

SUBJECT

Incubator Programs – Economic Development Partnership Non-Departmental Account (NDA)

EXPECTED ATTENDEES

Laurie Boyer, Department of Finance
 Pofen Salem, Office of Management and Budget

EXECUTIVE RECOMMENDATION

| | | |
|-------------------------------|-------------------|--------------------|
| FY21 Executive Recommendation | \$3,206,746 | 2.00 FTE |
| Increase (Decrease) from FY20 | \$181,573 6.0% | 1.00 FTE 100.0% |

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

| | | |
|--------------------------------------|-----------------------|------------------|
| FY21 Council Staff Recommendation | \$ 2,956,159 | 2.00 FTE |
| Increase (Decrease) from FY20 | (\$69,014) (2.2%) | 0.00 FTE 0.0% |
| Increase (Decrease) from CE FY21 Rec | (\$250,587) (7.8%) | 0.00 FTE 0.0% |

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- Addition of \$200,000 in expenditures for a new delivery approach for County-owned incubators following the completion of the incubator study. The study is not completed yet.
- Addition of \$50,000 in for BioHealth Innovation, Inc. which is an enhancement from the \$200,000 previously repurposed in FY20 (see ©2).
- This budget included \$587 for FY21 compensation adjustments. The Council will review and discuss compensation and benefits for all the County Government separately.

CONTINUITY OF SERVICES FROM FY20

- Included shifting 1.0 FTE and its \$159,085 in expenditures from Finance to this NDA.
- Included \$6,331 in expenditures for adjustments to personnel costs that are annualization of FY20 costs and other adjustments.
- Included savings from recommended reductions of 1) (\$1,690) for one-time equipment purchase for the 1.0 FTE added in FY20; 2) (\$50,000) for the elimination of the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) matching funds that was not funded by the State, eliminating the County's need to match; and 3) (\$182,740) for the elimination of the one-time expenditures to conduct the incubator study.
- See ©3 for a comparison and breakdown of proposed FY21 expenditures for this NDA.

POTENTIAL REDUCTIONS

- None identified.

POTENTIAL ITEMS RELATED TO COVID-19

- None.

This report contains:

| | |
|---|------|
| Executive recommended FY21 budget | © #1 |
| Memorandum from CAO to Councilmembers | © #2 |
| Table of FY20 and FY21 expenditure breakdown for this NDA | © #3 |

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Incubator Programs - Economic Development Partnership

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

| FY21 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY20 Approved | 3,025,173 | 1.00 |
| Add: County Sponsorship of Private Incubators | 200,000 | 0.00 |
| Shift: Staff Reassigned from Finance to the County Executive Office to Manage Incubator Programs | 159,085 | 1.00 |
| Increase Cost: Biohealth Innovation Initiatives | 50,000 | 0.00 |
| Increase Cost: FY21 Compensation Adjustment | 587 | 0.00 |
| Decrease Cost: Elimination of One-Time Item | (1,690) | 0.00 |
| Decrease Cost: County Grants for Supporting the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) due to State Actions | (50,000) | 0.00 |
| Decrease Cost: One-time Expenses for Incubator Network Studies | (182,740) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 6,331 | 0.00 |
| FY21 Recommended | 3,206,746 | 2.00 |



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

Andrew W. Kleine
Chief Administrative Officer

MEMORANDUM

March 10, 2020

TO: Andrew Friedson, Montgomery County Council
Evan Glass, Montgomery County Council
Will Jawando, Montgomery County Council
Hans Riemer, Montgomery County Council

FROM: Andrew Kleine, Chief Administrative Officer *AWK*

SUBJECT: Council Request for BioHealth Innovation, Inc. (BHI) Funding

I would like to provide you with an update on your request for the County to enter into a contract with BioHealth Innovation, Inc. (BHI), a 501(c)(3) organization dedicated to supporting entrepreneurial and tech transfer activities in the local biohealth industry.

After substantial discussion, we have determined the most advantageous arrangement for pursuing our joint life sciences objectives is for BHI is to enter into two separate contracts: one with our Department of Finance and one with the Montgomery County Economic Development Corporation (EDC). Each contract will have a distinct scope of services with accompanying deliverables and disbursement requirements. The tasks to be pursued under these contracts are as follows:

Department of Finance Contract approximately \$200,000
(pending contract administrative procedures)

- Strategy to address NIH conflict of interest issues
- Strategy and pilot project to stimulate postdoc to entrepreneur scenarios
- Analysis and proposal development related to the research center attraction endeavor

Economic Development Corporation \$90,000
(pending Board approval)

- Assistance to companies seeking SBIR/STTR federal funding
 - Activities to expand the early stage investor network in the County
 - Assistance to companies seeking to establish U.S. operations in Montgomery County
- Please let me know if you have any questions.

cc: Jerome Fletcher, Assistant Chief Administrative Officer, Office of the County Executive
Benjamin Wu, President, Montgomery County Economic Development Corporation
Gene Smith, Legislative Analyst, Montgomery County Council
Tina Benjamin, Special Projects Manager, Office of the County Executive

**Comparison of FY20 Approved, Executive Recommended FY21, and
Council Staff Recommended FY21 Allocation of Funding for Incubator NDA**

| Facility or Program | FY20 Approved | FY21 CE Rec. | FY21 Staff Rec. |
|---|----------------------|---------------------|------------------------|
| Incubators | | | |
| Germantown | \$1,158,455 | \$1,158,455 | \$1,158,455 |
| National Cybersecurity of Excellence | \$25,000 | \$25,000 | \$25,000 |
| Rockville | \$700,174 | \$700,174 | \$700,174 |
| Silver Spring | \$50,000 | \$50,000 | \$50,000 |
| Programs | | | |
| Wheaton Technical Assistance Program (“TAP”) | \$208,000 | \$208,000 | \$208,000 |
| <i>Small business technical assistance</i> | | | |
| Maryland Small Business Development Ctr. (SBDC) | \$30,000 | \$30,000 | \$30,000 |
| Latino Economic Development Ctr. (LEDC) | \$125,000 | \$125,000 | \$125,000 |
| Biohealth efforts ¹ | \$200,000 | \$0 | \$0 |
| NIMBL matching funds ² | \$50,000 | \$0 | \$0 |
| Nonprofit Incubator | \$185,000 | \$185,000 | \$185,000 |
| Sponsorship | \$0 | \$200,000 | \$0 |
| BHI contract | \$0 | \$250,000 | \$200,000 |
| Studies | | | |
| County incubator study | \$142,000 | \$0 | \$0 |
| Kitchen incubator feasibility study | \$40,740 | \$0 | \$0 |
| Staff | | | |
| 1.0 FTE for oversight support | \$110,804 | \$115,445 | \$115,445 |
| 1.0 FTE for incubator management | \$0 | \$159,085 | \$159,085 |
| FY21 Compensation Increase | \$0 | \$587 | \$0 |
| Total | \$3,025,173 | \$3,206,746 | \$ 2,956,159 |

1. This effort was approved by the Council in FY20 for general biohealth activities. Following a request from Councilmembers Riemer, Friedson, Jawando, and Glass, the Chief Administrative Officer repurposed this funding for a contract with BioHealth Innovation, Inc. in FY20.
2. National Institute for Innovation in Manufacturing Biopharmaceuticals (NIMBL) was a public-private partnership with the State, County, and NIMBL. The State did not fund the project in FY20, so the County’s match was not required.