

MEMORANDUM

April 19, 2021

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

FROM: Gene Smith, Legislative Analyst

SUBJECT: **FY22 Operating Budget – Montgomery County Economic Development Corporation (MCEDC) Non-Departmental Account (NDA)**

PURPOSE: Make recommendations for Council consideration

Expected Participants:

- Ben Wu, MCEDC
- Bill Tompkins, MCEDC
- Stacey Hardy, MCEDC
- Jerome Fletcher, Office of the County Executive
- Pofen Salem, Office of Management and Budget

Summary of FY22 Recommended Budget and Key Discussion Issues

MCEDC NDA	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
General Fund	\$5,007,750	\$6,007,750	20.0%
Personnel Costs	\$0 0.00 FTEs	\$0 0.00 FTEs	0.0% 0.00 FTEs
Operating Costs	\$5,007,750	\$6,007,750	20.0%
Total Expenditures (All Funds)	\$5,007,750 0.00 FTEs	\$6,007,750 0.00 FTEs	20.0% 0.0%

Council staff has identified the following key issues/recommendations for Council discussion:

- The Executive recommends an additional \$1.0 million in enhancements for the FY22 budget. **These enhancements fund five new initiatives for the MCEDC to undertake in FY22.**

- The Executive recommends funding these new initiatives with the American Rescue Plan Act (ARPA) funding. **Council staff recommends that the Council not support the use of ARPA funding for these enhancements.** These are new initiatives that will support multiyear efforts. Per Council policy, the Council should not use one-time revenues to fund ongoing programs. The FY22 budget was balanced with ARPA funding for these expenditures. **If the committee concurs with Council staff, the committee should reduce this funding or find offsetting general fund reductions to fund these expenditures in FY22.**
- **MCEDC’s core mission budget is not impacted if the committee determines that the new initiatives should not be funded with ARPA funding.** MCEDC and Executive staff can still consider and further develop these initiatives during.

I. Racial Equity and Social Justice Considerations

The Council adopted Bill 27-19 on December 2, 2019. This bill established and required several elements, including that the Executive submit a racial equity and social justice (RESJ) impact statement for each bill and each management initiative or program that would be funded in the operating and capital budgets.

For the FY22 operating budget development process, OMB, working with the Office of RESJ, developed and dedicated a section of the program proposal form to addressing racial equity. Departments and County partners were asked the following questions:

- Does your department use quantitative and qualitative data to track program access and/or service outcomes for different population groups?
- Which community residents will potentially benefit the most from your program proposal or be burdened by your program proposal?
- How does the program promote racial equity?

The County is still in the process of training staff on applying a racial equity and social justice lens to programming and budget decisions; therefore, OMB received a variety of responses to the above questions. Council staff are documenting these responses to establish an official baseline for each department and to identify promising practices and gaps in information.

MCEDC notes that it collects demographic data for some programs, like the Local Production Fund. MCEDC also notes it is participating in the economic recovery efforts with the County to ensure the recovery is inclusive of underserved communities.

Council staff will evaluate what information departments are utilizing, or could utilize, to apply a racial equity lens to budget decisions as Council staff works to develop its Racial Equity and Social Justice Action Plan this spring. Council staff will also coordinate with OMB and the Office of RESJ to help inform a more robust analysis for FY23 and future budget cycles.

II. Budget Overview

See the Executive’s recommendation on ©1. This NDA was created in FY17 to fund the County’s designated lead economic development organization (EDO). This organization implements the County’s economic development strategic plan, which includes marketing, business attraction and retention, entrepreneurship, and promoting the County’s economic base.

The Executive recommends adding \$1.0 million, or about a 20% increase, for MCEDC in FY22. As discussed later, this recommendation provides funding for several specific initiatives which are funded with the ARPA funding.

III. Organization Review

MCEDC’s core mission areas are business attraction, retention, and growth. It advances the County’s economic development goals by connecting businesses locating to or expanding in the County with the critical resources, such as local real estate intelligence, funding, business incentives, and talent. As noted by MCEDC, it *“will leverage its unique role as the bridge between the private and public sectors.”*

MCEDC, in addition to its core mission areas, has pivoted to assist in the County’s response and recovery efforts related to the pandemic. MCEDC partnered with the County to implement several new business incentive programs, like the Restaurant Relief Program, and it is working with the Executive’s economic recovery groups.

See MCEDC’s board-approved FY21 work plan on ©2-3. The FY21 MCEDC Work Plan had three strategies – 1) support [the County’s] industry growth and diversification; 2) foster [the County’s] entrepreneurial activity and new business formation; and 3) respond to the needs of targeted and emerging [County] industries. MCEDC provided a semi-annual report for activities from July 1 – December 30, 2020 on ©4-14. MCEDC’s efforts to achieve its goals for each of the three strategies in the FY21 Work Plan is on ©11-14.

A. FY21 Budget

See MCEDC’s FY20 audited financial statement on ©15-30. MCEDC reported approximately \$7.0 million in total revenues for FY20, which included \$1.5 million in funding for the County’s Telework Assistance Program. MCEDC reported approximately \$6.0 million total expenditures in FY20, which included about \$1.0 million for the Telework Assistance Program. Removing this one-time program, MCEDC reported about \$5.5 million in revenues and \$5.0 million in expenditures in FY20 related to its general operations. **MCEDC reported a balance of about \$2.3 million in assets at the end of FY20, which excludes any assets with donor restrictions like the Telework Assistance Program** (see ©19). This total also includes the \$0.9 million designated by the Board for the three-month operations reserve.

See MCEDC’s FY21 unaudited financial statement as of March 2021 on ©31-32. Table 1 below highlights summarizes this information into broad categories. Through March 2021, MCEDC reported approximately \$17.8 million in revenues and approximately \$17.4 million in

expenditures. **Excluding revenues and expenditures for pandemic-related programs, MCEDC’s general operations in FY21 to-date include about \$4.5 million in revenues and \$3.5 million in expenditures.** After annualizing certain expenditures (e.g., personnel costs, rent, etc.), Council staff estimates that the organization will end the year within its budgeted revenues.

Table 1: MCEDC’s FY21 Budget as of March 2021 (\$)

	Approved Budget	Actual (March 2021)	Difference from Approved
Revenues			
County Contribution	5,007,750	4,498,203	509,574
Other revenues	352,000	381	351,619
Subtotal Revenues	5,359,750	4,498,584	861,166
One-time program Revenue	---	13,284,095	---
Total Revenues	---	17,782,679	---
Expenditures			
Personnel Costs	3,372,666	2,326,562	1,046,104
General Operating	702,650	374,692	327,958
Memberships	473,500	306,702	166,798
Travel/Meals	144,000	1,172	142,828
Business Development	132,500	44,498	88,002
Marketing	900,000	66,845	833,155
Strategic Initiatives	700,000	390,252	309,748
Subtotal Expenditures	6,425,316	3,510,723	2,914,593
One-time Programs	---	13,845,449	---
Total Expenditures	---	17,356,172	---

Note: One-time programs include revenues and expenditures for studies, 3R Initiative, Restaurant Relief Program, and Telework Assistance Program.

Most of MCEDC’s expenditures support its staff in FY21. MCEDC’s approved FY21 budget allocated about 65% of the County’s appropriation in FY21, excluding one-time pandemic response grants, to support its staff work. As of March 2021, these expenditures are close to the budgeted amount. MCEDC notes that it did not have to furlough any staff during the pandemic.

The remaining expenditures support other operating expenditures. Of note is the \$1,032,500 budgeted for business development and marketing initiatives in FY21. As of March 2021, MCEDC actual expenditures are \$111,343 for both categories. MCEDC also notes that it is committed \$246,000 in in FY21 to fund 18 sponsorships or partnerships as of April 9. See a list of those sponsorships and partnerships on ©33.

B. FY22 Expenditures

The Council does not approve a line-item budget for MCEDC, but the County does execute a contract with the organization. The Executive negotiates the contract, which details disbursement conditions and performance expectations, including reporting, for the County’s funding provided to the organization. The Council may also choose to identify specific programs/expenditures and

reporting requirements through the Council’s budget resolution. Executive staff will be available to discuss any questions that the committee may have about contracting with MCEDC.

See the draft FY22 MCEDC budget on ©34-35. **MCEDC estimates that its FY22 revenues will be about \$6.5 million, with 93.0% of this supported by the County’s contribution.** As it has done previously, MCEDC has a drafted its FY22 expenditures to exceed estimated revenues by about \$1.0 million. The final MCEDC budget will be approved by the MCEDC board June 2021. Should the MCEDC board approve the budgeted as drafted, MCEDC will either need to support its additional expenditures with its reserves, secure additional revenues, or reduce actual expenditures during FY22.

MCEDC’s FY22 Work Plan will be approved by the MCEDC board in June 2021. See the draft FY22 Work Plan on ©36-38. Overall, the draft FY22 Work Plan includes the same three FY21 strategies and marginal adjustments under each strategy. Most of the County’s support will fund MCEDC’s core mission areas as described in this draft work plan for FY22.

C. Executive Recommended FY22 Enhancements

The Executive has recommended \$1.0 million in budget enhancements for MCEDC in FY22. **These are all new initiatives in the Executive’s recommended budget.** These expenditures, as noted by Executive staff, are supported by ARPA funding. See MCEDC’s information about each of these new initiatives on ©39-42. MCEDC notes that these new initiatives are expected to continue to evolve, suggesting that the final product may change from the draft descriptions provided.

New Initiative #1: Support Entrepreneurship Development

Funding Amount: \$300,000

MCEDC Description: MCEDC will develop a new “data-centric MoCo Entrepreneurship and Innovation Hub” to support entrepreneurship development as an ecosystem in the County.

MCEDC Metrics: Complete a database; train entrepreneurs (goal = 50); partner network buildout (goal = 10 partners).

Council staff notes: This initiative appears similar to the State’s recent announcement with TEDCO creating a [Maryland Entrepreneur Hub](#) earlier this year.¹

New Initiative #2: Establish Entrepreneurs in Residence Fund

Funding Amount: \$250,000

MCEDC Description: MCEDC will bring in two entrepreneurs to provide staff training and serve as a resource to emerging entrepreneurs identified through MCEDC’s network.

MCEDC Metrics: Business assisted by entrepreneurs; businesses assisted by MCEDC staff due to program training

Council staff notes: Entrepreneurs in residence (EIR) programs create opportunities for experienced entrepreneurs to aid in developing new companies, technologies, and/or

¹ <https://www.tedcomd.com/news-events/press-releases/2021/maryland-entrepreneur-hub-launches-support-states-innovation>.

assisting less experienced entrepreneurs develop a concept or technology. BioHealth Innovation (BHI) has run a EIR program for many years.

New Initiative #3: Support County’s White Flint Project

Funding Amount: \$250,000

MCEDC Description: MCEDC will take the lead role in managing and marketing the County’s potential project.

MCEDC Metrics: Deploy an RFP; select developer; complete a marketing plan; complete other project elements (e.g., assemble partners, entitlements, etc.)

Council staff notes: The Executive’s vision for White Flint will still require substantial County staff time and input whether the County or MCEDC issues the RFP for a developer.

New Initiative #4: Talent Pipeline

Funding Amount: \$100,000

MCEDC Description: MCEDC will create, market, and engage the Montgomery Talent Network (MTN) to facilitate large-scale recruitment of experienced talent.

MCEDC Metrics: Businesses who participate in the MTN; employees hired because of the MTN

Council staff notes: The approach and venue for large-scale recruitment events will likely change post-pandemic.

New Initiative #5: Support Inclusive Economy Initiative

Funding Amount: \$100,000

MCEDC Description: MCEDC will provide program incentives, oversight, and training resources to strengthen the County’s minority chambers membership, programming, and impact.

MCEDC Metrics: Business joining chambers due to MCEDC; membership of minority chambers; participation by minority-owned businesses

Council staff notes: MCEDC supports a variety of sponsorships or partnerships each year to partner with other business- or trade-related organizations.

The Executive’s recommendation is to fund each new initiative in FY22 with ARPA funding. ARPA funding is a one-time Federal grant that generally supports the County’s ongoing response to the pandemic, including negative economic impact or revenue loss. The County will receive half the funding in FY21 and half the funding the same time next year – near the end of FY22.

See ©43 for a list of the Executive’s recommended uses of ARPA in FY21 and FY22. Most of the funding supports revenue losses or direct responses to the pandemic. There are few new initiatives, like these for MCEDC and the incubators, that the Executive proposed in FY22. Based on the current estimates, the County’s second tranche of ARPA funding in April 2022 will likely support these new initiatives.

Council staff recommends that the committee not support the use of ARPA funding for these enhancements. These enhancements are a new series of initiatives, not a continuing pandemic response that the Council funded in FY21. In addition, it appears that the initiatives are

nascent and still in the development phase. The Council should consider if and how these new initiatives are aligned with the overall use of the ARPA and the County’s response to the pandemic. Based on MCEDC’s description, these enhancements likely support multi-year efforts for the County and MCEDC. **Per Council policy, the Council should avoid using one-time revenues to fund recurring items.**

The FY22 budget was balanced on the need to use ARPA funding for these initiatives. If the committee concurs with Council staff’s assessment on ARPA funding use, the committee should reduce the recommended appropriation by \$1.0 million or identify offsetting general fund reductions in FY22 for the initiatives it plans to support.

The Council will be considering the overall deployment of the ARPA funding for all its priorities, and these items can be considered amongst all the Council’s priorities. **The decision to reduce this amount from the budget does not impact MCEDC’s general support for its core mission and work.** MCEDC and the County can continue to explore or develop these efforts in FY21 or beyond. MCEDC continues to carry reserves, per its audited financial statements, that could be deployed to begin additional study or development of these initiatives if the County’s general support is insufficient.

If the committee prefers to retain some or all enhancements, Council staff recommends that the Council include its standard language in the budget resolution that requires Executive staff to submit the performance metrics and contract language to the Council before disbursement occurs. Regardless of funding source, the Council traditionally includes this language when it approves funding for nascent initiatives that are subject to change. As noted by MCEDC, these initiatives are evolving. The Council should receive an update on the final approved work product before the funding is disbursed.

This packet contains:

	<u>Circle #</u>
Executive FY22 recommendation	1
MCEDC approved FY21 Work Plan	2
MCEDC semiannual update on FY21 Work Plan	4
MCEDC FY20 audited financial statement	15
MCEDC FY21 financial statement as of March 2021	31
MCEDC FY21 sponsorships and partnerships	33
MCEDC FY22 draft budget	34
MCEDC FY22 draft work plan	36
MCEDC FY22 draft enhancement plans	39
Executive recommended FY21 and FY22 ARPA uses	43

 **Montgomery County Economic Development Corporation**

This is the private non-profit corporation established by Council Bill 25-15 that serves as Montgomery County's lead economic development organization. The Economic Development Corporation is responsible for implementing the County's economic development strategic plan and related programs that include marketing, business retention and attraction, entrepreneurship, and promoting the development of the County's economic base.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	5,007,750	0.00
Enhance: Support Entrepreneurship Development	300,000	0.00
Enhance: Establish an Entrepreneurs in Residence Fellowship Fund	250,000	0.00
Enhance: Support County's White Flint Project	250,000	0.00
Enhance: Expand Talent Pipeline/Workforce Development Partnership	100,000	0.00
Enhance: Support an Inclusive Economy Initiative (Minority Businesses and Ethnic Chambers)	100,000	0.00
FY22 Recommended	6,007,750	0.00

Montgomery County Economic Development Corporation (MCEDC) Fiscal Year 2021 Strategic and Operational Workplan Guiding Principles



MCEDC will leverage its unique role as the bridge between the private and public sectors. It will collaborate with partners to create the conditions necessary for industries to grow, start-ups to launch, and businesses to reposition themselves both in response and recovery to the current COVID-19 public health crisis and in continuing our long-term efforts to improve available Montgomery County economic opportunities.

Three Strategies

In alignment with the MCEDC contract obligations to the County and to be complementary to the work of our partners, the following three strategies will continue to guide our work in FY21:

- Support Montgomery County industry growth and diversification;
- Foster Montgomery County entrepreneurial activity and new business formation; and
- Respond to the needs of targeted and emerging Montgomery County industries.

Work Plan Objectives

Work plan objectives are highlighted below and are supported by separate operating plans and tactics. The performance against these objectives will be measured on an ongoing basis and reported on a quarterly basis.

1) To support Montgomery County industry growth and diversification, MCEDC will:

- **Create at least 1200 new jobs within companies identified through MCEDC's attraction, retention, and expansion efforts across targeted industries.**
 - Life Sciences: Cell and Gene Therapy, Vaccines, Biologics, US Operations/International Firms, MedTech
 - Technology: Cybersecurity, Software Companies, Health Tech, Fin Tech
 - Non- Profits/ Entrepreneurship: Non-Profits, Tech Non-Profits, Social Change Tech, Defense
 - Hospitality / Corporate Headquarters, Management Companies, Hospitality Tech, REITs
 - Real Estate / Site Selectors, Developers, Landlord/Tenant Reps
- **Engage with 100 diverse businesses across industries to create revenue generating opportunities, B2B networking opportunities and connections, and a stronger local supply chain.**
- **Connect businesses and partners with federal laboratories, federal funding programs, regulatory agencies and technology which can be commercialized.**
- **Use MCEDC media tools including the newsletter, website, and social channels to engage diverse businesses and to produce useful and timely information.**

2) To foster Montgomery County entrepreneurial activity and new business formation, MCEDC will:

- **To support an inclusive economy, work with partners to identify and source funding directed to and received by diverse entrepreneurs.**
- **Implement targeted outreach using media tools to better reach diverse audiences.**

- Establish a “MoCo Innovation Center” to bring together primary elements of new business formation needs into a resource center which provides access to tools and services to enable entrepreneurship and business formation within Montgomery County; in developing this multi-year program, align partners to provide services and oversee/monitor results.
- 3) To respond to the needs of targeted and emerging Montgomery County industries, MCEDC will:
- Lead the economic development recovery efforts as defined and recommended by the work of the County Executive’s Economic Advisory Group, as well as its related economic recovery task forces, to prioritize, direct implementation activities, and manage programs as appropriate.
 - Follow up with at least 125 of the companies participating in MCEDC studies/fund programs to determine the impact of efforts and recommend further options to help ensure business sustainability.
 - Attract and retain talent within Biohealth and IT/Cyber industries, by connecting 50 companies with post-secondary institutions and tech/STEM training providers.

Economic Indicators Reporting Information

Tracking different types of economic indicators and identifying trends help to paint a clearer economic picture of Montgomery County as a whole. Economic Indicators are useful for MCEDC and its partners to follow over time. For FY21 we recommend continuing to share and publish information about the following economic indicators:

- Net new establishments (Quarterly);
- Office vacancy rate (Quarterly);
- Total employment (Quarterly);
- Unemployment rate gap (Annual – national level, census data not BLS);
- Average wage (Sector information available annually);
- Median home price to household income ratio (Calculated at one specific time each year – not an average);
- Venture Capital investments in county businesses (Constant updates through Pitchbook); and
- Percentage of State’s GDP.

County Contract Reporting Requirements For MCEDC

As part of its County contract, MCEDC regularly reports information on the following:

- Number of new jobs created, and number of existing jobs retained through MCEDC efforts;
- Number of new business relocations and existing business expansions accomplished through MCEDC efforts;
- Amount of new capital investment created or facilitated through MCEDC efforts;
- The amount of net new commercial space occupied through MCEDC efforts;
- Number of new business establishments by industry through MCEDC efforts;
- Breakdown of business assistance requests by industry, geography, and company size, in addition to the type of assistance provided; and
- Guidance to the County Executive concerning any policies which would facilitate economic development growth and retention efforts based on learnings from business engagements referenced above.



Montgomery County Economic Development Corporation
Semi-Annual Report on Activities and Finances
Period of Performance: July 1 – December 30, 2020
Contract Number: 1063963

MCEDC launched fiscal year FY21 with a new workplan, functioning in a flexible manner given the unknowns of the business and operational impact of COVID-19 on the Montgomery County economy.

The three workplan strategies include the following areas of focus:

- Advance Montgomery County industry growth and diversification
- Foster expansion in Montgomery County entrepreneurial activity and new business formation
- Respond to the needs of targeted and emerging Montgomery County industries

COVID-19 activities are included under the third bullet point listed above. A copy of the full year workplan and financial reports are attached as Exhibits.

Advance Montgomery County Industry Growth and Diversification

The Business Development team continued to connect businesses to a variety of resources. Team members assisted with site selection, connections to county and state financial programs and introductions to permitting staff and other local resources. The team facilitated contacts for guidance through the application processes and connected the companies to high-level talent resources and utility assistance. Companies that relocated or grew their Montgomery County operations in the first half of FY2020 included Autonomous Therapeutics, Novavax, Nobelpharma and Qiagen.

Following BIO Digital 2020, MCEDC showcased our region's federal assets and our region's in-licensing/out-licensing opportunities and capabilities at the **Maryland Life Sciences Bio Innovation Conference in October 2020**. Hosted by the Maryland Life Sciences, a division of the Maryland Tech Council, MCEDC worked closely with international trade delegations to curate high quality business matching and trade between international biotech eco-systems. Many international companies are actively looking for in-licensing and out-licensing opportunities and industry partners. MCEDC was an international delegate sponsor of the conference and worked to help attract over 70 international delegations. We also worked with FLC, NIST and TEDCO to organize the first ever post-doc track within the conference. Several speakers talked about Montgomery County as a great place for biotech companies, including the presence of Novavax, Emmes and GSK, among others. There were 625 registrants, a sizable number for an online event.

Select Partnerships

Economic Development Education Partnership: MCEDC, USG, and Montgomery College are moving forward on a tripartite Memorandum of Cooperation on Economic Development. MCEDC also ushered in a new era of future engagement and collaboration with the Maryland Technology Economic Development Corporation (TEDCO). MCEDC and TEDCO are looking to partner on technology-development initiatives, especially those that will support more inclusive participation for entrepreneurs and start-ups.

Alliance for Regenerative Medicine (ARM): MCEDC is now a voting member of the group Alliance for Regenerative Medicine (ARM), an international community of small and large companies, non-profit research institutions, patient organizations, and other sector stakeholders dedicated to realizing the promise of **regenerative medicine** for patients around the world. Membership gives access to all the ARM members via an online partnering platform and new international networks in cell and gene therapy. MCEDC will virtually engage with ARM's membership across the cell, gene and tissue sector via their digital platform.

The Strategic Initiatives/Research Team Partnership: Our team was involved in several external efforts, including the ConnectedDMV Regional Economic Development Strategy Workgroup; speaking at the Pathways to a Climate Positive County series; serving on the regional selection committee for the Farm 2 Food Bank Project (County CARES ACT funds); and serving on the Technical Advisory Group for THRIVE. The team met several times with the County's incubator study consultant and with USG's new entrepreneurship director. Additionally, the team finalized and presented the three-part Research University Study at a Planning Board meeting, at a PHED Committee meeting, and to the County Executive and MCEDC Board.

BioLab Pilot: During the first half of FY21, the strategic initiatives team finished its year-long Bio Lab Pilot Project, which was launched in calendar year 2019. The purpose of the Bio Lab Pilot Project was to assist Montgomery County's growth-stage life sciences companies with their infrastructure needs, by awarding fit-out grants for wet labs smaller than 3,000SF. The Bio Lab Pilot Project is finishing disbursements totaling \$96,000 to six small biotech firms, which represent over 10,000 square feet of new/reconfigured wet-lab space.

The Montgomery County Commerce Cabinet: The group was created to coordinate public sector economic development activities among and between county departments and relevant agencies. The Commerce Cabinet is chaired, staffed and supported by MCEDC, and consists of 14 members. The membership represents executive branch departments, the County Council, and the Planning Board. The Commerce Cabinet is working together to share information and form strategic collaborations to achieve a consensus to collectively move forward on five key initiatives:

1. Organizational Support of Montgomery County Economic Recovery Strategies
2. Creation of the Montgomery County Economic Development Customer Service Initiative
3. Creation of the Montgomery County Economic Development Regulatory Reform Initiative
4. Creation of the Montgomery County Public-Private Marketing Partnership
5. Development of a Commerce Cabinet Economic Development Unified Showcase Location Impact Project: Downtown Silver Spring

Foster Expansion in Montgomery County Entrepreneurial Activity and New Business Formation

The primary reporting for outcomes tied to this workplan initiative will be addressed in the FY21 report for the second half of the year as most initiatives tied to this commenced in late December.

Respond to the Needs of Targeted and Emerging Montgomery County Industries

The ongoing pandemic has caused MCEDC to pivot many of its activities in the first half of the year to continue providing short-term support and funding programs to businesses most impacted by COVID-19. In addition to connecting businesses with support and resources, MCEDC engaged in the planning, management and execution of four financial assistance programs which are highlighted below.

#MaskUpMoCo Campaign

The Marketing and Communications team worked with Visit Montgomery and County Government to create a popular and widely distributed #MaskUpMoCo Campaign. MCEDC conceptualized and developed graphics and messaging for the successful campaign that resulted in a MaskUpMoCo.com landing page, frequently shared social media posts and signage for local businesses, shopping centers, bus stops and bike share stations. Signs were translated into multiple languages and include clear guidance on proper mask wearing.

The 3R Initiative

MCEDC's Reopen Relaunch Reimagine (3R) initiative is a community-based, COVID-relief program designed to provide financial support, e-commerce solutions, and technical assistance to targeted retail and restaurant establishments. The \$1.5M project is supported by a combination of private industry contributions (\$331,000), federal and state pandemic funds (\$900,000), and MCEDC's existing FY21 budget (\$280,000).

Unlike other relief programs, 3R was developed with data from a local customer preference survey, guidance from national retail experts and input from local stakeholders. The goal of 3R was to support retailers, makers, artisans and restaurants during the 2020 holiday season, and buoy them through the winter months and beyond.

One element of 3R is an on-going countywide, gamified digital directory called the MoCoMarketplace. With its launch on December 3rd, over 4,000 unique visitors used the site, which highlighted over 200 local vendors. Work continues with our partners at Streetsense to evolve the marketplace through the winter and spring of this year. 3R also featured a targeted grant program to support delivery fees, e-commerce and inventory costs—none of which were eligible expenses in existing government programs. Within days of launching this niche 3R grant program, MCEDC's initial capacity to award \$500,000 was oversubscribed and the County Council and County Executive added an additional \$400,000 of state pandemic funding to the 3R grant program. All \$900,000 has been obligated.

Longitudinal Study

MCEDC chose Rockville-based Westat to develop the "COVID-19 Business Adaptation Longitudinal Study", which was designed as a three-year series of business surveys to understand COVID-19's impact on revenue and product offerings, and the resources businesses have used to adapt.

In addition to Montgomery County, the survey is being conducted in the following counties of the National Capital Region: Anne Arundel, Charles, Frederick, Howard, and Prince George's. The longitudinal study's sampling plan represents businesses with many different characteristics including size, ownership demographics and industry. MCEDC and its regional partners will use the research results to understand the pace of recovery and provide tailored support for businesses to innovate, adapt and succeed.

MoCo Restaurant Relief Grant

MCEDC was asked by the County to process the MoCo Restaurant Relief Grant Program late in 2020. The team was tasked with designing, marketing, processing and successfully getting the grant out by the end of the calendar year. The successful campaign included food and beverage service partner outreach; informational flyers in six languages; publicity in English, Spanish, Korean and Chinese media; direct appeals to restaurants; and social media, newsletter and blog shares. In one month, our team processed 836 applications for the 2020 Restaurant Relief Program to meet the end-of-year deadline for federal reimbursement. Preliminary results indicate that 793 of the 836 restaurant applicants (or 95%) were approved for \$10,000 grants for a total expenditure of \$7.9 million. The program was oversubscribed by \$100,000. MCEDC has secured alternative funding to assure that all eligible fund recipients received grants.

Life Science Growth, Expansion and Funding

While much of the first half of FY2021 included COVID-19 program work, MCEDC teams also focused on the core mission of helping to start, grow and relocate businesses to Montgomery County. This is especially evident in the Life Sciences/Bio sector where the focus on the growth and expansion of this sector has increased as Montgomery County has earned the reputation as the "Immunology Capital Next to the Nation's Capital."

Since the start of 2020, almost \$8 billion in federal, private and foundational funding has been invested in life sciences companies with a Montgomery County presence for coronavirus vaccine research and other immunotherapeutic developments. Novavax and Emergent BioSolutions were among the first recipients of federal Operation Warp Speed funding of more than \$5.5 billion to fight COVID-19. An additional \$2 billion in equity and venture capital funding was also invested in Montgomery County companies.

Novavax received \$1.6 billion from the federal Operation Warp Speed program, one of the largest federal awards granted, to expedite development of its coronavirus vaccine. Novavax also receives \$388 million from the Coalition for Epidemic Preparedness Innovations and \$60 million through a Department of Defense contract.

Gaithersburg's **Altimune** created a manufacturing collaboration with Rockville's **Vigene Biosciences** for a single dose intranasal vaccine candidate for COVID-19.

AstraZeneca (AZ) in Gaithersburg began a clinical trial of its monoclonal antibody combination drug for the prevention and treatment of SARS-CoV-2 infections. Two months later, AZ received a \$60 million contract to produce the drug for the U.S. Army.

Gaithersburg's **Cartesian Therapeutics** initiated clinical trials of the first RNA-engineered cell therapy for acute respiratory distress syndrome and COVID-19.

Japan's **Nobelpharma America, LLC** chose Bethesda for its first overseas subsidiary. The company develops curative drugs and medical devices for diseases like tuberous sclerosis complex that often go overlooked due to a small number of patients.

Testing company **PMCDx**, located in the Germantown Innovation Center on the campus of Montgomery College's PIC-MC, pivoted to COVID-19 testing with a 24-hour turnaround.

Autonomous Therapeutics, Inc. (ATI), a rapidly growing antivirals company, chose Rockville for its new headquarters, relocating from New York City. ATI is developing a suite of "Therapeutic Interfering Particles" to prevent respiratory pandemics, including influenza and COVID-19.

The **Food and Drug Administration**, located in Silver Spring, gave Emergency Use Authorization for the antiviral drug Remdesivir for the treatment of COVID-19 patients requiring hospitalization.

REGENXBIO of Rockville received a milestone payment of \$80 million from Novartis AG based upon the achievement of \$1 billion in cumulative net sales of Zolgensma. Zolgensma, a one-time gene therapy for the treatment of pediatric patients with SMA, was developed using REGENXBIO's technology.

NIH intramural researcher Dr. Harvey Alter won the 2020 Nobel Prize in Physiology or Medicine.

FDA granted **GlycoMimetics** rare pediatric disease designation for Rivipansel for treatment of Sickle Cell disease.

China-based precision oncology company **Genetron Health Inc.** relocated its U.S. headquarters to Montgomery County from North Carolina's Research Triangle. It received critical Breakthrough Device designation by the FDA for its detection of liver cancer.

Merck bought Rockville-based **Oncolmmune** and its COVID-19 treatment candidate in a \$425 million cash acquisition.

Novavax announced plans for major expansion into a 122,000 SF R&D, manufacturing and office facility. Rockville's **American Gene Technologies** enrolled its first participant in its Phase 1 trial for its new cell and gene therapy for HIV disease.

Macrogenics scored its first FDA approval with breast cancer medicine Margenza.

Global life science leader **QIAGEN** released plans to expand its current headquarters, R&D and manufacturing facility in Germantown to expand production for its testing products for COVID-19 and other diseases.

Gain Therapeutics partnered with the University of Maryland's School of Medicine to investigate Gain's candidates to fight Gaucher and Parkinson's diseases. Bethesda's **Gain Therapeutics, Inc.**, a biotech company developing medicines to treat rare genetic and CNS diseases, raised \$10 million in a Series B financing with institutional and accredited investors.

Gaithersburg's **Emergent BioSolutions** signed a \$174 million deal with **AstraZeneca**, agreeing to scale up manufacturing for the British and Gaithersburg pharma giant's COVID-19 vaccine candidate.

Altimune closed a \$132 million public offering.

MCEDC's Business Development team worked with all of the above-mentioned companies to assist with growth and expansion.

Communications and Marketing

Own, Earned and Paid Media in First Half of FY21

Pandemic Related Communications Efforts: MCEDC's Communications and Marketing team continued to work in partnership with the business development, special projects and senior management teams to respond to the pandemic. Ongoing activities ranged from updating and creating new COVID-19 related pages on the website to marketing the 3R Restaurant & Retail grant, the MoCo Marketplace and the state-funded Restaurant Relief grant. The campaign for the \$8 million Restaurant Relief grant included food and beverage service partner outreach; informational flyers in six languages; outreach efforts resulting in publicity in Spanish, Korean and Chinese media; direct appeals to restaurants; and social media shares. The successful campaign resulted in 836 applicants and the funds were allocated to 781 qualified applicants.

#MaskUpMoCo: In another major undertaking, the Communications and Marketing team worked with Visit Montgomery and County Government to create a #MaskUpMoCo Campaign. MCEDC developed graphics and messaging for a major community partnership campaign used by multiple stakeholders. The campaign included signage and messaging for local businesses, shopping centers, bus stops and bike share stations. Signs were translated into multiple languages and include clear guidance on proper mask-wearing. Businesses from across the county have posted the signage to extend the reach.

Promotional Collateral, Story Maps, Newsletters & Digital Emails: The team also prepared promotional materials for conferences and meetings, regularly updated our own media, and produced a popular story map to highlight the 49 Montgomery County businesses named to the Inc. 5000 fastest-growing privately held companies list. This was our second most visited website page for two weeks in the fall.

Thinkmoco.com Website: The marketing and communications team continued to update and edit pages across the website in partnership with website/digital vendor Silverback Strategies, a company that provided feedback and suggestions for improving SEO and the user experience. The following pages provided the most utility to users through the first half of FY21.

Top Five Pages

- 1 - Home page, which includes links to new programs with 18% of total page views
- 2 - Restaurant Relief Fund grant info and application with 13.5% of total page views
- 3 - COVID-19 Resources
- 4 - About/team page
- 5 - 3 R Restaurant & Retail Grant information and application

Updated or New Webpages

- MoCo in the News
- Bio landing page
- International landing page
- Nonprofit landing page
- Commerce Cabinet page
- MoCo Companies on Inc 5000 Story Map page

Visitors to Site

- 25,789 total users, 25,377 were new users
 - 1.42 average sessions per user
 - 1.79 pages per session (3.5% increase from the second half of FY20)
- 65,514 total pageviews
 - 55,656 unique pageviews

Newsletters

Bulletin Board: A weekly update exclusive to the Board of Directors sharing ongoing projects and relevant news; 24 Bulletin Boards were sent in the first half of FY21.

Newsletter: Updates sent to our list of subscribers sharing county related news, programs, incentives and COVID-19 related items; 32 total newsletters were sent in the first half of FY21.

- MoCo News (general local news and regional updates) = 24
- Segmented newsletters (bio, cyber, etc.) = 8
- Number of subscribers: 9,767
- Open Rates
 - Open rate 16.8% for MoCo news (down from 17.5% second half of FY20)
 - Open rate of 42.2% for segmented newsletters (average is 28%)
- Click rate of 3.4 % (industry average 2.79%)

Earned Media

- 65 Mentions
 - Top impact: [WTOP](#), [MCM \(Spanish\)](#), [Business Wire](#), with coverage in Bethesda Beat, Washington Business Journal
- Sample articles
 - www.bizjournals.com
 - www.koreadaily.com
 - www.bethesdamagazine.com

Social Media: Facebook, Twitter, LinkedIn

- Facebook: 1,074 followers; 31,977 reached; engagement rate 3.94%
- Twitter: 268.3k total impressions
- LinkedIn: 1,109 followers (increase of 124)

Video Content

- Think Success—Think Community: Rodgers Consulting
- Think Success—Think Comfort: CAPREIT Properties
- Built for Bio, edited to 60 seconds
- What Happens Here Changes the World - 60 seconds

Key Collateral and Materials Highlights

- Bio International Conference: social media graphics, agenda, program flyer, video
- Local Production Fund Recipients brochure
- Reopen Montgomery Social graphics
- #MaskUpMoCo flyers (English, Spanish, Chinese, Vietnamese, Amharic, French, Korean)

- Cybersecurity single page
- Tech & Data single page
- Vaccine single page
- Life Science single page
- Business Resource Guide (English & Spanish)
- Restaurant Relief Grant flyer (English, Spanish, Chinese, Vietnamese, Amharic, French, Korean)
- PHED presentation
- FY2020 Annual Report

Paid Ads

- Bethesda Beat - MoCo Marketplace (ran on December 12; resulted in most visited day on the site)
- Urban Land Economic Development Directory
- Chamber ads promoting the Montgomery County Business Resource Guide (Gaithersburg-Germantown, Rockville, Kensington, Bethesda-Chevy Chase)
- Restaurant Relief Grant - Washington Chinese News

Number of Community Marketing Partnerships in FY21

Through communications and marketing, we supported partnerships that meet MCEDC goals of facilitating relief and reopening, accelerate economic recovery, and position the local economy for long-term resiliency and growth. Selected examples:

- MoCo Marketplace
- #MaskUpMoCo (Visit Montgomery, County)
- Restaurant Relief outreach (DC & MD Restaurant Associations, MD Wine Association, Brewer’s Association of MD, MD Distillers Guild, local chambers of commerce)
- Montgomery Can Code (Montgomery College, MCPS, Apple)
- MoCo Eats
- Bethesda Green

Contract Indicators

The county contract with MCEDC requires that the following statistics be reported on a semi-annual basis.

FY21 Contract Indicators

January 11, 2021

Net new establishments created in the County

- This dataset lags by 2-3 quarters, 2 most recent quarters reported below
- Source: US Bureau of Labor Statistics Quarterly Census of Employment and Wages

Quarter	Number of Establishments	Year over Year Change
2020 Q1 (preliminary)	33,362	+272
2020 Q2 (preliminary)	32,992	-331

Office Vacancy by Submarket

Market/Submarket	2020 Q3	2020 Q4
Montgomery County	13.7%	14.1%
Bethesda/Chevy Chase	15.0%	16.2%
Gaithersburg	9.3%	9.6%
Germantown	19.3%	17.4%
I-270 North	0.8%	1.0%
Kensington/Wheaton	8.0%	8.3%
North Bethesda/Potomac	16.2%	16.1%
North Rockville	14.9%	16.1%
North Silver Spring	10.2%	10.5%
Rockville	11.6%	11.4%
Silver Spring	15.7%	16.3%

Source: CoStar reports pulled on January 11, 2020; Please note geographies refer to CoStar's proprietary boundaries and do not necessarily align to municipal, census, or other commonly used boundaries

Total County employment, both at-place and resident employment

Resident (number of County residents with employment regardless of where the job is)

Month	Resident Employment	Year over Year Change
Jun 2020	565,295	-3,649
Nov 2020 (preliminary)	554,024	-15,650

At-Place Employment (number of jobs in the County regardless of where the job holder lives)

This dataset lags by 2-3 quarters, most recent data available is below

Month	At-Place Employment	Year over Year Change
2020 Q1	470,002	+748
2020 Q2	413,863	-63,035

Unemployment Rate Gap

- This is a calculation made with annual census data, there is not a quarterly dataset that tracks unemployment by race at a county-level. 2019 is the most recent data available. Data for 2020 at the County-level will be available in September 2021.
- 2019 White, Non-Hispanic Unemployment: 2.8%
- 2019 Unemployment for Black, Asian, and Hispanic (any race): 5.5%
- Gap: Unemployment for Non-White or Hispanic people was 2.7 points higher than it is for White, Non-Hispanic residents in 2019

Average Wage in the County by Public and Private Sectors and by Major Industrial Sectors

- These are at-place numbers, meaning jobs located in the County regardless of where job holder lives
- 2019 Preliminary data is the most recent year available, quarterly data not available by industry at county-level

Sector	Average Wage 2019
All Sectors, All Industries	\$77,118
Federal Government	\$121,375
State Government	\$47,311
Local Government	\$68,298
Private, All Industries	\$72,172
Professional, Technical, and Scientific Services	\$113,676
Healthcare and Social Assistance	\$57,343
Retail	\$37,091
Accommodation and Food Services	\$26,456
Construction	\$75,124

Source: BLS QCEW 2019

Median Home Price to Household Income Ratio

Median Household Income in Montgomery County in 2019: \$110,389; Median Home sale price to household income ratio in 2020

Home Type		Mar 2020	Jun 2020	Sep 2020	Nov 2020
Overall	Median Sales Price	\$465,000	\$488,000	\$490,000	\$490,000
	Ratio	4.21	4.42	4.44	4.44
Single Family Detached	Median Sales Price	\$634,000	\$630,000	\$665,000	\$645,000
	Ratio	5.74	5.73	6.02	5.84
Single Family Attached	Median Sales Price	\$378,000	\$388,000	\$394,000	\$400,000
	Ratio	3.42	3.51	3.57	3.62
Condo	Median Sales Price	\$254,000	\$257,000	\$280,000	\$278,000
	Ratio	2.30	2.33	2.54	2.52

Sources: Census ACS 1-Year for income; Greater Capital Area Association of Realtors for home prices

Venture Capital Investment in County Businesses

Date Range	Amount of Capital	Number of Deals
Jan 1- Jun 30, 2020	\$225.65 million	36
Jul 1 - Dec 31, 2020	\$407.26 million	27

Source: Pitchbook report dated Jan 11, 2021

Local Area Gross Domestic Product

- Montgomery County GDP in 2019: \$95.6 billion
- Maryland's GDP in 2019: \$426.7 billion
- Montgomery County's GDP accounted for 22.4% of Maryland's GDP in 2019
- Next largest county in 2019 was Baltimore County (\$59.1 billion) which accounted for 13.8% of the state's GDP

Business Development Team Statistics

Indicators	July 1	Dec 31 Cumulative	County Contact Indicators
Number of New Jobs Created and Retained	16 created 3 retained	954 created 150 retained	Jobs, Sq.Ft., CapEx
Number of New Business Relocations and Existing Business Expansions Accomplished	1 New Business Attraction	5 New Business Attractions	Attractions
	0 Business Expansions	2 Business Expansions	Expansions
Amount of New Capital Investment Created or Facilitated	\$0 M	\$55.65 M	Jobs, Sq.Ft., CapEx
Amount of Net New Commercial Space Occupied	21,230 Sq.Ft.	223,086 Sq.Ft.	Jobs, Sq.Ft., CapEx
Number of New Business Establishments by Industry	1 New Business Attraction 2 Business Start Ups	5 New Business Attractions 3 Business Start Ups	New Business
Number of Direct Connections by Type of Communication (phone, meeting, conference, etc.) and Industry	1,545	3,023	Connections
Breakdown of Business Assistance Requests by Industry, Geography, Company Size and Type of Assistance Provided amount	13	38	Business Assistance
Analysis of Unresolved Assistance Requests or Business-Related Challenges by Issue, Industry, Geography and Company Size	Reported as issues arise	Reported as issues arise	N/A
Suggestions for Legislative or Regulatory Changes to Address Unresolved Business Challenges (if applicable)	N/A	N/A	N/A

**Montgomery County
Economic Development Corporation**

**Financial Statements
and Independent Auditor's Report**

June 30, 2020 and 2019

Montgomery County Economic Development Corporation

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Independent Auditor's Report

To the Board of Directors
Montgomery County Economic Development Corporation

We have audited the accompanying financial statements of the Montgomery County Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Montgomery County Economic Development Corporation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Bethesda, Maryland
October 28, 2020

Montgomery County Economic Development Corporation

**Statements of Financial Position
June 30, 2020 and 2019**

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 3,134,856	\$ 2,428,849
Accounts receivable - trade, net	25,220	674
Accounts receivable - other, net	-	25,000
Contributions receivable	300,000	-
Prepaid expenses	30,645	27,082
Property and equipment, net	627,180	722,427
Intangible asset, net	11,680	17,774
	<u>4,129,581</u>	<u>3,221,806</u>
Total assets	<u>\$ 4,129,581</u>	<u>\$ 3,221,806</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	\$ 132,576	\$ 60,991
Accrued expenses	232,543	360,203
Deferred rent	636,919	693,330
	<u>1,002,038</u>	<u>1,114,524</u>
Total liabilities	<u>1,002,038</u>	<u>1,114,524</u>
Commitments and contingencies	-	-
Net assets without donor restrictions		
Undesignated	1,410,043	1,157,282
Board designated	900,000	900,000
	<u>2,310,043</u>	<u>2,057,282</u>
Total net assets without donor restrictions	<u>2,310,043</u>	<u>2,057,282</u>
Net assets with donor restrictions	<u>817,500</u>	<u>50,000</u>
Total net assets	<u>3,127,543</u>	<u>2,107,282</u>
Total liabilities and net assets	<u>\$ 4,129,581</u>	<u>\$ 3,221,806</u>

See Notes to Financial Statements.

Montgomery County Economic Development Corporation

**Statement of Activities
Year Ended June 30, 2020**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Revenue and support			
Contributions - Montgomery County	\$ 5,007,752	\$ 1,600,000	\$ 6,607,752
Contributions - other	-	392,500	392,500
Contributed services	1,972	-	1,972
Interest income	1,175	-	1,175
Net assets released from restriction	<u>1,225,000</u>	<u>(1,225,000)</u>	<u>-</u>
 Total revenue and support	 <u>6,235,899</u>	 <u>767,500</u>	 <u>7,003,399</u>
Operating expenses			
Program activities	5,102,934	-	5,102,934
Supporting activities	<u>880,204</u>	<u>-</u>	<u>880,204</u>
 Total expenses	 <u>5,983,138</u>	 <u>-</u>	 <u>5,983,138</u>
 Changes in net assets	 252,761	 767,500	 1,020,261
Net assets, beginning	<u>2,057,282</u>	<u>50,000</u>	<u>2,107,282</u>
 Net assets, end	 <u>\$ 2,310,043</u>	 <u>\$ 817,500</u>	 <u>\$ 3,127,543</u>

Montgomery County Economic Development Corporation

**Statement of Activities
Year Ended June 30, 2019**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Revenue and support			
Contributions - Montgomery County	\$ 4,932,634	\$ -	\$ 4,932,634
Contributions - other	-	50,000	50,000
Contributed services	2,463	-	2,463
Interest income	1,949	-	1,949
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue and support	 <u>4,937,046</u>	 <u>50,000</u>	 <u>4,987,046</u>
Operating expenses			
Program activities	3,495,693	-	3,495,693
Supporting activities	<u>866,802</u>	<u>-</u>	<u>866,802</u>
 Total expenses	 <u>4,362,495</u>	 <u>-</u>	 <u>4,362,495</u>
 Changes in net assets	 574,551	 50,000	 624,551
Net assets, beginning	<u>1,482,731</u>	<u>-</u>	<u>1,482,731</u>
 Net assets, end	 <u>\$ 2,057,282</u>	 <u>\$ 50,000</u>	 <u>\$ 2,107,282</u>

See Notes to Financial Statements.

Montgomery County Economic Development Corporation

**Statement of Functional Expenses
Year Ended June 30, 2020**

	Program	Supporting		Total
		General and administrative	Fundraising	
Salaries	\$ 1,792,360	\$ 448,656	\$ 24,925	\$ 2,265,941
Marketing, public relations, website	242,685	-	-	242,685
Benefits and payroll taxes	417,048	104,394	5,800	527,242
Rent expense	123,624	30,945	1,719	156,288
Repairs	-	279	-	279
Events/sponsorships	188,069	-	-	188,069
Membership and subscriptions	142,303	-	-	142,303
Strategic initiatives	-	-	-	-
Business development	310,313	-	-	310,313
Depreciation expense	75,340	18,859	1,048	95,247
Accounting and audit	-	68,335	-	68,335
IT equipment and software	48,446	12,127	674	61,247
Miscellaneous subcontractors	-	30,697	-	30,697
Business travel	36,971	-	-	36,971
Office expenses	22,816	5,711	317	28,844
Human resources	-	90,664	-	90,664
Meals and entertainment	4,308	3,780	-	8,088
Professional development	6,968	-	-	6,968
Parking	16,633	4,164	231	21,028
Insurance	-	12,558	-	12,558
Legal	-	8,023	-	8,023
Telephone	6,242	1,563	87	7,892
Equipment lease	4,821	1,207	67	6,095
Amortization expense	4,820	1,207	67	6,094
Internet and television	3,470	869	48	4,387
Security	2,521	631	35	3,187
Miscellaneous expenses	458	115	6	579
Telework assistance fund	1,044,321	-	-	1,044,321
Bank fees	-	396	-	396
Goal 1 - Grow and diversify	570,397	-	-	570,397
Goal 4 - Private fundraising	-	-	-	-
Goal 3 - Entrepreneurship and innovation	20,000	-	-	20,000
Goal 2 - Work and live	18,000	-	-	18,000
Total expenses year ended June 30, 2020	\$ 5,102,934	\$ 845,180	\$ 35,024	\$ 5,983,138

Montgomery County Economic Development Corporation

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program	Supporting		Total
		General and administrative	Fundraising	
Salaries	\$ 1,668,419	\$ 451,970	\$ 5,527	\$ 2,125,916
Marketing, public relations, website	487,923	-	-	487,923
Benefits and payroll taxes	319,694	86,604	1,059	407,357
Rent expense	136,634	37,014	453	174,101
Repairs	-	-	-	-
Events/sponsorships	148,581	-	-	148,581
Membership and subscriptions	140,432	-	-	140,432
Strategic initiatives	124,000	-	-	124,000
Business development	103,031	-	-	103,031
Depreciation expense	74,751	20,249	248	95,248
Accounting and audit	-	73,753	-	73,753
IT equipment and software	51,419	13,929	170	65,518
Miscellaneous subcontractors	-	53,628	-	53,628
Business travel	52,297	-	-	52,297
Office expenses	26,988	7,311	89	34,388
Human resources	-	33,813	-	33,813
Meals and entertainment	5,233	14,728	-	19,961
Professional development	18,101	-	-	18,101
Parking	11,744	3,181	39	14,964
Insurance	-	13,693	-	13,693
Legal	-	13,463	-	13,463
Telephone	6,338	1,717	21	8,076
Equipment lease	5,578	1,512	18	7,108
Amortization expense	4,783	1,295	16	6,094
Internet and television	3,179	861	11	4,051
Security	1,256	340	4	1,600
Miscellaneous expenses	-	-	-	-
Telework assistance fund	-	-	-	-
Bank fees	-	83	-	83
Goal 1 - Grow and diversify	81,264	-	-	81,264
Goal 4 - Private fundraising	-	-	30,003	30,003
Goal 3 - Entrepreneurship and innovation	22,198	-	-	22,198
Goal 2 - Work and live	1,850	-	-	1,850
Total expenses year ended June 30, 2019	\$ 3,495,693	\$ 829,144	\$ 37,658	\$ 4,362,495

Montgomery County Economic Development Corporation

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Changes in net assets	\$ 1,020,261	\$ 624,551
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	101,341	101,342
(Increase) decrease in		
Accounts receivable - trade	(24,546)	9,836
Accounts receivable - other	25,000	25,000
Contributions receivable	(300,000)	-
Prepaid expenses	(3,563)	(25,282)
Increase (decrease) in		
Accounts payable	71,585	(49,769)
Accrued expenses	(127,660)	104,228
Deferred rent	(56,411)	(47,719)
	<u>706,007</u>	<u>742,187</u>
Net cash provided by operating activities	<u>706,007</u>	<u>742,187</u>
Net increase in cash and cash equivalents	706,007	742,187
Cash and cash equivalents, beginning	<u>2,428,849</u>	<u>1,686,662</u>
Cash and cash equivalents, end	<u>\$ 3,134,856</u>	<u>\$ 2,428,849</u>

See Notes to Financial Statements.

Montgomery County Economic Development Corporation

Notes to Financial Statements June 30, 2020 and 2019

Note 1 - Organization and purpose

The Montgomery County Economic Development Corporation ("MCEDC", the "Organization") was formed on October 5, 2015 as a nonstock corporation under the laws of the State of Maryland. MCEDC's formation was authorized on June 30, 2015 by way of the approval of Bill 2515 of the County Council of Montgomery County, Maryland (the "County"). MCEDC's sole purpose is serving as the County's economic and development corporation and implementing the County's economic development strategic plan and related programs. MCEDC is primarily supported by and operates under a contract with the County that establishes a framework for MCEDC to operate in order to carry out its purpose. The contract is renewable on an annual basis.

Note 2 - Summary of significant accounting policies and other matters

Basis of accounting

These financial statements have been prepared on the accrual basis of accounting and are intended to present net assets, revenue, expenses, gains and losses, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Include revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue is reported as increases in net assets without donor restrictions unless uses of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at a bank. Cash balances held at the bank are insured by the Federal Deposit Insurance Corporation. Cash balances held at the bank may from time to time exceed federally insured amounts. Management does not feel there is a risk of loss due to balances that exceed insured amounts.

Accounts receivable

Accounts receivable - trade, consist of amounts due from third parties as a result of various contractual agreements. Management determines any needed allowances for doubtful accounts of trade receivables by reviewing and identifying any troubled collectible amounts as necessary. The Organization has not experienced any collection difficulties with its trade receivables and, therefore, has not provided for an allowance for doubtful accounts. Recoveries of any written-off amounts would be recorded when received.

Montgomery County Economic Development Corporation

**Notes to Financial Statements
June 30, 2020 and 2019**

Accounts receivable - tenant allowance, represents the value of property and equipment, in the form of leasehold improvements, paid for by the Organization that they have rights to be reimbursed for by the lessor of its rented space in accordance with the terms of its lease agreement. In accordance with the terms of the lease agreement, up to 85% of the tenant allowance is due to be paid to the Organization not more frequently than once per month with the final amount due to the Organization based on the completion of certain conditions, as defined in the lease agreement. The tenant allowance was received in full in a prior year.

Other receivable consisted of a housing allowance paid to the former President and Chief Executive Officer (the "President") of the Organization in accordance with the terms of an employment contract between the former President and the Organization on September 6, 2016. The housing allowance was to be repaid in the event that certain termination clauses, as defined in the employment contract, were triggered, with the full amount of the housing allowance being forgiven after three years. The original amount of the housing allowance was \$100,000. At June 30, 2019, \$25,000 remained subject to repayment in accordance with the terms of the employment contract. Those terms were satisfied during the year ended June 30, 2020. As of June 30, 2020, the housing allowance had been fully forgiven.

Property and equipment

Property and equipment are carried at cost, net of accumulated depreciation and are depreciated for financial reporting purposes using the straight-line method over the estimated useful lives of the assets. The respective original useful lives are as follows:

<u>Assets</u>	<u>Estimated useful life (years)</u>
Leasehold improvements	10
Furniture and equipment	8

Deferred rent

The Organization records rent expense on a straight-line basis on its office lease that contains fixed annual rental increases. The difference between rent expense and payments made under the lease is reflected as deferred rent.

Contributions

Contributions are recognized as revenue in the period received. Contributions with donor-imposed restrictions are reported as support and added to net assets with donor restrictions. As of June 30, 2020 and 2019, MCEDC's contributions with donor restrictions totaled \$1,992,500 and \$50,000, respectively.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributed services

MCEDC recognizes contributed services at fair value if the services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying statements of activities as contributed services are offset by like amounts included in expenses.

Montgomery County Economic Development Corporation

Notes to Financial Statements June 30, 2020 and 2019

During the years ended June 30, 2020 and 2019, MCEDC received contributed professional services, with a fair value on the dates of donation, of \$1,972 and \$2,463, respectively.

Various members of MCEDC's Board of Directors have made significant contributions of their time to establish MCEDC. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such efforts were not satisfied.

Marketing and advertising

Marketing and advertising costs are expensed as incurred.

Income taxes

Pursuant to a letter of determination received from the Internal Revenue Service (the "IRS") on March 30, 2017, MCEDC is exempt from federal income tax in accordance with section 501(c)(3) of the Internal Revenue Code, except for income taxed on "unrelated business income," if any. The exemption is retroactive to MCEDC's formation date of October 5, 2015. For the years ended June 30, 2020 and 2019, MCEDC did not have any "unrelated business income" subject to income taxes; accordingly, no provision or benefit for income taxes has been recorded in the accompanying financial statements and the Organization has not identified any uncertain tax positions that qualify for recognition or disclosure in the notes to the financial statements.

MCEDC is required to file and does file tax returns with the IRS. While no tax returns of the Organization are currently being examined by the IRS, tax returns since 2017 remain open for examination.

Intangible asset

During the year ended June 30, 2017, MCEDC incurred costs related to the development of its website, "thinkmoco.com." Website costs include the cost to develop, enhance, manage and monitor MCEDC's website and online operations. MCEDC accounts for such costs in accordance with the accounting guidance pertaining to internal-use software and website development costs. Accordingly, qualifying website costs are capitalized and are amortized over their anticipated useful lives (currently five years) using the straight-line method. Other costs, such as maintenance and training, are expensed as incurred. Amortization expense for both 2020 and 2019 was \$6,094. Accumulated amortization as of June 30, 2020 and 2019 was \$18,790 and \$12,696, respectively.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New accounting pronouncements

During the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's ("FASB's") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not have an effect on the timing of the Organization's revenue recognition for the year ended June 30, 2020.

During the year ended June 30, 2020, the Organization adopted FASB ASU 2016-18, *Statement of Cash Flows (Topic 230)* ("ASU 2016-18"). ASU 2016-18 addresses diversity in practice with respect

Montgomery County Economic Development Corporation

**Notes to Financial Statements
June 30, 2020 and 2019**

to the cash flows presentation of changes in amounts described as restricted cash and cash equivalents. ASU 2016-18 requires a reporting entity to include amounts described as either restricted cash or restricted cash and cash equivalents (collectively referred to as "restricted cash" herein) when reconciling beginning and ending balances in its statement of cash flows. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents, and restricted cash between the balance.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and contributions made in the accompanying financial statements. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08

Subsequent events

Material subsequent events have been considered for disclosure and recognition in these financial statements through October 28, 2020, the date the financial statements were available to be issued.

Note 3 - Liquidity and availability of resources

The table below represents the Organization's financial assets for general expenditures as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 3,134,856	\$ 2,428,849
Accounts receivable - trade, net	25,220	674
Accounts receivable - other, net	-	25,000
Contributions receivable	<u>300,000</u>	<u>-</u>
Total financial assets	<u>3,460,076</u>	<u>2,454,523</u>
Less amounts not available to be used within one year		
Net assets with donor restrictions - cash and cash equivalents	517,500	50,000
Net assets with donor restrictions - contributions receivable	<u>300,000</u>	<u>-</u>
	<u>817,500</u>	<u>50,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,642,576</u>	<u>\$ 2,404,523</u>

As discussed in Note 1, the Organization is primarily supported by the County. While the contract with the County is renewable on an annual basis, the Organization does not believe there to be any risk the contract will not be renewed. Accordingly, the Organization believes that the anticipated renewal of the contract, which would provide an equivalent level of support as prior years, in combination with financial assets on hand at June 30, 2020 is more than sufficient to pay the general expenditures of the Organization for one year from June 30, 2020.

Additionally, during the year ended June 30, 2019, the Board of Directors of the Organization established an operating reserve to assist in maintaining financial stability for the Organization. The

Montgomery County Economic Development Corporation

**Notes to Financial Statements
June 30, 2020 and 2019**

reserve is based on three months of operating expenses. As of both June 30, 2020 and 2019, the reserve balance is \$900,000.

Note 4 - Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. Supporting services consist of general and administrative expenses and fundraising expenses. The expenses that are allocated include personnel costs, repairs and maintenance, office expenses, utilities, marketing, legal, insurance, depreciation and amortization, and occupancy. The expenses are allocated on the basis of estimates of time and effort. Expenses directly attributable to a functional area are directly charged to that area.

Note 5 - Property and equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 856,639	\$ 856,639
Furniture and equipment	<u>95,830</u>	<u>95,830</u>
	952,469	952,469
Less accumulated depreciation	<u>325,289</u>	<u>230,042</u>
	<u>\$ 627,180</u>	<u>\$ 722,427</u>

For the years ended June 30, 2020 and 2019, depreciation expense was \$95,247 and \$95,248, respectively.

Note 6 - Net assets with donor restrictions

Net assets with donor restrictions are restricted for purposes to further MCEDC's mission.

For the years ended June 30, 2020 and 2019, net assets released for donor-restricted purposes in support of MCEDC's mission were \$1,225,000 and \$0, respectively.

Note 7 - Retirement plan

MCEDC sponsors a contributory defined contribution plan (the "Retirement Plan") covering eligible salaried employees. The Retirement Plan allows for safe harbor matching contributions by MCEDC to eligible participants. For the years ended June 30, 2020 and 2019, the Retirement Plan expense was \$76,621 and \$65,825, respectively.

Montgomery County Economic Development Corporation

**Notes to Financial Statements
June 30, 2020 and 2019**

Note 8 - Commitments

MCEDC entered into a 10-year lease for an office space in Rockville, Maryland. Rental payments on the lease commenced beginning April 20, 2017. Rent expense for the years ended June 30, 2020 and 2019 was \$299,216 and \$268,301, respectively. Additionally, effective May 1, 2017, MCEDC entered into a memorandum of understanding (the "MOU") with two third-party organizations (the "sub-tenants") to use a portion of MCEDC's leased office space. The MOU calls for the sub-tenants to pay a stated amount of license fees to MCEDC in advance each month, as well as a share of the operating costs on a yearly basis that MCEDC is subject to per its lease agreement. In addition, the MOU calls for the sub-tenants to pay a pro-rata share of administrative expenses each month in arrears. For the years ended June 30, 2020 and 2019, MCEDC recognized \$127,415 and \$125,155, respectively, of reimbursements related to the MOU, which is recorded net of rent expense. Rent expense, net of sub-tenant reimbursements, was \$156,288 and \$174,101 for the years ended June 30, 2020 and 2019, respectively.

MCEDC is also obligated under certain leases for office equipment through 2020.

Future minimum lease payments due under all lease arrangements as of June 30, 2020, are summarized as follows:

2021	\$	336,244
2022		345,419
2023		354,847
2024		361,929
2025		371,882
Thereafter		<u>707,797</u>
	\$	<u><u>2,478,118</u></u>

Note 9 - Risks and uncertainties - COVID-19

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on MCEDC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be determined at this time.

Montgomery County Economic Development (MCEDEC)
Cumulative Statement of Revenue and Expenses From Operations
For the Period July 1, 2020 through March 31, 2021

	A FY21 Actual 07/01/20-03/31/21	B FY21 Budget 07/01/20-03/31/21	C FY21 Budget Variance	D % of Budget	E FY21 Budget Annual
Revenue					
Montgomery County Contribution	\$ 4,498,203	\$ 3,755,813	742,390	120%	\$ 5,007,750
MBDC Transfer		-	-		-
Private Fundraising		262,500	(142,200)	46%	350,000
Westat Study	-				
3R Initiative	102,800				
Reach Advisors Study	17,500	-			-
Avalanche Study	-	-	-		-
Revenue - Telework Assistance	-	-	-		-
Revenue - Restaurant Relief	8,230,497				
Revenue - Restaurant Relief Phase II	4,933,298				
Interest Income	381	1,500	(1,119)	25%	2,000
		-	-		
Total Revenue	\$ 17,782,679	\$ 4,019,813	13,762,866	442%	\$ 5,359,750
Expenses					
Personnel Costs					
Salaries & Wages	1,923,304	\$ 1,999,121	(75,817)	96%	\$ 2,665,494
Benefits & Payroll Taxes	403,258	530,379	(127,121)	76%	707,172
Professional Services					
Legal	4,848	15,000	(10,152)	32%	20,000
Human Resources	9,674	18,750	(9,076)	52%	25,000
Accounting/Audit	82,311	46,125	36,186	178%	61,500
Misc Subcontractors	8,908	48,750	(39,842)	18%	65,000
Insurance					
Property & Liability, WC: Commercial: D&O	17,185	11,250	5,935	153%	15,000
Events/Sponsorships					
Tradeshows/Conferences/Events	20	-	20		-
Sponsorships	-	-	-		-
Membership/Subs Services					
Membership Dues	19,473	24,000	(4,527)	81%	32,000
Research & BD Subscriptions	130,339	103,500	26,839	126%	138,000
Other Subscription Services	6,890	2,625	4,265	262%	3,500
Partnerships	150,000	225,000	(75,000)	67%	300,000
Professional Development					
Professional Development	14,228	18,750	(4,522)	76%	25,000
Business Fees					
Service Fees/Interest Charges	36	750	(714)	5%	1,000
Business Licenses & Filing Fees	120	750	(630)	16%	1,000
Operating Expenses					
Office Rent	178,867	250,275	(71,408)	71%	333,700
Building Operating Expenses	14,404	15,000		96%	20,000
Office Parking	1,097	15,750	(14,653)	7%	21,000
Guest Parking - Validation	-	2,250	(2,250)	0%	3,000
Telephone/Security/Internet	10,028	11,888	(1,860)	84%	15,850
Office Supplies/Misc. Office	7,771	22,500	(14,729)	35%	30,000
Postage & Delivery	144	1,125	(981)	13%	1,500
Printing (internal)	359	11,250	(10,891)	3%	15,000
IT Services	24,237	26,250	(2,013)	92%	35,000
Equipment Lease	4,975	5,325	(350)	93%	7,100

Telework Assistance Fund	456	-	456		-
3R Initiative MC	1,010,000	-	1,010,000		
Restaurant Relief Fund	7,899,993	-	7,899,993		
Restaurant Relief Fund Phase II	4,935,000				
Reimbursement of Other Expenses	(80,526)	(97,500)	16,974	83%	(130,000)
Miscellaneous Expenses					
Office Space - Build Out		-	-		-
Office Space - FF&E		26,250	(26,250)	0%	35,000
Depreciation	76,006	76,500	(494)	99%	102,000
Business Travel					
Airplane/Trains	419	22,500	(22,081)	2%	30,000
Lodging	555	18,750	(18,195)	3%	25,000
Local Travel (Parking/Tolls)	171	5,625	(5,454)	3%	7,500
Mileage Reimbursements	27	-	27		-
Miscellaneous Travel	-	-	-		-
Meals & Entertainment					
M&E - Meetings	-	2,625	(2,625)	0%	3,500
M&E - BD	-	5,625	(5,625)	0%	7,500
M&E - Marketing	-	750	(750)	0%	1,000
M&E - Other		1,500	(1,500)	0%	2,000
Business Development					
Business Engagement Forums	-	18,750	(18,750)	0%	25,000
Familiarization Tours	-	5,625	(5,625)	0%	7,500
Tradeshows/Conferences/Events	1,498	37,500	(36,002)	4%	50,000
Sponsorships	43,000	37,500	5,500	115%	50,000
Marketing/Communications					
Advertising and Promotional Campaigns	24,791	375,000	(350,209)	7%	500,000
Communications	10,554	37,500	(26,946)	28%	50,000
Digital Marketing/Website Maintenance	10,500	75,000	(64,500)	14%	100,000
Partnerships	15,000	112,500	(97,500)	13%	150,000
Sponsorships	6,000	75,000	(69,000)	8%	100,000
Strategic Initiatives					
Strategic Initiatives	390,252	525,000	(134,748)	74%	700,000
Total Expenses	\$ 17,356,172	\$ 4,768,363	\$ 7,653,405	364%	\$ 6,357,816
Change in Unrestricted Net Assets	\$ 426,507	\$ (748,550)	\$ 1,175,057	-57%	\$ (998,066)

No Assurance Provided

As of April 9, MCEDC has committed to the following sponsorships:

Asian American Chamber of Commerce, Inc	Gold Sponsorship	2,000.00
BioHealth Innovation	BioHealth Capital Region Forum	10,000.00
Bisnow	Boston Future of Cambridge	3,000.00
Blue Venture Investors, LLc	BVI Cyber Summit 2020	8,500.00
Committee for Montgomery	Annual Legislative Breakfast	1,500.00
Edumetria for Development	Support of the virtual PorColumbia National Conference 2020	500.00
Hispanic Chamber of Commerce MC	Table Sponsorship	3,000.00
KID Museum Inc.	KID Museum's FutureFest 2020 Sponsorship	1,000.00
Maryland Tech Council	Biotech Innovation Virtual Conference	10,000.00
Maryland Tech Council	Biotech Innovation Virtual Conference - Postdoc Sessions	6,000.00
Montgomery Moving Forward	Montgomery Moving Forward Initiative	5,000.00
Nonprofit Village	Duck Pond	5,000.00
RMI of Maryland	2020 Champions of Maryland Manufacturing Program	500.00
The Hack Foundation	MoCoHacks Gold Sponsorship	5,000.00

As of April 9, MCEDC has committed to the following partnerships:

Maryland Tech Council	Venture Mentoring Service	50,000.00
Rockville Economic Development Inc	MD Women's Business Center FY2021 Partnership	50,000.00
Montgomery County Chamber of Commerce	FY21 Partnership Agreement	70,000.00
Montgomery Community Media	Small Business Network Program	15,000.00

Montgomery Economic Development Corporation Draft FY22 Budget

	FY22 Proposed Budget	FY21 Approved Budget	Forecast as of 4/5/2021	Budget Variance Approved vs Projected
INCOME				
Revenue				
Montgomery County Contribution	\$ 6,007,750.00	\$ 5,007,750.00	\$ 5,007,750.00	\$ -
External Funding	\$ 450,000.00	\$ 350,000.00	\$ 60,000.00	\$ (290,000.00)
Interest Income	\$ 2,000.00	\$ 2,000.00	\$ 1,300.00	\$ (700.00)
Total Revenue	\$ 6,459,750.00	\$ 5,359,750.00	\$ 5,069,050.00	\$ (290,700.00)
EXPENSES				
Personnel Costs				
Salaries & Wages	\$ 2,870,196.94	\$ 2,665,494.00	\$ 2,644,066.00	\$ (21,428.00)
Benefits & Payroll Taxes	\$ 631,443.00	\$ 707,172.00	\$ 568,433.00	\$ (138,739.00)
	\$ 3,501,639.94	\$ 3,372,666.00	\$ 3,212,499.00	\$ (160,167.00)
Professional Services				
Legal	\$ 30,000.00	\$ 20,000.00	\$ 11,798.00	\$ (8,202.00)
Human Resources	\$ 25,000.00	\$ 25,000.00	\$ 17,076.00	\$ (7,924.00)
Accounting/Audit	\$ 63,500.00	\$ 61,500.00	\$ 82,941.00	\$ 21,441.00
Misc Subcontractors	\$ 30,000.00	\$ 65,000.00	\$ 48,908.00	\$ (16,092.00)
	\$ 148,500.00	\$ 171,500.00	\$ 160,723.00	\$ (10,777.00)
Insurance				
Prop & Liability; WC: Commercial; D&O	\$ 23,000.00	\$ 15,000.00	\$ 17,027.00	\$ 2,027.00
	\$ 23,000.00	\$ 15,000.00	\$ 17,027.00	\$ 2,027.00
Partnership				
Partnerships*	\$ 400,000.00	\$ 300,000.00	\$ 255,000.00	\$ (45,000.00)
	\$ 400,000.00	\$ 300,000.00	\$ 255,000.00	\$ (45,000.00)
Membership/Subscription Services				
Membership Dues	\$ 33,000.00	\$ 32,000.00	\$ 32,158.00	\$ 158.00
Research & BD Subscriptions	\$ 138,000.00	\$ 138,000.00	\$ 140,744.00	\$ 2,744.00
Other Subscription Services	\$ 6,000.00	\$ 3,500.00	\$ 5,878.00	\$ 2,378.00
	\$ 177,000.00	\$ 173,500.00	\$ 178,780.00	\$ 5,280.00
Professional Development	\$ 25,000.00	\$ 25,000.00	\$ 24,806.00	\$ (194.00)
	\$ 25,000.00	\$ 25,000.00	\$ 24,806.00	\$ (194.00)
Business Fees				
Service Fees/Interest Charges	\$ 1,000.00	\$ 1,000.00	\$ 36.00	\$ (964.00)
Business Licenses and Filing Fees	\$ 1,000.00	\$ 1,000.00	\$ 120.00	\$ (880.00)
	\$ 2,000.00	\$ 2,000.00	\$ 156.00	\$ (1,844.00)
Operating Expenses				
Rent	\$ 341,251.00	\$ 333,700.00	\$ 293,659.00	\$ (40,041.00)
Building Operating Expenses	\$ 20,000.00	\$ 20,000.00	\$ 20,001.00	\$ 1.00
Parking				
Personnel Parking	\$ 21,000.00	\$ 21,000.00	\$ 1,247.00	\$ (19,753.00)
Client Parking-Validation	\$ 3,000.00	\$ 3,000.00	\$ -	\$ (3,000.00)
Internet/Telephone/Security				
Telephone	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ -
Security	\$ 1,750.00	\$ 1,750.00	\$ 3,207.00	\$ 1,457.00
Internet/TV	\$ 3,000.00	\$ 4,600.00	\$ 3,000.00	\$ (1,600.00)
Office Supplies/Office Expenses				
Office Supplies/ Misc Office Expenses	\$ 12,000.00	\$ 30,000.00	\$ 7,771.00	\$ (22,229.00)
Postage and Delivery	\$ 500.00	\$ 1,500.00	\$ 200.00	\$ (1,300.00)
Printing (internal)	\$ 15,000.00	\$ 15,000.00	\$ 530.00	\$ (14,470.00)
IT (Maintenance, Help Desk, Equip, Software)	\$ 55,000.00	\$ 35,000.00	\$ 54,589.00	\$ 19,589.00
Partner Expense Reimbursement	\$ (70,000.00)	\$ (130,000.00)	\$ 114,079.00	\$ 244,079.00
Depreciation	\$ 102,000.00	\$ 102,000.00	\$ 102,000.00	\$ -
Equipment Lease	\$ 7,100.00	\$ 7,100.00	\$ 7,100.00	\$ -
	\$ 521,101.00	\$ 454,150.00	\$ 616,883.00	\$ 162,733.00
Miscellaneous Expenses				
Office Space - FF&E	\$ 25,000.00	\$ 35,000.00	\$ -	\$ (35,000.00)
	\$ 25,000.00	\$ 35,000.00	\$ -	\$ (35,000.00)
Business Travel				
Airplane/Trains	\$ 30,000.00	\$ 30,000.00	\$ 419.00	\$ (29,581.00)
Lodging	\$ 25,000.00	\$ 25,000.00	\$ 555.00	\$ (24,445.00)
Local Travel (Mileage, Parking, Tolls)	\$ 7,500.00	\$ 7,500.00	\$ 198.00	\$ (7,302.00)
	\$ 62,500.00	\$ 62,500.00	\$ 1,172.00	\$ (61,328.00)
Meals & Entertainment				
M&E-Meetings	\$ 3,500.00	\$ 3,500.00	\$ -	\$ (3,500.00)
M&E-BD	\$ 7,500.00	\$ 7,500.00	\$ -	\$ (7,500.00)
M&E- Marketing	\$ 1,000.00	\$ 1,000.00	\$ -	\$ (1,000.00)
M&E- Other	\$ 2,000.00	\$ 2,000.00	\$ -	\$ (2,000.00)
	\$ 14,000.00	\$ 14,000.00	\$ -	\$ (14,000.00)
Business Development				
Business Engagement Forums	\$ 25,000.00	\$ 25,000.00	\$ 50,000.00	\$ 25,000.00
Familiarization Tours	\$ 7,500.00	\$ 7,500.00	\$ -	\$ (7,500.00)
Tradeshows/Conferences/Events	\$ 50,000.00	\$ 50,000.00	\$ 1,498.00	\$ (48,502.00)

Sponsorships	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ -
	\$ 132,500.00	\$ 132,500.00	\$ 101,498.00	\$ (31,002.00)
Marketing/Communications				
Advertising and promotional campaigns	\$ 500,000.00	\$ 500,000.00	\$ 125,000.00	\$ (375,000.00)
Communications	\$ 50,000.00	\$ 50,000.00	\$ 30,000.00	\$ (20,000.00)
Digital Marketing/Website Maintenance	\$ 100,000.00	\$ 100,000.00	\$ 12,000.00	\$ (88,000.00)
Partnerships	\$ -	\$ 150,000.00	\$ 15,000.00	\$ (135,000.00)
Sponsorships	\$ 150,000.00	\$ 100,000.00	\$ 60,000.00	\$ (40,000.00)
	\$ 800,000.00	\$ 900,000.00	\$ 242,000.00	\$ (658,000.00)
Strategic Initiatives	\$ 1,700,000.00	\$ 700,000.00	\$ 700,000.00	\$ -
	\$ 1,700,000.00	\$ 700,000.00	\$ 700,000.00	\$ -
TOTAL EXPENSES	\$ 7,532,240.94	\$ 6,357,816.00	\$ 5,510,544.00	\$ (847,272.00)
INCOME LESS EXPENSES	\$ (1,072,490.94)	\$ (998,066.00)	\$ (441,494.00)	
TOTAL PROJECTED FUND BALANCE - 6/30/2021			\$ 1,467,912.00	
LESS BOARD DESIGNATED RESERVE			\$ (900,000.00)	
LESS TEMPORARILY RESTRICTED FUNDS (PEPCO)			\$ (250,000.00)	
PROJECTED FUND BALANCE AVAILABLE FOR OPERATIONS - 6/30/2021			\$ 317,912.00	

Montgomery County Economic Development Corporation (MCEDC) Draft Fiscal Year 2022 Strategic Workplan



MCEDC will launch FY22 with a continuation of the FY21 Workplan as a base and expand it in several key areas. This draft FY22 Workplan will need to be ratified by the MCEDC Board of Directors in June 2021.

Strategies

- Supporting Montgomery County industry growth and diversification
- Fostering Montgomery County entrepreneurial activity and new business formation
- Responding to the needs of targeted and emerging Montgomery County industries

In support of the above-mentioned strategies, MCEDC will support the development of the Montgomery County Comprehensive Economic Plan, inclusive of the diverse strategies tied to economic development across the county.

Work Plan Objectives

1) To support Montgomery County industry growth and diversification, MCEDC will:

- Create at least 1,500 new jobs within companies identified through MCEDC's attraction, retention, and expansion efforts across targeted industries.
 - Life Sciences: Cell and Gene Therapy, Vaccines, Biologics, US Operations/International Firms, MedTech
 - Technology: Cybersecurity, Software Companies, Health Tech, Financial Tech
 - Non- Profits/ Entrepreneurship: Non-Profits, Tech Non-Profits, Social Change Tech, Defense
 - Hospitality / Corporate Headquarters, Management Companies, Hospitality Tech, REITs
 - Real Estate / Site Selectors, Developers, Landlord/Tenant Reps
- Continue relationship with 100 diverse businesses identified in FY21 to expand revenue generating opportunities, B2B networking opportunities and connections and a stronger local supply chain.
- Engage with trade associations and related entities who represent minority and women owned businesses to ensure their long-term sustainability to assure MCEDC access to diverse businesses for expansion and retention purposes.
- Expand businesses engagement and partnerships with federal laboratories, federal funding programs, regulatory agencies and technology which can be commercialized.
- Use MCEDC media tools including the newsletter, website, and social channels to engage diverse businesses and to produce useful and timely information.

2) To foster Montgomery County entrepreneurial activity and new business formation, MCEDC will:

- Support an inclusive economy, working with partners to identify and source funding directed to and received by diverse entrepreneurs.
- Continue using targeted media outreach tools to better reach diverse audiences.
- Develop the MoCo Entrepreneurship and Innovation Hub, align new partners to provide services and oversee/monitor results.
- Launch an Entrepreneur-In-Residence (EIR) program to provide expert entrepreneur training and oversight for both staff and targeted businesses.
- Facilitate greater access to capital for emerging and growth businesses by creating a network of funding sources targeted for Montgomery County businesses.

3) To respond to the needs of targeted and emerging Montgomery County industries, MCEDC will:

- Lead the economic development recovery and stabilization efforts as defined through the work of the MCEDC Economic Advisory Panel (EAP) to implement change which address economic development needs around:
 - Talent Pipelines
 - Business Formation
 - Local Business Environment
 - Communication & Coordination Networks
 - Shared Civic Mission
- Attract and retain talent within Biohealth and IT/Cyber industries, by connecting 50 new companies with post-secondary institutions and tech/STEM training providers.

Economic Indicators Reporting Information

Tracking different types of economic indicators and identifying trends help to paint a clearer economic picture of Montgomery County as a whole. Economic Indicators are useful for MCEDC and its partners to follow over time. For FY22, we recommend continuing to share and publish information about the following economic indicators:

- Net new establishments (Quarterly)
- Office vacancy rate (Quarterly)
- Total employment (Quarterly)
- Unemployment rate gap (Annual – national level, census data not BLS)
- Average wage (Sector information available annually)
- Median home price to household income ratio (Calculated at one specific time each year – not an average)
- Venture Capital investments in county businesses (Constant updates through Pitchbook)
- Percentage of State's GDP

County Contract Reporting Requirements For MCEDC

As part of its County contract, MCEDC regularly reports information on the following:

- Number of new jobs created, and number of existing jobs retained through MCEDC efforts
- Number of new business relocations and existing business expansions accomplished through MCEDC efforts
- Amount of new capital investment created or facilitated through MCEDC efforts
- The amount of net new commercial space occupied through MCEDC efforts
- Number of new business establishments by industry through MCEDC efforts
- Breakdown of business assistance requests by industry, geography and company size, in addition to the type of assistance provided

MCEDC also confers with the County Executive concerning policies which would facilitate economic development growth and retention efforts.

**MCEDC FY22 BUDGET DOCUMENTS
ATTACHMENT A**

SUPPORTING DOCUMENTATION: ENHANCEMENT PLANS

Please note that all new programs are expected to continue evolving. A general overview of these new programs is provided below. Additional program design will be completed upon approval of funding.

Entrepreneurship Development/Creation of an Entrepreneurship and Innovation Hub: \$300,000

Overview

By supporting entrepreneurship development through an ecosystem approach, MCEDC will develop a data-centric MoCo Entrepreneurship and Innovation Hub (EIH) to include programmatic opportunities to launch and grow new ventures. The EIH will create direct connections and relationships between entrepreneurs and the necessary federal, state, and county resources for access to capital, workforce training, and marketing, among others. This initiative will complement the work of the existing County Business Advancement Team and the Business Incubator Network.

The EIH will be built to identify resources within the region's entrepreneurship ecosystem and the relationships and partnerships established with those partners who have the differing service and expertise offerings for innovation focused entrepreneurs. MCEDC will complete this EIH with a systemized internal method to directly engage/connect with entrepreneurs and resource partners to continuously evaluate the quality of the tools and methods. The tools will also feature a crucial element that uses those engagements to capture important ecosystem data through a feedback loop from entrepreneurs and the resource partners. Additionally, MCEDC will be looking to create partnerships with the business community and external stakeholders to capture and fill gaps within this ecosystem.

The EIH will:

- (1) Capture entrepreneurs seeking resources;
- (2) Connect those entrepreneurs using a back-end database of regional resources – which will be driven by relationships and agreements made between MCEDC and those resource partners;
- (3) Capture qualitative and quantitative data on the quality of those resources and the entrepreneurs' experience; and
- (4) Create a feedback loop that analyzes MoCo's entrepreneurship ecosystem and the entrepreneurs' journey as they grow.

Partners

Possible partners that would be approached include: MD Tech Council, USG Entrepreneurship Lab, UM Dingman School, MD Women's Business Center, and TEDCO, among others. These are a few of the partners who will be used to provide advice and services for evolving entrepreneurs.

Funds Deployment

A possible breakdown of funding includes: \$50,000 allocated to developing and building-out a robust entrepreneurial database, \$100,000 for expert consultants, \$50,000 for partner grants, \$50,000 for training and \$50,000 for entrepreneur grants.

Metrics

- Completion of database build-out
- # of entrepreneurs trained or mentored; goal 50
- Completion of partner network buildout: goal to have 10 partners.

Entrepreneurs-In-Residence/Creation of Entrepreneur Mentoring & Assistance: \$250,000

Overview

Experienced entrepreneurs are the engine which will drive the growth of the EIH. Their experience will be leveraged to help:

- Populate the EIH;
- Partner with our business development team to leverage their skills, networks, and experience to expand the ability to support entrepreneurship;
- Work with resource partners to identify tools and resources for entrepreneurs; and
- Identify and close gaps in the entrepreneurship journey.

Partners

Possible partners include the MD Tech Council, the Chambers of Commerce and other business organizations, and academic institutions such as USG and MC.

Funds Deployment

MCEDC will bring in two entrepreneurs to provide staff training and serve as a resource to emerging entrepreneurs identified through entrepreneurship programs and MCEDC's network. MCEDC will also work with local chambers of commerce and trade schools to identify emerging businesses and business partners.

Metrics

- # of businesses assisted by entrepreneurs in residence
- # of businesses assisted by MCEDC staff because of program training

White Flint Research and Innovation Center: \$250,000

Overview

White Flint Research and Innovation Center: The County Executive has identified White Flint as a potential research and innovation hub that could help launch a new economic corridor in Montgomery County to support the continued growth of our key industry sectors. MCEDC will take a lead role in project management and marketing this potential initiative. As Montgomery County and WMATA have completed an MOU to work collaboratively to development the WMATA White Flint site, MCEDC will take a lead role to determine next steps and to convene key stakeholders in creating the White Flint Research and Innovation Center. MCEDC will also take on project management responsibilities in the signing of a Joint Development Agreement, marketing, operations, partnership development and coordination /oversight for all contractors on behalf of the county to launch the Center. This project is expected to last 3-5 years.

Partners

WMATA, JLL, CEX, BHI, Friends of White Flint, White Flint Downtown Advisory Committee, local developers, Montgomery Planning, and other county agencies as needed.

Funds Deployment

\$125,000 for a project manager, \$50,000 for marketing, \$50,000 for technical assistance, \$25,000 for administrative costs such as meetings, materials, travel, admin.

Metrics

- RFP deployed
- Developer(s) selected
- Project timetable completed
- Marketing plan completed
- Project partners assembled
- Initial legal/zoning work completed

Talent Pipeline/Workforce Development/Creation of the Montgomery Talent Network: \$100,000

Overview

Talent Pipeline/Workforce Development Partnership Expansion: In conjunction with targeted private industry sector partners, MCEDC would create, market, and engage the Montgomery Talent Network (MTN), designed to facilitate large-scale recruitment of experienced talent for specific business needs tied to middle- and high-income job opportunities. This would go beyond the initiatives already in place with USG, MC and WorkSource Montgomery

Partners

WorkSource Montgomery, Selected Business Partners, Academic Institutions

Funds Deployment

Funds would be allocated for potential activities such as market research and collaborative activities such as recruiting trips and industry conferences, and networking events.

Metrics

- # of companies who participate in Talent Network
- # of employees hired because of network expansion

Inclusive Economy/Development of a Strengthened Minority Business Network: \$100,000

Overview

Inclusive Economy Initiative: Minority Business Network: The minority business chambers in Montgomery County have varying levels of success in terms of ongoing operations. To target greater collaboration in support of an inclusive economy initiative, MCEDC would provide specific program incentives, oversight, and training resources to strengthen the minority chambers in membership, programming, and organizational impact to their communities. These potential activities would include enhanced engagement and partnership with the Montgomery County Chamber and the regional chambers. In addition to assisting with organization sustainability, and contributing to an inclusive economy, MCEDC's management of this program would increase its business network in the minority communities. MCEDC would also work with each organization to strengthen its network ties with affiliated organizations and key stakeholder partners.

Partners

Black Business Council, African American Chamber of Commerce, NAACP Montgomery County, National Minority Supplier Development Council, SBA, Hispanic Chamber of Commerce, Asian American Chamber of Commerce, MBDA

Funds Deployment

Potential organizational grants based on achieving sustainability metrics and program fulfillment;
Development of collaboration programs, services, and events.

Metrics

- Increase in number of businesses joining partner organizations because of MCDEC's efforts.
- Increase in membership of each minority chamber receiving grant assistance.
- Increase in direct minority-owned business program participation.

Executive Recommended ARPA Uses for FY21 and FY22

	FY21	FY22
Previously approved special appropriations – funding shift		
19-683 Therapeutic Youth Services	0.31	
19-684 Youth Support and Engagement Hubs	0.41	
19-690 Streeteries Winterization	1.25	
19-695 Por Nuestra Salud y Bienestar	4.62	
19-696 AAHP COVID Response	3.34	
19-709 Conference Center	2.50	
Subtotal	12.43	
Bethesda PLD Debt Service Coverage	5.90	
FY21 Estimated Tax Revenue Losses	41.10	
RELIEF Act	25.00	6.20
FY22 Budget enhancements		
CCT – Remote Proceeding Facilitators & Schedulers		0.27
HHS – Therapeutic Recreation Services		0.75
HHS – Mobile Health Clinic		0.62
HHS – Mental Health Services for MCPS Students & Families		3.60
HHS – Rapid Rehousing Expansion		0.25
HHS – Rental Assistance		0.49
CVB – Backfill Revenue Shortfall Hotel/Motel Tax		1.00
Incubator NDA – Entrepreneurship Ecosystem		0.32
MCEDC – Entrepreneurship Development		0.30
MCEDC – White Flint Project		0.25
MCEDC – Inclusive Economy		0.10
MCEDC – Entrepreneurs in Residence		0.25
MCEDC – Talent Pipeline/Workforce Development		0.10
Working Families Income Supplement		20.00
DTS – FiberNet2 Maintenance		0.50
Cable – FiberNet3 Build Out		0.70
Cable – Digital Equity		0.10
Subtotal		30.41
Total		36.61
Unallocated		82.73