



Committee: Directly to Council
Committee Review: N/A
Staff: Gene Smith, Legislative Analyst
Purpose: To introduce agenda item – no vote expected
Keywords: Economic Development

AGENDA ITEM #2A
November 26, 2019
Introduction

SUBJECT

Supplemental appropriation to the FY20 Operating Budget, Department of Finance, Economic Development Fund, \$500,000

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Section 20-75(d) of the County Code requires that the Executive fund all business incentive packages that are valued at more than \$500,000 through a supplemental appropriation. The subject resolution supports the expansion of Supernus Pharmaceuticals in the County.

SUMMARY OF KEY DISCUSSION POINTS

- The Executive requests that the Council introduce and adopt the subject resolution to support the business's expansion in the County (see ©1).
- The Council was briefed on the proposed project in December 2017 and indicated its support of the Executive's recommended proposal.
- The business intends to invest about \$18.2 million to relocate its headquarters within the County. The project includes an additional 68,000 square feet of leased space and 160 jobs above its current base.
- The public hearing and action for this item are tentatively scheduled for December 10, 2019.

This report contains:

Executive memo
Proposed resolution

© #1
© #2

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

MEMORANDUM

October 30, 2019

TO: Nancy Navarro, President, County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Supplemental Appropriation #20-448 to the FY20 Operating Budget
Montgomery County Government
Department of Finance
Economic Development Fund Grant and Loan Program, \$500,000

I am recommending a supplemental appropriation to the FY20 Operating Budget of the Department of Finance in the amount of \$500,000 for the Economic Development Fund Grant and Loan Program. This appropriation will fund a \$500,000 conditional grant to Supernus Pharmaceuticals, Inc.

Section 20-75 (d) of the County Code requires a supplemental appropriation for financial incentives from the Economic Development Fund of \$500,000 or greater. On December 5, 2017, the Council approved a financial incentive of \$500,000 to Supernus Pharmaceuticals, Inc. to facilitate the company's retention and expansion in Montgomery County. Supernus will relocate its headquarters and operations from its current 67,000 square feet to 135,000 square feet, incur \$18.2 million in capital expenditures for tenant improvements and FF&E, and add an additional 160 employees to its current base of 156 full time employees by 2024.

I recommend that the County Council approve this supplemental appropriation in the amount of \$500,000 and specify the source of funds as General Fund Reserves. This supplemental will reduce County General Government Fund Reserves by \$500,000 and is consistent with the fund balance policy for tax supported reserves.

I appreciate your prompt consideration of this action.

ME:pmg

Attachment: Supplemental Appropriation #20-448
County Council Approval of Financial Incentive

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

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

SUBJECT: Supplemental Appropriation to the FY20 Operating Budget
Montgomery County Government, Department of Finance, Economic
Development Fund Grant & Loan Program, \$500,000

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. The County Executive has requested the following FY20 Operating Budget appropriation increases for the Department of Finance:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$500,000	\$0	\$500,000	General Fund Reserves
3. This increase supports an economic development financial incentive of \$500,000 that has been recommended by the County Executive and approved by the County Council and offered to Supernus Pharmaceuticals, Inc. Section 20-75 (d) of the County Code requires a supplemental appropriation for any financial incentive of \$500,000 or greater from the Economic Development Fund.
4. The County Executive recommends a supplemental appropriation to the FY20 Operating Budget in the amount of \$500,000 for the Economic Development Fund and specifies that the source of funds will be General Fund Reserves.

5. Notice of public hearing was given, and a public hearing was held.

Action

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

A supplemental appropriation to the FY20 Operating Budget of the Department of Finance is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$500,000	\$0	\$500,000	General Fund Reserves

This is a correct copy of Council action.

Mary Anne Paradise,
Acting Clerk of the Council