

MEMORANDUM

June 8, 2022

TO: Planning, Housing and Economic Development Committee

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 5-22, Economic Development Corporation – Board of Directors – Membership

PURPOSE: Worksession – Committee recommendation expected

Expected Attendees

Benjamin Wu, President and CEO, Montgomery County Economic Development Corporation (MCEDC)
Bill Tompkins, Executive VP and COO, MCEDC
Stacey Minott Hardy, VP of Operations, MCEDC
Jake Weissmann, Assistant CAO, Office of the County Executive

Bill 5-22, Economic Development Corporation – Board of Directors - Membership, sponsored by the Council President at the Request of the County Executive, was introduced on March 15, 2022. A public hearing was held on April 19, 2022.¹

The bill would:

- (1) expand and alter the membership of the Board of Directors of the Montgomery County Economic Development Corporation (MCEDC); and
- (2) generally amend the law regarding the Montgomery County Economic Development Corporation.

BACKGROUND

In his transmittal memorandum, the County Executive has provided the following background regarding Bill 5-22:

MCEDC is facing a critical juncture as six Board members are term limited and soon to depart. MCEDC is justly concerned that the loss of institutional knowledge from the Board all at once could set the Corporation back in their crucial mission of spearheading economic development for the County. This legislation will allow

¹ MCEDC

some overlap for two new Board members, as well as ensure that the current Board chair can remain on the board as a non-voting, ex-officio member to share his knowledge with and provide guidance to the new Board. Finally, the legislation reflects the past precedent by designating the CEO of Worksource Montgomery to the Board. The Workforce Development Board has been sending the CEO of Worksource Montgomery to represent them at MCEDC. This Bill codifies this practice.

BILL SPECIFICS

Bill 5-22 would increase the number of County Executive-appointed voting members of the MCEDC Board of Directors from 11 to 13. In addition, the bill would require that the immediate past chair of the Board, as well as the chief executive officer of the County's Workforce Development Organization, be included as ex-officio, non-voting members of the Board.

PUBLIC TESTIMONY

There was no public testimony regarding the bill.

ISSUES FOR THE COMMITTEE'S CONSIDERATION

The Committee might wish to consider the following issues in connection with Bill 5-22.

1. Whether to Increase the Number of Voting Members

As originally drafted, Bill 5-22 would increase the number of voting members of the MCEDC Board from 11 to 13. According to MCEDC, the intended purpose of adding voting members was to appoint and acclimate new members to the Board prior to the conclusion of the service of 6 existing members at the end of June 2022. The idea was that having overlap between new and old members would increase continuity.

However, since the bill will not be enacted in time to appoint and acclimate new members prior to the end of June, MCEDC has informed Council staff that increasing the number of voting members is no longer necessary. Therefore, MCEDC is amenable to retaining 11 voting members under the current law, instead of increasing the voting members to 13

If the Committee wishes to keep the voting membership at 11, given MCEDC's additional feedback, it could adopt the following amendment:

Amend lines 3-6 as follows.

- (a) To qualify as the Montgomery County Economic Development Corporation, the Corporation's Board of Directors must have [11] ~~[[13]]~~ 11 voting members appointed by the County Executive and confirmed by the County Council....

Decision point: whether to adopt the amendment above to keep the number of voting MCEDC members at 11, instead of increasing the voting membership to 13.

2. Purpose of Including the Immediate Past Chair as an Ex-Officio Member

Under the bill, the immediate past chair of the MCEDC Board would become an ex-officio, non-voting member of the Board for purposes of continuity. According to MCEDC, retaining a past chair as a board member is a typical practice in private organizational settings. Having a past chair serve in an ex-officio capacity can allow the organization to benefit from the past chair's accumulated wisdom, experience, and connections with the community. Typically, in the context of public boards and commissions, continuity is achieved through staggered terms; MCEDC already has staggered terms under existing statute.

The Committee might wish to discuss how best to achieve continuity on the MCEDC Board.

3. Whether to Substitute a Voting Member from the Workforce Development Board with a New Non-Voting Member: the CEO of the County's Workforce Development Organization

Under current law, the County Executive is directed to appoint a member of the Workforce Development Board as one of the *voting* members of the MCEDC Board. Under Bill 5-22, this Workforce Development Board member would no longer be on the MCEDC Board. Instead, the CEO of the County's Workforce Development Organization would become be an *ex-officio, non-voting* member of the MCEDC Board.

According to MCEDC, the purpose of this change is to codify current practice, in which the CEO of the Workforce Development Organization has been designated by the Workforce Development Board to serve on the MCEDC Board. MCEDC believes that the law should reflect this practice, especially because having the Worksource Montgomery CEO serve on the MCEDC Board is vital to the ongoing coordination between Worksource Montgomery and MCEDC. As with the other *ex-officio* members of the MCEDC Board, the Worksource Montgomery CEO would be a non-voting member under the bill.

The Committee might wish to discuss whether the position should become non-voting, considering that the current Worksource Montgomery CEO is a voting member of the MCEDC Board. An *ex-officio* member of a board may be voting or non-voting, at the Council's discretion. Note - if the Workforce Montgomery CEO were to remain a voting member, then there would be 12 voting members (or 14, depending upon the Committee's decision under Issue #1).

If the Committee wishes to make the Worksource Montgomery CEO a *voting* member (instead of a non-voting member as contemplated under the bill), it could adopt the following amendment.

Amend lines 8-11 as follows.

The immediate past chair of the Corporation’s Board of Directors [[and the chief executive officer of the County’s Workforce Development Organization]] must be an ex-officio, non-voting [[members]] member of the Corporation’s Board of Directors. The chief executive officer of the County’s Workforce Development Organization must be an ex-officio, voting member of the Board of Directors.

Decision point: Whether to adopt the amendment above to keep the Workforce Montgomery CEO as a *voting* member of the MCEDC Board, instead of making him into a non-voting member as contemplated under the bill. If the CEO remains a voting member, then should the number of appointed voting members (at line 4 of the bill) be reduced by 1 so that the total number of voting members remains at an odd number?

4. Expedited Nature of Bill 5-22

MCEDC has requested that the Council make Bill 5-22 into an expedited bill. Six members of the Board are expected to leave at the end of June, and MCEDC would like to be able to benefit immediately from having the past chair serve as an ex-officio member of the MCEDC Board.

If the Committee would like to make Bill 5-22 expedited, it could adopt the following amendment.

After line 25, add:

Sec. 2. Expedited Effective Date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Decision point: Whether to adopt an amendment to make Bill 5-22 expedited legislation.

Next step: Committee recommendation on whether to enact Bill 5-22.

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Bill No. 5-22
Concerning: Economic Development
Corporation – Board of Directors -
Membership
Revised: 3/2/2022 Draft No. 1
Introduced: March 8, 2022
Expires: September 8, 2023
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council President at the Request of the County Executive

AN ACT to:

- (1) expand and alter the membership of the Board of Directors of the Montgomery County Economic Development Corporation; and
- (2) generally amend the law regarding the Montgomery County Economic Development Corporation.

By amending

Montgomery County Code
Chapter 15A, Economic Development
Section 15A-3

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec 1. Section 15A-3 is amended as follows:**

2 **15A-3. Board of Directors.**

3 (a) To qualify as the Montgomery County Economic Development
 4 Corporation, the Corporation's Board of Directors must have [11] 13
 5 voting members appointed by the County Executive and confirmed by
 6 the County Council. [The County Executive should appoint a member of
 7 the Workforce Development Board as one of the members of the
 8 Corporation's Board of Directors.] The immediate past chair of the
 9 Corporation's Board of Directors and the chief executive officer of the
 10 County's Workforce Development Organization must be ex-officio, non-
 11 voting members of the Corporation's Board of Directors. The
 12 Corporation's Board of Directors must [also] include one [officio] non-
 13 voting member appointed by the County Executive; and one non- voting
 14 member appointed by the County Council; and should have one non-
 15 voting member appointed by the Maryland Secretary of Commerce.

16 (b) Each voting member serves a 3-year term. The individual terms of the
 17 voting members must be staggered. Of the voting members first
 18 appointed, four must be appointed for a 1-year term, four must be
 19 appointed for a 2-year term, and three must be appointed for a 3-year
 20 term. The Executive may extend the term of a voting member first
 21 appointed for an additional 6 months or less to coincide with the end of a
 22 fiscal year. A voting member appointed to fill a vacancy serves the rest
 23 of the unexpired term. A voting member continues in office until his or
 24 her successor is appointed and confirmed.

25 * * *



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

February 7, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Introduction of Bill XX-22; Montgomery County Economic Development Corporation Board of Directors

I am submitting the attached legislation on behalf of the Montgomery County Economic Development Corporation (MCEDC). This will expand and amend the MCEDC Board of Directors by (1) increasing the number of voting Board members from 11 to 13; (2) adding the Immediate Past Chair of the MCEDC Board as a non-voting, ex-officio Board member; (3) removing a member of the County's Workforce Development Board as a non-voting, ex-officio Board Member; and (4) designating the CEO of the County's Workforce Development Organization as a non-voting, ex-officio member of the Board.

MCEDC is facing a critical juncture as six Board members are term limited and soon to depart. MCEDC is justly concerned that the loss of institutional knowledge from the Board all at once could set the Corporation back in their crucial mission of spearheading economic development for the County. This legislation will allow some overlap for two new Board members, as well as ensure that the current Board chair can remain on the board as a non-voting, ex-officio member to share his knowledge with and provide guidance to the new Board. Finally, the legislation reflects the past precedent by designating the CEO of Worksource Montgomery to the Board. The Workforce Development Board has been sending the CEO of Worksource Montgomery to represent them at MCEDC. This Bill codifies this practice.

If you have any questions, please contact Benjamin Wu at MCEDC or Jake Weissmann in the County Executive's Office.

ME:yew

Enclosure: Proposed Bill

cc: Benjamin H. Wu, President & CEO, Montgomery County Economic Development Corporation

LEGISLATIVE REQUEST REPORT

Bill XX-22 MCEDC Board Expansion

DESCRIPTION: This Bill expands the Board of Directors of the Montgomery County Economic Development Corporation by two, increasing the number of Board members to 13. In addition, the bill adds both the immediate past chair of the Board, as well as the CEO of the County's Workforce Development Organization as non-voting ex-officio members of the Board of Directors. Lastly, the bill removes a member of the County's Workforce Development Board as a Board member.

PROBLEM: With the Board facing a wave of retirements due to term limits this summer, this bill will allow for some continuity on the Board, both with the new appointees, and with the ex-officio role of the immediate past Board Chair. Finally, the bill clarifies a seat at the Board for Worksource Montgomery by swapping the CEO of the organization for the member of the County's Workforce Development Board, who would often appoint the Worksource Montgomery CEO as their representative.

GOALS AND OBJECTIVES: Increase continuity of knowledge on the Board, and ensure the County's economic development arm can best function

COORDINATION: Montgomery County Economic Development Corporation, and Office of the County Executive

FISCAL IMPACT: Office of Management and Budget.

ECONOMIC IMPACT: Office of Legislative Oversight.

RACIAL EQUITY AND SOCIAL JUSTICE IMPACT: Office of Legislative Oversight

EVALUATION: To be done.

EXPERIENCE ELSEWHERE: Unknown

SOURCES OF INFORMATION: Montgomery County Economic Development Corporation

APPLICATION WITHIN MUNICIPALITIES: N/A

PENALTIES: N/A

Fiscal Impact Statement
Council Bill XX-22 & Montgomery County Economic Development Corporation
Board of Directors

1. Legislative Summary.

The attached Bill XX-22 serves to propose legislation that would expand and amend the Montgomery County Economic Development Corporation (MCEDC) Board of Directors by increasing the number of voting Board members from (11) to (13). The Bill also adds both the immediate past Chair of the Board, as well as the CEO of the County's Workforce Development Organization as non-voting ex-officio members of the Board of Directors. Lastly, the Bill removes a member of the County's Workforce Development Board as a non-voting member of the Board.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

There is no change in County revenues and expenditures related to Bill XX-22, Montgomery County Economic Development Corporation (MCEDC), as section 15A-3(d) indicates that a member of the MCEDC Board must not be compensated for service. However, members may be reimbursed for necessary travel expenses. These expenses are assumed to be reimbursed from MCEDC's operating budget funded by the County.

3. Revenue and expenditure estimates covering at least the next six fiscal years.

There is no impact to County expenditures or revenue over the next six fiscal years.

4. An actuarial analysis through the entire amortization period for each Bill that would affect retiree pension or group insurance costs.

Not Applicable

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

Not Applicable

6. Later actions that may affect future revenue and expenditures if the Bill authorizes future spending.

This Bill does not authorize future spending.

7. An estimate of the staff time needed to implement the Bill.

Not Applicable.

8. An explanation of how the addition of new staff responsibilities would affect other duties.

Not Applicable

9. An estimate of costs when an additional appropriation is needed.

There are no additional appropriations required to implement Bill XX-22.

10. A description of any variable that could affect revenue and cost estimates.

Any variable cost estimates should be supported by the existing MCEDC budget allotment. Revenue variability is not applicable to Bill XX-22.

11. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not Applicable

12. If a Bill is likely to have no fiscal impact, why is this the case.

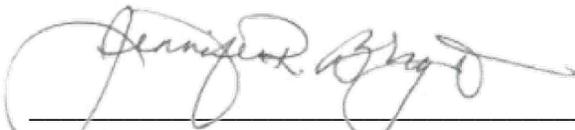
Bill XX-22 does not result in any additional expenses to be incurred by the County. Expenditures related to the travel reimbursement entitlement should be resolved through MCEDC's existing budget appropriation.

13. Other fiscal impacts or comments.

Not Applicable.

14. The following contributed to and concurred with this analysis:

- Jake Weissman, County Executive Office
- Montgomery County Economic Development Corporation
- Felicia Hyatt, Office of Management and Budget



Jennifer R. Bryant, Director
Office of Management and Budget

2-10-22

Date

Economic Impact Statement

Office of Legislative Oversight

Bill 5-22

Economic Development Corporation – Board of Directors – Membership

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 5-22 would have an insignificant impact on economic conditions in the County in terms of the Council’s priority indicators.

BACKGROUND

Bill Description

According to the County Executive’s transmittal memorandum, the Montgomery County Economic Development Corporation (MCEDC) “is facing a critical juncture as six Board members are term limited and soon to depart. MCEDC is justly concerned that the loss of institutional knowledge from the Board all at once could set the Corporation back in their crucial mission of spearheading economic development for the County.”¹ The goal of Bill 5-22 is to increase the continuity of knowledge on the Board of Directors of the Montgomery County Economic Development Corporation (hereinafter “the Board”) and improve its functioning.² The Bill would attempt to achieve these goals by expanding and altering the membership of Board in the following ways:

- (1) increasing the number of County Executive-appointed voting members of the Board from 11 to 13; and
- (2) requiring the immediate former Chair of the Board and the Chief Executive Officer of the County’s Workforce Development Organization be included as ex-officio, non-voting members of the Board.³

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess Bill 5-22’s impacts on County-based private organizations and residents in terms of the Council’s priority economic indicators.⁴ OLO concludes that expanding and altering the membership of the MCEDC Board would have no significant, direct impacts on local economic conditions. However, OLO notes that these changes could have indirect economic impacts, depending on

¹ Elrich to County Council, Memorandum, February 7, 2022.

² Legislative Request Report, Bill 5-22.

³ Bill 5-22; Wellons to County Council, Memorandum, March 9, 2022.

⁴ Montgomery County Code, Sec. 2-81B.

Economic Impact Statement

Office of Legislative Oversight

whether the new Board members' views on economic development and growth would be similar or dissimilar to the views of current members.

VARIABLES

Not applicable

IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Businesses, Non-Profits, Other Private Organizations

Not applicable

Residents

Not applicable

DISCUSSION ITEMS

Not applicable

WORKS CITED

Elrich, Marc to Gabe Albornoz. [Memorandum](#). February 7, 2022.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements](#).

Montgomery County Council. [Bill 5-22, Economic Development Corporation – Board of Directors – Membership](#). Introduced on March 15, 2022.

Wellons, Christine to County Council. [Memorandum](#). March 9, 2022.

CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative

Economic Impact Statement

Office of Legislative Oversight

process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 5-22: ECONOMIC DEVELOPMENT CORPORATION — BOARD OF DIRECTORS — MEMBERSHIP

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 5-22 will have little to no impact on racial equity and social justice in the County.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of racial equity and social justice (RESJ) impact statements is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.²

PURPOSE OF BILL 5-22

The purpose of Bill 5-22 is to expand the number of voting members of the Montgomery County Economic Development Corporation (MCEDC) from 11 to 13 members and add the past chair of the MCEDC and Chief Executive Officer of the County's Workforce Development Board as non-voting members.³ Bill 5-22 would also remove a member of the Workforce Development Board as a non-voting MCEDC Board member. These changes will enable the current chair to remain on the Board and add two new members to overlap with current members, thus supporting the continuity and transfer of institutional knowledge among Board members. Bill 5-22 was introduced to the Council on March 15, 2022.⁴

ANTICIPATED RESJ IMPACTS

OLO anticipates that expanding and modifying the membership of the MCEDC Board will have little to no impact on racial and social inequities in Montgomery County relative to economic development.

CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging, analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

CONTRIBUTIONS

OLO staffer Elaine Bonner-Tompkins, Senior Legislative Analyst, drafted this RESJ impact statement.

RESJ Impact Statement

Bill 5-22

¹ Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools <https://www.racialequitytools.org/glossary>

² Ibid

³ Montgomery County Council, Bill 5-22, Economic Development Corporation – Board of Directors – Membership, Introduced March 15, 2022

⁴ Christine Wellons memorandum to County Council, Bill 5-22, Economic Development Corporation – Board of Directors – Membership, March 9, 2022