



**Committee:** ECON  
**Committee Review:** Completed  
**Staff:** Marlene Michaelson, Executive Director  
**Purpose:** To make preliminary decisions – straw vote expected  
**Keywords:** Small Businesses

AGENDA ITEM #13  
 May 8, 2023  
**Worksession**

**SUBJECT**

FY24 Operating Budget: Small Business Support Services NDA

**POTENTIAL ATTENDEES**

Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive  
 Gene Smith, Business Center Team Manager, CEX  
 Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

**FY24 COUNTY EXECUTIVE RECOMMENDATION**

	<b>FY23* Approved</b>	<b>FY24 CE Recommended</b>	<b>Change from FY22 Approved</b>
<b>General Fund</b>	<b>\$1,675,000</b>	<b>\$1,725,000</b>	<b>3.0%</b>
Personnel Costs	\$0 0 FTEs	\$0 0 FTEs	
Operating Costs	\$1,675,000	\$1,725,000	3.0%
<b>Total Expenditures (All Funds)</b>	<b>\$1,675,000</b>	<b>\$1,725,000</b>	<b>3.0%</b>

\*Funding previously included in Incubator NDA

**COMMITTEE RECOMMENDATIONS**

- Support shifting money from the Incubator Non-departmental Account (NDA) used to support small businesses and creating a new Small Business Support Services NDA.
- Place the following FY24 addition on the reconciliation list as a high priority: \$190,000 for the Maryland Small Business Development Center (SBDC).
- Place the following FY24 addition on the reconciliation list as a priority: \$50,000 for the Procurement and Technical Assistance Center.
- The Committee will review additional information about the programs funded by this NDA and the metrics used to evaluate progress after budget.

**SUMMARY OF KEY ISSUES**

- Some organizations began receiving funding from the County in late FY22 and the Committee is interested in receiving more information about their programs, and metrics used to evaluate their performance and impact.

**This report contains:**

Staff Report

Pages 1-4

Executive recommended FY24 Small Business Support Services NDA budget © 1

Answers to Council staff questions © 2

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**MEMORANDUM**

April 25, 2023

TO: Economic Development (ECON) Committee

FROM: Marlene Michaelson, Executive Director

SUBJECT: **FY24 Operating Budget – Small Business Support Services Non-Departmental Account (NDA)**

PURPOSE: Make recommendations for Council consideration

**Expected Participants:**

Jake Weissmann, Assistant Chief Administrative Officer, Office of the County Executive  
Gene Smith, Business Center Team Manager, CEX  
Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget (OMB)

**Summary of FY24 Recommended Budget – Small Business NDA**

	<b>FY23* Approved</b>	<b>FY24 CE Recommended</b>	<b>Change from FY22 Approved</b>
<b>General Fund</b>	<b>\$1,675,000</b>	<b>\$1,725,000</b>	<b>3.0%</b>
Personnel Costs	\$0 0 FTEs	\$0 0 FTEs	
Operating Costs	\$1,675,000	\$1,725,000	3.0%
<b>Total Expenditures (All Funds)</b>	<b>\$1,675,000</b>	<b>\$1,725,000</b>	<b>3.0%</b>

\*Funding previously included in Incubator NDA

**I. Budget Overview**

This new non-departmental account (NDA) was created by shifting funding from the Incubator Programs NDA to delineate better the small business support services that are not specifically performed by County’s Business Innovation Network. It provides funding to support and augment the County Business Center Team’s efforts through the County resource partners that provide specialized assistance and programs for small businesses and entrepreneurs. This NDA also supports the County’s Minority, Female and Disabled-Owned initiative that provides targeted programs and supports for those businesses. In addition to the \$1,675,000 shift in funding, the budget recommends a \$50,000 increase to fund Procurement and Technical Assistance Center Services.

<b>SMALL BUSINESS SUPPORT SERVICES NDA</b>		
<b>Organization/Services</b>	<b>FY23 App</b>	<b>FY24 Rec.</b>
Black Collective/Black Chamber of Commerce/Black Business Council	\$ 877,000	\$ 877,000
Latino Economic Development Center	\$ 343,000	\$ 343,000
MD Small Business Development Center (SBDC)	\$ 30,000	\$ 220,000
Nonprofit Village	\$ 235,000	\$ 235,000
BHI	\$ 200,000	\$ -
Funding for Procurement and Technical Assistance Center Services	\$ -	\$ 50,000
<b>Total</b>	<b>\$ 1,685,000</b>	<b>\$1,725,000</b>

## **II. Programs Review**

The Small Business Support Services NDA provides a vehicle for funding ongoing contracts with third parties to provide these services.

### **A. Black Collective/ Black Chamber of Commerce/ Black Business Council**

The Black Collective, Black Chamber of Commerce and Black Business Council all support black owned businesses in Montgomery County. All three organizations are involved in the delivery of these programs and services, but the Executive contracted with the Black Chamber of Commerce to keep reporting and tracking efficient for all parties.

Their FY23 and proposed FY24 efforts include a Leadership Academy Program, business engagement to promote business opportunities and networking, outreach, and technical assistance. In FY23, they are undertaking a small business lending feasibility study. Proposed FY24 funding is the same as FY23 at \$877,000.

Additional information about the Black Chamber can be found at its website - <https://www.marylandbcc.org/about/>; the Black Collective at <https://www.mocoblackcollective.org/>; and the Black Business Council at <https://www.theblackbusinesscouncil.org/>.

### **B. Latino Economic Development Center**

The Latino Economic Development Center (LEDC) “empowers local entrepreneurs with the tools to realize the full business potential of their ideas...by equipping them with the practical business advice and accessible capital needed in launching a startup Venture or expanding an already successful business operation.” Work supported by this funding in FY23 and FY24 includes workshops to teach basics for startups, one on one legal consultations (mostly for lease assistance), microloans and funding assistance and technical assistance. Proposed FY24 funding is the same as FY23 at \$343,000.

### C. BHI

The County has had a contract with BioHealth Innovation, Inc. (BHI) for many years to provide one on one support and commercialization assistance for biotech businesses. Prior contracts 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. In FY23 the Council appropriated \$200,000 for BHI's assistance. The contract was only recently executed, and the Executive believes that the FY23 funding will be sufficient to address BHI's services through FY24.

### D. MD Small Business Development Center

The Maryland Small Business Development Center (SBDC) provides training and individualized advice and support for those starting or growing a business. In FY22 a special appropriation provided additional funding (\$175,000) for SBDC to enable them to expand their services for minority, female and disabled-owned (MFD) businesses. In FY23 they were funded at \$30,000. In FY24 the Executive proposed to increase funding from \$30,000 to \$220,000 to continue the services funded by the special appropriation. Funding previously provided to BHI was used to support this expansion. Since there is an increase over the amount funded in the FY23 budget, it should be considered for funding as part of the reconciliation list.

### E. Nonprofit Village

The Nonprofit Village strengthens the reach and effectiveness of nonprofit organizations by providing affordable office space, opportunities for collaboration, capacity-building, and a variety of office services. The recommended FY24 appropriation for this program is \$235,000, unchanged from FY23. In FY24, they will continue to subsidize space costs, and provide workshops and technical assistance for non-profit organizations.

### F. Procurement and Technical Assistance Center

The Procurement and Technical Assistance Center provides training and technical assistance for businesses to help them compete for procurement contracts at all levels of government. This Center was not funded in FY23 but was funded in a special appropriation in 2022 to provide additional support for MFD businesses. Since this was not funded in the FY23 budget, it should be considered for funding as part of the reconciliation list.

## **III. Issues for Discussion**

### A. Measuring Success

The Council has been eager to support the creation and growth of MFD owned businesses and has added new funding to organizations who can assist in this effort. As a post budget item for discussion, staff recommends that the Committee discuss the goals of each organization and the use of metrics to determine how additional County funding is helping them achieve those goals.

**B. Reconciliation List**

Funding for the MD SBDC was increased in FY24 over the adopted FY23 budget by \$190,000 from \$30,000 to \$220,000. The FY22 Special appropriation provided \$175,000 and therefore staff recommend that \$175,000 be designated as a high priority to continue the prior funding with the remaining \$15,000 increase as a priority. Funding for the Procurement and Technical Assistance Center was also not included in the FY23 approved budget and should be added to the reconciliation list as a priority.

**C. Racial Equity and Social Justice**

The Office of Racial Equity and Social Justice did not provide an evaluation or ratings for NDAs as part of its review of the FY24 budget. However, staff notes that a significant portion of the funding in this NDA is focused on assisting Black and Latino businesses and other businesses with minority, female, and disabled owners.

<u>This packet contains:</u>	<u>Circle #</u>
Executive recommended FY24 Small Business Support Services NDA budget	1
Answers to Council staff questions	2

## **Small Business Support Services**

This NDA provides funding to support and augment the County Business Center's efforts through the County's resource partners that provide specialized assistance and programs for small businesses and entrepreneurs. Support includes technical assistance and coaching for business owners interested in starting and growing their business in the County. This NDA also supports the County's Minority, Female, and Disabled-Owned initiative that provides targeted programs and support for those businesses. For FY24, this funding was shifted from the Incubator Programs NDA to delineate better the small business support services that are not specifically performed by the County's Business Innovation Network.

<b>FY24 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY23 Approved</b>	<b>0</b>	<b>0.00</b>
Shift: Shift from Incubator Programs NDA to Small Business Support Services	1,675,000	0.00
Add: Funding for Procurement and Technical Assistance Center Services	50,000	0.00
<b>FY24 Recommended</b>	<b>1,725,000</b>	<b>0.00</b>

**Office of the County Executive FY24 Recommended Operating Budget Responses to  
County Council Inquiries May 4, 2023 9:30 AM – 12:30 PM**

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*CEX*

**Question 1: New Special Projects Manager position: is this the position the exec is requesting be created through Expedited Bill 4-23 (executive regulation 24-22)**

Yes, the New Special Projects Manager position was created through Expedited Bill 4-23 (Executive Regulation 24-22). The Special Projects Manager is a senior-level position responsible for planning, developing, coordinating, and implementing projects within the Office of the Chief Administrative Officer. The County Executive has stated that one major initiative for this new position would be to help bridge the digital divide by coordinating efforts to extend the physical infrastructure needed for better access to high-speed broadband.

**Question 2: Shift: White Oak Planning Coordinator salary – why is that being shifted from capital fund to the operating budget?**

Due to a preexisting agreement with the Office of the County Executive (CEX) and the Department of General Services (DGS), 50% of the White Oak Coordinator's salary has traditionally been paid through CEX and through the White Oak CIP project. There were no funds allocated to continue funding the position 50% via the White Oak CIP project after FY22. For FY23 and beyond, CEX will fund 100% of the White Oak Coordinator's salary. The current salary that will move over to the CEX budget is \$91,382.

**Question 3: Provide further detail on the need for enhanced marketing for the White Oak Science Gateway and role of MCEDC in marketing the Gateway.**

CEX has indicated that East County has historically been an underdeveloped location in Montgomery County. The region (specifically the White Oak Science Gateway –WOSG-area) has been identified for major development initiatives after 20+ years of development moratorium. Encouraging economic prosperity and equity in the eastern region of the County is a key component of this administration. According to a 2017 ULI report, success of WOSG, and by extension, of the entire eastern region, will require extensive marketing, branding, and community engagement efforts to attract businesses, residents and visitors to the regional area. CEX has also indicated that additional efforts are needed to further increase economic development, the quality of jobs and household incomes, reduce travel times to work, and offer better goods and services to the residents of East County, which would help work towards the County's equity and social justice goals and allow marketing to capture potential opportunities and enhance efforts toward addressing equity, inclusion, and diversity issues in the area. Most importantly, it would be necessary to reframe marketing efforts in ways that create a recognizable and positive brand for the area and highlight the WOSG/area outwardly as a



function of price, product, promotion and place. MCECD doesn't market specific regional areas. The County Executive, East County Citizens Advisory Board, civic leaders, groups and stakeholders felt this area needs additional marketing, branding, increased community engagement and capacity building.

**Question 4: Explain how the department's budget allocations (including requests, reallocations, and reductions) advances racial equity in the County, reduces, or eliminate disparities, and improves administrator outcomes for communities of color and low-income communities.**

One of the County Executive's top priorities is to ensure racial equity and social justice is a core principal in all County decision making. Therefore, in his first year as the County Executive, he created the Office of Racial Equity and Social Justice (RESJ). This Office has been charged to ensure race is not a predictor of outcomes for County residents, to assist departments to examine their own policies, procedures, and practices to determine if they are creating or exacerbating current racial disparities in the County and to assist departments in developing more equitable practices and policies. The Office of the County Executive (CEX) does not work directly with different population groups, but instead oversees implementation of these programs within the principal and non-principal County departments and proactively meets with departmental senior staff to ensure these important metrics are being tracked. The Executive's FY24 Operating Budget includes many investments across departments that further racial equity and social justice, for more detailed information on these investments please review the Racial Equity and Social Justice Chapter within the FY24 Recommended Operating Budget. The Office of Racial Equity and Social Justice developed the Operating Budget Equity Tool (BET), training, and guidance manual based on engagement with peer jurisdictions and research about leading practices in the development of racial equity tools. The tool has been incorporated into The Office of Management and Budget's oversight of the budget process and the tools utilization will continue to evolve through subsequent budget cycles. The goal of the BET is to bring attention to racial inequities before budget decisions are made and allocate resources in ways that contribute to reducing and ultimately eliminating racial inequities in the County. Additionally, the Office of Racial Equity and Social Justice worked with Assistant Chief Administrative Officers on strategic planning and major initiatives (during FY22) such as Reimagining Public Safety (e.g. ensuring equitable representation on the Police Accountability Board) and economic and community development/revitalization (e.g. spreading awareness and developing strategies to build a more "just economy"). As far as some examples related to specific efforts by the Office of the County Executive, would be noncompetitive contracts such as the Hispanic Chamber of Commerce, the Latino Economic Development Corporation, the Black Chamber of Commerce of Maryland (including a \$750K FY23 investment), the Black Business Council (including a \$127K FY23 investment), and the Foundation for Asian Pacific American Chamber of Commerce of Montgomery County, Inc. The Office of the County Executive staff works closely with these vendors to ensure they are aware of the County Executive's priorities surrounding this critical issue and to ensure they monitor their own policies, procedures, and practices accordingly.

Further, when COVID hit our Business Advancement Team (BAT) worked tirelessly to provide tens of millions of dollars in business grants to our hardest hit industries. As the County emerged

from COVID, the County saw an opportunity to expand the team and shift its focus from pandemic assistance to proactive and responsive customer service for our businesses. Montgomery County is one of the most diverse communities in the entire nation, with businesses that reflect this diversity. The County is full of assets for businesses, but the County recognizes that it must compete in a regional and global community. During FY23, the BAT was rebranded to the Business Center Team, whose focus is to assist businesses looking to start, expand, or relocate in the County. Goals for the Business Center include conducting proactive outreach to the County's business community, reducing inefficiencies in County processes to make it easier to own and run a business, and connecting local businesses to the numerous resources available through the County. The Business Center is home to the County's Small Business Navigator position, business liaisons, business incubator system, business grant programs, and access to resource partners. The Business Center will give the County the edge to better support its local businesses, work with its partners in and out of government to attract new businesses, and help the County's business community succeed, create jobs, and grow the economy.

Moreover, CEX has indicated that East County has historically been an underdeveloped location in Montgomery County. CEX has indicated that additional efforts are needed to increase economic development, increase the quality of jobs, reduce travel times to work, increase household incomes, and offer better goods and services to the residents of East County, which would help work towards the County's equity and social justice goals. By allowing marketing to capture potential opportunities, efforts would be made toward addressing equity, inclusion, and diversity issues in the area.

Newly created in FY23, the Police Accountability Board and Administrative Charging Committee is tasked with receiving complaints from the public and forwarding them to law enforcement agencies, reviewing policing policies, providing policy advice, reporting on disciplinary matters stemming from public complaints about police misconduct and proposing new procedures for police accountability and discipline which in turn will help advance racial equity in the County, reduce, or eliminate disparities, and improve administrator outcomes for communities of color and low-income communities.

On the other hand, the Office of the County Executive's Internal Audit product conducts assessments and reviews to ensure that County programs and operations are conducted in compliance with best practices and County policies, and to ensure that appropriate controls and processes are in place to mitigate opportunities for fraud, abuse, and waste. These reviews help ensure that any disparities in administration of programs and operations are identified and corrected, to maximize cost effectiveness and efficiencies of programs and to ensure County resources are able to be used to serve County residents; thereby improving administrator outcomes for all County residents including communities of color and low-income communities served by County programs.

When it comes to innovation, the Innovation team is committed to improving Montgomery County Government services for all while closing gaps that might be predicted by one's race. While we are allies in the normalize and organize spaces, including helping to facilitate the Racial Equity Book Club, our focus is on the operationalize aspect of our shared racial equity

work. This manifests itself in both the tools used in civic design projects – such as slowing down the jump to solutions and supporting teams in more deeply unpacking the challenges from the perspective of those closest to the challenge and disaggregating data – as well as in the tools we provide to others – such as training cohorts of employees to map a process, identify the steps where someone's race might impact the outcome, and then improve that process while measuring results.

In this past year, the team has developed a new County policy for re-imbursing community members for their time and expertise when they engage with County government. This helps make sure we are respecting and valuing the time of all community members and compensating them for time they provide sharing their lived experience with County employees. Additionally, the team organized the Office of Racial Equity and Social Justice (ORESJ) Subtle Acts of Exclusion chapter club bringing together people from across departments to engage in exploration of and changing our behavior to create more inclusive teams. This concluded in a walking tour of African American history in Rockville. Additional projects include the design and facilitation of the ORESJ Strategic Planning Retreat, establishing a CORE Team for CEX and ensuring staff take the racial equity and social justice courses and trainings being offered by ORESJ.

In relation to the County's Vision Zero Program *La Abuelina*, serious and fatal traffic crashes in Montgomery County are not proportionally distributed across all ethnic and racial groups. Based on hospital and medical examiner records, there were clear disparities between ethnic and racial groups in Montgomery County. Hispanic Montgomery County residents had an emergency room admission rate for motor vehicle crashes 121% higher than Asian/Pacific Islander residents and 85% higher than White, Non-Hispanic residents. (See the Vision Zero 2030 Action Plan for further details on disparities).

The Vision Zero 2030 Action Plan recommended focused engagement with traditionally underserved neighborhoods and improving outreach to limited English-speaking residents. The County Executive recommended using the successful *La Abuelina* characters used to boost COVID-19 vaccination rates amongst Latinos in Montgomery County as a way to build protective roadway behaviors for Latino residents in the County. The public safety announcements would cover identified dangerous driving behavior including speeding, pedestrian safety (drivers not yielding to pedestrians), occupant protection (seat belts and child seats), and impaired driving.

**Office of the County Executive FY24 Recommended Operating Budget Responses to  
County Council Inquiries April 28, 2023 1:30 PM – 4:30 PM**

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*Incubators NDA*

**Question 1: How are county resources currently supporting start-ups and product commercialization across the county - within the incubator network, at MCEDC, by funding agreements with LEDC, Tech Council, Food Council, Office of Ag, Bethesda Green and BHI, etc.**

The County's incubators are focused on providing early-stage entrepreneurs support through lab/office space, shared services, and programs. This support is primarily focused on life science businesses at the Germantown Incubator, IT/international businesses at the Rockville Incubator, and minority, female, and disabled-owned businesses at the Silver Spring Incubator. County resource partners and economic development partners work in collaboration with the County's Business Center to provide programming to incubator tenants, as well as businesses generally throughout the County.

**Question 2: How does/will the incubator system work with the new and existing entrepreneurship initiatives at MCEDC?**

The incubators are a central distribution point for MCEDC's initiatives, either through programming or business support. MCEDC also promotes the County's incubators to prospective tenants and the successes of its graduates. MCEDC also works closely with tenants in the Germantown Incubator, which focuses on biotechnology businesses and is a strategic industry for the County.

**Question 3: In addition to physical space, what types of programming is or will be offered at each of the incubator sites and how does this fit into the entrepreneurial goals outlined in the CES?**

The current programming includes two types of curricula – business basics and industry specific. The business basics are offered by the County's resource partners, such as Latino Economic Development Center, MD Small Business Development Center, and the Black Collective/Black

Chamber of Commerce throughout the ecosystem (i.e., within and outside of the incubators). This programming focuses on topics/questions that are germane to most businesses in the County (e.g., types of financing, refinement of a business plan/model, general legal support, etc.). Industry specific curriculum is conducted through the County’s partners, such as MCEDC, MD Tech Council, and others that provide highly specialized and/or topical programs for incubator tenants. An example of a recently completed event was the intersection of quantum computing for life sciences that was coordinated in partnership between the MCEDC and the County’s

Business Center. All training – whether basic or industry-specific, is free and available to any business in the County.

**Question 4: How will the programming supplement and not duplicate similar offerings throughout the region?**

The County’s Business Center staff provide operational support to incubator tenants, including marketing the facilities to prospective tenants, assisting tenants with facility-related requests, connecting tenants to other resources in the County and State, and coordinating curriculum to support growth and acceleration. These staff also partner with the County’s resource partners and other economic development partners to ensure that tenants, as well as all County businesses, can access programs and resources.

Facility or Program	FY23 Approved	FY24 Rec.
<b>Incubators</b>		
Germantown	\$1,014,833	\$1,014,833
National Cybersecurity of Excellence	\$25,000	\$25,000
Rockville	\$485,174	\$485,174
Silver Spring	\$546,174	\$546,174
<b>Programs</b>		
LEDC	\$343,000	\$343,000*
BHI	\$200,000	\$0*, **
Nonprofit Incubator	\$235,000	\$235,000*
<i>Staff</i>		
1.0 FTE for oversight support	\$130,262	From OMB
1.0 FTE for incubator management	\$164,578	From OMB
3.0 FTEs for incubator support, business development, marketing, programming, etc.	\$247,950	From OMB
<b>Total</b>	<b>\$3,361,971</b>	

\*Note: this funding was moved to the Small Business Support Services NDA.

\*\*For BHI, the FY23 contract was executed in March 2023, and this funding is sufficient for FY24. The Council increased total programmatic support for MD Small Business Development

Center through various Council resolutions (#19-1233, #19-1254, and #19-1265) to increase services to minority, female, and disabled-owned businesses. Instead of increasing the funding in the NDA for FY24 to maintain the same level of service as FY23, it is recommended that the \$200,000 that was for BHI be utilized by MD SBDC in FY24 to avoid reducing these services to MFD businesses.

**Question 5: As part of the FY23 budget, the Executive recommended (and the Council supported) adding 3 FTEs for support at each of the 3 incubators. Please describe the impact of these additional staff and any measurable improvements as a result.**

These positions are still waiting to be filled. Given that they were first approved by the Council in FY23, the positions descriptions had to be created, reviewed, and finalized. These are positions specifically tailored for the Business Center and incubators; therefore, the process took longer than expected. The positions were posted in February 2023, and the Business Center is working diligently to vet candidates and are undergoing final interviews this month.

For each of the three incubators (GIC, RIC, and SSIC), can you provide the following information?

See attached PowerPoint from the MCEDC Board presentation in January 2023 for most of



Inc Overview for  
MCEDC Board.pptx

these questions.

**Question 6:**

- How many tenants as of Feb. 28, 2023?
- Did any tenants graduate (or plan to graduate) in FY23?
- Are there any other notable business accomplishments for incubator tenants in FY23?
- What is the current vacancy of the incubator?
- What is the estimated revenue through rents and other tenant fees in FY24?

FY24 annual revenue is estimated to be:

\$528,204 for Germantown

\$301,320 for Rockville

\$128,064 for Silver Spring

**Question 7: For each of the programs (i.e., contracts) listed in the table above, can you provide the following?**

- Can you provide a summary of the deliverables that were expected in FY23 (i.e., what did the County include in the contract)?
- Can you provide a summary of the outcomes/performance of the vendors on those expected deliverables in FY23?
- What deliverables are anticipated with the recommended funding in FY24?

Responses to these questions are included in the Small Business Support Services NDA.

**Question 8: Are there any other metrics that are used to measure the success of the incubators or their programs?**

The County’s Business Center also tracks funds raised by incubator tenants and jobs supported.

**Office of the County Executive FY24 Recommended Operating Budget Responses to County Council Inquiries April 28, 2023 1:30 PM – 4:30 PM**

***Business Center***

**Question 1: In previous questions you have been asked to**

- a. address the split of responsibilities between the Business Center Team and MCEDC;

See overview responses provided on April 12.

- b. provide any draft or final work plan or strategy document that describes the goals of the Business Center Team.

See overview responses provided on April 12.

**Question 2: Where has the Team had its greatest successes since its creation in 2020?**

As shared in the [2022 Annual Report](#) for the Business Center, the team was previously focused on COVID-19 business grant programs from 2020 through mid-2022. The greatest successes in 2022 were:

- Redesign of the County’s website based on direct feedback from business owners in the County. The new website answers the most pressing questions from business owners.
- Increased outreach. Through the transfer of the additional business liaisons to the team, the Business Center is now able to conduct more outreach and connect proactively with businesses in the community. The Executive has heard the Council’s request about

more and better outreach to our local businesses. Though this additional outreach, the Business Center has been able to identify issues impacting our business more quickly and sharing them with the appropriate Government group to resolve them.

- Provided more than \$5 million in County grants and loans to 870 businesses and assisted more than 5,000 businesses through County resource partners.

**Question 3: What metrics are used to measure success and what analyses of these measures have been completed?**

The team is tracking the metrics that are identified in its annual report.

**Question 4: What are the gaps/challenges that still need to be addressed?**

The team highlights three challenges it is tackling in 2023.

Outreach - the Business Center is not currently staffed to address the proactive engagement and customer service-oriented approach that the Executive and Council desires. Most of the current staff are focused on specific tasks that must continue to operate, such as grant management, contract management, incubators. The shift of two business liaisons in FY23 was a good start, but with 33,000+ business establishments in the County, the additional business liaisons are necessary to ensure the County's efforts are successful in assisting and connecting businesses to the resources available.

Programming – the County continues to fund programming through its resource partners. During COVID-19, most of these partners, as well as the County, switched to specific grant management/assistance. The Business Center is focused on reviewing the current programs offered, identifying any gaps that exist, and repositioning the County's funding through existing and/or new resource partners to increase the County's impact and assistance to local businesses.

Funding – A common request by businesses is access to capital. The County provides numerous funding mechanisms, such as the microloan program, to help businesses access capital. Additional work is needed to review and determine if refinement or additional programs are needed to support the retail, restaurant, and service-oriented businesses. The Business Center is working closely with our partners and with businesses to determine what recommendations should be made to address future grant/loan programs to support these businesses. In addition to the direct funding through the County, the Business Center helps to promote resources available through our partners, such as the ACE Program through MCEDC.

**Question 5: What will you differentiate the services provide to small businesses and entrepreneurs by the Business Center Team from the work at other organizations that**



**supports small businesses such as LEDC, SBDC, Women’s Business Center, MoCo Food Council, etc.?**

All these organizations are great partners to the County’s Business Center. The Business Center manages all these contracts, except for the Food Council, to ensure that the County’s businesses are accessing these services and opportunities. In addition, the Business Center is focused on increasing efficiencies in the County Government processes (e.g., for procurement, permitting, and licensing). These services are not offered by any of the County’s resource partners.

**Question 6: How many staff currently work in the Business Center Team and what are their responsibilities? Are there any vacancies?**

12.0 FTEs

1.0 Manager

1.0 Small Business Navigator

3.0 Business Liaisons

5.0 Program Managers for the County Incubators (3 vacancies – see responses in Incubator questions)

1.0 Program Manager for grant programs

1.0 Admin specialist and contract manager

**Question 7: Two additional positions were provided in FY23 for Business Liaison positions. Describe how the addition of these two new staff increased the output of the Team.**

As clarified in the overview response, these positions were not added to the budget in FY23. The Executive recommended shifting them from the Community Engagement Cluster because their duties closely aligned with his vision for the Business Center. 1 position was hired in November 2023 and has increased the team’s ability to respond to more businesses requesting assistance and increase outreach to the business community many folds. 1 position has an offer to a highly qualified candidate. As noted, the number of business establishments in the County are numerous and each additional staff provides broader and deeper outreach and assistance opportunities to local businesses.

**Question 8: Why are another two new business liaison positions needed again for FY24?**

There are 33,000+ business establishments in the County. The Executive's and Council's shared goal to grow the economy and provide excellent customer service cannot be met without more "feet on the street". These two positions are necessary to continue proactive outreach to all parts of the County and providing necessary assistance as more business contact the Business Center.

**Question 9: Provide further detail on the need for:**

- c. Enhanced marketing for the White Oak Science Gateway and role of MCEDC in marketing the Gateway.

This is answered above in CEX questions.

- d. The proposed Business Center Customer Relationship Management System Software and how it might connect with any system operated by MDEDC.

MCEDC has a customer management system designed for its own purposes and tracking items for certain strategic industries. MCEDC's system is not aligned with the County's interest for tracking retail, restaurant, and service-oriented businesses and is a more costly option compared to other alternatives on the market. MCEDC has discussed its software at Board meetings, including how they manage the data moving forward, and how they handle the mountains of unmanaged data within their system.

For the County, it currently lacks any central, coordinate system to track business interactions. As the Business Center continues to interact with businesses throughout the County, it is important to better track metrics and results, as well as accumulate data of business issues, types of businesses assisted, and use best practices to make certain issues do not get dropped. As the Business Center has evolved, staff has noticed that no CRM is being utilized, making coordination, reporting, and accountability difficult. In addition, the CRM will allow the County to track demographic data of the business owners – there is no reliable dataset for this in the County – to help target programs and services that are representative of the County's diverse communities.

**Question 10: Since small business owners and small start-ups positioning themselves for rapid growth often have different needs, how do the County's proposed FY24 resources (including for the Business Center Team, the Small Business NDA and the Incubator NDA.) recognize and address those needs?**

While all of these are different budget items, it is important to understand that these are all part of the same team's efforts – the Business Center. Through the Business Center, all these resources are managed and coordinated to help businesses start and grow in the County.

**Office of the County Executive FY24 Recommended Operating Budget Responses to  
County Council Inquiries April 28, 2023 1:30 PM – 4:30 PM**

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***Small Business Support Services NDA***

**Question 1: You were previously asked to provide any workplan or strategy document associated with the Small Business Support Services NDA. Please provide that and any other documentation.**

See responses from April 12.

**Question 2: Please list each organization/program supported in FY23 (when it was a part of the Incubator NDA) and the amount of funding for each. Please provide the types of services that they provided, as well as the metrics associated with their services.**

**Black Collective/Black Chamber of Commerce/Black Business Council**

FY23 App.	\$877,000
FY24 Rec.	\$877,000

Expected work for FY23/FY24

1. Small Business Lending Feasibility Study (FY23 only)
2. Leadership Academy Program, i.e., mentorship and coaching (Ongoing)
3. Business engagement, i.e., promotion of business opportunities and networking in the County (Ongoing)
4. Outreach, i.e., growing the base (Ongoing)
5. Technical assistance (Ongoing)

**Latino Economic Development Center**

FY23 App.                \$343,000

FY24 Rec.                \$343,000

Expected work for FY23/FY24

1. Workshops, i.e., basics for startup, legal, exits strategies (Ongoing)
2. One on one legal consultations, mostly for lease assistance (Ongoing)
3. Technical assistance (Ongoing)
4. Microloans and funding assistance (Ongoing)

**MD Small Business Development Center (SBDC)**

FY23 App.                \$30,000

FY24 Rec.                \$220,000

FY24 increase is recommended to continue expansion of services for minority, female, and disabled-owned (MFD) businesses. The additional funding was approved in various Council resolutions (#19-1233, #19-1254, and #19-1265). The source of this increase is the funding previously approved for BioHealth Innovation (BHI). The FY23 contract with BHI was executed recently and the FY23 funding is sufficient to address BHI's services through FY24. Without this increase, MD SBDC would need to reduce services and support to these businesses.

Expected work for FY23/FY24

1. Technical assistance (Ongoing)
2. Financing assistance, including loans (Ongoing)
3. One on one counseling (Ongoing)
4. Business engagement, i.e., promotion of business opportunities and networking in the County (Ongoing)
5. MFD support services at the Silver Spring Innovation Center (ongoing)

**Nonprofit Village**

FY23 App.                \$235,000

FY24 Rec.                \$235,000

The Council recommended a \$50,000 increase to the Executive’s recommended \$185,000 appropriation in FY23.

Expected work for FY23/FY24

1. Provide space for non-profit startups, i.e., subsidize space costs (Ongoing)
2. Workshops, specifically designed for non-profit startups (Ongoing)
3. Technical assistance, specifically designed for non-profits (Ongoing)

**BHI**

FY23 App.	\$200,000
FY24 Rec.	\$0

As shared in the MD SBDC section, BHI’s FY23 contract was recently executed, after progress was made on the FY22 contract. This funding will be implemented in the remainder of FY23 and FY24. It is recommended that this funding support additional assistance to MFD businesses in FY24.

Expected work for FY23/FY24

1. Provide commercialization assistance for biotech businesses (Ongoing)
2. Provide specialized one on one support for biotech businesses (Ongoing)

**Question 3: Will the same organizations/programs be funded in FY24? How were they chosen, and do they align with the Comprehensive Economic Development Strategy?**

All these organizations are funded through the non-competitive contracts in Section G of the Council’s Budget resolution, and most of them have been funded for many years. The only exception to that was the funding for the Black Collective/Black Chamber/Black Business Council which was first funded in FY23. The Executive recommended and the Council approved this funding because there is a strong need to provide programs and services in a manner that is consistent with the County’s goal for racial equity and social justice. These contracts meet the recommendations identified in Priority D of the CES.

**Question 4: Provide additional detail regarding the request to add funding for procurement and technical assistance center services.**

This recommendation is a continuation of the MFD services provided by the County in FY23. Through [PTAC](#), MFD businesses will have additional training and assistance to compete for procurement contracts at all levels of the government.

**Question 5: What metrics have been established to measure success for this NDA and what analyses were prepared of the Small Business component when part of the Incubator NDA?**

The County's Business Center manages and tracks the performance of each of these contracts, which includes a specific scope of services and reporting metrics to provide reimbursement for those services. See above for a summary of services each partner is providing.

**Question 6: Why was a decision made to have this funding in a County NDA rather than having it incorporated into the MCEDC FY24 budget as part of their business development/entrepreneurship/strategic initiatives work? (*This last question may be addressed at the Committee meeting on 4/21.*)**

The County has provided this funding long before MCEDC was created because the County is the arbiter of these funds. These funds support small, minority, female, and disabled-owned businesses, a priority for the County. MCEDC is governed by an independent board and receives a lump sum from the County. It is not advised to treat MCEDC as a pass-through entity for programs and services that are a priority to the County, and MCEDC has concurred with this approach throughout its operations. The County's Business Center is best positioned to manage and track the performance of these organizations, while also identifying gaps for businesses to augment in future contracts.

In addition, as mentioned on the April 12 response the focus for MCEDC is on strategic industries and other high-profile opportunities, while the Business Center is focused on other businesses. These contracts support businesses that are primarily not aligned with the strategic focus of MCEDC.