

MEMORANDUM

March 11, 2020

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

FROM: Gene Smith, Legislative Analyst

SUBJECT: Discussion of the Economic Development Fund and select programs

PURPOSE: Discussion about policies and programs, no votes required

Those expected for this worksession:

Laurie Boyer, Department of Finance (Finance)
Pete McGinnity, Finance

The PHED Committee requested that Council staff prepare a review of the County's Economic Development Fund (EDF). The committee requested this item as an opportunity to review the EDF and some of its components apart from the annual budget discussions. Council staff provides an overview of the EDF, including the legal framework, and explores two programs in more detail. On page 7, Council staff details two possible discussion items for today's worksession. The committee may choose to schedule additional worksessions on the remaining EDF programs or other topics at a later date.

I. Background

Local governments across the nation provide billions of dollars in economic development incentives to businesses per year. These incentives are one tool within state and local governments' economic development strategy to attract and retain businesses. The primary purpose of business incentives is to generate local economic activity through business investment and job creation. A secondary purpose is to market a local jurisdiction by improving the perception of the local business and investment climate.

A local government can provide incentives through various forms, and these forms can be largely categorized as financial or non-financial incentives. Common financial incentives include grants, loans, and tax abatements or credits. Financial incentives can be further segregated into two categories based on whether the award amount is "discretionary" or "formula-based." Non-financial incentives can

include bonus zoning density and expedited permit review. The County provides financial incentives to business primarily via EDF. This memo focuses solely on the EDF and its business incentive programs.

The table below lists the current EDF programs, whether the program is codified, and whether the award amount is discretionary or based on a formula. Additional information prepared by Finance staff about EDF programs is available on ©1-5.

EDF Program	Codified	Determination of Award Amount
Biotech Investor Incentive Program	Yes	Formula
Cybersecurity Supplement Program	Yes	Formula
EDF Grant and Loan Program	Yes	Discretionary
Equity Investment Program	Yes	Discretionary
Green Investor Incentive Program	Yes	Formula
MOVE Program	No	Formula
Impact Assistance Fund	No	Formula
Microlending Program	Yes	Discretionary
Small Business Assistance Program	Yes	Formula
SBIR/STTR Program	Yes	Formula
Small Business Revolving Loan Program	No	Discretionary

II. Elements of the EDF Code

The EDF is codified in §20-73 through 20-76E of the County Code. These sections of code include the purpose and administration of the EDF as well as administration of specific EDF programs. The limited number of programs codified in the EDF does not reflect the Council's limitations; rather, it reflects priorities and decisions from previous Councils. **The Council has broad authority to fund business incentives and has given broad authority to the Executive to administer the EDF.** Below is a summary of important elements in the County Code for the EDF.

The EDF is continuing and non-lapsing. A non-lapsing fund allows unused appropriation authority to continue at the end of the fiscal year. Most funds in the County lapse, meaning any unused appropriation authority is lost at the end of the fiscal year and must be granted again in the next fiscal year. The non-lapsing nature of the EDF ensures that appropriation authority remains for negotiated EDF transactions and entitled programs following the close of a fiscal year.

The EDF aids economic development by assisting private employers who are located or plan to locate or substantially expand operations in the County. Assistance from the EDF is available in multiple forms, including grants, loans, or equity investments. Grants or conditional grants account for most of the EDF transactions in the County.

The County Code requires that the use of EDF dollars remain consistent with the economic development strategic plan, as defined in §20-76 of the County Code. In addition, the EDF may be used if it is necessary to ensure the County captures new jobs or private investment that it otherwise would not have (i.e., "but for" test).

The County Code details specific expectations for the Director of Finance (the “Director”) and the County Executive in relation to offers and deals that exceed a certain dollar value. Below is a list of those responsibilities. While the County Code stipulates these requirements based on certain dollar thresholds, County staff perform the appropriate analysis and documentation for all EDF deals per the program’s requirements. The threshold was demarcated to allow the Council an opportunity to review higher-value deals while providing deference to the County Executive on smaller-value deals.

- The Director is responsible for providing all necessary documentation to the Council for any proposed transaction that exceeds \$100,000 in total value.
- The Executive is responsible for providing notice to the Council before an offer is made to a private business that exceeds \$100,000 in total value.
- The Executive is responsible for requesting a supplemental appropriation for all transactions that exceed \$500,000 in total value.
- The Executive is responsible for providing the Council a copy of agreements for all transactions that exceed \$500,000 in total value.

The Executive is responsible for reporting annually to the Council about the status and use of the fund (e.g., for all transactions). Finance publishes the report each year on or about March 15.¹

The County Code requires that the Executive submit or amend the economic development strategic plan (the “Plan”) every four years. There are specific requirements listed in the County Code that the Plan must address (see ©6-7). The current plan is codified in the Code of Montgomery County Regulations (see ©8-12). County Executive Elrich has not submitted an amended plan for the Council’s review and approval, but it was posted on the County Register in November for public comment. The Plan is transmitted to the Council as a Method 1 Regulation. This method provides the Council an opportunity to review and approve the Executive’s proposed economic development strategy, including when and how the EDF is best used to incentivize business investment.

III. Transaction Process

The process for businesses to receive aid from the EDF is dependent on the program, but there are similar elements for all programs. Below is a description of the major elements for all EDF programs.

Application. Businesses must apply for each business incentive program separately.²

Review. Finance staff reviews each application for eligibility. If the program is formula-based and the business qualifies, disbursement occurs shortly after review. If the program is discretionary, Finance staff make a recommendation to the Director and Executive regarding the award amount based on economic impact of the project.

Agreement. Some of the programs require that businesses execute an agreement with the County that stipulates milestones required, like job creation, and repayment provisions if the business fails to achieve the required milestones. If the program is formula-based, the County does not

¹ The 2019 Report is at:

https://www.montgomerycountymd.gov/BONDS/Resources/Files/2019_Annual_Economic_Development_Fund_Report.pdf

² The applications are available online <https://www.montgomerycountymd.gov/Biz-Resources/business-financing.html>

enter into an agreement because the required economic activity was already achieved to receive the award.

Disbursement. The County provides funding once a business undertakes or achieves the required economic activity.

Monitoring. The County monitors each disbursed agreement for discretionary awards to ensure a business achieves the promised economic activity. For formula-based awards, post-disbursement monitoring is limited.

There are multiple players involved in each EDF transaction to ensure businesses are informed and guided through the applicable process. Below is a list of the primary players for the County's programs.

- Montgomery County Economic Development Corporation (MCEDC). MCEDC staff intake prospective deals and transactions for the County.
- Finance. Finance staff review projects, including economic and fiscal impact, to ensure that County funding is required and that the economic impact warrants the award amount for discretionary programs. Also, Finance staff review and approve awards for formula-based programs.
- Executive. In addition to the requirements in the County Code, the Executive negotiates the agreement terms for discretionary programs, including the final award amount and the repayment provisions.
- Council. The Council reviews and supports the Executive proposed deals for discretionary programs and approves appropriation for all programs.
- Other partners. The County often partners with the State and/or local municipalities that may provide additional funding for eligible projects. MCEDC is responsible initially for coordinating the necessary partners based on the proposed project.

IV. Review of the EDF Grant and Loan Program

The EDF Grant and Loan Program (EDFGLP) is a discretionary program, and historically, is the most utilized program in terms of total businesses assisted and total dollars awarded. The program's goals are strategic attraction and retention projects in targeted industries that generate significant economic benefits to the County.

The standard process for EDFGLP transactions includes the County making an offer, finalizing an agreement, disbursing the funds, and monitoring the performance of each business. Finance will monitor a project's impact until the agreement expires, typically five to ten years.

Given the program's discretionary nature, there are a wide range of projects in the EDFGLP. Most are based on job creation and retention, but there are some projects that relate to improvements to real property, retention of a data center, or other projects that had economic impact not related to job growth.

Below is a table from the EDF Annual Reports that details the transactions and performance of these agreements during FY12-FY18.

Table 1: EDFGLP Approved and Funded Projects FY12-18

Projects Approved for Funding	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
Projects awarded	5	4	13	10	2	8	9	42
Amount awarded (millions)	\$3.76	\$14.89	\$5.50	\$13.00	\$0.18	\$4.25	\$3.25	\$44.8
Projects where State partnered	1	1	7	3	2	7	9	30
State leverage per County dollar	\$2.00	\$0.65	\$2.38	\$1.83	\$1.73	\$1.93	\$1.92	\$1.78
Jobs retained	410	4,692	1,973	314	45	1,805	1,343	10,582
Jobs attracted or created	187	90	881	664	188	1,530	827	4,367
Private investment (millions)	\$115.9	\$75.2	\$35.8	\$10.0	\$12.4	\$220.1	\$341.0	\$810.4
Award dollars per total jobs	\$974	\$604	\$1,925	\$1,107	\$773	\$ 1,274	\$1,498	\$1,165
Projects Funded								
Number of projects	6	4	14	5	5	7	2	43
Amount funded (millions)	\$5.00	\$3.45	\$6.55	\$0.38	\$0.73	\$1.20	\$0.35	\$17.65
Total jobs at funding	1,661	232	2,441	198	195	803	35	5,565
Average salary (thousands)	\$103	\$103	\$98	\$87	\$92	\$76	\$91	\$93

Source: EDF Annual Report FY17-20. Note: Awards that did not include jobs as a metric were excluded from the calculation for dollars per job (e.g., real estate investment).

Council staff notes the following observations about the prior table:

- The number of projects and the amount awarded annually fluctuates greatly because these types of projects are unpredictable.
- The amount awarded is the maximum available for each transaction. This award amount may defer than the amount funded.
- The average private investment during these years was \$18 for every \$1 of County funds awarded.

The next table provides details about the ten-year performance of EDFGLP projects monitored by Finance.

Table 2: EDFGLP Performance FY09-18

Outcome	Number of Cases	Funded Amount	Recalled Amount²	Repaid Amount	Contracted Jobs	Final Jobs⁴	Award Dollars per Final Job
Closed Cases							
Met milestones	6	\$930,000	-	-	1,304	1,645	\$565
Partially met milestones, repaid	1	\$80,000	\$80,000	\$60,000	88	55	\$1,455
Failed to meet milestones, repaid	5	\$790,000	\$90,000	\$816,920	522	359	\$2,201
Total Satisfied Cases	12	\$1,800,000	\$170,000	\$876,920	1,914	2,059	\$874
Failed to meet milestones, no repay	6	\$1,325,000	\$38,000	-	160	0	N/A
Active Cases							
Monitoring	49	\$19,319,601		-	11,686	TBD	TBD

Source: EDF Annual Report 2019.

Council staff notes the following observations from Table 2:

- During the ten-year period, 33% of the cases fully met the milestones expected by the County (e.g., job creation).
- 33% of the cases failed to meet the job creation and failed to repay.

V. Review of the Make Office Vacancies Extinct (MOVE) Program

The MOVE Program was created by County Executive Leggett in 2014 to combat the rising vacancy rates of Class A and B office space in the County. The MOVE Program is an entitlement program designed to attract new businesses while reducing Class A and B office space. To qualify, businesses must meet certain criteria and apply to the County. The criteria of the program are straightforward and include items such as, whether the business is new to the County and whether the business leased Class A or B office space for at least three years. The program offers a one-time grant that is formula-based, \$8 per square foot of the executed lease.

The table below details the program's output during the last few "Report Years" (March 1 through February 28). Finance switched to calendar years in its most recent report.

Table 3: MOVE Program Awards RY15-CY18

	RY15	RY16	RY17	RY18	CY18	Total
Number of Awards	18	12	16	26	22	42
Amount awarded (thousands)	\$500	\$309	\$429	\$946	\$664	\$2,848
Square footage leased	77,265	39,450	53,592	123,718	96,024	390,049
Average lease term (months)	64	69	87	82	72	75
Initial jobs	162	53	72	116	82	485
Award dollars per initial jobs	\$3,086	\$5,829	\$5,954	\$8,154	\$7,910	\$5,856
Projected three-year job total	405	213	225	442	323	1,608
Award dollars per total jobs	\$1,234	\$1,450	\$1,905	\$2,140	\$2,023	\$1,766

Source: EDF Annual Report 2019

Note: CY18 excludes data from RY18 to avoid duplication.

Council staff notes the following observations about the above table:

- The program does not have the same expectation for job creation as the EDFGLP; therefore, the impact of County dollars per job fluctuates greatly and is dependent on actual job creation after the grant. Finance does not confirm job creation after the grant is disbursed; the calculation is based on a self-reported number from the business at the time of application.
- The minimum requirement for a MOVE grant is a three-year lease; most businesses are choosing longer-term leases.
- There is approximately 66.7 million square feet of Class A and B office space in the County, with an average vacancy rate of 14% during the last five years. The amount of leased space based on the MOVE Program is less than 0.5% of the total amount of Class A and B office space in the County.

VI. Discussion topics

Council staff provides a few areas of discussion for the EDF based on the current use and history of the EDF.

What is the best approach for the Council to evaluate EDF programs?

It is good practice to review all business incentive programs on a defined basis to evaluate program efficacy (i.e., is the program having the desired effect) and to determine if public funding is still required (i.e., does it still meet the “but for” test). Currently, the Council considers EDF programs and funding through the context of the operating budget review. This provides an annual review of each program but sometimes limited due to the time constraints for approving the operating budget.

A common method to ensure that review occurs on a defined basis is sunseting all business incentive programs. Sunset dates allow programs to expire without review and action. The time frame for sunseting business incentive programs is typically five to seven years. A sunset provision can be done easily if the program is codified either in the County Code or by resolution. Most programs in the EDF are codified; a few are not. Codified programs provide deference to the Council to set the program’s criteria, implementation, and evaluation. Uncodified programs provide deference to the Executive to address economic development priorities in a timely manner. **The Council must approve an appropriation each year whether a program is codified or not.**

Council staff provides a few options for the committee’s discussion about how to best evaluate EDF programs while maintaining flexibility to address economic development opportunities.

- Option #1: Status quo. The Council can continue to approve programs through its appropriation authority and review these programs, when necessary, apart from the operating budget.
- Option #2: EDF programs could be codified after a certain period. The Council could stipulate that programs become codified with a sunset date after a certain period either in the County Code or by resolution. This allows continued flexibility to the Executive to provide a testbed for new programs. Following a trial period, the Council would then need to act to codify the program.
- Option #3: All EDF programs could be codified. The Council could consider only funding programs that are codified with a sunset date.

Council staff notes that some of the currently codified programs, like the Biotech Investor Incentive Program, do not have a sunset date. If the committee believes that all programs should have a sunset date, it will need to amend the current law for these programs.

Is the \$100,000 threshold for the Executive’s deference still appropriate?

The Council set the \$100,000 threshold requiring the Executive to notify it of all potential offers in 2012. On average, economic development deals in the County continue to increase in total value annually. More and more deals will require the Council’s review before the Executive can make a tentative offer. The Council may want to consider if this threshold should be rebased to continue to provide deference to the Executive on deals that are not significant in nature but may require funding above \$100,000.

This packet contains:

Finance presentation of EDF programs
Economic Development Strategic Plan requirements
Current Economic Development Strategic Plan

Circle #

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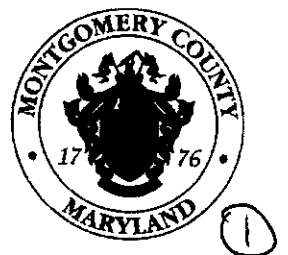
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Montgomery County Economic Development Incentives

The **Economic Development Fund (EDF)** programs provide effectively managed business support and incentive assistance to employers through eight active programs.

The programs do one of 3 things for qualified businesses:

- **Attract** (EDF Grant & Loan, MOVE)
- **Match** (SBIR/STTR, Biotech Investor, Cybersecurity Supplement)
- **Support** (Small Business Assistance Program, Impact Assistance Fund, Microlending)

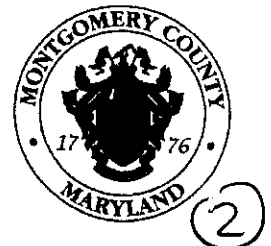


Montgomery County Economic Development Incentives

Attract

- **Economic Development Fund Grant & Loan Program (EDFGLP)**
 - The EDFGLP is a discretionary strategic attraction and retention program for projects in targeted industry sectors that generate significant economic development benefits in the County such as job growth/retention, capital expenditure, increased tax revenues, etc. Project awards stipulate conditions for disbursement and minimum performance measures and include clawback provisions to recapture the funds if a business fails to achieve the expected economic output. Awards are generally made as Conditional Grants (becomes Permanent when Performance Criteria are met).
- **MOVE Program**
 - The Make Office Vacancies Extinct (MOVE) program is targeted at attracting new businesses to the County in order to reduce vacant Class A and B office space, flex space, and production space for craft alcohol brewing companies. Businesses new to the County must sign a direct lease for at least three years for up to 20,000 square feet. Upon verification, businesses receive a grant of \$8.00 per square foot leased. The maximum grant amount is capped at \$80,000.

*MCEDC partners with us on these programs for new/expanding companies.



Montgomery County Economic Development Incentives

Match

- **SBIR/STTR Matching Grant Program**

- The Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program allows Montgomery County companies that have been awarded a SBIR or STTR Phase I or Phase II grant from the National Institutes of Health (NIH) and conduct at least 51 percent of its research & development operations in Montgomery County to apply for a local Montgomery County match. Companies may receive up to \$25,000 for Phase I and up to \$75,000 for Phase II matching grants.

- **Biotechnology Investor Incentive Program (BIIP)**

- BIIP grants are awarded to qualified investors who have invested in Montgomery County-based biotech firms and who receive a final tax credit certificate from the State of Maryland's Biotechnology Investor Incentive Tax Credit Program.

- **Cybersecurity Supplement Program (CSP)**

- CSP grants are awarded to qualified investors who have invested in Montgomery County-based cybersecurity firms and who receive a final tax credit certificate from the State of Maryland's Cybersecurity Investment Incentive Tax Credit Program.



Montgomery County Economic Development Incentives

Support

- **Small Business Assistance Program (SBAP)**

- The SBAP is a program established to assist certain small businesses that are adversely impacted by a County-funded redevelopment project or a redevelopment project located on County-owned property, currently focused on the Wheaton Redevelopment Project. Companies may receive up to \$125,000.

- **Impact Assistance Fund (IAF)**

- The IAF is a program that provides financial assistance and/or technical assistance to financially healthy small businesses in designated areas of the County that are adversely impacted by a redevelopment project initiated by the County, on County-owned property, or of a County facility. There are currently designated geographic areas in Silver Spring, Bethesda, and Clarksburg. Companies may receive up to \$25,000.

- **MicroLoan Program**

- Montgomery County created a microloan program that provides loans ranging from \$500 to \$15,000 for County residents needing additional help to start and grow small businesses. The County has contracted with two experienced microloan providers – Life Asset, Inc. and Latino Economic Development Corporation (LEDC) – to underwrite and monitor the portfolio of microloans generated through the Microloan Program.



Contact

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For information on incentives, visit the Montgomery
County Business Portal:

<https://www.montgomerycountymd.gov/Biz-Resources/business-financing.html>



Montgomery County Code

Sec. 20-76. Economic Development Strategic Plan, Administration.

(a) The Executive must submit, by method 1 regulation, an economic development strategic plan for the County to the Council for approval on or before October 1, 2015. Beginning no later than October 1, 2019 and each fourth year thereafter, the Executive may amend the strategic plan, by Method 1 regulation, to be consistent with the strategic plan adopted by the Montgomery County Economic Development Corporation. The success or progress of the strategic plan must be measurable and the plan must include measures to address:

- (1) job creation;
- (2) private sector compensation and benefits;
- (3) target industries;
- (4) target geographic areas;
- (5) workforce education and training;
- (6) growth in tax base;
- (7) economic opportunity for residents;
- (8) encouragement of entrepreneurs and small business;
- (9) land use; and
- (10) other actions necessary to promote economic development in the County.

(b) The Executive may adopt Regulations under method (1) to administer this Fund.

(c) The Executive must report by March 15 each year on the status and use of the Fund. This report can be included in the Executive's proposed operating budget. The annual report must:

- (1) describe the success of each award of financial assistance in satisfying the economic development goals supporting the assistance;
- (2) identify any assistance agreement where the recipient did not satisfy the performance criteria in the agreement; and
- (3) track the progress of the Fund in satisfying the overall goals of the approved economic development strategic plan. (1995 L.M.C., ch. 29, § 1; 2012 L.M.C., ch. 17, § 1; 2015 L.M.C., ch. 27, § 1; 2015 L.M.C., ch. 36, § 1.)

Editor's note—2015 L.M.C., ch. 36, § 8 also states, in part: All other provisions of this Act take effect 180 days after the Montgomery County Economic Development Corporation is designated under Section 30B-2.

2012 L.M.C., ch. 17, § 2, states: Transition. The County Executive must submit the initial method 1 regulation containing an economic development strategic plan to the Council for approval not later than 180 days after this Act becomes law [September 20, 2012]. In addition to the requirements of 20-76(a), the initial proposed economic development strategic plan must:

- (a) analyze the County's economic development structure;

6

- (b) compare the County's structure with peer jurisdictions;
- (c) identify and analyze different alternative government and non-government entities that could perform each core function of economic development;
- (d) determine the total amount of public and private money spent in each peer jurisdiction to achieve current levels of service; and
- (e) recommend changes, if appropriate, to the County's structure.

COMCOR - Code of Montgomery County Regulations

COMCOR 20.76.01 Strategic Plan

20.76.01.01 Authority

In accordance with the procedures authorized in Section 20-76 of the Montgomery County Code 2014, as amended, the following Executive Regulation establishes the ECONOMIC DEVELOPMENT STRATEGIC PLAN for Montgomery County, Maryland for FY16-FY20.

20.76.01.02 Definitions

BRE: Business Retention and Expansion

CES: Comprehensive Economic Strategy

FY: Fiscal Year

GRP: Gross Regional Product

MCEDC: Montgomery County Economic Development Corp.

R&D: Research and Development

SBIR/STTR: Small Business Innovation Research/Small Business Technology Transfer

20.76.01.03

The vision for Montgomery County's economic prosperity is to be a global magnet for creative companies, technologies, and people. The community-defined Guiding Principles are:

- 1) diversified,
- 2) enterprising,
- 3) purposeful,
- 4) connected,
- 5) sustainable,
- 6) innovative.

20.76.01.04

The goals for the CES are:

- 1) Business Vitality: Montgomery County will be able to compete with any community in the nation for investment and jobs;
- 2) Talent: Montgomery County will be home to a deep and diverse talent pool that meets the long-term needs of employers and helps spur economic growth;
- 3) Creative Economies: Montgomery County will be an international hub for entrepreneurship and innovation; and
- 4) Place making: Montgomery County will be a national model for providing the quality places, infrastructure, and amenities desired by employers and residents.

20.76.01.05

The target industries for the County are:

- 1) biohealth/bioscience,
- 2) information technology/cybersecurity,
- 3) financial services,
- 4) advanced manufacturing,
- 5) corporate/regional headquarters, and
- 6) entrepreneurs and innovators.

20.76.01.06

This regulation is intended to be a blueprint for greater economic prosperity and not a detailed work plan or a binding document for the partners that will help the County implement the strategies. The partners will have latitude in prioritizing how and what specific strategies they choose to implement that will have the greatest impact as economic conditions change over the next four years. They also have the flexibility to adjust the general strategies including adding or subtracting from the strategies contained in this document to respond to economic changes and opportunities as they arise based on the guiding principles and the vision of the Comprehensive Economic Strategy.

(A) THE COUNTY WILL SUPPORT BUSINESS VITALITY BY:

- 1) Strengthening Montgomery County's business climate and build a solution-based "culture of customer service excellence" across County departments.
- 2) Supporting a comprehensive business retention and expansion (BRE) program.
- 3) Building support for economic vitality among residents and businesses.
- 4) Supporting and participating in marketing and promoting Montgomery County as a destination for new investment and employment.
- 5) Supporting efforts to strengthen and build-on the biosciences, cybersecurity, advanced manufacturing, and agricultural sectors.
- 6) Supporting programs and services to support the county's federal contracting community, with a focus on firms with high growth potential.
- 7) Building consensus on the process by which economic development incentives are offered, negotiated, and approved, grounded in the principles of ensuring responsiveness to opportunities while maintaining fiscal responsibility.
- 8) Supporting the development of a capital campaign to enhance funding for MCEDC.
- 9) Actively participating in regional programs that affect the county's economy, workforce, and infrastructure.

(B) THE COUNTY WILL SUPPORT TALENT BY:

- 1) Supporting alignment of all programmatic and strategic workforce efforts throughout the County to provide comprehensive workforce solutions to businesses and jobseekers.
- 2) Supporting efforts to determine WorkSource Montgomery's value-add to economic development, become a key member of the County's economic development team, and design programs that implement the talent component of the CES.

- 3) Supporting expansion of employer-led sector partnerships in the county's strategic industries to address priority issues within a target industry, especially those related to talent.
- 4) Supporting efforts to engage Worksource Montgomery, Inc., employers, and education providers to recruit and retain premier talent.
- 5) Supporting efforts to align workforce development and education efforts with employer needs.
- 6) Supporting the use of data to forecast workforce and talent needs and improve the quality of the delivery system.
- 7) Supporting the collection, analysis, and dissemination of information on current operations within the Montgomery County workforce development system and on evidence-based best practices from elsewhere.
- 8) Supporting efforts to conduct a gap analysis on an identified set of critical elements to reflect the changing needs of the workforce system and its customers (e.g., current and future skills needs, pathways, access to services, services currently delivered, and quality of services).
- 9) Supporting career mapping in strategic industries to facilitate the "on-ramps" to pathways for jobseekers and ways for employers to reach into pathways to find qualified individuals.
- 10) Supporting the development of a campaign to expand awareness and change perceptions among local youth regarding middle-skill career opportunities in Montgomery County.
- 11) Supporting the development and expansion of work-based learning opportunities that facilitate career pathways programs and enable individuals to build 21st Century skills and provide them the ability to earn while they learn.
- 12) Supporting the launch of a new brand and a communication and marketing strategy for the workforce development system that results in increased awareness and use among business leaders and the community.

(C) THE COUNTY WILL SUPPORT CREATIVE ECONOMIES BY:

- 1) Supporting the strengthening and deepening of entrepreneurship county-wide; become a leading source for new business formation in the region.
- 2) Supporting the attraction of early-stage companies and entrepreneurs with a focus on proven companies and individuals.
- 3) Supporting the growth of microenterprises and small businesses in the county.
- 4) Supporting the promotion of social entrepreneurship in the county.
- 5) Supporting efforts to ensure that environmental sustainability remains an essential guiding principle in the County.
- 6) Supporting and fostering the growth of arts, entertainment, and culture throughout the county.

(D) THE COUNTY WILL SUPPORT PLACEMAKING BY:

- 1) Prioritizing the County's investments in planning and development by capturing opportunities and leveraging strengths to remain a competitive market.
- 2) Supporting and informing planning and placemaking strategies of the site location needs of target industry sectors.
- 3) Enhancing office environments to improve competitiveness.
- 4) Supporting master plan developments through targeted industry marketing and attraction.



- 5) Supporting and promoting neighborhood-focused retail development.
- 6) Working with employers to assist in addressing housing needs for their employees.

20.76.01.07

The County will evaluate the effectiveness of its economic development efforts by collecting and analyzing certain performance measures annually. FY16-FY17 data will serve as the baseline for future analyses. FY16-FY19 data will include those analyses comparing Montgomery County to peer jurisdictions, Maryland and the nation, where practical.

The measures are aligned with the four goals of the CES:

(A) Business Vitality

- 1) The number of jobs created/retained
- 2) Average wages of jobs created/retained
- 3) Private employment
- 4) Non-federal government sectors as a percent of county GRP
- 5) Private commercial tax base
- 6) Time required for development approvals and processing permits
- 7) Number of expanded businesses retained in County
- 8) Foreign Direct Investment

(B) Talent

- 1) Population age 25+ with a bachelor's degree or higher
- 2) Percent of the population age 20-34
- 3) Number of enrolled college and university students
- 4) Annual unemployment rate
- 5) Net migration to the county
- 6) Labor force participation rate for working-age population
- 7) Median household income
- 8) Average weekly wage per worker

(C) Creative Economies

- 1) Private business establishments
- 2) Number and dollar value of venture capital and angel investment deals
- 3) Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) awards
- 4) Patent grants
- 5) Federal R&D higher education expenditures

(D) Placemaking

- 1) Amount of new office space (square feet) added to regional market

- 2) Commercial office and retail vacancy rates
- 3) Net absorption rate
- 4) Retail Sales
- 5) Median owner-occupied home value
- 6) Apartment vacancy rates

20.76.01.08 Effective Date

This Executive Regulation takes effect upon approval by the County Council.

(Administrative History: Reg. No. 10-16 (Method 1); Orig. Dept.: Office of the Chief Administrative Officer; Supersedes: Reg. No. 7-13AM)*

***Editor's note**—2015 L.M.C., ch. 36, § 6, states, in part: Reference to the Department of Economic Development in COMCOR 20.76.01 (Strategic Plan) is a reference to the Montgomery County Economic Development Corporation except the reference to the small business navigator position in the Department of Economic Development in Section 20.76.01.02 (Definitions - Small Business Navigator) is a reference to the small business navigator position in the Office of Procurement.

2015 L.M.C., ch. 36, § 8, also states, in part: All other provisions of this Act take effect 180 days after the Montgomery County Economic Development Corporation is designated under Section 30B-2.