

M E M O R A N D U M

April 20, 2022

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

FROM: Gene Smith, Legislative Analyst

SUBJECT: **FY23 Operating Budget – Incubator Programs – Economic Development Partnerships Non-Departmental Account (Incubators NDA)**

PURPOSE: Make recommendations for Council consideration

Expected Participants:

Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive
Ruth Semple, Business Advancement Team, Office of the County Executive
Felicia Hyatt, Fiscal and Policy Analyst, Office of Management and Budget (OMB)
Chris Mullin, Budget Manager, OMB

Summary of FY23 Recommended Budget – Incubators NDA

	FY22 Approved	FY23 CE Recommended	Change from FY22 Approved
General Fund	\$3,037,891	\$3,162,622	4.1%
Personnel Costs	\$281,262 2.00 FTEs	\$307,441 5.00 FTEs	9.3% 3.00 FTEs
Operating Costs	\$2,756,629	\$2,855,181	3.6%
Total Expenditures (All Funds)	\$3,037,891 2.00 FTEs	\$3,162,622 5.00 FTEs	4.1% 150.0%

- **The Executive recommends adding 3.00 FTEs to this NDA to facilitate the resumption of the County’s management of the incubators’ operations.** The additional expenditures recommended to fund this transition in FY23 is \$257,950.
- The Executive recommends an amendment to this NDA because the March 15 recommendation inadvertently left out full funding for the above recommendation. **This amendment adds \$235,349 to the original recommended appropriation; it is funded with additional income tax revenues estimated in FY23.**

I. Budget Overview

See the Executive’s March 15 recommendation on ©1. In addition, the Executive recommended an amendment to this NDA on April 19 (see ©2-8). This NDA was created in FY17 due to the privatization of the County’s Department of Economic Development (DED). DED previously managed the Business Innovation Network (BIN) which included the County incubators. Table 1 details the Executive’s recommended changes for this budget in FY23.

Table 1: Executive Recommended FY23 Changes (per March 15 recommendation)

Description	Expenditures	FTEs
FY22 Approved	\$3,037,891	2.0
Increase: Staffing capacity to support the development of entrepreneurial ecosystem and manage all programming and portfolio management of the incubators	\$74,915	3.0
Increase: FY23 compensation adjustment	\$4,926	
Increase: Annualization of FY22 personnel costs	\$1,756	0.0
Multi-program adjustments	\$7,134	0.0
FY23 Recommended	\$3,126,622	5.0

The recommended budget highlights the total appropriation, but this NDA provides funding for multiple initiatives, properties, and programs. Table 2 below summarizes the recommended funding by incubator and by program for FY23 compared to FY22 in this NDA.

Table 2: Comparison of FY21 and FY22 Allocation of Funding for Incubator NDA
(as of April 19 recommended amendment)

Facility or Program	FY22 Funding	FY23 Funding
Incubators		
Germantown	\$1,158,455	\$1,014,833
National Cybersecurity of Excellence	\$25,000	\$25,000
Rockville	\$700,174	\$485,174
Silver Spring	\$50,000	\$546,174
Programs		
Wheaton Technical Assistance Program (“TAP”)	\$208,000	\$208,000
<i>Small business technical assistance</i>		
Maryland Small Business Development Ctr. (SBDC)	\$30,000	\$30,000
Latino Economic Development Ctr. (LEDC)	\$125,000	\$125,000
BHI	\$200,000	\$200,000
Nonprofit Incubator	\$260,000	\$185,000
<i>Staff</i>		
1.0 FTE for oversight support	\$118,595	\$130,262
1.0 FTE for incubator management	\$162,667	\$164,578
3.0 FTE for incubator support, business development, marketing, programming, etc.	\$0	\$247,950
Total	\$3,037,891	\$3,361,971

II. Incubators Review

A. Incubators

The County owns or leases four facilities in the County – three incubators and the National Cybersecurity Center of Excellence. The County’s approach and management of the incubators has fluctuated during the last few years. Below is a brief summary of the County’s approach.

- Pre-FY17. The County supported all operating expenses, and DED managed the programs and portfolio of the incubators.
- FY17-FY22. The County supported certain operating expenses for each incubator, but the incubator’s programs and tenant portfolio were managed third parties.
- FY23 (recommended). The County will support all operating expenses, and the Business Advancement Team will manage the programs and portfolio of the incubators.

The County also funded two FTEs in this budget to provide support for financial management (e.g., invoices, collecting rent, etc.) and oversight of the contracts from FY17-FY22. **These two positions will continue as the County assumes management of all elements of the incubators.**

1. *2020 Incubator Study*

The Council approved funding for an incubator study in FY19. The draft version of the study was released to Executive staff in November 2020 (the “2020 Incubator Study”). See the Executive Summary for the study on ©9-11. This study informed the Executive’s recommendation for the FY22 budget, which is the same recommendation for the FY23 budget. The 2020 Incubator Study noted that:

- The County lacks the essential connectivity within the entrepreneurial ecosystem.
- The Rockville and Silver Spring incubators do not provide specialist facilities to build an ecosystem or focus resources for business growth.
- The County should move to a system-wide approach to support entrepreneurs, not a facility-specific approach.

The Executive’s recommended budget adds 3.00 FTEs to support the recommendations of this study. The three FTEs are three full-time *Program Manager – Grade 25 positions*. Each of these new positions will be located at one of the County incubators. Per Executive staff, these positions will be *responsible for providing tours for prospective tenants, screening of prospective tenants, prepping prospects for the Tenant Review Committee and making sure new tenants are fully and accurately “on-boarded” into the incubator. They will also be responsible for interacting with current tenants (providing strategic introductions, support and tracking progress, and encouraging graduation when appropriate).*

The PHED Committee reviewed the 2020 Incubator Study July 2021, and it requested that the Montgomery County Economic Development Corporation (MCEDC) provide

recommendations to the committee based on this study. The committee was briefed by MCEDC on [February 10, 2022](#).

MCEDC concurred with the 2020 Incubator Study for the County to assume day-to-day operations of the County's incubators. **The 3.00 FTEs recommended in the FY23 budget is consistent with the recommended approach from the 2020 Incubator Study and MCEDC's review.** All three positions include three months of lapse, so the annualized expenditures will be greater in FY24. Actual expenditures in FY23 will be dependent on the process to advertise, interview, and place personnel during the fiscal year.

2. *Germantown Innovation Center (GIC)*

Executive staff estimates that the GIC will require approximately \$1,015,000 in appropriation for expenditures in FY23. The incubator will receive approximately \$462,000 in revenues from tenant payments. **Based on these estimates, the County will subsidize this facility's operations at approximately \$553,000 in FY23.** The GIC's operations are supported entirely through this NDA.

Executive staff noted that there were 12 tenants as of February 28, 2022 at the GIC. There were four graduates from the GIC during FY22, including one graduate that raised \$40 million in capital. **The current vacancy rate of the GIC is 10%.**

3. *Rockville Innovation Center (RIC)*

Executive staff estimates that the RIC will require approximately \$485,000 in appropriation for expenditures in FY23. Based on current expenditures, the recommended FY23 expenditures are about \$215,000 less than FY22's approved appropriation. It will receive approximately \$255,000 in revenues from tenant payments. **Based on these estimates, the County will subsidize this facility's operations at approximately \$230,000 in FY23.** In addition to the appropriation in this NDA, the RIC's mortgage payments are appropriated in the County debt service budget.

Executive staff noted that there were 8 tenants as of February 28, 2022 at the RIC. The RIC has not had any graduations, yet, in FY22. **The current vacancy rate of the RIC is 50%.**

4. *Silver Spring Innovation Center (SSIC)*

Executive staff estimates that the SSIC will require approximately \$546,000 in appropriation for expenditures in FY23. The significant increase, when compared to FY22, is due to the County assuming full responsibility for the SSIC. Previously, the third-party operator assumed this responsibility of operational expenses but also received the tenant payments to offset those costs. The SSIC will receive approximately \$166,000 in revenues from tenant payments. **Based on these estimates, the County will subsidize this facility's operations at approximately \$380,000 in FY23.** The SSIC's operations are supported entirely through this NDA.

Executive staff noted that there were 10 tenants as of February 28, 2022 at the SSIC. The SSIC has not had any graduations, yet, in FY22. **The current vacancy rate of the SSIC is 60%.**

5. *National Cybersecurity Center of Excellence (NCCoE)*

The County is responsible for the debt service payments and the capital reserve for the NCCoE. The debt service payments were shifted to the Debt Service budget, and the only expenditure in this NDA is the capital reserve in FY23.

Council staff concurs with the Executive’s recommendation for the appropriations related to the County’s Incubators, including the additional expenditures recommended in the Executive’s April 19 amendment. Since the Executive’s March 15 recommendation is the base for the Council’s initial decisions, the additional \$235,349 for this NDA will be tracked separately for the purposes of final reconciliation.

III. Programs Review

The Incubator NDA also provides funding for certain programs. These programs are funded through ongoing contracts with third parties to provide these services.

A. Wheaton TAP

The Wheaton TAP previously funded support for the assistance required by §20-76B of the County Code for the Small Business Assistance Program (SBAP). The County Code required the County to provide technical assistance, which was funded through this NDA. The County also provided financial assistance for adversely impacted businesses in Wheaton, but that funding was appropriated in the Economic Development Fund. The County contracted with the Latino Economic Development Center (LEDC) for the Wheaton TAP.

The FY23 recommended appropriation for this program is \$208,000. The recommended FY23 funding is the same as the FY22 approved appropriation. The Wheaton Redevelopment Program has concluded, so Executive staff notes that this contract will shift to broader business assistance throughout the County. **It is anticipated that LEDC will continue to implement this program.** Executive staff notes that LEDC will continue to provide similar services as it did previously to Wheaton businesses, including technical assistance, distribution of microloans, and foreclosure prevention workshops, but these services will be marketed and provided more broadly to County businesses.

Council staff concurs with the Executive’s recommendation for this item.

B. Small Business Technical Assistance

This NDA provides additional small business technical assistance for County businesses. This funding provided more general services to all County businesses, while the Wheaton TAP was focused on meeting the County law for technical assistance to Wheaton businesses. With the

Wheaton Redevelopment Project finished, this funding will continue but be folded into the broader focus for LEDC.

In addition, the County contracts also with the Maryland Small Business Development Center (SBDC) for additional programs and services that benefit County businesses. **The SBDC contract in FY22 provided one-on-one business counseling and educational seminars.** Executive staff notes that the FY23 contract will be similar to FY22 but also include initiatives related to Black-owned businesses.

Council staff concurs with the Executive’s recommendation for this item.

C. Nonprofit Incubator (Nonprofit Village)

The recommended FY23 appropriation for this program is \$185,000, a decrease of \$75,000 from the FY22 approved appropriation. For FY22, the Council increased the appropriation by \$75,000 to address the one-time pandemic impact on rental income. Executive staff notes that this contract will support similar work to FY22, including consulting assistance with emerging non-profit organizations.

Council staff concurs with the Executive’s recommendation for this item.

D. BHI

The Executive recommends a \$200,000 appropriation for the continuation of a contract with BioHealth Innovation, Inc. (BHI). The FY22 contract with BHI included support related to representing the County on the Global Pandemic Center, C-suite consulting services for emerging biotechnology companies, and assistance identifying expansion of a major research university/medical center in the County. For FY23, Executive staff notes that the contract and its deliverables are still under consideration for this organization.

Council staff concurs with the Executive’s recommendation for this item.

<u>This packet contains:</u>	<u>Circle #</u>
Executive recommended FY23 Incubator NDA budget	1
Executive recommended amendments to original March 15 recommendations	2
Executive summary – 2020 Incubator Study	8

☀ Incubator Programs - Economic Development Partnership

This NDA provides for facility lease payments, program and portfolio management services for the County's Business Innovation Network (BIN) facilities, and program funding for the Business Incubator Without Walls Program (for the Down County area). The BIN consists of three physical locations: the Silver Spring Innovation Center (SSIC) on Georgia Avenue (owned by the County), the Rockville Innovation Center (RIC) in Rockville Town Square (owned by the County), and the Germantown Innovation Center (GIC) on the campus of Montgomery College under lease from the College Foundation until 2036. This NDA also supports the National Cybersecurity Center of Excellence (NCCOE) located at 9700 Great Seneca Highway (owned by the County), a partnership between the National Institute of Standards and Technology (NIST), the State of Maryland, and Montgomery County. The NDA also provides support for the NonProfit Village, a non-profit incubator, for operational, organizational, equipment and training support services.

FY23 Recommended Changes	Expenditures	FTEs
FY22 Approved	3,037,891	2.00
Increase Cost: Increase Staffing Capacity to Support the Development and Entrepreneurial Ecosystem and Manage all Programming and Portfolio Management Duties at SSIC, RIC and GIC.	74,915	3.00
Increase Cost: FY23 Compensation Adjustment	4,926	0.00
Increase Cost: Annualization of FY22 Personnel Costs	1,756	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	7,134	0.00
FY23 Recommended	3,126,622	5.00




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

April 19, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Amendments to the Recommended FY23 Operating Budget

Since I submitted my FY23 Recommended Operating Budget on March 15, there have been a number of developments that necessitate sending over amendments to the recommended budget. These amendments center around changes in revenue projections as well as expenditure adjustments for Montgomery County Fire and Rescue Service, Office of Racial Equity and Social Justice, Office of Human Rights, Transit Services, Incubator Programs, Police Accountability Board, and Community Grants. The amendments are described in detail below (including source of funds), and the attached report contains the necessary information for your analysts to account for them. The amendments submitted are consistent with the County's policy to maintain ten percent of adjusted governmental revenues in reserve.

CHANGES IN RESOURCES

County Income Tax Revenue

The FY22 revised income tax revenue estimate and the FY23 Recommended Budget income tax forecast (as of March 15) are both higher than the December Fiscal Plan update. The FY22 income tax revenue estimate increased in part due to a strong February income tax distribution reflecting strong wage and salary growth, but also due to notification from the Maryland Comptroller of an estimated \$58 million distribution to correct prior under-distributions of Tax Year 2020 income taxes in November 2021 and January 2022. These increases in FY22 were built into the base used for the forecast of FY23 income taxes and are expected to be ongoing.

Following the submission of the FY23 Recommended Budget, the Maryland Comptroller provided the correcting distribution on March 25 of \$68 million, an increase of \$10 million over their initial notification. As a result, this \$10 million of additional revenue will be available for FY22, and an additional \$11.468 million is now forecast to be available for FY23 due to the higher FY22 revenue base. Since this additional revenue is subject to the County's reserve policy, 90 percent, or \$10.321 million is available for programmatic uses.

State Aid for Police Protection

The FY23 estimate for State Aid for Police Protection was based on the Governor's proposed FY23 Operating Budget, which included a significant year-over-year increase. In enacting the FY23 State Operating Budget, the General Assembly changed the distribution for the increase. The funds will be based on the number of reported total violent crime offenses instead of the traditional per officer allocation methodology. As a result of this change, the estimate for the County's share of the State Aid for Police Protection will decrease by \$3.290 million. This revenue write-down will be fully offset by the increased income tax revenue estimate for FY23.

Transit Revenue

The FY23 Recommended Budget restores Ride On service and Call-N-Ride to pre-pandemic levels. As part of the budget, I also recommended reducing fares on all Ride On routes by one half, bringing the cost of most Ride On trips to \$1.00, in line with our fare equity study. The Transit Revenue estimate assumed that the new fares would go into effect in July. Given the process for coordinating fare changes however, it is unlikely that Ride On would be able to implement the fare change before September. As a result, the fare revenue estimate for FY23 will decrease by \$1.638 million. This revenue decrease will be fully offset by a reduction in CIP Current Revenue expenditures for transit projects for which we have received State aid sufficient to allow for repurposing County funding.

CHANGES IN EXPENDITURES

Office of Racial Equity and Social Justice

My FY23 budget included \$50,000 in funds to assist with planning for a memorial to Black residents who were tortured and killed by lynching. After subsequent consideration, I am recommending that the funds be included in the capital budget instead of the operating budget to allow for more time for public input and coordination with the Equal Justice Initiative. Thus the \$50,000 reduction to the budget for the Office of Racial Equity and Social Justice will be fully offset by an expenditure increase to the capital budget to create the Montgomery County Lynching Memorial Project (P362308).

Fire and Rescue Service

The FY22 agreement with the Montgomery County Career Firefighters Association IAFF Local 1664, included a provision that if the CPI-U for the Washington-Arlington-Alexandria area for the 12-month period ending March 2022 exceeds 1.5 percent that I would submit a supplemental appropriation to Council to increase the general wage adjustment (GWA) provision from 1.5 percent up to a maximum of 2.25 percent. As of March, the CPI-U for the Washington-Arlington-Alexandria area was 7.3 percent, thus triggering the requirement in the agreement. That supplemental appropriation for FY22 will be forthcoming for Council consideration and, if approved, the increased GWA will be effective the pay period beginning June 19, 2022. The FY23 impact of this change will be \$860,267 – including the annualization of the FY22 increase and the impact of this cost increase on the FY23 agreement. This amendment will be funded by increased tax revenues for FY23.

Office of Human Rights

The Commission on Remembrance and Reconciliation submitted a funding request for \$56,000 in operating funds to conduct historical research, capture oral histories, traveling to and engaging with the Equal Justice Initiative, hosting community seminars and collaborating with community partners, enhancing Remembrance and Reconciliation Month, and delivering memorials and markers to commemorate the victims of lynching in the County. This request was inadvertently left out of the FY23 Recommended Budget and will be funded by increased tax revenues for FY23.

I am also recommending including \$100,000 to fund County celebrations to commemorate the Juneteenth holiday. This amount includes funds for venues, technical support, equipment, and services and entertainment. The amendment will be funded by increased tax revenues for FY23.

Transit Services

The Recommended Budget included \$11,015 in the Transit Services budget to fund the six percent inflationary adjustment to non-profit service provider contracts. This amount inadvertently left out funds to provide the inflationary adjustment for the service contract that provides fixed route services for communities in the Tobytown and surrounding areas. I am recommending an additional \$29,071 to fund the inflationary adjustment for this contract, and the amendment will be funded by increased tax revenues for FY23.

NDA – Incubator Programs – Economic Development Partnership

The Recommended Budget included an increase of \$74,915 to increase staffing capacity to support the development and entrepreneurial ecosystem and manage all programming and

portfolio management duties at the Germantown, Rockville, and Silver Spring innovation centers. Due to a calculation error, my budget inadvertently left out the full funding for this enhancement. The cost of this amendment is \$235,349 and will be funded by increased tax revenues for FY23.

NDA – Police Accountability Board

The FY23 Recommended Budget included \$100,510 to fund the Police Accountability Board Non-Departmental Account budget. This amount reflected the estimated fiscal impact from implementation of Bill 49-21, as introduced. Since introduction, the Council has adopted amendments to the initial text of the bill, including increasing the number of Board members; requiring full-time, dedicated staff; and providing for compensation of the members. As a result of these adopted amendments, the estimated fiscal impact for implementing Bill 49-21 increases to \$436,541, an increase of \$336,031 above the initial recommended amount and adds 2.0 FTEs to the budget. This amendment will be funded by increased tax revenues for FY23.

NDA – Community Grants

My FY23 Recommended Operating Budget included \$500,000 in the Community Grants Non-Departmental Account budget for Business District Development Grants. The purpose of the program is to support the development of grassroots organizations and non-profit entities that engage in place making, place management, business recruitment and retention, branding, and economic development activities in emerging business districts. The program must lead to the establishment of a Main Street, Business Improvement District, or an Urban District Corporation. After submission of the budget, I have received feedback that interest in the program was greater than expected. As a result, I am recommending increasing the amount to this grant program by \$300,000 for a total of \$800,000. This amendment will be funded by increased tax revenues for FY23.

The net impact of all of the above amendments includes \$1.917 million in new expenditures which are offset by a net \$7.031 million in additional revenue, leaving \$5.114 million to be used for other priorities. We are finalizing additional potential amendments for the Department of Health and Human Services and the Department of Police, and those will be transmitted in the coming days.

Department staff and staff from the Office of Management and Budget will be happy to answer any questions you may have about these amendments as we work together to finalize the FY23 operating budget.

ME:jw

Amendment to the Recommended FY23 Operating Budget

April 19, 2022

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Enclosure: Details on Recommended FY23 CE Amendments Report

cc: Richard S. Madaleno, Chief Administrative Officer
Fariba Kassiri, Deputy Chief Administrative Officer
Marlene Michaelson, Executive Director, County Council
Jennifer R. Bryant, Director, Office of Management and Budget
Michael Coveyou, Director, Department of Finance
Joy Nurmi, Chief of Staff to Council President Alborno

Detail on Recommended FY23 CE Amendments

Tax Supported

EXPENDITURE AMENDMENTS

Racial Equity and Social Justice

Shift: Funding for Lynching Memorial from Operating Budget to Montgomery County Lynching Memorial CIP Project (P362308) **-50,000**

Fire and Rescue Service

Increase Cost: FY23 Impact of FY22 General Wage Adjustment Supplemental **860,267**

Human Rights

Add: Juneteenth Celebration Expenditures **100,000**

Enhance: Commission on Remembrance and Reconciliation **56,000**

Transit Services

Increase Cost: Six Percent Inflationary Increase to Non-Profit Service Provider Contracts Correction **29,071**

NDA - Incubator Programs - Economic Development Partnership

Increase Cost: Staffing Capacity Expenditure Correction **235,349**

NDA - Police Accountability Board

Add: Police Accountability Board Adjustment **336,031**

NDA - Community Grants

Add: Business District Development Grants Increase **300,000**

Total Tax Supported Expenditures 1,866,718

RESOURCE AMENDMENTS

Countywide Generic

FY23 Income Tax Adjustment **11,468,000**

Police

Police Protection State Aid **-3,290,000**

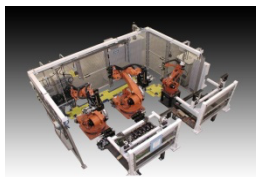
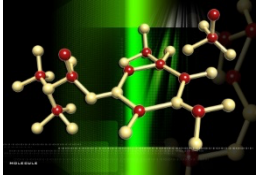
Transit Services

Ride On Fare Revenue Reduction offset by a reduction in CIP Current Revenue expenditures **-1,637,505**

Detail on Recommended FY23 CE Amendments

Tax Supported

Total Tax Supported Resources	6,540,495
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Business Incubator Review and Entrepreneurial Ecosystem Study

Prepared For

Montgomery County, MD

Final Report – Executive Summary

Axcel Innovation LLC

December 10, 2020

3445 Seminole Trail, #289 ♦ Charlottesville ♦ VA 22911
info@axcel.us ♦ www.axcelinnovation.com

Executive Summary

Introduction

The county is home to a population of companies that develop new technologies, and / or use those technologies to enable new products and services spanning a wide range of technical fields and markets. These technology-intensive companies create high-value jobs and bring wealth into the economy by selling their products nationally and internationally. There are also 118,000 businesses in the county that have no employees but provide income and economic independence to their owner, a large proportion of which are also technology-driven.

There has been a loss of businesses, especially small businesses, in key traded sectors since the recession. Advanced manufacturing, for example, is a target sector for the County, and manufacturing creates more indirect jobs than any other traded sector, but 20% of manufacturing businesses have been lost since 2007.

It would be prudent for the County to support entrepreneurs in all of these sectors, which include fields believed to have significant growth potential, including robotics, artificial intelligence, autonomous vehicles, computational biology, sensors, material science, advanced manufacturing, financial services, and 'green' energy technologies.

A number of disadvantaged groups also exist that often face additional challenges as entrepreneurs, and it would be advantageous to the county to ensure that their particular needs are addressed.

Support for Entrepreneurship

Since the emergence of business incubators in the 1960s, many different approaches have been adopted to encourage and support entrepreneurial activity. A key development has been the idea of the entrepreneurial ecosystem - representing the collection of resources, *and the connections between them*, that needs to exist for entrepreneurial activity to thrive. In some circumstances a highly effective ecosystem emerges over time without any deliberate guiding hand, but in most situations, it is the result of sustained, concerted action by both the public and private sectors.

The Entrepreneurial Ecosystem

The county's entrepreneurial ecosystem has a number of strengths, but a critical area of weakness is the lack of essential connectivity among its participants and any concerted, county-wide program to build these connections and more broadly strengthen and grow the ecosystem.

Many other locations are actively focusing on the development of effective entrepreneurial ecosystems both regionally and nationally. with a strong focus on technology-intensive companies – notably Frederick County, Howard County, and the City of Baltimore. Baltimore in particular has been very successful in creating a thriving entrepreneurial ecosystem than continues to grow and exhibits the diversity of resources and kinds of connectivity that are not evident in Montgomery County.

Existing Incubators

The existing incubators have historically generated valuable impacts for the county, but the facilities in Rockville and Silver Spring do not provide specialist facilities or other resources of a kind that cannot be found elsewhere in the county. The wet lab space available in Germantown does appear to be unique and highly regarded within the county's bioscience community. There is also scope for further specialist resources to be created to address needs and opportunities in sectors beyond bioscience. In all cases, there is a need for clear paths for companies that address their specific needs at each stage of their growth.

Proposed Strategy

The primary recommendation is that the County moves from its current approach to supporting entrepreneurship, focused on specific facilities owned or leased by the County, to a strategy in which focuses on the development of the ecosystem as a whole, leveraging partnerships to:

- ◆ Increase the number of entrepreneurs active in the ecosystem, supporting them from idea generation to long-term growth, removing barriers, and creating pathways for them to succeed.

Executive Summary

- ◆ Increase the number and effectiveness of relevant resources that meet the needs of entrepreneurs, directly and through partnerships.
- ◆ Increase the number and strength of connections between entrepreneurs, and between entrepreneurs and the available resources.
- ◆ Increase the number of connections between the county ecosystem, the wider regional ecosystem, and those in other locations.

Operational Model

The proposed approach to achieving this is to create an Ecosystem Development Team, serving as a catalyst for the whole ecosystem, with responsibility for ensuring that support is available to county entrepreneurs from idea generation to long-term growth, through:

- ◆ Outreach, promotion, and education – promoting and supporting entrepreneurship as a pathway to economic independence from K-12 onward, and enabling, convening, and supporting champions who will promote the ecosystem and contribute to its development and building a brand for entrepreneurship in the county.
- ◆ Entrepreneur engagement and support, coordinating access to resources for individual entrepreneurs.
- ◆ Creating and curating a knowledge / information base (including best practices in ecosystem development).
- ◆ Creating connections, communities of interest, and public and private sector partnerships.
- ◆ Undertaking ongoing proactive analysis of the ecosystem and identification of gaps / opportunities.
- ◆ Building consensus on priorities and areas for action and developing appropriate action plans with partners, and only managing / providing resources directly where it is the most logical solution.
- ◆ Developing, curating, and sharing information about the ecosystem, as a resource for participants and to track its development over time.

Implicit in this approach is ensuring that all entrepreneurs have access to the resources that they need. This includes those who are economically disadvantaged and those from minorities who face unique challenges in accessing appropriate support.

It is also implicit that in some cases the county may need to develop and support specific resources where partnership-based approaches are not viable, or to pilot new approaches to demonstrate their viability.

The existing specialist facility in Germantown that provides wet lab space should be included within the management responsibilities of the ecosystem development team. The remit of the team should also include developing specific uses for the Silver Spring and Rockville facilities to address identified ecosystem needs including the provision of support for underserved populations.

Resources

The team should be led by a CEO / Executive Director with a team of four project managers, with appropriate administrative support, and operate from space available at the BIN incubators. This would be consistent with the level of resources deployed in comparable initiatives.

The cost for such a team is estimated to be \$925,000 per annum excluding staff benefits. This would be offset by potential savings from the re-organization / repurposing of the existing incubators.

Impacts (Metrics)

Data should be collected and reported on an ongoing basis to track progress against all areas of the Ecosystem Development Team's activities and for development of the ecosystem as a whole, a broadly-based set of short, medium, and long-term metrics.