Montgomery County Economic Development

2016 Highlights

2016 is the Year of Economic Development designated by the International Economic Development Council. This is a particularly fitting designation for Montgomery County, Maryland, which has seen a highly successful year with Marriott International’s commitment to staying and expanding in Bethesda and two bookend ribbon-cuttings in the National Cybersecurity Center of Excellence in February and the triumphant return of GlaxoSmithKline’s Global Vaccine Center to Rockville in December. In addition, the Clarksburg Premium Outlet’s opening filled a major void in destination shopping in the million-people community; the Washington Adventist Hospital’s groundbreaking started the journey of turning the White Oak Science Gateway anchored by the Food and Drug Administration into a global biomedical innovation destination, and the first of three direct fiber connections under the Potomac River with Ashburn, VA, links Montgomery to the world’s largest hub for data centers to facilitate economic growth. With the hiring of the new Economic Development Corporation’s first CEO and the adoption of a Comprehensive Economic Strategy, Montgomery County is positioning itself for continued economic success as a regional powerhouse and global magnet for talent and businesses.

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Office of the County Executive
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**Continued economic recovery:**

- Unemployment rate dropped from 4% in Oct. 2015 to 3.4% in Oct. 2016, with a modest increase in resident employment estimated for 2016 (↑0.8%).
- Wage and salary income in 2016 is estimated to increase by 4.6%, following an increase of 4.9% in 2015. Payroll employment is expected to increase 0.7% in 2016 that follows a 1.4% increase in 2015.
- Sales of existing homes are expected to increase 6.4% in 2016 after increasing 11% in 2015.

**Expansion of major employers and industry leaders:**

- **Marriott International** successfully acquired Starwood, making it the largest hotel chain in the world. In October Marriott announced its decision to relocate its headquarters to downtown Bethesda, investing $600 million in Montgomery County for a new HQ building and a new Marriott brand hotel.
- **Wedding Wire** is expanding its headquarters in Chevy Chase, adding 200 new jobs to its existing workforce of 350 employees. The expansion came after the industry leader for vertical marketplace in events and weddings acquired its counterpart, Wedding Planner S.L., expanding its global reach across 12 countries in Europe and Latin America.
- **InfoZen**, an advanced IT services and solutions provider for the federal government, is expanding its corporate headquarters in Montgomery County and creating 100 new jobs by the end of 2017. The company is currently renovating its office space on Rockledge Drive and adding another 25,000 square feet to accommodate its growing workforce. InfoZen plans to spend at least $2 million on improvements, including furniture, fixtures, and computer equipment.
• **Abt Associates**, a Bethesda-based company with the mission of advancing social changes and community well-being, plans to relocate and expand to 6130 Executive Blvd. in Rockville (North Bethesda), adding dozens of new jobs to its nearly 500 current employees in the next three years.

Civilian cybersecurity industry taking roots in Montgomery County:

• **The National Cybersecurity Center of Excellence** (NCCoE) had its grand opening on Feb. 8. NCCoE is a 3-way partnership between the Federal (NIST), local (State and County), and private sector with the mission of solving businesses’ pressing cybersecurity challenges using commercially available technologies that can be easily adapted. NCCoE presents a leveraging opportunity for Montgomery County’s nascent but growing cybersecurity industry.

• MITRE, a nonprofit that operates a range of federally-funded research and development centers (FFRDCs) including NCCoE, has entered into a partnership with BioHealth Innovation, Inc. to manage the Rockville-based new **cybersecurity and IT incubator**, which co-locates with the Relevant Health accelerator. The intersection of cybersecurity and health IT is an important niche for Montgomery County given the prevalence of health R&D and healthcare delivery institutions and jobs.

Biotech industry continues to grow, causing lab space shortage along the I-270 corridor and making Montgomery the global vaccine capital, or the Vaccine Alley (MoCo was called the DNA Alley for leading the Human Genome Project):

• **GlaxoSmithKline** (GSK) had its grand opening on Dec. 13 of its GSK Global Vaccines US R&D Center in the former Human Genome Sciences (HGS) building on Shady Grove Rd. GSK acquired HGS in 2012 and initially pulled much of the workforce out of Rockville. Last year the company started consolidating its US vaccine R&D centers and moving its workforce back to Rockville, adding hundreds of new jobs to make Rockville one of the company’s three global R&D centers besides those in Belgium and Italy. At its ribbon-cutting, GSK’s CEO Andrew Witty, who flew in from U.K., said to the company’s diverse lineup of staff on the balcony, “what you are doing here will save the life of a baby and change the world. I hope that is good enough reason for you to get out of bed every single day of the week…”

• Gaithersburg-based **Emergent BioSolutions**, a leading vaccine and anthrax R&D and manufacturing company, just signed a follow-on contract worth $911 million with the U.S. Department of Health and Human Services to supply millions of doses of BioThrax through 2021. Earlier this year, the company also landed a $20 million contract to produce Ebola treatment and was called “the most valuable company in Maryland” by Forbes Magazine. The company’s President and CEO, Dan Abdun-Nabi, is the Vice Chair of BioHealth Innovation, and previously served on the County Executive’s Economic Advisory Group. He was instrumental in critiquing and championing the County’s Comprehensive Economic Strategy.

Healthcare systems are expanding across the County, adding jobs and building new facilities: As the largest private industry in Montgomery County, healthcare accounts for every 1 in 10 jobs in the County
and has seen steady growth as a result of the County’s rapid population growth both in size and age. The past two years have seen the completion of the new Holy Cross Germantown Hospital and the groundbreaking of a new section of Suburban Hospital of Johns Hopkins Medicine, across the Old Georgetown Road from the National Institutes of Health, in 2019. The new Washington Adventist Hospital broke ground as the private-sector anchor adjacent the Food and Drug Administration in White Oak, which is poised to become a global biomedical R&D destination and innovation hub that helps revitalize East County. Adventist also added an urgent care center last year in Rockville and continues to grow as the largest healthcare provider in Montgomery County.

**Higher education growing programs, partnerships and breaking new ground:**

- **The Universities at Shady Grove** broke ground for the Biomedical Sciences and Engineering Education Facility (BSE), which will house 10 STEM related programs and allow the campus to nearly double its enrollment from 4,000 to 7,500. Montgomery County built a brand-new garage as the County’s contribution to support the expansion of the growing institution in our community.

- **Montgomery College** named its science and academic park “PIC MC”—the Pinkney Innovation Center of Montgomery College. PIC MC houses the new Holy Cross Germantown Hospital, the Paul Peck Innovation Center which houses the Germantown Incubator and the College’s new biotech education center. The College continues to expand its curricula to meet the talent and workforce needs of the 21st century industries.

**Innovation and entrepreneurship gaining momentum:**

- **Completion of Germantown and Rockville incubators’ transition**—both are now under the active management of BioHealth Innovation, Inc. (BHI), an economic development organization focusing on connecting innovation with entrepreneurship and supporting early-stage companies. The Germantown Innovation Center is a partnership between BHI and Montgomery College focused on biomedical companies with a wet-lab facility. The Rockville Incubator is a combination of a Health IT accelerator (Relevant Health) and a cyber/IT incubator. Conversations are underway to identify a partner to manage the Silver Spring Incubator.

- **BioHealth Innovation, Inc.** has been designated as the lead agency by the region’s private-sector partners to help propel the region into the country’s top 3 biotech hubs by 2023, an effort initiated by MedImmune and involving multiple partners within the National Capital Region. With the support of the County Executive, BHI, which was first launched by Montgomery County’s government and business leaders, will expand its work and reach into the National Capital Region by including Inova Healthcare as a partner. Its current portfolio of sponsors and board members include several companies based outside of Montgomery County and Maryland. Since its creation five years ago, BHI has become a major regional player in advancing early-stage biohealth technologies and companies and cultivating tech entrepreneurship:
  - Supported 102 companies win over $12 million in Small Business Innovation Research (SBIR) non-dilutive funding with 44% win rate, doubling the national average of 21%.
o Created a BHI/EIR-supported client portfolio of 52 companies, including 11 BHI co-founded companies and 30 BHI invested companies. Assisted BHI portfolio companies secure $74 million in follow-on funding.

o Launched three accelerator programs in Central Maryland including one in Montgomery (Relevant Health) with 23 health tech companies from around the world participating.

o Assisted or directly created over 235 full and part time jobs and leveraged County’s $2.7 million investment over five years with a ratio of 1:5.5 through raising private capital.

• Launch of Innovation into Action challenge: Bethesda-based DAI, one of the country’s largest international development companies, launched the “Innovation into Action” challenge in partnership with Montgomery County Innovation Lab and USAID with the goal of using entrepreneurship and technologies to solve the challenges of the world’s poorest countries and regions.

• Connecting entrepreneurs with opportunities: Montgomery County Economic Development Corporation partnered with local tech entrepreneur Tien Wong to bring CONNECTpreneur, the Capital Region’s largest tech entrepreneurship showcase and matching event, to Montgomery County. The sold-out events brought hundreds of business leaders, entrepreneurs and investors together to network and pitch innovative ideas.

• NIHIMBL Grant for advancing biomanufacturing: Montgomery County is part of a coalition of academic, nonprofit and government partners (including the State of Maryland and the University of Maryland) that just won the highly-competitive $70 million NIHIMBL (The National Institute for Innovation in Manufacturing Biopharmaceuticals) grant to advance biopharmaceutical manufacturing in the U.S. The $70 million cost-shared cooperative agreement from the National Institute of Standards and Technology (NIST) is designed to revolutionize biopharmaceutical manufacturing by partnering with top-tier universities and biomanufacturing workforce training centers to empower workers to innovate and grow U.S.-based production. This will further propel Montgomery County and Maryland’s capacity for leveraging NIST’s presence to grow advanced manufacturing, especially in biomedical space, and cultivating the related workforce.

Completion of restructuring economic development functions:

• Both the Montgomery County Economic Development Corporation (MCEDC or EDC) and WorkSource Montgomery hired their CEOs in 2016, which culminated the year-and-half long process of privatizing economic development functions. The two economic development organizations will co-locate with Visit Montgomery at 1801 Rockville Pike, across from the Twinbrook metro station. Both EDOs are quickly ramping up operations including staff hires and program development. The EDC will focus primarily on business development functions including marketing, business attraction, retention and expansion, and business start-up/entrepreneurship. WorkSource Montgomery will focus on industry-demand-driven workforce support to serve both job creators and job seekers. WSM has built 5 Industry alliances - with specified career pathways to address in-demand careers while the EDC is launching a comprehensive marketing and branding campaign about Montgomery County for talent and businesses.
• In addition, the County Executive has appointed an Assistant Chief Administrative Officer to focus on economic and workforce development policies, strategies and partnerships.

**Infrastructure connectivity:**

• **Fiber/broadband:** Direct fiber connection established under the Potomac River with Ashburn, the world’s largest hub of data centers, in partnership with USA Fiber. The direct connection is critical to the County’s ability to grow STEM jobs and innovation companies. Montgomery County government is partnering with the EDC to engage businesses in industries targeted in the Comprehensive Economic Strategy to understand their broadband and connection needs and to promote the County’s infrastructure capacity.

• **Transit/Bikeshare:**
  - Bus Rapid Transit: MCDOT has advanced planning for the Veirs Mill Road, Route 355, and U.S. 29 BRT routes in 2016. The highlight for 2016 is that the County received a $10 million USDOT TIGER grant to support improved transit on the U.S. 29 corridor by 2020. The BRT naming contest was launched Nov. 17 to brand the new rapid transit system.
  - Purple Line light rail project is moving forward with final design and construction, pending results of a legal challenge.
  - A new express bus was added to the Rock Spring Park to serve the office park, which has high vacancy and some of the largest employers in the County. Since its debut in August, the express buses’ ridership has been strong.
  - The Capital Bikeshare program has continued to expand, offering employees and residents more transportation choices in the County. MCDOT and the City of Rockville received grants to improve Bikeshare in White Flint and Twinbrook, and plans have been developed for a 2017 rollout in Wheaton. MCDOT also welcomed Fairfax and Prince George’s into the regional Bikeshare consortium.

**Placemaking / Community Development for quality of place and quality of life:**

• **Signature Smart Growth Initiative near completion:** The last construction of the Smart Growth Initiative, the new Public-Safety Training Academy, was delivered in October. The Gaithersburg facility, a multi-agency service park, is the latest development of the Leggett Administration’s signature achievement. Other parts of the SGI include re-location of the Department of Planning with the Department of Permitting Services and Department of Environmental Protection for better integration of government services and revitalization of downtown Wheaton. The final project, construction of the joint MCPS/Parks maintenance facility, will be completed in April 2017.

• **White Flint Redevelopment:** Construction began in November for the first phase of transforming White Flint into a pedestrian-friendly, connected community with a variety of
amenities and new ways to get around. Phase I will consist of the realignment of several streets and construction of a new 650-space structured parking garage at the Conference Center site.

- **White Oak Science Gateway**: The Washington Adventist Hospital broke ground in spring to build a world-class hospital next to FDA as part of the White Oak Science Gateway Master Plan to transform the federal research lab and regulatory center into an innovation hub.

- **The Clarksburg Premium Outlet opening** in October broke the record of first day and weekend sales for Simon Development’s outlets nationwide. The outlet fills a critical void in creating a major shopping destination for residents of Montgomery County, especially the UpCounty areas, and adjacent communities.

- **The Planning Department’s Sub-division Staging Policy** (SSP) was adopted by the County Council in November. The new policy recognizes the need for growth policies and rules to be tailored to the distinct communities with different characteristics throughout the County. These rules will focus on all modes of travel, not just cars and roads. In addition, a major goal of the 2016 SSP has been to simplify the rules while making them vigorous in requiring the infrastructure needed for new development.

- **Development partner sought for a new arena and major events venue**: The Department of Transportation has issued an RFDP (Request for Development Proposal) to transform two parking garages near the Silver Spring Transit Center into a 5,000 seat sports and entertainment venue large enough to accommodate annual high school graduation ceremonies and other special events.

**Business-friendly measures and service improvements**:

- **MOVE and EXPAND programs**: Building on the success of the MOVE program to attract new office businesses, the CE has proposed the same incentive ($8/sf. up to 10,000 sf) to keep growing businesses in Montgomery County, which is a major challenge in our economic development work because we often lose businesses to our neighboring jurisdictions with lower taxes when companies grow and pay more taxes. An additional bonus of $2 sf is added for those companies that choose to locate in areas with either high vacancy rates or with significant county investments.

- **Excellence in Business Services initiative**: County Executive Leggett rolled out the initiative in June to focus on improving policies and procedures, creating a culture of customer service excellence, and building an integrated business portal. A survey on the experience of doing business in Montgomery County was completed over the summer with findings that will lead to both systemic improvements such as automation of forms and improvements of customer service as well as departmental-specific improvements.

- **Rock Spring Park Activation**: As part of an overall effort to address the office vacancy and stabilize the office market, the County leadership initiated an express bus service for the Rock Spring office park in August to bring metro closer to the thousands of employees working in the suburban office park. So far, ridership has been strong at over 200 new riders each day during peak hours in addition to the regular Ride-On service.
• **Growing craft brewery and distillery industries:** Following the opening of several craft breweries in Montgomery County (Denizens, Seven Locks, Waredaca, and Brookville Beer Farm, joining Gordon Biersch, Growlers, and Rock Bottom) in recent years due to a change in zoning laws, the Department of Permitting Services also worked with Councilmember Hans Riemer to change the County policy to encourage the growth of craft distilleries. The policy, based on the recently adopted Zoning Rewrite, allows the annual production of up to 50,000 gallons of distilled liquor in certain commercial/residential mixed-use zones. For growing companies, 50,000 and 100,000 gallons of distilled liquor will be allowed in light industrial zones and more than 100,000 gallons of distilled liquor are allowed in heavy manufacturing zones. Craft breweries and distilleries are a new breed of manufacturing and retail industry that contribute to the quality of place, skilled trade jobs, and local community demand.

• **Permit Streamlining:** The Department of Permitting Services has reduced commercial permitting processing time over the past two years from an average of 25 weeks to 12 weeks, a 50% time savings. DPS achieved that with a 20% increase in volume over 2013 and a 63% increase in work volume over 2009. DPS also implemented 30-day review and expansion of eServices with new construction commercial permits being issued in 1/3 the time it took the year before.

• **Procurement:** Procurement has revamped the RFP boilerplate by reducing the length of the form from more than 40 pages to 25 pages. It also instituted a formal debriefing process that allows unsuccessful bidders to meet with using department staff to discuss deficiencies in their proposals and gain insight to improve future efforts.

• **Finance:** The Department of Finance adopted a new e-payment system for vendor services that saves time and costs for both the government and businesses.

• **Liquor Control:** A Montgomery Liquor Authority was proposed by the County Executive to improve customer services in liquor distribution.

**Comprehensive Economic Strategy adopted by County Council:**

The County Council adopted the Comprehensive Economic Strategy, “A Plan for Economic Prosperity,” which was developed by the Office of the County Executive with extensive input from key leaders of all sectors and the board of the Economic Development Corporation.

• The CES lays out an overarching vision of making Montgomery a global magnet for creative companies, technologies and people and offers a set of cohesive strategies to advance business vitality, talent, entrepreneurship, and placemaking. The strategic plan calls for growing entrepreneurship and industries not dependent on local spending while leveraging existing strategic industries, including biohealth, cybersecurity and IT, financial and professional services, corporate and regional headquarters and entrepreneurship. It is also a call-to-action for Montgomery County to embrace economic development as a top community priority and to continue to improve the perception of doing business here, which is reflected in the launch of the Excellence in Business Services initiative.
• Implementation of CES is underway and expected to be carried out by several key economic development partners including the EDC, WSM, BHI, business groups and nonprofit partners. A copy of CES can be downloaded at www.montgomerycountymd.gov/ep.

For more information, please contact Lily Qi, Assistant Chief Administrative Officer for Economic and Workforce Development, at 240-777-2524 or lily.qi@montgomerycountymd.gov. Visit our Economic Priorities page at www.montgomerycountymd.gov/ep for updates and happenings.