-sector efforts.
3. **There is no need to set aside \$3,000 for a fee to the Community Foundation.**
4. **The Rx for Employability budget should include \$20,000 for grants recruitment and \$10,000 for industry liaison (as submitted in the Rx for Employability proposal).**
5. **The Rx for Employability project (~105 students/yr) should be supported by 2 career navigators. Each career navigator is likely to cost \$60,000 or more, though a total Year 1 budget of \$120,000 seemed reasonable.**
6. **The Rx for Employability grant proposal includes tuition assistance and \$10,000 for stipends for the Pharmacy Tech students only (\$220/student). Wrap-around support services for the Medical Coder and Sterilization Tech programs (30 students each per year) were not included. A more reasonable per student budget for stipends is \$500—for 105 students this would translate into (\$500 x 105=\$52,500 minus \$10,000 already in the grant proposal=\$42,500).**

Please confirm that my understanding is correct!

Based on today's conversation, it seems to me that we have been discussing 2 separate but related budget proposals—one \$45,000 budget to fund MMF core functions (convening and communicating across sectors), and one \$192,500 budget to fund Rx for Employability (assuming that MBDC is awarded the EARN Grant). This total amount is in between the amount that you requested (\$300,000) and the amount included the Executive's recommended budget (\$160,000). In order to fully fund these 2 requests, \$77,500 would need to be placed on the reconciliation list to compete with other budget priorities.

Regards,

Jacob Sesker
Senior Legislative Analyst
Montgomery County Council
240-777-7942
Jacob.Sesker@montgomerycountymd.gov

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Bethesda Blues & Jazz Supper Club

7719 Wisconsin Ave., Bethesda, Maryland 20814

www.bethesdabluesjazz.com

Mr. Isiah Leggett

March 11, 2014

County Executive

Executive Office Building

101 Monroe Street, 2nd Floor

Rockville, MD 20850

Dear Mr. Leggett,

It has been 2 years since we purchased the Bethesda Theater (2/1/12) and one year since we opened (2/28/13) the Bethesda Blues & Jazz Supper Club. In our first year we were able to exceed 36,000 customers, 225 artists and over 40 private, corporate and community events.

We have employed 58 staff members and with over \$2,500,000 in revenue and have paid over \$175,000 in sales and alcohol taxes and \$40,000 in real estate taxes. This is in a property that had sat vacant for several years, with a substantial investment by the County. We are glad to have had such success and see even greater success in 2014.

However, we need your assistance. As you may recall, the County provided the theater with a sound and light package, which exceeded \$700,000 worth of equipment. When we acquired the property and assumed that lease, we discovered that many of the items were not present.

A 15' x 27', \$46,415 motorized screen was never here. It also appears that the \$47,434 sound board was switched out by someone and replaced by a smaller, cheaper version.

We also are missing the BSS signal processor, \$11,400 which was swapped out with a \$399 unit that has now broken.

What we request is that the County simply replace these items in our lease agreement. These would cost roughly \$100,000 and would allow us to provide outstanding sound for the venue.

We are competing against 2 venues, The Strathmore and The Filmore that have substantial County investments. We are simply asking for the County to replace or repair the systems we thought we had when we bought the property.

Sincerely,

Rick Brown, Proprietor

66

Env. + Energy



MAN
CC
SDF
LL
KL

Montgomery Soil Conservation District

18410 Muncaster Road - Derwood, MD 20855 - Phone (301) 590-2855
www.montgomeryscd.org

RECEIVED
MONTGOMERY COUNTY

2014 APR -2 AM 9:25

March 27, 2014

The Honorable Roger Berliner
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Re: Water Quality Protection Charge Funding to assist the agricultural community

Dear Council Member Berliner:

The Montgomery Soil Conservation District (MSCD) needs your assistance to provide our agency with critical funding from the County's Water Quality Protection Charge (WQPC). Since our founding in 1945, MSCD has helped farmers to achieve their conservation goals through the protection of soil, water, and other natural resources. Rarely in our history has this mission been more important than today. The effort to restore the Chesapeake Bay and local watersheds has resulted in increased regulation and higher expectations being placed on the agricultural community. The MSCD formally requests your help to insure that we have the resources available to meet the growing demand for conservation technical assistance from Montgomery County farmers.

Please consider the following factors regarding our request for WQPC funds:

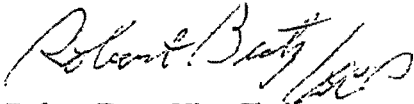
1. The agricultural sector faces challenging conservation goals under the Watershed Implementation Plan (WIP) developed as part of the EPA mandated Total Maximum Daily Loads (TMDL).
2. The WQPC is assessed on thousands of properties in the rural areas of the county. This funding is then used for water quality projects in urban areas. Rural landowners who pay this fee are in effect subsidizing improvements to water quality problems associated with down-county development while their own needs go un-met. A better solution would be to allocate this funding to MSCD to help farmers install conservation practices that improve water quality within our rural communities.
3. MSCD is the lead agency in providing the technical assistance necessary to help Montgomery County farmers install conservation practices that will achieve the ambitious goals mandated by the WIP. In addition, MSCD administers State and Federal cost-share programs, which enable landowners to leverage public funds, in combination with their own funding, for the purpose of installing conservation practices on their farms. It is important to insure that Montgomery landowners have as much access to these funds as their counterparts in other counties.
4. In order to effectively carry out this important work, MSCD needs additional resources to enable us to provide a higher level of service to the agricultural community. Due to budget constraints in 2010, Montgomery County DED was forced to eliminate a +25 year Conservation Planner position within MSCD. As we are a small agency, this reduction in staff was a major blow to our ability to effectively carry out our mission. Simultaneously, the dramatic increase in workload associated with the WIP has led to a serious decline in our ability to serve our customers.

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Councilmen Berliner
March 27, 2014
Page Two

Please consider the attached proposal, which requests an allocation of \$320,000 in funding from the WQPC to MSCD. These funds, while less than 2% of the WQPC fund, will have a major impact on our ability to carry out our work. To date we have coordinated our effort through the Department of Environmental Protection. After working on this request for over two years however, it has become clear to us that this funding initiative will require the Council's leadership, and we thank you for championing this cause for MSCD and the agricultural community. We look forward to working with you and your staff to increase conservation in the Ag Reserve.

Sincerely,



Robert Butz, Vice Chairman
Montgomery Soil Conservation District

Enclosure

Cc: Montgomery County Councilmembers
David Weitzer, Chair Agricultural Advisory Committee
Jeremy Crisis, Director Agricultural Services-DED

Strategy for Addressing Agricultural TMDL Goals in Montgomery County through the Water Quality Protection Charge

BACKGROUND

The Montgomery Soil Conservation District (MSCD) is the lead agency for providing the technical assistance necessary to help Montgomery County farmers install conservation practices that will achieve the ambitious conservation goals established as part of the Watershed Implementation Plan (WIP) for the agricultural sector. The Montgomery County WIP was developed to meet nutrient and sediment reduction goals under the EPA mandated Total Maximum Daily Loads (TMDL), which are intended to help restore the Chesapeake Bay. The effort to restore the Chesapeake Bay and local watersheds has resulted in increased regulation and higher expectations being placed on the agricultural community.

The Water Quality Protection Charge (WQPC) is assessed on thousands of properties in the rural areas of the county. This funding is then used for water quality projects in urban areas. Rural landowners who pay this fee are in effect subsidizing improvements to water quality problems associated with down-county development while their own needs go un-met. A better solution would be to allocate this funding to MSCD to help farmers and rural landowners install conservation practices that improve water quality within our rural communities.

JUSTIFICATION

The main objectives of this proposal are:

- I. Provide the agricultural community with technical assistance for soil conservation and water quality planning and conservation practice implementation. This will help insure that the County meets the mandated TMDL goals and provide farmers with the resources they need to comply with increasing regulations surrounding the Bay cleanup effort.
- II. Insure that Montgomery landowners have full access to State and Federal cost-share programs, which enable them to leverage public funds, in combination with their own investment, for the purpose of installing conservation practices on their farms. It is important that Montgomery farmers have as much access to these funds as their counterparts in other counties.
- III. Use WQPC funds collected from rural residents to increase conservation and water quality protection in their communities rather than for problems associated with down-county development.
- IV. Restore the capacity within MSCD to fulfill the conservation needs of the agricultural community.

Best Management Practices (BMPs) installed with cost-share programs involve a unique leveraging of public and private funds. This represents an opportunity for the county to achieve water quality goals through private investment by farmers and brings federal and state funds to the county to improve our natural resources.

DESCRIPTION AND OBJECTIVES

MSCD works with landowners throughout the County to implement BMPs that improve water quality and reduce storm water impacts. Most conservation practices that farmers install have stormwater benefits in addition to the associated nutrient and sediment load reductions. Through the development of Soil Conservation and Water Quality (SCWQ) Plans for landowners, MSCD makes recommendations on conservation techniques that improve soil health and increase infiltration capacity. By allowing more rain to permeate into the soil rather than running off into streams, these practices prevent soil erosion and control stormwater flows.

Providing resources to MSCD through the WQPC will help insure that the rural landowners that pay the WQPC will have tangible water quality benefits right in their own communities. Funding from the WQPC will be used to restore the 25 year Conservation Planner position, migrate a current Conservation Planner from DED funds, and address deficiencies in MSCD's operating budget. Outreach programs will also be developed to address the increase in requests from small specialty growers that have emerged through the County's new farmer pilot program.

A portion of the proposed funding will also be used to establish a rental equipment program for conservation practices and encourage implementation of conservation practices. Many landowners are interested in a variety of conservation planting techniques, but may not have the equipment necessary to carry out these practices. This may include no-till planting practices for cover crop and pasture reseeding, as well other conservation equipment such as aerators, conservation tillage, and compost spreaders. Establishing a County cost-share program to encourage landowners to install conservation practices will reduce the burden of new state regulations on our farmers and help the agricultural sector meet the ambitious WIP goals.

PROPOSED BUDGET EXPENDITURES

Funding received by MSCD will be used to cover the following current budget shortfalls:

Re-Instate 25 year Resource Conservationist Position	\$100,000
Migrate Resource Conservationist from DED funds	\$100,000
Operating Funds	\$50,000
Conservation Matters Newsletter	\$5,000
Communications, phones, copiers, etc.	\$5,000
Office supplies, equipment, printing, etc.	\$3,000
Conservation Equipment Rental Program	\$20,000
IT Equipment	\$10,000
Workshops, Seminars, Outreach to small Agricultural landowners	\$7,000
BMP Cost-share Program	\$70,000
TOTAL REQUEST	\$320,000



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

ROGER BERLINER
COUNCILMEMBER
DISTRICT 1

CHAIRMAN
TRANSPORTATION, INFRASTRUCTURE
ENERGY & ENVIRONMENT COMMITTEE

MEMORANDUM

April 14, 2014

TO: Nancy Floreen, PHED Committee Chair
Marc Elrich, PHED Committee Member
George Leventhal, PHED Committee Member

FROM: Roger Berliner, Councilmember, District 1 *RB*

SUBJECT: Assistance to Agricultural Community & Water Quality Protection Charge

I am writing to you to ask for your consideration and support of an additional \$320,000 to the Department of Economic Development (DED) budget for use by the Montgomery Soil Conservation District (MSCD). If supported by the PHED Committee, the T&E Committee will then consider use of the Water Quality Protection Charge Fund for the uses outlined by Robert Butz's March 27 letter to the County Council. I understand that \$220,000 of this request could be taken off the reconciliation list as it would not need a new funding source, only a transfer from an existing one. Therefore, the MSCD's request would require \$100,000 at most in new funding, though I understand there are some discussions about additional transfers between the CIP and Operating Budget than can be explored which may alter this number.

As you know, the MSCD helps farmers achieve their conservation goals through the protection of soil, water, and other natural resources. With increasing requirements from the state, the expectations of farmers have only increased placing necessary but difficult challenges on the agricultural community. It is essential that we provide the appropriate and adequate resources to help this important sector of our economy and community continue to thrive.

Given the dramatic increase in workload for MSCD and fairly recent budgetary cuts to the District, including the 2010 elimination of a conservation planner position, I agree that more needs to be done to support these conservation efforts. There is simply more demand for assistance than MSCD can provide. Therefore, I support the addition of \$320,000 for the restoration of one Conservation Planner position, the migration of a current Conservation Planner from the DED budget, funding to address current inadequacies in the MSCD operating budget, and establish a BMP cost-share program to assist landowners in meeting the Watershed Implementation Plan.

I plan on attending the PHED Committee discussion of these items on April 22. Thank you for your consideration of this request.

cc: Craig Rice, Council President
Hans, Riemer, Montgomery County Councilmember
Bob Hoyt, Director, DEP
Steve Silverman, Director, DED
David Weitzer, Chair, Agricultural Advisory Committee
Robert Butz, Vice Chairman, MSCD
Jeremy Criss, Agricultural Services Manager, DED
Keith Levchenko, Senior Legislative Analyst, Montgomery County Council
Steve Farber, Staff Director, Montgomery County Council
David Plummer, District Manager, MSCD
Jacob Sesker, Senior Legislative Analyst, Montgomery County Council

Ag Land Pres Easements (P788911)

Category Conservation of Natural Resources
 Sub Category Ag Land Preservation
 Administering Agency Economic Development (AAGE06)
 Planning Area Countywide

Date Last Modified 2/26/14
 Required Adequate Public Facility No
 Relocation Impact None
 Status Ongoing

Total	Thru FY13	Est FY14	Total 6 Years	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Beyond 6 Yrs
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EXPENDITURE SCHEDULE (\$000s)

Planning, Design and Supervision	3,550	509	629	2,412	387	393	399	405	411	417	0
Land	9,579	1,796	4,586	3,197	484	500	517	539	563	594	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	30	30	0	0	0	0	0	0	0	0	0
Total	13,159	2,335	5,215	5,609	871	893	916	944	974	1,011	0

FUNDING SCHEDULE (\$000s)

Agricultural Transfer Tax	4,008	628	1,701	1,679	241	253	266	284	304	331	0
Contributions	1,706	51	51	1,604	30	30	30	464	520	530	0
Federal Aid	522	522	0	0	0	0	0	0	0	0	0
G.O. Bonds	2,000	1,118	882	0	0	0	0	0	0	0	0
Investment Income	815	16	0	799	0	283	470	46	0	0	0
M-NCPPC Contributions	3,050	0	2,150	900	150	150	150	150	150	150	0
State Aid	1,058	0	431	627	450	177	0	0	0	0	0
Total	13,159	2,335	5,215	5,609	871	893	916	944	974	1,011	0

APPROPRIATION AND EXPENDITURE DATA (000s)

Appropriation Request	FY 15	0
Appropriation Request Est.	FY 16	0
Supplemental Appropriation Request		0
Transfer		0
Cumulative Appropriation		17,058
Expenditure / Encumbrances		3,698
Unencumbered Balance		13,360

Date First Appropriation	FY 89
First Cost Estimate	
Current Scope	FY 15 13,159
Last FY's Cost Estimate	21,961

Description

This project provides funds for the purchase of agricultural and conservation easements under the County Agricultural Land Preservation legislation, effective November 25, 2008, for local participation in Maryland's agricultural and conservation programs and through Executive Regulation 3-09 AM, adopted July 27, 2010. The County Agricultural Easement Program (AEP) enables the County to purchase preservation easements on farmland in the agricultural zones and in other zones approved by the County Council to preserve farmland not entirely protected by Transferable Development Rights (TDR) easements or State agricultural land preservation easements. The Maryland Agricultural Land Preservation Foundation (MALPF) enables the State to purchase preservation easements on farmland jointly by the County and State. The Rural Legacy Program (RLP) enables the State to purchase conservation easements to preserve large contiguous tracts of agricultural land. The sale of development rights easements are proffered voluntarily by the farmland owner. The project receives funding from the Agricultural Land Transfer Tax, which is levied when farmland is sold and removed from agricultural status. Montgomery County is a State-certified county under the provisions of State legislation, which enables the County to retain 75 percent of the taxes for local use. The County uses a portion of its share of the tax to provide matching funds for State easements. In FY10, the Building Lot Termination (BLT) program was initiated. This program represents an enhanced farmland preservation program tool to further protect land where development rights have been retained in the Rural Density Transfer Zone (RDT). This program utilizes a variety of revenue sources that include: Agricultural Transfer Tax revenues, MNCPPC Contributions, Developer Contributions, and G.O. Bonds to purchase the development rights and the corresponding TDRs retained on these properties. The Department of Economic Development is developing a strategic plan for Phase II of the preservation program and preservation opportunities will be considered as they become available.

Cost Change

Programming of \$150,000 of MNCPPC/Developer Contributions for BLT Program Administration (FY14-20) to offset BLT administrative charges to investment income. Programming of Private Contributions for FY18-FY20 to replace depleted Investment Income for Planning, Design and Supervision project expenses and the addition of FY19 and FY20 project costs. The budget also reflects revised estimates for Agricultural Transfer Tax revenue.

Justification

Annotated Code of Maryland 2-501 to 2-515, Maryland Agricultural Land Preservation Foundation; Annotated Code of Maryland 13-301 to 13-308, Agricultural Land Transfer Tax; and Montgomery County Code, Chapter 2B, Agricultural Land Preservation, and Executive Regulation 3-09 AM.

Other

Ag Land Pres Easements (P788911)

FY15 estimated Planning, Design and Supervision expenditures are \$387,000: 1.0 FTE Sr. Business Development Specialist, 1.5 FTE Principal Administrative Aides, 0.10 FTE Resource Conservationist; 0.10 FTE Sr. Business Development Specialist; \$20,000 - Deer Donation Program; \$10,000 - Montgomery Weed Control Program; and \$50,000 for the Cooperative Extension Partnership. Appropriations are based upon a projection of Montgomery County's portion of the total amount of Agricultural Transfer Tax which has become available since the last appropriation and State Rural Legacy Program grant funding. Appropriations to this project represent a commitment of Agricultural Land Transfer Tax funds and State Aid to purchase agricultural easements. The Agricultural Transfer Taxes are deposited into an investment income fund, the interest from which is used to fund direct administrative expenses, the purchase of easements, and other agricultural initiatives carried out by the Agricultural Services Division. The program permits the County to take title to the TDRs. These TDRs are an asset that the County may sell in the future, generating revenues for the Agricultural Land Preservation Fund. The County can use unexpended appropriations for this project to pay its share (40 percent) of the cost of easements purchased by the State. Since FY99, the County has received State RLP grant funds to purchase easements for the State through the County. The State allows County reimbursement of three percent for direct administrative costs such as appraisals, title searches, surveys, and legal fees. Given changes to the Federal Program, new Federal Aid funds are no longer programmed in this project.

Fiscal Note

Expenditures do not reflect additional authorized payments made from the Agricultural Land Preservation Fund balance to increase financial incentives for landowners. Terms and conditions regarding contributions from the Montgomery Soil Conservation District (MSCD) will be specified within the Memorandum of Understanding (MOU) between the County and MSCD.

The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.

Coordination

State of Maryland Agricultural Land Preservation Foundation, State of Maryland Department of Natural Resources, Maryland-National Capital Park and Planning Commission, Landowners



BioHealth Innovation Inc. (BHI)
"Maryland's Commercialization Collaborative"

A Compelling Opportunity

The central Maryland region has unmatched biohealth assets with iconic federal institutions, world-class universities, top-notch healthcare facilities, and global and emerging bioscience companies. Yet we have not fully realized the return on investment from these assets due to the lack of a cohesive strategy in moving ideas from labs to market, while regions with far less assets have proactively addressed this opportunity by creating innovation-driven economic development organizations and initiatives.

What is BHI?

BHI is a private-public **innovation intermediary** focused on commercializing market-relevant biohealth innovations and increasing access to early-stage funding.

- Leadership—private sector-led board and management team
- Industry focus—biotechnology and medical devices as well as healthcare services, e-health, mobile health, electronic medical records, health informatics, and biohealth cyber security
- Organizational structure—501(c)(3) nonprofit, private-public partnership
- Funding—businesses, universities, foundations/NGOs, and local, state, and federal governments.

Who are the founding partners of BHI?

BHI was founded by a group of leaders in business, academia, healthcare, and government. The initial contributors to BHI include the Montgomery County Government, MedImmune, Human Genome Sciences, the Johns Hopkins University, the University System of Maryland, and Adventist Healthcare Inc.

What does BHI do?

BHI **sources** and evaluates market-relevant biohealth intellectual properties, connects the IP with **funding**, and assists businesses in marketing and **growth**. It aims to:

- Increase the flow of private and public early stage capital;
- Develop an active commercialization talent network;
- Facilitate accelerated tech transfer and commercialization of relevant innovations;
- Market and brand the region as a global biohealth leader, and
- Ensure adequate supply of experienced biohealth entrepreneurs and workers.

How will success be measured?

In five years, BHI's goal is to reach the following benchmarks:

1. Double the current 2011 venture funding for the region's biotechnology industry to \$150 million a year;
2. Increase government grant funding to regional biohealth companies;
3. Source approximately 150 prospective deals with 20-25 percent of companies receiving funding, and
4. Improve economic return on R&D investment as measured by the amount of equity investment leveraged; the number of jobs created and retained; the number of entrepreneurs, experienced managers and businesses recruited into the region, and the number of biohealth technologies commercialized as well as new biohealth companies created.

Contact: Rich Bendis, Interim CEO, rbendis@bendisig.com, 215-593-3333
BioHealth Innovation Inc., 111 Rockville Pike, Suite 800, Rockville, MD 20850



Frequently Asked Questions about BioHealth Innovation inc. (BHI)

1. What is BioHealth Innovation inc. (BHI)?

BHI is a regionally-oriented, private-public partnership functioning as an **innovation intermediary** focused on commercializing market-relevant biohealth innovations and increasing access to early-stage funding in Maryland. It is a 501(c)(3) nonprofit with the goal of better realizing the return on investment from the world-class research assets with a cohesive strategy to move relevant, market driven ideas from labs to market.

2. How is BHI funded as an organization? How can a corporation or individual contribute to BHI?

BHI is funded by businesses, universities, foundations/NGOs, and local, state, and federal governments. Businesses can make contributions to BHI either as a tax deductible contribution to the 501c3 organization or as an investment in new biohealth early-stage investment funds. The initial contributors to BHI include Montgomery County Government, MedImmune, Human Genome Sciences, the Johns Hopkins University, the University System of Maryland, and Adventist Healthcare Inc.

3. What is the governance structure?

BHI is run by a private-sector-led board of directors made of top executives from academic, business, and government, as well as a management team. There will be several committees on the board based on the needs of the intermediary, including Finance and Investment Committee, Marketing Committee, Scientific Advisory Committee and Business Development Committee.

4. What is the industry focus of BHI?

BHI focuses on a cluster of related industries to drive the region's innovation economy, including biotechnology, biopharma, medical devices and healthcare services, Health IT, e-health, mobile health, electronic medical records, health informatics, and biohealth cyber security.

5. How is BHI different from other organizations such as TEDCO, MdBio, Maryland Biotechnology Center, and the Maryland Healthcare Product Development Fund that share similar vision of supporting and growing biotech industries and businesses?

BHI is not a state initiative, nor a membership organization. Rather, it is a market-driven, private sector-led initiative to complement the existing organizations and resources in tech transfer and commercialization that are providing any aspects of funding or technical assistance to take products from research to market. BHI will also focus on increasing the availability of early-stage capital by creating new early-stage funds and developing a national and global network of investors that will evaluate investments in the BHI region.

6. What is the value proposition? How does BHI work?

The greatest value of BHI is its ability to connect the scientific/academic, managerial/financial, and regulatory expertise and assets in the region and beyond to ensure that market-relevant research will not die in the valley of death. A team of experts will source intellectual properties from federal, academic and private labs, evaluate their market relevancy, and connect them to financial, managerial and regulatory resources to become successful businesses.

7. Where does BHI get funds to support and grow businesses?

As a non-profit organization, BHI will have a for-profit arm that will set up an angel fund and an early-stage venture capital fund dedicated to supporting early-stage research. The fund will be managed by experienced private sector VC managers, who are responsible for attracting investments from around the nation and the world. BHI will also work with existing public and private financing resources to leverage debt and equity funds and strategic co-investment opportunities.

8. Where and how will the funds be invested?

BHI's primary focus is to secure funding for regional, growth-oriented biohealth companies. It will develop a portfolio of funding resources to assist companies at each stage of their development.

9. What are the deliverables?

BHI sources and evaluates market-relevant biohealth intellectual properties, connects the IP with funding, and assists businesses in marketing and growth. It aims to:

- Increase the flow of private and public early-stage capital;
- Develop an active commercialization talent network;
- Facilitate accelerated tech transfer and commercialization of relevant innovations;
- Market and brand the region as a global biohealth leader, and
- Ensure adequate supply of experienced biohealth entrepreneurs and workers.

10. How is success measured?

In five years, BHI's goal is to reach the following benchmarks:

- Double the 2011 venture funding for the region's biotechnology industry to \$150 million a year;
- Increase government grant funding to regional biohealth companies;
- Source approximately 150 prospective deals with 20-25 percent of companies receiving funding;
- Improve economic return on R&D investment as measured by the amount of equity investment leveraged; the number of jobs created and retained; the number of entrepreneurs, experienced managers and businesses recruited into the region, and the number of biohealth technologies commercialized as well as new biohealth companies created.

11. Who should I contact if I need help or want to learn more?

BHI is being established as a legal entity in fall of 2011 and is expected to have functional teams by spring of 2012. In the interim, you may contact:

Rich Bendis, Interim CEO, rbendis@bendisig.com, 215-593-3333

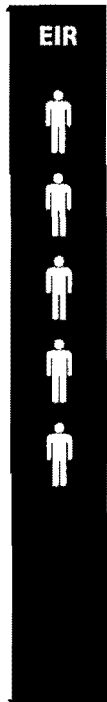
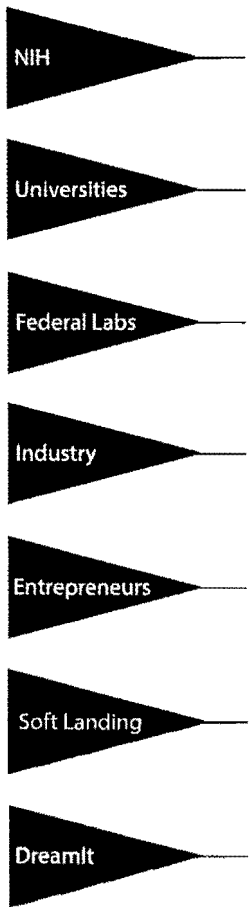
BioHealth Innovation Inc., 111 Rockville Pike, Suite 800, Rockville, MD 20850

Mission

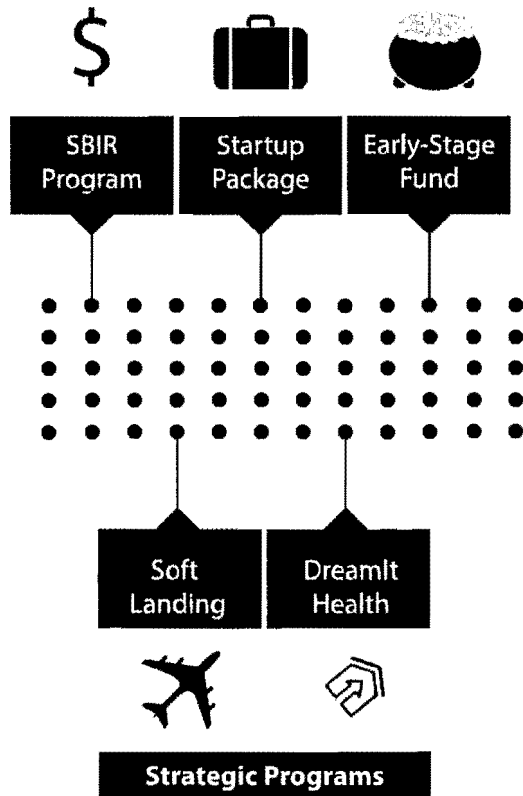
BioHealth Innovation connects market relevant research assets to appropriate funding, management, and markets to facilitate the development of commercially viable biohealth products and companies.



SOURCES



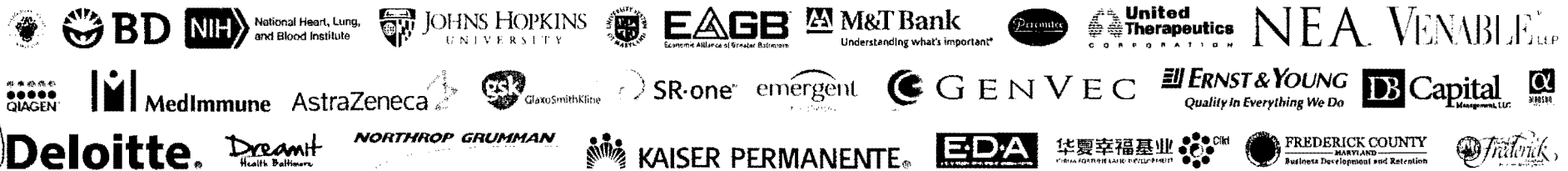
BHI Assistance Programs



OUTCOMES

- ★ Technologies Progressed
- ★ Company Growth
- ★ Risk Capital
- ★ New Startups & Spinoffs
- ★ Partnerships
- ★ Mergers & Acquisitions
- ★ Leveraged \$
- ★ Regional Branding
- ★ Jobs
- ★ Economic Development

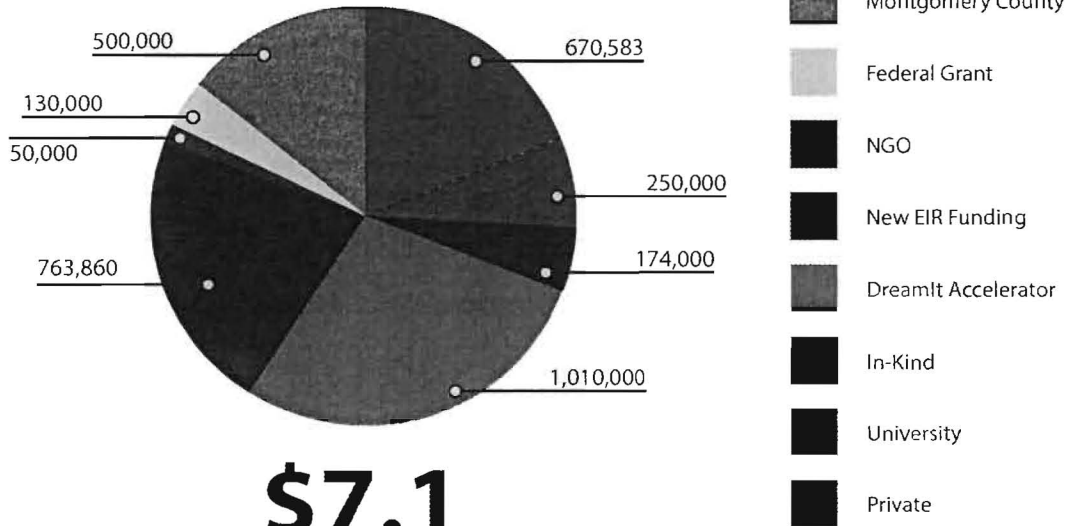
Financial Sponsors



BHI Impact in Montgomery County

\$3,548,443

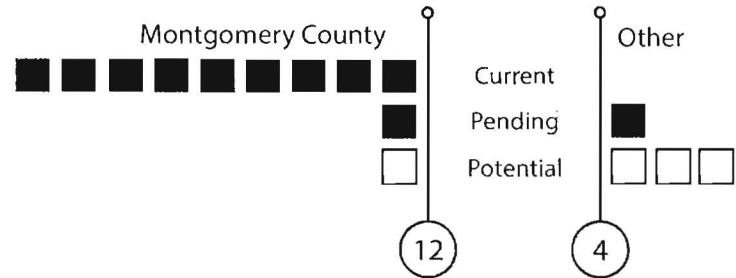
BHI Leverage



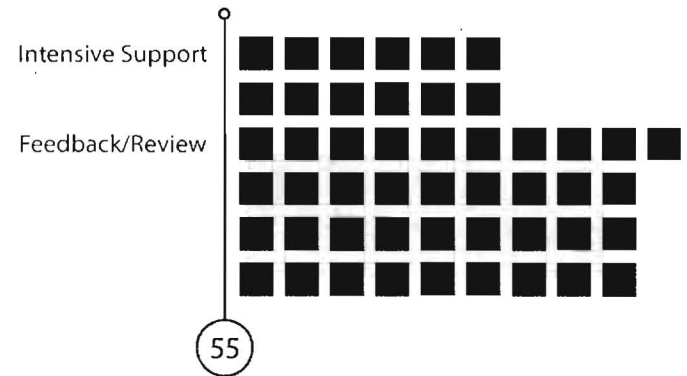
\$7.1

Leverage Ratio to each Montgomery County \$1

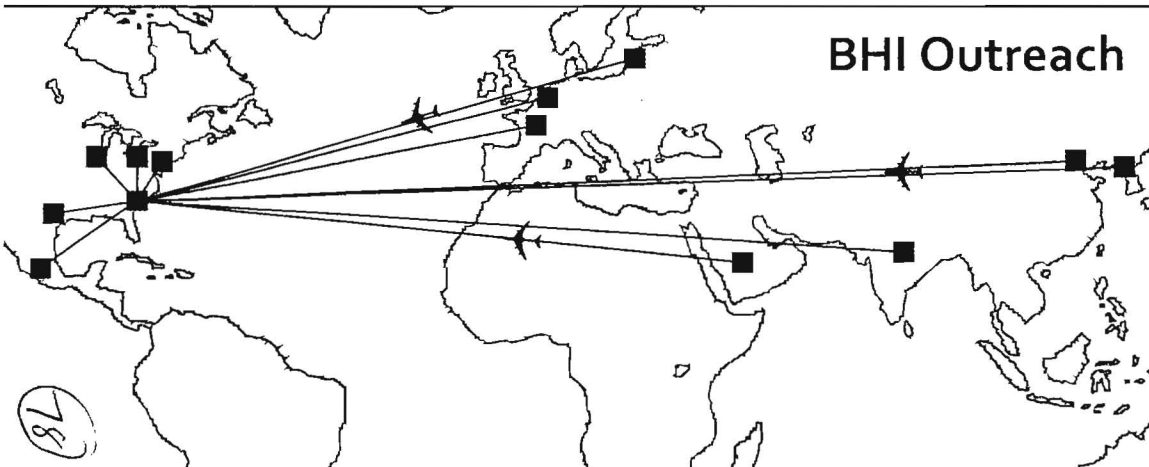
BHI Clients



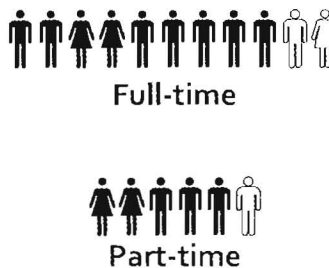
SBIR Assistance to Montgomery County Companies



BHI Outreach

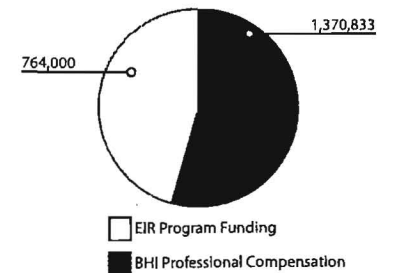


BHI Staff



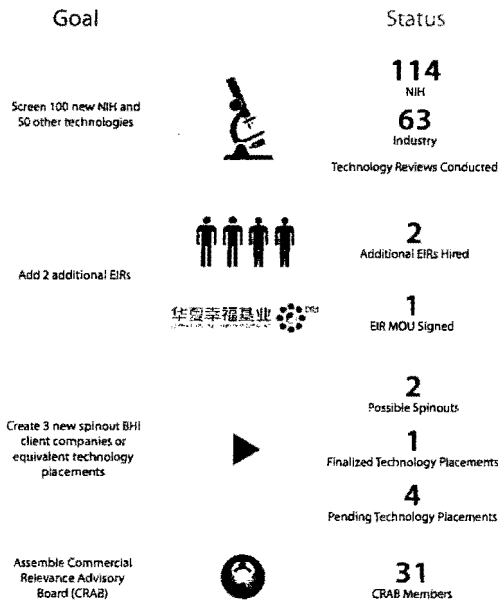
\$2,134,833

BHI Budgeted Compensation

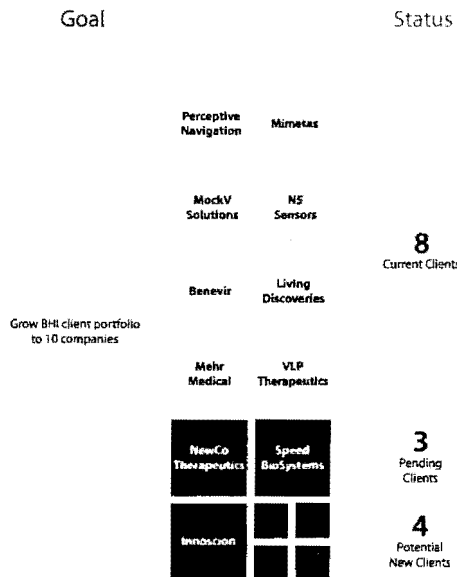


BioHealth Innovation, Inc. 2013 Metrics Dashboard

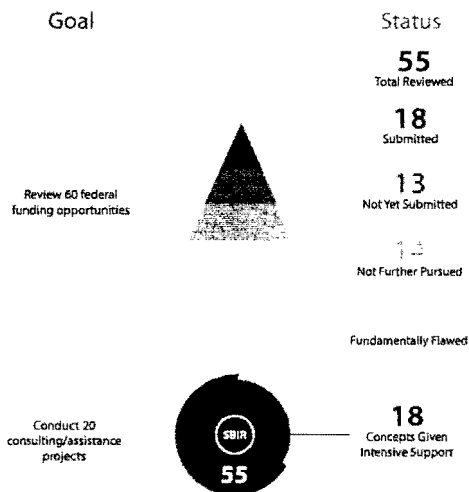
Metric 1 Expand BHI Entrepreneur-in-Residence Program



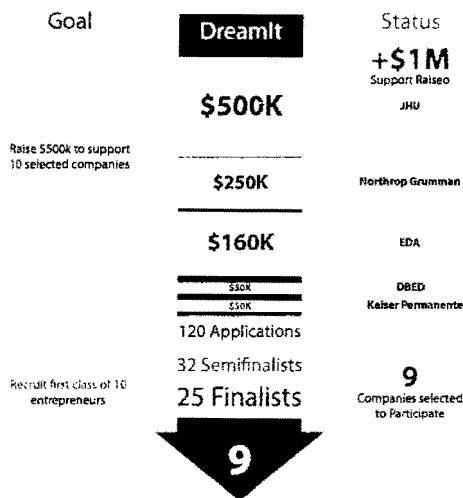
Metric 2 Grow BHI Client Portfolio



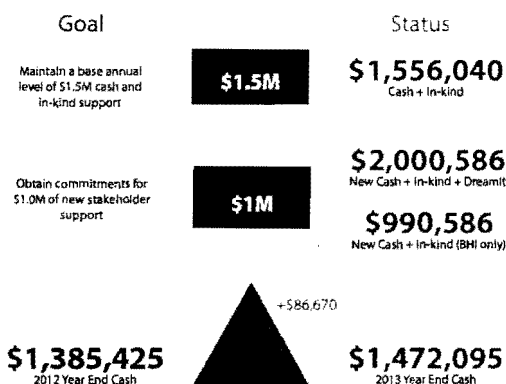
Metric 3 Formally Launch BHI Federal Funding Program



Metric 4 Create Health Information Technology Accelerator



Metric 5 Increase and Diversify Financial Support for BHI



Metric 6 Form Central Maryland Commercial Relevance Fund

- Secondary Goal
- For-profit subsidiary in formation
 - Preliminary discussions with potential investors
 - Draft private placement memorandum in development
 - Draft PowerPoint presentation in development

BioHealth Innovation 2014 Metrics Dashboard

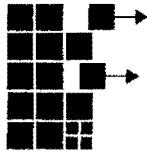
Goal 1

Expand BHI Entrepreneur-in-Residence Program

Goal

Status

Showcase BHI portfolio with high value partnering targets resulting in 2 funding or partnering deals.



4 Companies Showcased

\$125,000
Angel Funding Received

Create 5 new spinout BHI client companies or equivalent technology placements



5 Submitted Application Licenses

Add 2 additional EIRs



1 New EIR Confirmed

Maintain and develop new entrepreneurial education programs



Assemble Commercial Relevance Advisory Board (CRAB)



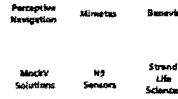
CRAB Members

Goal 2

Grow BHI Client Portfolio and develop startup package

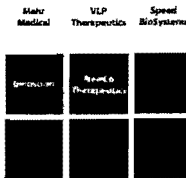
Goal

Status



9 Current Clients

Grow BHI client portfolio to 15 companies



2 Pending Clients



Create BHI Start-Up Package

Q1 2014
Prospective Online Launch Date

Goal 3

Manage BHI Federal Funding Program

Goal

Status

Review 60 federal funding opportunities



12 New Funding Concepts Reviewed

Conduct 20 consulting/assistance projects



6 Efforts Receiving In-kind Support

5 Efforts Receiving Funding

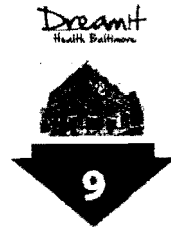
Goal 4

Support and Expand Health IT Accelerator Program

Goal

Status

Successfully graduate 9 companies



Cultivate 2 client relationships with participants

2-3 Companies Targeted

Develop plan for Montgomery County Accelerator



Goal 5

Increase and Diversify Financial Support for BHI

Goal

Status

Maintain a base annual level of \$1.5M cash and in-kind support



\$1,540,000
Renewed Stakeholder Support

Obtain commitments for \$1.0M of new stakeholder support



\$37,500
New Stakeholder Support

\$1,472,095
2013 Year End Cash



2014 Year End Cash

Goal 6

Implement International BHI Soft Landing Program

Goal

Status

Form 2 new US subsidiary corporations in Central Maryland

Strand Client Agreement

Expand relationship with CFLD



Hired CFLD EIR

Develop a strategic relationship with India

Formed India Advisory Committee

Goal 7

Create a BHI Early Stage Fund

Goal

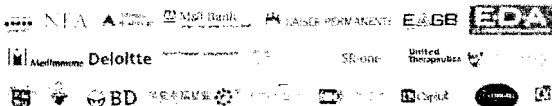
Status

Obtain Approval from Board

Identify management team

Obtain commitments for minimum of \$5M for first close of fund

Developing PPM and PPT



BHI works with a supporting network of renowned professional service providers that share the same vision for growing Maryland's biohealth sector. These professionals work in partnership with BHI to support client companies achieve their goals. They understand the nature and needs of startup companies, and offer preferred rates for client companies. We are proud to work these esteemed organizations in serving the Central Maryland biohealth ecosystem.

Corporate Legal Services



Venable

With more than 600 attorneys in nine offices across the country, Venable is focused on all areas of corporate and business law, complex litigation, intellectual property, and regulatory and government affairs. Proud Strategic Partner of BHI



Banking Services



M&T Bank

M&T Bank has been committed to customers and community for more than 150 years. Founded on the principle of providing exceptional financial products and friendly, personalized service, M&T is more than just your neighborhood bank. Let us help you reach your financial goals with our full suite of bank accounts and lending solutions, including savings accounts, checking accounts, auto and home loans, and more. Bank of Choice BHI Clients



Accounting Services



Aronson

Aronson LLC has been thinking ahead for its clients for more than 50 years. As business advisors to today's most active industry sectors, Aronson's experts provide innovative audit, tax, and consulting services that help clients rethink the way they do business. Dedicated to vision, integrity and excellent client service, Aronson's CPAs, tax professionals and consultants help BHI client companies navigate complex financial matters.



Intellectual Property Legal Services



Miles & Stockbridge

Miles & Stockbridge P.C. is a leading law firm located within the mid-Atlantic region that represents businesses of various sizes, from national and global companies to local and emerging businesses, in a wide variety of industries.



InHouse Patent Counsel

With over 18 years of experience in the biotech industry, we have an extensive understanding of how biotech companies operate and how to develop overall intellectual property (IP) strategies. Armed with this knowledge and a strong commitment to your success, we quickly become an integral member of your team without the need for time consuming training or the financial burden of hiring a full-time attorney. We are a proud partner of BHI's Startup Package for client companies.



Grant Services



Science Sherpa

The Science Sherpa offers a combination of services and programs to help researchers, technology companies, colleges, universities, medical schools, and hospitals win grants and contracts and reduce the stress and pressure of grant and proposal preparation.



Biotechnology Business Consultants

BBC Entrepreneurial Training & Consulting, LLC (BBCetc) works with technology-based entrepreneurs on strategies to advance R&D efforts to commercialization. In particular, the BBCetc team is nationally recognized for its success in helping clients secure federal funding through the Federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. BBCetc services include commercialization planning, research grant assistance, SBIR/STTR training and proposal development assistance, and grants and contract management.





BioHealth Innovation

Maryland's Commercialization Collaborative

Project: Health Technology Accelerator in Montgomery County, Maryland

Partners: BioHealth Innovation, Inc., Montgomery County Department of Economic Development

Potential: Sage Growth Partners, Kaiser Permanente, Northrop Grumman, Becton Dickinson, Qiagen, CFLD

Johns Hopkins University-Montgomery County

Brief Summary:

The Health Technology Accelerator effort will be led by BioHealth Innovation a local innovation intermediary founded in part by County Commissioner Ike Leggett and other business leaders in Montgomery County. BioHealth Innovation's mission is to connect market relevant assets with appropriate funding, management and markets to facilitate the development of commercially viable biohealth products and companies in the Central Maryland region. We work to achieve the mission of growing small companies through supportive environment of key leaders in the Montgomery County biohealth ecosystem that include Qiagen, New Enterprise Associates, Adventist Healthcare, Kaiser Permanente, Becton Dickinson, Emergent Biosolutions, MedImmune, SR One, Northrop Grumman, United Therapeutics, Johns Hopkins University and the University Systems of Maryland, and a number of federal government partners.

Health Technology Accelerator:

The program is designed to create a high profile technology accelerator to recruit and retain health technology companies to Montgomery County. The accelerator program will be a 16-week intensive program focused on identifying the business' go-to-market pathway, working on product refinement, receiving rapid feedback from potential customers, and connecting these companies with seasoned experts in bringing health technology products to the market. A major marketing benefit to this Health Technology Accelerator program is the location of the Food & Drug Administration in Montgomery County. Our program would work to interact companies directly with FDA officials to complete the required regulatory strategies. We will work with multiple community leaders in correlating the program with the rollout of the \$42 million White Oak office consolidation of the FDA and the building of the expansion of the Life Sciences Village planned for the area.

BioHealth Innovation led the development and implementation of DreamIt Health Baltimore, a first-of-its-kind, HealthIt Accelerator Program in Baltimore. BHI will take lessons and best practices from this experience to apply to Montgomery County implementation, but will work to differentiate this opportunity in the marketplace in the national accelerator community based on the unique demographics of Montgomery County.

Once the program is fully funded, a marketing effort will ensue to attract companies to the program from inside Montgomery County as well as globally. This marketing effort will be an important piece of visibility for the offerings of Montgomery County. The Accelerator Partnership will review applicants for the program and accept up to 10 of the most exciting health technology companies that apply to the program. They will then relocate to Montgomery County (if needed) and receive intensive support through the Accelerator. We will

recruit with an economic development lens to retain these companies locally. A co-working space in Montgomery County will be provided as the base of the Accelerator.

Funding Considerations:

The standard operation for the accelerator is providing financial stipends to top 10 accepted companies into the program at \$50,000 each that provides incentive to a full-time commitment from each company. Another \$500,000 is required for the operations of the Accelerator from concept to program end. The financial partners will split 8% of the equity in each company to be admitted to the Accelerator, and receive a preemptive right in any first financing round of the company.

Timeline of Accelerator Implementation:

<TENTATIVE DEPENDING ON FUNDING COMMITMENTS>:

Project Component	Project Component	Target Date
Operations / Structure	Operating Agreement in Place for Accelerator Management	5/31/14
Fundraising / Secure Partnerships	Full Partnerships Secured	7/15/14
Application / Marketing	Application Releases / Marketing begins	8/1/14
Application / Marketing	Final Applications Due	10/10/14
Kickoff	ACCELERATOR START	1/5/15
Accelerator	Program Ends - 16 WEEKS AFTER START	4/25/15

Outcomes:

BHI, our Board, our partners, and many stakeholders believe that Maryland has all the pieces to be at the center of healthcare discovery, innovation, development, and growth. We are working on establishing the right mechanisms for Maryland to compete in the national and global arena in the healthcare industry. The Health Technology Accelerator program will enable Montgomery County to celebrate its brand in recruiting and supporting healthcare companies throughout the world. Ten highly competitive company concepts would be brought to and nurtured in Montgomery County.

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DEPARTMENT OF ECONOMIC DEVELOPMENT

Isiah Leggett
County Executive

Steven A. Silverman
Director

MEMORANDUM

February 3, 2014

RECEIVED
MONTGOMERY COUNTY
DIVISION
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TO: Members, PHED Committee
From: Steven A. Silverman, Director, Department of Economic Development
Subject: 2014 Update on Workforce Services

We are pleased to provide an update on the activities of the Workforce Investment Board and the Department of Economic Development's Division of Workforce Services. There are several highlights from the past 12 months that will be discussed further in this packet.

- The demand for service continues to grow. Some 14,684 individuals sought assistance in FY 13. That is higher than the numbers seen in the midst of the economic downturn.
- Training has begun under the Workforce Innovation Fund grant.
- The WIB continues its Industry sector approach with the start of a second industry alliance in Cybersecurity.
- The WIB has taken steps to create a 501c3 organization to raise additional funds to support workforce services in Montgomery County

Overview

The Montgomery County Division of Workforce Services (DWS) ensures that the County has a well-prepared, educated, trained, and adaptable workforce to meet the current and future needs of business, and that the County's workforce has the tools and resources to successfully compete in a global economy.

DWS is advised by a 30-member Workforce Investment Board (WIB), composed of business representatives (51 percent), community leaders, and public officials. The board is appointed by the County Executive and approved by County Council in accordance with the Workforce Investment Act of 1998 and Montgomery County Executive Order No. 159-02. The purposes of the WIB from the Executive Order are:

- Provide policy guidance and oversight to the County in the administration of the Act's funds, programs and services;
- Advise the County on workforce needs and issues in the community and assist the Division of Workforce Services, Department of Economic Development, in its activities and responsibilities;
- Conduct oversight of local adult and youth workforce programs and provide general oversight to the one-stop delivery system in the County;
- Assist the County in the development of the local strategic workforce plan;
- Designate or certify one-stop operators;
- Identify local providers of adult and dislocated worker services;
- Identify and evaluate training services providers;
- Provide for a youth council to oversee youth employment and training programs;
- Negotiate and reach agreement on local performance measures with the County Executive and the Governor;
- Undertake such assignments and programs designated by the County Executive and initiate their own workforce related initiatives as members deem necessary;
- Develop a budget for the purpose of carrying out the duties of the Board subject to approval by the County Executive; and
- Perform all other functions of a local board under the Act.

A list of current Board members is found in Attachment 1. DWS staff supports the WIB and its committees. DWS staff administers the grants and formula funded programs.

The federal Workforce Investment Act (WIA) under which the programs and services operate requires the implementation of the One-Stop career system. This system, operated locally as MontgomeryWorks, provides an array of vocational assessment, job readiness and job training and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers and youth.

The One-Stop services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Germantown. Services provided within the Centers are contracted out to Workforce Solutions Group, Inc. Other partners in the Centers are Maryland Department of Labor, Licensing and Regulation (DLLR) and other non-profit and local agency as partners. There is also a One-Stop Center in the Montgomery County Correctional Facility (MCCF), operated in partnership with the Montgomery County Department of Correction and Rehabilitation.

The MCCF One-Stop Center is supported by a combination of funds. The three funding sources for FY 14 are a special grant from the Maryland Department of Labor, Licensing and Regulation, Workforce Investment Act, and through a special appropriation to the Department of Correction and Rehabilitation FY14 Operating Budget. In FY14, MCCF One-Stop is supported Workforce Investment Act funds, a grant from DLLR of \$70,000 and \$80,000 from a special County appropriation.

Youth services are provided by LAYC and TransCen, under the name Maryland Multicultural Youth Center. Services are provided both to in-school and out-of-school youth, ages 14-21 years old and include: tutoring; study skills; GED preparation; summer employment opportunities; paid and unpaid work experience; occupational skill training; leadership development;

supportive services; mentoring; comprehensive guidance and counseling; and, follow-up activities.

Background data/demographics

In FY 13:

5,934 = Number of job openings filled (increase from FY 2012 which was 4699))

\$37,406 = Average annual wage of filled jobs (decrease from FY 2012 which was \$40,016)

14,684 = Total number of adult job seekers served (increase from FY 2012 which was 11,409)

676 = Total number of businesses served (increase from FY 2012 which was 592))

6,770 = Attendance at workshops (increase from FY 2012 which was 6,458)

Strategic Plan

The WIB convened a Strategic Planning Team in April of 2010 to embark on a path of strategic thinking to assess, view, and create the future for the WIB and its customers. The four key issues of the WIB's Strategic Plan are:

- Ensure that our service delivery strategies and structures are aligned to industries' needs,
- Focus on aligning economic development, education and the system of developing talent to increase effectiveness in each sector,
- Increase awareness of the workforce development system, and
- Increase our resources to sustain our impact.

The Strategic Plan guiding the WIB's work was to have ended in 2013. At a retreat in the spring 2013, the WIB agreed to extend the Plan for a year. A work group has been appointed to develop the new plan during the period of Jan-March 2014 with input by the full WIB twice in the spring – once for discussion and once for approval. The plan is expected to be in place by summer 2014. Attached is strategic plan and action plan showing progress to date on the goals and strategies.

Under the strategy to align service delivery and structures to industries' needs, the WIB identified industry sectors that were high demand and high growth or high wages. The three industry sectors chosen are:

- Health
- Business and Professional Services
- Food Services (part of Hospitality)

Once the industry sectors were chosen, the next step is to create one or more Industry Alliances around these sectors. An Industry Alliance is composed of representatives from the industry, and education and training providers. The purpose of the Alliance is to develop and maintain a skilled workforce to meet the projected demand for regional industry needs. There are two Industry Alliances in place – Allied Health and Cybersecurity.

Employers on the Allied Health Industry Alliance were interested in ensuring that schools personnel knew about the kinds of occupations and skills they needed in the workplace. The WIB designed an externship for school counselors to spend two days at a business, learning about skills and occupations so they could share that information with other counsellors and teachers. The pilot was in the summer of 2013 and plans are now underway for 2014 summer,

The employers on the Cybersecurity Industry Alliance identified several workforce challenges

- There is a need to build the pipeline of workers by introducing STEM careers to students beginning in middle school.
- Better middle school and high school preparation that builds awareness among students and school personnel about STEM related occupations and career pathways is needed at all the County's schools, not just some.
- Opportunities to help 'career switchers' understand STEM related occupations is needed as well, with mechanisms to build awareness among those individuals no longer touched by a school system and then to provide the related training required.
- Assessments that can be used to evaluate character as well as competencies related to team skills, communication, and other general workplace skills are needed.
- Some employers in the meeting expressed an interest in having a 'portal' that would identify local talent, work ready/industry ready individuals that was accessible and user friendly.
- Programs may need to be much more robust and tougher to ensure that education and training programs are up to date and relevant to ensure students receive the training that employers need.

As a result, the WIB is working on solutions to the bullets above, particularly the career switchers and the idea of a portal.

A summary of the Workforce Services budget, including tax-supported and non-tax-supported components

There are three sources of funds for workforce services

- WIA formula funds in three separate funding streams – Adult, Dislocated Workers, and Youth
- Discretionary Grants, from State and Federal
- Tax-supported budget

Details on FY 14 funding can be found in Appendix 4.

The WIB has begun efforts to create a 501c3 to supplement the Workforce Investment Act funds in support of the workforce development system in Montgomery County. The Maryland Corporation has been created and the IRS paperwork will be filed by the end of January.

Updated history of the performance of the WIB (by performance measures)

For FY 2103, Montgomery County exceeded all state-mandated adult performance measures (same as FY 2012) and met or exceeded all state-mandated youth performance measures (same as FY 2012). See Attachment 5 for a table of performance across the various years.

A description of any significant new grants that the County has received or for which the County has applied

Montgomery County – the WIB and Montgomery College are part of the **Accelerating Connections to Work (ACE)**, one of 26 grants awarded by the US Department of Labor's Workforce Innovation Fund. Montgomery County is part of Baltimore County's \$11.8 million three years grant to launch a training program for low-skilled job seekers, including individuals with limited English proficiency and individuals with low reading, writing and math skills.

Baltimore County's Department of Economic Development Workforce Development Division
The ACE Initiative is in nine Maryland counties, Baltimore City, and cities in three other states.
The Maryland locations are: Baltimore, Anne Arundel, Caroline, Dorchester, Kent, Montgomery,
Prince George's, Queen Anne's, and Talbot counties and Baltimore City. The other locations are:
Austin, Texas; Atlanta, Georgia; and, New Haven, Connecticut.

Montgomery County started its first classes of co-teaching ESOL and certified Nursing Assistant
in October 2013. A second cohort began in January 2014, with a third planned for late spring.
Subsequent classes will be in different occupation either in health or in IT, two of the WIB's
priority industries. Costs for the ACE grant are paid through Baltimore County's fiscal agent,
Maryland Workforce Corporation.

In 2013 the state of Maryland announced the EARN (Employment Advancement Right Now)
Planning Grants. EARN Maryland, managed by DLLR, is a first-of-its-kind state skills training
and economic development initiative that is business-led, flexible and collaborative. The WIB
applied for two serving as the lead which was not funded. The WIB is partnering with the
Montgomery Business Development Corporation on their planning grant around health and with
Montgomery College on their planning grant around transportation.

Current trends and funding gaps

The industry alliances have been successful in that they have identified big ideas to improve their
workforce. The WIB has been slow in developing and responding to all these big ideas. It has
been unable to start its third industry alliance.

The WIB served 676 businesses in FY 13. A recent focus group with economic development
organizations identified the need for better communications about businesses being served by the
WIB and the one stop centers and in connecting together.

Occupational training funds from the Workforce Investment Act continue to be in high demand
and each year funds are exhausted well before the end of the year.

Attachments

1. WIB Membership List
2. WIB Strategic Plan
3. WIB Strategic Plan Action Plan
4. Budget information
5. Performance

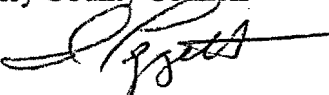


OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

April 17, 2014

TO: Craig Rice, President, Montgomery County Council
FROM: Isiah Leggett, County Executive 
SUBJECT: 2014 Small Business Navigator Report

I am pleased to submit to the County Council the 2014 Small Business Navigator Report. The legislation creating the Small Business Navigator position requires that a report be submitted every year.

The Small Business Navigator position has been well received by the business community. More than 100 in-person meetings were held with small businesses in the county. In addition, the navigator participated in almost 80 events and made 11 presentations to business organizations. The Small Business Navigator had almost 300 interactions with local small businesses, providing a variety of information and referrals.

The attached report provides a summary of the Small Business Navigator's activities from April 2013 through March 2014. Also provided are findings based on interactions with small businesses in the County as well as recommendations for ways to improve relations between small businesses and County government.

Feedback from small businesses has been included as well as summary data on the activities of the Small Business Navigator.

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Attachment

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Small Business Navigator Report to the County Council

History

The Small Business Navigator Position was created by the Montgomery County Council by Bill 5-12 which was passed in May 2012. The Small Business Navigator is dedicated to advising and assisting new and existing small businesses with navigating the complexities of Montgomery County requirements and regulations.

Per legislation, the Small Business Navigator will:

- advise all appropriate government agencies of any action needed to assist small businesses to comply with County requirements and regulations;
- promote communications between small businesses and County departments or agencies that the small business must interact with;
- develop and maintain a database of information necessary for small business to comply with County requirements and regulations;
- advise small businesses on how to comply with County requirements and regulations, and;
- identify changes to regulations and requirements that would improve turnaround, eliminate duplication, resolve conflicts in authority, and eliminate unnecessary regulations and requirements.

The small business navigator position was filled in March of 2013. Based on interactions with small businesses since inception of the position, the following issues have been identified resulting in a series of recommendations.

Findings

Requests for Assistance

- Small businesses are often not aware of the resources available to them.
- The majority of requests from small businesses are related to procurement and how to get contracts from Montgomery County.
 - Businesses want to know how to position themselves to be considered for contracts with the county.
 - The perception is that the procurement process is too long and complex.
- While permitting issues were a small percentage of the requests for assistance, they tend to be complex and take multiple interactions to resolve.

Resources

- The Small Business Navigator consistently provides information about the following resources:
 - Contracting Resources including the Montgomery County listing of current solicitations, the contract log and dataMontgomery.
 - Montgomery County Local Small Business Reserve Program
 - Montgomery County Minority, Female & Disabled-owned Program
 - Central Vendor Registration System
 - Referrals to partners such as the Small Business & Technology Development Center, the Maryland Women's Business Center and SCORE.
 - The Department of Economic Development Small Business Start Up Guide.
 - Small Business Financing options including state, county and private resources.
 - Business Membership Organizations such as chambers of commerce, ethnic and gender-based groups and industry groups.

Number of Interactions per Request

Most requests from businesses involve two to three interactions.

Typically there is an initial contact either through Small Business Navigator outreach activities (i.e., networking or attending business meetings) or through the small business calling or writing to the County for information.

Following the initial contact, about 60% of requests can be handled with one additional interaction that is typically an e-mail or phone call. About 40% of requests from a small business include an in-person meeting, followed by an additional informational e-mail.

As noted above, permitting issues tend to be more complex and typically involve 6-8 interactions between the Small Business Navigator, the Department of Permitting Services and the small business.

Resolutions

At the highest level, all requests from small businesses are resolved in that each small business requesting assistance is given answers and information. It is true that sometimes the answer is not what the business would like to hear.

The County has made a concerted effort to expand opportunities for small businesses to win County contracts. However, not every small business in the county that wants a county contract will win one for a variety of reasons. Sometimes it is that the County does not buy what the business is selling. Sometimes it is that another small business has won the contract. There might not be enough small businesses that provide a particular good or service to offer sufficient competition for the County to ensure the best value for the taxpayer dollars.

As is clear from the numbers, a small percentage of permits have been brought to the attention of the Small Business Navigator. Through a strong partnership with the Department of Permitting Services (which already existed between DED and DPS), every permitting issue that has been brought to the attention of the Small Business Navigator has been resolved.

One item of note is the sign permitting process which continues to be a concern for sign companies and small businesses. Sign companies report that getting a sign permit in Montgomery County takes longer and costs more than in surrounding jurisdictions.

Recommendations

General Business Climate

Montgomery County offers and has access to a broad variety of resources to benefit small businesses.

DED will explore ways to make information and assistance more accessible to the small business community including:

- 1) Assembling a group of small businesses and small business resources to advise DED on these issues.
- 2) Increasing educational and networking opportunities (for example, the expanded programming being offered to small businesses by the Business Innovation Network and partnering with business organizations on programming).
- 3) Researching trends and best practices for small business education and development.
- 4) Working with other Montgomery County governmental entities and large companies to expand the Local Small Business Reserve Program.

Procurement

The Small Business Navigator, the Office of Business Relations and Compliance and the Office of Procurement are working closely together to identify and implement ways to improve the access to business opportunities with the county and the procurement process.

Over the next year, county departments will collaborate on the following types of activities:

- 1) An ongoing schedule of outreach events for local and minority businesses to understand priorities and build relationships with county buyers and program managers. These efforts are organized by the Office of Business Relations and Compliance and supported by the Department of Economic Development.
- 2) Training on the tools available to small businesses to research County opportunities to include the Central Vendor Registration System, the Local Small Business Reserve Program and dataMontgomery.
- 3) Promoting local small businesses that have successfully won County contracts.
- 4) DED plans an expanded outreach to encourage businesses to enroll in the Local Small Business Reserve Program. This effort will involve identifying what the County buys and building a database of corresponding business contacts in each purchase category. Businesses will be contacted and encouraged to register in the Central Vendor Registration System and self-certify for the LSBRP.

The Office of Procurement has efforts underway already to streamline the procurement process by exploring an e-bidding system which will result in easier navigation and template layouts for user submissions.

In addition, the contract administrator training has been revamped and now includes a session focused on compliance. This will help ensure that contract administrators understand the Local Small Business Program, the Minority, Female, Disabled-owned Program and how to utilize the tools available to identify local-small and minority-owned businesses.

Permitting

The Division of Permitting Services is a vital partner in the County's economic development efforts. Several initiatives in 2013 resulted in improved processes and lower fees (please see DPS Newsletter Constructive Comments, February 2014).

As noted above, very few issues related to permitting have been brought to the attention of the Small Business Navigator (Eight (8) issues between April 2013 and March 2014). The Division of Permitting Services has responded in a timely manner with each of the issues raised and every issue has been resolved.

Initiatives that directly address general business concerns raised by the small business community include electronic permits and plan as well as a comprehensive streamlining initiative.

The Small Business Navigator will continue to work closely with DPS to address additional issues including:

- 1) Assembling a group of sign company representatives to meet with the Director of the Department of Permitting Services to discuss improvements to the Sign Permitting Process. Although DPS processed 600 sign permits last year with few complaints, sign companies have some ideas that they think would increase revenue and improve compliance.
- 2) Helping to identify enhancements to the DPS web site that would make helpful information (such as recommended pre-design consultations) more clearly identifiable to businesses.
- 3) Identifying additional FAQ topics that would assist businesses to prepare more accurate submissions from the start of a process.

Summary

The Small Navigator Position has been well-received by the small business community and County Departments and Agencies have been helpful and responsive.

Small Businesses are challenged to find the time to locate the information and assistance they need. Having a single point of contact in the County to help them navigate available resources is valued.

Although it is labor intensive to build and maintain strong interdepartmental relationships, the existence of such relationships drastically improves the ability of small businesses to interact effectively with the County. The Small Business Navigator role provides a single point of contact for a small business to initiate communication with the confidence that they will be shown the right path, or helped along the way, to getting their issue resolved.

Feedback from local small businesses

- As a local small business, Taylor-Leonard Corporation values the County's Small Business Navigator. "Through this resource, we've received guidance and direction to successfully navigate the County's requirements, resources, and more. Beyond that, the Navigator is a tremendous community partner; disseminating timely communications between small business and County departments, facilitating relevant introductions to support small business, and actively engaging in environments where small business professionals commune".
 - Kelly Leonard, Taylor-Leonard Corporation, an information technology and business development consultancy.

- "As a small, minority, startup architecture company in Montgomery County, one of our primarily goals is to be involved in and serve our local Community. A challenge to this can be knowing the best place to start when forming relationships within local government agencies and related local businesses. Having the opportunity to meet with someone, experienced with County government and local organizations, was very helpful. The Montgomery County Small Business Navigator met with us, learned about our business, our needs and our goals. From this one-on-one discussion, custom guidance and direct connections to specific individuals within County departments and agencies were provided. Meeting with the Montgomery County Small Business Navigator was very helpful to us!"
 - Emmanuel Mdingi, DCI Architects, LLC, a full-service architecture firm located in Germantown.

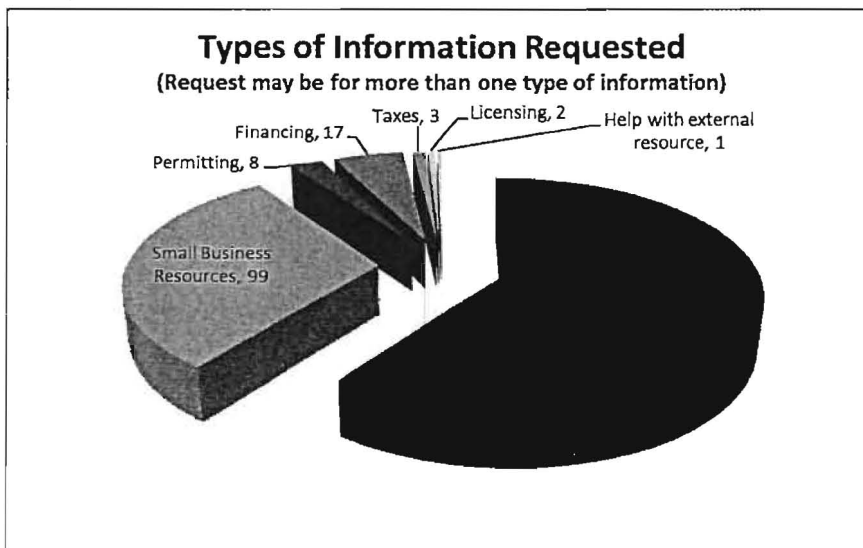
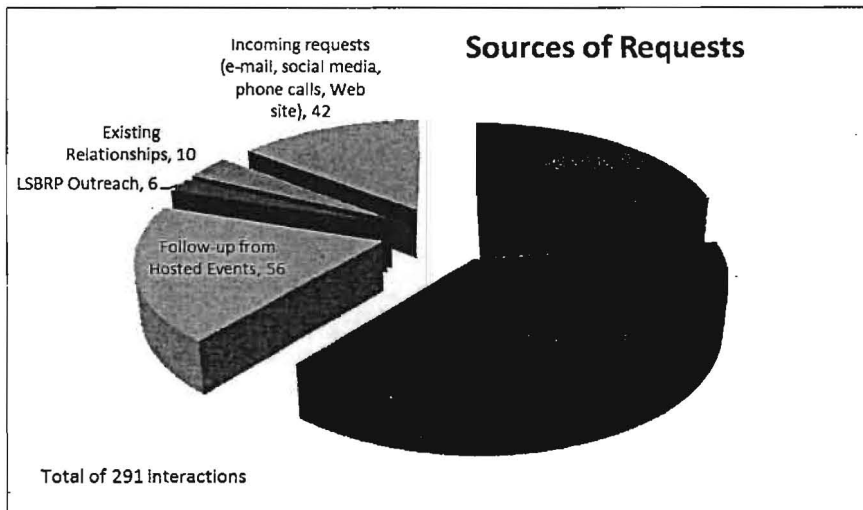
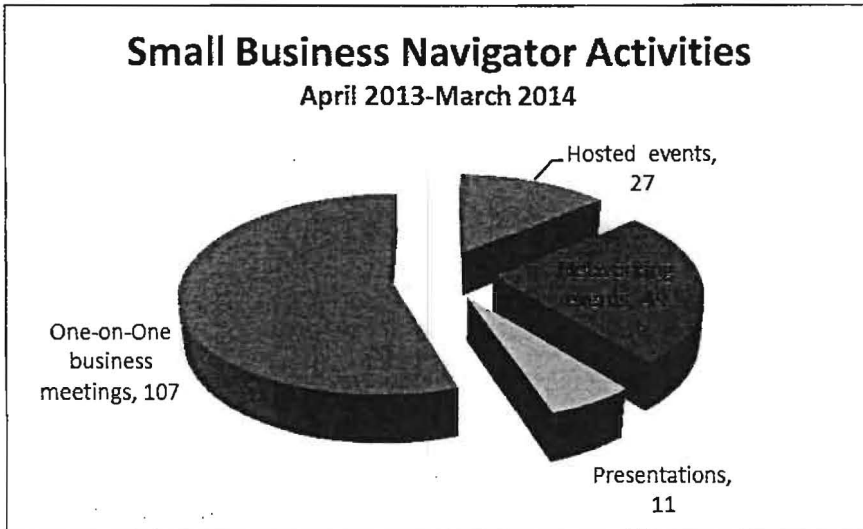
- "I would like to thank the Montgomery County Council for having the vision to create the Small Business Navigator position. Having this wonderful (free) resource available to small business has been invaluable. This has been particularly true for the Hispanic small business community. Many Hispanic small business owners are aware of the government opportunities in the County; but often find the process intimidating. The Small Business Navigator is making it easier for the Hispanic business community to make the right connections with the County and get more educated about procurement programs set aside for minority and small business.

I have had the pleasure of utilizing the services personally and it is so refreshing to know that if I e-mail or place a call with a question, I **WILL** get a response from the Small Business Navigator. I have received insightful information on how to utilize the County's vendor system and identify opportunities, potential clients and partners.

I hope that the Council will continue to provide this much needed resource to the small business community."

 - Cely Argueta, Consultant to Hispanic Small Business and Churches

Summary of Small Business Navigator Activities





MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

CHERRI BRANSON
COUNCILMEMBER
DISTRICT 5

Memorandum

February 19, 2014

To: Nancy Floreen, Councilmember - At-Large
Chair, Planning, Housing and Economic Development Committee

Re: Silver Spring Wayfinding

I am writing to you regarding methods to address issues with wayfinding in the Silver Spring central business district.

As you know, Silver Spring has become a popular destination over the last decade. The County continues to make this area a great place to eat, shop, play, work and operate a business. We have put many resources towards job creation, retention, redevelopment and small business assistance. In addition, the County is actively trying to promote and facilitate business in Silver Spring and other activity centers through the work and recommendations of the Nighttime Economy Task Force.

However, I have heard from residents who were unaware of a particular attraction or had difficulty locating it. Years ago, the Silver Spring Regional Service Center worked on a wayfinding plan, but the central business district still lacks consistent signage for parking and destinations of interest. This is especially important with a large portion of the downtown area fenced off due to ongoing construction issues at the Silver Spring Transit Center. In addition, the share of non-automotive modes of transportation will increase with the implementation of bikeshare and eventual construction of the Purple Line, Metropolitan Branch Trail, Capital Crescent Trail and Silver Spring Green Trail. We should determine now what must be done to ensure that our residents know how to efficiently arrive at their downcounty destination.

I would like the Council's Planning, Housing and Economic Development (PHED) Committee to discuss with the Department of Economic Development potential ways to add a capital project to the FY15 Capital Budget and FY15-20 Capital Improvements Program (CIP) that would enhance wayfinding in the Silver Spring central business district. In particular, I would like to ensure that residents arriving by any mode of transportation know how to reach destinations of interest, as well as parking garages and lots. The County should work with public and private entities in Silver Spring to identify wayfinding needs, and develop a plan to install new and/or replace existing signage.

Thank you in advance for your consideration on this issue. Please feel free to speak with me if you have any questions regarding this request.

Sincerely,



Cheri Branson
Councilmember – District 5

- c: Councilmembers
Françoise Carrier, Chair, Montgomery County Planning Board
Steve Silverman, Director, Department of Economic Development
Jane Redicker, President and CEO, Greater Silver Spring Chamber of Commerce
Kelly Groff, Executive Director, Conference and Visitors Bureau of Montgomery County
Jacob Sesker, County Council Staff
Marlene Michaelson, County Council Staff
Reemberto Rodriguez, Silver Spring Regional Service Center