

M E M O R A N D U M

July 24, 2019

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM: Gene Smith, Legislative Analyst 

SUBJECT: Discussion – Update on the County’s Economic Development Functions

PURPOSE: Discussion about economic development strategy and implementation

Expected Attendees

Jerome Fletcher, Assistant Chief Administrative Officer, Office of the County Executive (CEX)

The Council met in June with the Executive to learn about the current economic development strategy for the County. To prepare for the discussion, the Council President sent a memorandum to the Executive that included a one-page chart of economic development functions (the “Functions Chart”) for the Executive to modify, expand, and/or update as a context for the Council’s discussion (see ©1-3). The Functions Chart was updated but not discussed at the June Council worksession; therefore, the PHED Committee requested a more detailed review of the proposed modifications (see ©4-5).

Possible Discussion Topics for the Committee

- Consolidation strategy. The administration’s consideration to consolidate some functions into one County department or office may make management and implementation of those functions more efficient and effective, including the Council’s oversight role. Depending on the Executive’s preference, some options to consolidate these functions will require legislation. Whether legislation is required or not, it will be important for the committee to understand how these efforts will align and impact the County’s economic development strategy.
- Communication process. The Functions Chart includes at least ten County departments or offices and two private organizations. **Effective communication is important to ensure all functions are operating in tandem.** Most of this responsibility is with the Executive branch. It will be important for the administration to outline this process, so all stakeholders understand how to participate in the County’s economic development strategy.
- Budget review. The Functions Chart include numerous budgets that are not reviewed by one committee or at the same time during the budget process. **This can make it difficult for a comprehensive review of the impact of the County’s efforts.** Council staff does not advocate for all these budgets to be reviewed by one committee, but the Council should consider options how to best coordinate and provide oversight of these disparate budgets.

Background

The County's lead economic development organization was the Department of Economic Development (DED) prior to its privatization in 2015. The privatization effort, however, did not move all the economic development functions of DED to private organizations. The economic development functions of DED were divided to various County entities and to certain private organizations. Apart from the privatization of DED, there were several other County departments and offices that addressed certain community and economic development-related issues independent of DED. **These other County departments and offices and relevant economic development functions were not directly impacted by the privatization of the DED.**

Even though some of the County's economic development functions were privatized, the County Government remains in control of the strategic vision and implementation of economic development for the County. Many of the functions on ©4-5 are County departments and offices that are funded and directly supervised by the Executive branch. For the private organizations created to implement certain economic development functions, the County directs these activities through its appropriation and contracts. These contracts appropriately manage the broad activities of each organization to ensure the organization's efforts complement the County's and avoid duplication of services.

The Economic Development Strategic Plan is the most appropriate document to clarify the County's vision and guide the numerous economic development functions into a unified direction. This document is required by the County Code and must be updated every four years. **The next deadline for the Executive to reaffirm or amend the current plan is October 2019.**

The Functions Chart was created to provide clarity to the prior PHED Committee about the County entity or nonprofit organization responsible for certain economic development functions. The chart is a reference document but is not static. The previous administration advocated for implementation as detailed in the third column on ©4-5 ("Prior Administration"); the current administration is considering some changes to implement the County's plan as denoted in the fourth column.

Council staff requested that Executive staff provide additional details about the implementation of the updated Functions Chart. Generally, the administration's efforts remain nascent, so today's discussion will continue at the high-level. The most notable changes from the prior administration are the identification of "Consolidation Candidates." Per Executive staff, these functions were "*identified as having a major role in the County re-establishing its commitment to small businesses and gathering some of the pieces and centralizing them under County leadership. In addition to establishing role clarity with EDC who performed some of these functions, but narrowing their scope is a part of the County assuming accountability for these functions.*" **It is the current intent to consolidate these functions under one County department or office.**

This report contains:

Council President memorandum to Executive
Updated Functions Chart from Executive

Circle

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

COUNCIL PRESIDENT NANCY NAVARRO
DISTRICT 4

CHAIR, GOVERNMENT OPERATIONS AND
FISCAL POLICY COMMITTEE

EDUCATION AND CULTURE COMMITTEE

MEMORANDUM

Monday June 10, 2019

TO: Marc Elrich, County Executive

FROM: Nancy Navarro, President, County Council

SUBJECT: June 25 Economic Development Writ Large Council Discussion

The Council met with the Montgomery County Economic Development Corporation (MCEDC) and WorkSource Montgomery (WSM) in March to understand better the County's economic development initiatives in the County through our designated economic development organizations. As follow up to these discussions, the Council scheduled a worksession with you and your staff to discuss the County's economic development writ large on Tuesday, June 25. Below is a framework and questions that I would like your team to consider as you prepare for this worksession.

The attached chart details the many economic development functions performed in the County by the department or organization primarily responsible for implementation. I believe this chart provides a good foundation to focus our June 25 discussion and define possible action steps to reinvigorate the County's economic development strategy. I encourage you and your team to consider and prepare to answer the following questions for the upcoming worksession:

- Are there additional functions that you are exploring and that you may add to this chart?
- Are there certain functions that you believe should be reduced, eliminated, or combined?
- Do you intend to shift primary responsibility of implementation of certain functions from one entity to another? If so, how will this/these shift(s) lead to better outcomes?
- Recognizing that the County cannot expand or focus on all these functions at the same time, which function(s) do you intend to expand in the next twelve months? Which functions do you intend to expand in the next 24-36 months? Please provide justifications for why you and your team are selecting certain functions to expand.

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- For the function(s) you intend to expand, what are the immediate action steps and goals that need to be accomplished in the next three to six months, and what is the long-term plan to sustain growth and success of these functions? Please consider and highlight steps that will require Council action.
- What actions or recommendations are you considering in order to streamline or update the County's business regulations, including procurement and permitting services?

Thank you for your consideration of this important matter. Please contact me if you have any questions or require clarification of the Council's direction for June 25.

CC:

Hans Riemer, Chair of Planning, Housing, and Economic Development Committee
Councilmembers

1- Attachment

Function	Description of function	Primary entity responsible
Marketing	Promote the County's resources and opportunities to attract new businesses.	MCEDC
Business Attraction	Recruit businesses to relocate by marketing, providing local intelligence, and connecting to appropriate partners.	MCEDC
Business Retention and Expansion	Intercept businesses at risk for relocating (e.g., lease expiration) or facilitate expansion efforts (e.g., capital funding).	MCEDC
Small Business Technical Assistance	Provide technical support for small business owners (e.g., how to start a business) through direct support or through local partners.	MCEDC
Entrepreneurship Development	Provide services and develop strategic partnerships to strengthen the delivery system for entrepreneurs.	MCEDC
Small Business Support	Provide support addressing specific concerns with the County Government (e.g., procurement).	Regional Business Hubs/Business Solutions Group
Finance/Incentives	Manage and administer the County's business incentive programs	Finance
Incubator Management	Manage facilities to provide space for local entrepreneurs.	Finance
Impact Mitigation	Manage programs, including financial assistance, to aid small businesses impacted by County redevelopment.	Finance
Procurement	Facilitate business creation and growth through purchasing of goods and services.	Office of Procurement
Workforce Development	Identify issues in the current workforce delivery system and partner with businesses and government to address them.	WorkSource Montgomery
Agricultural Services	Manage and administer the County's easement programs and provide business support to the agriculture industry.	Office of Agriculture
Real Estate	Facilitate redevelopment projects on or with County-owned property to attract private development.	Depends: CEX, DOT, DGS
Neighborhood Revitalization	Provide planning and implementation for targeted neighborhood revitalization, including revitalization for retail centers.	DHCA
Regional constituent issues	Collaborate with respective regional stakeholders to assess community needs to provide timely input to the appropriate County agency.	RSC Directors
Urban constituent issues	Promote business and resident interests by providing a higher level of service for amenities and maintenance within the district than the County-wide level of service.	Urban District
Regulatory Environment	Target business creation and growth by identifying regulations that promote certain industry sectors while maintaining public safety	Depends: CEX, DPS

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MONTGOMERY COUNTY ECONOMIC DEVELOPMENT ASSIGNMENT CHART (JUNE 25, 2019)

Function	Description of Function	<u>Prior Administration</u> Department or Organization Responsible	<u>New Administration</u> Department or Organization Responsible	<u>Timeframe</u>
Marketing	Promote the County's resources and opportunities to attract new businesses.	MCEDC	MCEDC	IN PROGRESS
Business Attraction	Recruit businesses to relocate by marketing, providing local intelligence, and connecting to appropriate partners.	MCEDC	MCEDC	IN PROGRESS
Business Retention and Expansion	Intercept businesses at risk for relocating (e.g., lease expiration) or facilitate expansion efforts (e.g., capital funding).	MCEDC	MCEDC	IN PROGRESS
Small Business Technical Assistance	Provide technical support for small business owners (e.g., how to start a business) through direct support or through local partners.	MCEDC	CONSOLIDATION CANDIDATE	IN PROGRESS (BUSINESS SOLUTIONS GROUP)
Entrepreneurship Development	Provide services and develop strategic partnerships to strengthen the delivery system for entrepreneurs.	MCEDC	CONSOLIDATION CANDIDATE	FALL 2019
Incubator Management	Manage facilities to provide space for local entrepreneurs. Conduct a study including entrepreneurial development to determine best use of current facilities and how to execute future vision.	Finance	CONSOLIDATION CANDIDATE	IN PROGRESS (FINANCE DEPARTMENT)
Small Business Support	Provide support addressing specific concerns with the County Government (e.g., procurement).	Regional Business Hubs/Business Solutions Group	CONSOLIDATION CANDIDATE	IN PROGRESS (BUSINESS SOLUTIONS GROUP)
Finance/Incentives Administration	Manage and administer the County's business incentive programs	Finance	CONSOLIDATION CANDIDATE	IN PROGRESS (FINANCE DEPARTMENT)

COUNTY ECONOMIC DEVELOPMENT ASSIGNMENT CHART (JUNE 25, 2019)

Impact Mitigation	Manage programs, including financial assistance, to aid small businesses impacted by County redevelopment.	Finance	CONSOLIDATION CANDIDATE	IN PROGRESS (FINANCE DEPARTMENT)
Procurement	Facilitate business creation and growth through purchasing of goods and services	Office of Procurement	Office of Procurement	IN PROGRESS
Workforce Development	Identify issues in the current workforce delivery system and partner with businesses and government to address them.	WorkSource Montgomery	WorkSource Montgomery	IN PROGRESS
Agricultural Services	Manage and administer the County's easement programs and provide business support to the agriculture industry.	Office of Agriculture	Office of Agriculture	IN PROGRESS
Real Estate	Facilitate redevelopment projects on or with County-owned property to attract private development.	Depends: CEX, DOT, DGS	CEX, DGS	IN PROGRESS
Neighborhood Revitalization	Provide planning and implementation for targeted neighborhood revitalization, including revitalization for retail centers.	DHCA	CONSOLIDATION CANDIDATE	IN PROGRESS
Regional constituent Issues	Collaborate with respective regional stakeholders to assess community needs to provide timely input to the appropriate County agency.	RSC Directors	CONSOLIDATION CANDIDATE	IN PROGRESS
Urban Constituent Issues	Promote business and resident interests by providing a higher level of service for amenities and maintenance within the district than the County-wide level of service.	Urban District	Urban District	IN PROGRESS