# THE COUNTY'S STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

In April 2022 the Montgomery County Council adopted its "Economic Development Strategic Plan – Moving Forward Together:  Strategic Priorities for a Unified Approach to Economic Development" (available here). The "Economic Development Strategic Plan" is a four-year plan with provision for a two-year update. This plan, written by the Montgomery County Economic Development Corporation (MCEDC) with a great deal of input from the business community, analyzes the county's strengths and weaknesses, identifies strategic priorities and recommends key metrics for success. The plan provides direction and guidance on the vision and priorities that Montgomery County intends to pursue in expanding its economy, consistent with its values. The goal is to attract, retain and expand businesses that will create jobs and make the county regionally, nationally and globally competitive. The vision for Montgomery County's prosperity is a healthy economy that is diversified, thriving, equitable and innovative with sustainable job growth and advancement opportunities for all.

**Strengths and Weaknesses**
The plan identifies aspects of the county's climate, location, lifestyle, etc. and categorizes them as strengths, weaknesses, opportunities or threats to the county as a location for business growth. These factors are shown in a chart called SWOT (strengths, weaknesses, opportunities, threats) in the plan on page 11.

**Strategic Priorities**
The strategic priorities of the plan are to accelerate innovation, economic drivers and entrepreneurship; provide greater workforce and educational opportunities; build livable communities that connect residents to jobs; and create an inclusive economy for shared prosperity. The plan is designed to align with the four pillars of the County Council's Economic Development Platform adopted in November 2019:  business development, workforce development, housing and transportation.

This Fact Sheet will focus on activities and metrics related to two of the four strategic priorities: accelerating innovation, economic drivers and entrepreneurship and creating an inclusive economy. The League of Women Voters of Montgomery County (LWVMC) reported on workforce development in the county in February 2022 and that Fact Sheet is available on the League web site here. Recommendations regarding livable communities focus primarily on housing and transportation. The LWVMC Housing Committee continues to monitor county moves to increase the supply of transit-served low- and moderate-income housing. The LWVMC Land Use and Transportation Committee has developed a brief summary of transportation recommendations and status that can be accessed here.

**ACCELERATING INNOVATION, ECONOMIC DRIVERS AND ENTREPRENEURSHIP**
To grow key innovation clusters from life sciences to advanced technologies, the strategic plan identifies three advanced technology sectors that hold substantial promise for industry growth in Montgomery County:  hospitality technology, quantum computing technology and cybersecurity.

**Hospitality Technology**
Montgomery County is home to 30 global hotel brands, Marriott being the largest and best known. Choice Hotels International, Inc., is in the process of building a new headquarters and plans to move from Rockville Metro Plaza into a 105,000-square-foot building in North Bethesda's Pike & Rose at the end of 2023. The hospitality cluster will benefit from technology development to increase efficiency in managing energy and water use and in handling waste disposal.

Marriott's headquarters will serve as a hospitality innovation hub and includes the 10,000-square-foot Marriott Design Lab, where the company plans to test new technologies in collaboration with a variety of other businesses. LG Business Solutions, based in Lincolnshire, IL, will test multiple product categories in the lab including digital displays and other technology to help guests and enhance operations. Ori, a New York-based robotics and architecture company, is testing ways to integrate its space-saving furniture systems into hotel rooms; one example is its Cloud Bed, which can rise into the ceiling and open up a living space with a sofa or table. Carrier, based in Palm Beach Gardens, FL, is working on technology to streamline hotel construction and improve the guest experience by creating differentiated, healthier, safer, sustainable and intelligent solutions for the hospitality industry.

**Quantum Computing**
Quantum computing is still a nascent technology, but it is expected to dramatically increase capabilities with future quantum computers that have high value applications in life sciences, drug development, national security, cryptography, energy and many other critical industry sectors. Rapid quantum technology development and commercialization is expected globally in the next decade. The plan suggests that Montgomery County has the opportunity to leverage its unique federal, academic and industry assets to seize a competitive advantage as a quantum leader, especially by attracting national and international business investment.

**Cybersecurity**
The National Cybersecurity Center of Excellence (NCCoE) was formed in 2012 as a partnership by the National Institute of Standards and Technology, Maryland Department of Commerce and Montgomery County. It is launching a new Cybersecurity Connections initiative with a special emphasis on small businesses seeking to provide cybersecurity services or that want to connect with companies, government or academic organizations for cybersecurity support. Some of the initiative's goals are to better address the cybersecurity-related needs of companies and institutions in the state and county, help the NCCoE better understand the cybersecurity needs of companies, expand collaborations with firms that can develop practical solutions and spur economic development in the county.

**PRIORITY RECOMMENDATIONS**
The strategic plan includes 20 specific recommendations including the following highest priorities: significantly increase life sciences laboratory infrastructure; establish an accelerator for hospitality tech startups; create a global pandemic prevention center; reform the county's business incubator network; launch a marketing initiative to rebrand county economic development; establish a public-private entrepreneurship innovation center; create a quantum-ready workforce; and prepare an economic development plan for the Purple Line corridor. Significant activities on most of these priorities are described below; however, there is no notable activity yet on creating the public-private entrepreneurship innovation center or on the quantum-ready workforce. The Purple Line Corridor Coalition, a partner agency on the project, conducted an economic development study related to the Purple Line in 2017. The Purple Line Economic Development Report contains much interesting information and can be accessed here. Nevertheless, much has changed with the Purple Line development since the study was completed and an update of the report should be done.

**Life Science Laboratory Infrastructure**

A major step toward increasing life science infrastructure is the establishment of the University of Maryland Institute for Health Computing at the North Bethesda Metro Station site. The institute will provide a world-class research hub for artificial intelligence, machine learning and virtual reality/augmented reality, and it will facilitate knowledge discovery for human health and wellbeing. Because of its location, the institute provides a link between public sector assets such as the National Institutes of Health and the Walter Reed National Military Medical Center with leading private sector companies in the Shady Grove Life Sciences Center. These facilities are connected by public transit.
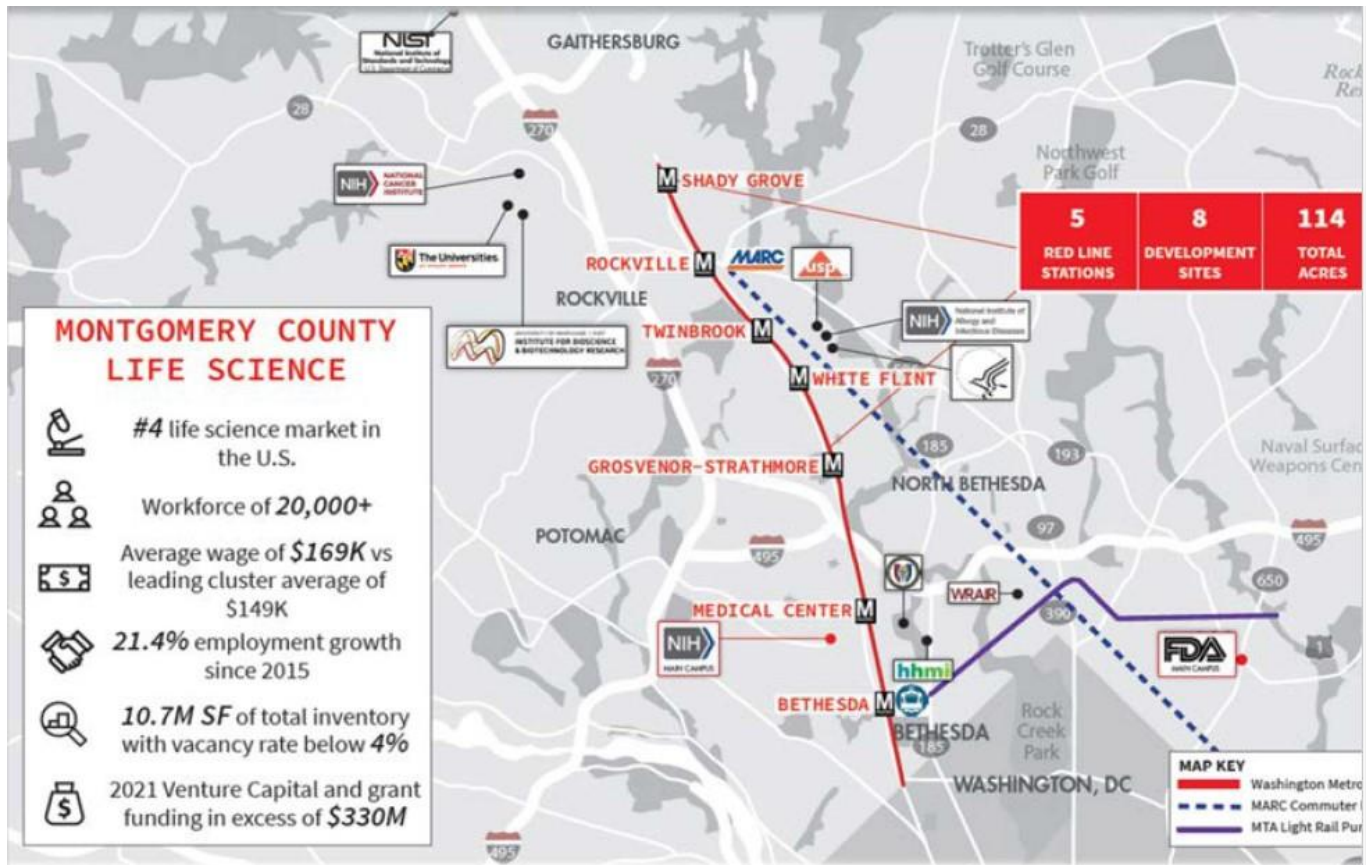


**Accelerator for Hospitality Tech Startups**

MCEDC has established a hospitality tech accelerator to connect early-growth stage startups from the mid-Atlantic with regional and global hospitality brands located in Montgomery County. The focus will be on some of the hospitality industry's top sustainability challenges including energy efficiency and management, water conservation and management and waste reduction and management. Companies desiring to participate must show that the problem they are solving is critically important and why their solution matters. In addition, the company must show data confirming recent success and explain how it is prepared to take its product or service nationwide. A five-page application form gathers substantial information about the company's history, operation and product to aid in the selection process. The first program is scheduled to begin March 28, 2023 and will be conducted both virtually and in person.

**Global Pandemic Prevention Center**
US Pharmacopeia, the nonprofit organization that owns the trademark and copyright of the pharmacopeia itself, has provided office and conference space in Rockville for the new Global Pandemic Prevention and Biodefense Center. Connected DMV, a leading Greater Washington organization that seeks to help solve complex regional challenges, has spearheaded efforts to establish the center in response to the COVID-19 pandemic. The center's goal is to help prevent future outbreaks from becoming pandemics. Montgomery County is uniquely positioned to be the host location for the center, which aims to harness the rich talent and critical health research, biotech, defense and government assets required to deliver a full-scale response.

**Reform of the County's Incubator Network**
Montgomery County has four incubator facilities located in Germantown**,** Silver Spring and Rockville. They are intended to provide less expensive space for startups as well as some mentoring. The facility in Germantown consists of wet lab space; it has been consistently fully utilized and there is a clearly demonstrated need for more such space. The other incubators provide office space and equipment, meeting rooms and some mentoring but they have not been as successful. There is now recognition that space may not be as important to some small or startup businesses as mentoring, connection to related businesses and access to capital. Montgomery County Bill 31-22 enables the county to do a better job of helping prospective bio-tech businesses secure capital. To reimagine the incubator program, the council has added funding and changed the focus to help people in the very early stages of their planning. Another goal is outreach to minority communities that may not be aware of the assistance available through the incubator program. The county is also planning to add additional incubator lab space.

**Marketing Initiative to Rebrand Economic Development in the County**
MCEDC has launched a campaign to market Montgomery County as a place that empowers one to be bold, where all our citizens have the opportunity to write their own story, to create something remarkable and to build their legacy. The campaign called BE NEXT utilizes the MCEDC web site (ThinkMoCo.com) and social media. In conjunction with activities associated with the strategic plan's recommendations, BE NEXT should serve to rebrand Montgomery County as business-friendly.

**CREATING AN INCLUSIVE ENVIRONMENT**
The strategic plan recommends that the county promote and cultivate an entrepreneurship culture within the entire county and with people of all ages, beginning with an expanded curriculum in the public school system. It suggests expansion of robust entrepreneurship innovation hubs networked throughout the county with training and development tools geared for business startups, expanded mentoring opportunities, access to talent to assist with business plan execution and broader access to purveyors of capital.

**Focus on Earlier Stage Companies**
In November 2022 the council passed Expedited Bill 31-22 providing County Executive Marc Elrich with greater flexibility regarding the administration of the county's program to match federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants. This enables more focus on early-stage entrepreneurial companies and may encourage people who are leaving government labs and applying for federal funds to start companies building on their prior research to locate their companies in this county.

As the bill was being considered, the Office of Legislative Oversight (OLO) recommended a requirement to collect race and ethnicity data for the SBIR/STTR Matching Grant Program. This is included in the bill and gives a baseline understanding of potential racial and ethnic disparities in the program that can be used to develop future executive regulations for it aimed at advancing racial equity and social justice in the county. OLO also recommended collecting and reporting biotech workforce data by race, ethnicity and gender as well as investing in workforce development opportunities for residents who are black, indigenous or people of color (BIPOC) and in local small businesses, especially underrepresented BIPOC small businesses.

**Maryland Small, Minority and Woman-Owned Business Program**
MCEDC was named in June 2022 as the ninth and newest fund manager in this Maryland program, also known as the Video Lottery Terminal (VLT) Loan Program. The MCEDC-managed VLT program will be called the Accelerating Community Excellence (ACE) Loan Fund. MCEDC will manage its ACE program on behalf of the State of Maryland and has partnered with the Latino Economic Development Center to be the program's fiduciary agent. The MCEDC's ACE program is designed to assist eligible small businesses, especially in underserved communities, and will receive an initial allocation of $1.5 million in state funds to be disbursed as loans to small, minority and women-owned businesses in Montgomery County and throughout Maryland.

**Small Business Accelerator Program**
The Montgomery County Office of Human Rights and M&T Bank are partnering for the second year to offer a free 10-week Small Business Accelerator Program to assist early-stage and minority entrepreneurs with the essentials of business planning, operations, credit building, digital communication and financial management. It also could provide access to capital. To be eligible for the program, businesses must be based in Montgomery County, have been in business for at least two years, be generating revenue and be in good standing with the county and state licensing departments.

**COUNCIL EMPHASIS ON THE BUSINESS CLIMATE**
**Roadmap for Economic Development**
Following the election of a larger County Council and his election as council president, Evan Glass urged the council to act in unison to promote equitable economic policies that prepare Montgomery County for long-term success. In his "Roadmap for Economic Development," Glass identified a need to focus more intently on reducing barriers for small and minority-owned businesses, expanding the life sciences industry, attracting and retaining more Fortune 500 companies and closing the racial wealth gap. He proposed a roadmap including:

**Creating a new Economic Development Committee**:  This County Council committee which is also the largest council committee, will focus on growing the business sector and improving economic outcomes for all segments of our community.

**Cutting red tape**:  The county must do more to accelerate and streamline the review process for its commercial development community. The county has a Green Tape program that speeds the permitting process for certain types of projects, but this should be standard for most large projects seeking to do business in the county. In collaboration with the new Department of Permitting Services director, the council will be able to initiate efforts to streamline the application processes for projects of substantial capital investment so that they receive the concierge-level service required to ensure they are completed on time and on budget.

**Easing regulatory compliance**:  In recent years, the OLO has produced two reports that studied Montgomery County's business regulatory environment. The reports conclude that the county's business environment would greatly benefit by improving the county's "cost and ease" of regulatory compliance framework. Council President Glass has directed OLO to conduct a thorough review of the business codes and focus on easing regulatory burdens and cutting red tape. OLO has also been tasked to review business requirement deadlines across the state and in the county's municipalities in order to identify opportunities for streamlining processes and compliance to coordinate timing and avoid duplication of effort. In addition to licensing and compliance deadlines, many industries and employers must adhere to a variety of regulatory requirements in zoning, health, building safety, fire protection, and use and occupancy. An analysis of these factors will be reviewed through a racial equity lens to determine if there are undue burdens placed on sectors that have a larger proportion of small and minority-owned businesses.

**Establishing the Advanced Research Projects Agency for Health (ARPA-H) in Montgomery County**:  On March 15, 2022, President Joe Biden authorized the establishment of ARPA-H within the U.S. Department of Health and Human Services. Modeled after the Defense Advanced Research Projects Agency, a research and development agency of the U.S. Department of Defense, ARPA-H is designed to fund investments in breakthrough advancements in health and life sciences. The federal government has authorized $1.2 billion in funding for ARPA-H and determined that it should be placed in no less than three geographic areas. In December 2022 the County Executive and Glass sent a letter to Health and Human Services Secretary Xavier Becerra and ARPA-H Director Renee Wegrzyn encouraging them to establish Montgomery County as one of the locations.

**Creating a venue for businesses to file complaints**:  Currently, there is no central channel for businesses to bring problems they are experiencing while in the process of obtaining permits, navigating regulations or applying for funding and incentives. The Business Advancement Team (BAT) provides limited guidance for small businesses and offers a list of organizations for additional support on its website, which can be accessed [here](here). The county's Office of Consumer Protection can investigate consumer complaints against businesses and issue certain business licenses. However, there needs to be a clearly identified place for businesses to be able to report the problems they are experiencing with permitting processes or other county services.

**Requesting the Business Advancement Team (BAT) annual report:**  The BAT helps small businesses navigate the county's regulatory environment and informs them about financial programs and other resources. Glass requested that BAT examine the pandemic's impact on small, minority-owned businesses and provide insights on whether inequitable barriers to their recoveries or operations remain. This would be in addition to its normal required report on the status of BAT's requisite activities, which include duplication elimination, conflict resolution and elimination of unnecessary requirements for small businesses.

**Requesting the Montgomery County Pay Equity Act mandated reports:**  In 2019 the council passed the Montgomery County Pay Equity Act. This law eliminates the county's ability to request salary information or pay stubs from potential hires – a major reason for the wage inequality that exists across race and gender. The law includes a requirement for the County Executive to submit two reports to the council. The first – due on or before July 1, 2020 – was to study the effect of laws in other jurisdictions that prohibit an employer from considering a job applicant's salary history based on gender. The second report – due every two years beginning on or before July 1,

2022 – is supposed to provide information on gender pay equity among county employees. The council has yet to receive either report. These two reports are critical for the council to measure the impact of the law.

**OLO Report on Establishing and Maintaining a Business-friendly Environment**
As part of the FY22 OLO work program, the County Council assigned OLO with the task of preparing a report that examines government practices intended to assist the creation or relocation of businesses or franchises. The council requested information on economic development strategies that have been determined to establish and maintain a "business-friendly" environment that supports entrepreneurs and existing companies that do business in Montgomery County. The report can be viewed here.

OLO surveyed practices of various types from business tax rates to workforce development and evaluated the impact. After reviewing academic and organizational literature on different strategies to create a "business-friendly" environment, OLO presented the following six principles to guide economic development practices in Maryland and the county:

1. Distinguish between helping businesses and cultivating economic growth.
2. Implement economic development programs based on evaluation and evidence.
3. Customize and update government programs consistent with current local business needs.
4. Reduce barriers to economic activity and promote synergies among businesses.
5. Let the market determine winners and losers.
6. Expand entrepreneurial assistance to populations that have been excluded from economic opportunities because of discrimination.

**Place-Based Management Grants**
In January 2023 County Executive Elrich and the County Council announced a new grant program open to county nonprofit organizations for "place-based management" that will assist business districts and commercial areas with the retention, expansion and attraction of neighborhood-serving retail stores and other small businesses. The program's intention is to unify and strengthen the commercial corridor through events, promotion, marketing, maintenance and diverse stakeholder engagements.

Elrich proposed $1 million to support place-based businesses with a minimum award of $25,000 and a maximum award of $500,000, giving preference to nonprofit organizations that have a history of equity, diversity and inclusion in their programming background. The grants will be awarded for up to one year during which programs must be implemented and evaluated. Organizations selected for grants will develop strategies and operations to manage commercial revitalization efforts including façade and interior storefront improvements and improvement of the physical environment of the districts. Grant recipients will also promote neighborhood commercial districts and boost economic vitality through business retention, recruitment and expansion. Success will be evaluated by dollars reinvested, buildings rehabilitated, net gain in jobs and net gain in businesses. Council President Glass commented that "the Place-Based Management grant is a reinvestment in our community, ensuring our businesses, retail and urban areas continue to appeal to residents, tourists and companies seeking to move to Montgomery County."

**MEASURING SUCCESS**
The success of the Economic Development Strategic Plan can be measured only by quantifiable outputs and outcomes from the strategies and recommendations tied to the plan. The measurements should allow the average person to understand what is being tracked and why. A change in a chosen

measurement should signify that other related activity is moving in the same direction. There must be a clear and consistent data source and methods for reporting over time.

The strategic plan identifies ten potential measurements for accelerating innovation, economic drivers and entrepreneurship. These range from counting job employment and growth in identified clusters compared to state and regional growth trends to the number of private investments in county businesses in each industry including businesses participating in the county's business incubator network. For success in creating an inclusive economy the plan suggests six measurements ranging from the number of attracted, retained and new businesses started that are small, women or minority-owned to the percent of small businesses assisted through the plan. MCEDC is developing the process for determining measurements and beginning the data collection process. The Council Economic Development Committee has clearly stipulated that it expects data that indicates for all measurements both a goal and a current number so that progress can be determined.

This Fact Sheet was prepared by the LWVMC Economic Development Study Committee: Margaret Chasson – Chair, Chris Hager and Judy Morenoff.

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