



THE VOICE OF MONTGOMERY COUNTY BUSINESS

Lisa Cines, Chairman
Jerry Shapiro, Chair-elect
Chris Carpenito, Immediate Past Chair
Georgette "Gigi" Godwin, President & CEO

Testimony for Public Hearing
Bill 25-15 – Economic Development Reorganization –
Montgomery County Economic Development Corporation
June 9, 2015

SUPPORT

A fundamental value of a healthy community is strengthening and sustaining a vibrant local economy. MCCC supports a publically funded entity that is focused on increasing economic activity and expanding the tax base in Montgomery County. The focus of the proposed Montgomery County Economic Development Corporation must be attracting and retaining employers with high wage jobs.

The Montgomery County Chamber of Commerce Board and members understand the critical importance of this effort to the viability of our local economy. To that end, we have offered a number of amendments in the attached document to strengthen the effort.

These include:

- Board composition;
- Clear articulation of mission;
- Statement of remaining publically funded;
- Clearer delineation on the use of the economic development fund;
- Suggested criteria to use in the selection of a President/CEO;
- Clarification of the responsibility for implementing portions of the County's economic development strategic plan.

MCCC is an independent non-profit membership organization that helps our members thrive in and contribute to a vibrant regional economy. As companies grow, they add to the tax base and create access to opportunity and improved quality of life for our residents.

Data shows that our local and regional economy is recalibrating after the recession, sequestration and shifting federal government spending. High wage jobs that were lost are being replaced by lower wage jobs. We need to attract and retain companies that have high wage jobs in order to bring our economic ecosystem into balance and strengthen our local and regional economy to the benefit of all.

MCCC believes

- The focus of economic development activity should be to attract and retain employers with high-wage positions which have a large multiplier effect;
- Economic development (or 'growth') brings an increase in economic activity which results in an expanding tax base and an improved quality of life for residents;
- Public policy impacts the ability of the private sector to catalyze growth and development;
- An independent, publically funded organization led and staffed by credentialed economic development professionals is best positioned to execute economic development activities focused on retaining and attracting business.

MCCC has been actively engaged in promoting focused economic development efforts in Montgomery County for a number of years. In the Chamber's letter to the County Executive dated April 14, 2015 we focused on the key areas of Strategy, Structure, and Success to improve economic development in Montgomery County.

The strategy should be guided by an overarching economic development strategy that promotes success of business and is incorporated into all work of the government.

- Business growth leads to opportunities for residents.
- A strong local economy should be a core value of any community.
- Local policies should support and strengthen the economic development strategy in order to help achieve desired results.

The structure should be a publically funded, independent chartered corporate entity with a private sector board of directors and an executive director with economic development professional credentials. Staff compensation should include performance-based commission. The Board and Executive Director should have authority over the use of the Montgomery County Economic Development Fund.

- The structure should allow for formal private sector participation through the Board. The County Executive should appoint and the County Council should confirm up to 6 members of the board; the balance of members should be selected by the board and then sent to the County Executive and County Council for appointment and confirmation.
- As was done with MBDC, the board should include a designated representative of the Chambers of Commerce. We also encourage the County Executive to consider appointing a number of current MBDC board members to the new board to assist with the transition.
- While the budget will be approved on an annual basis, a Memo of Understanding should be used to support the ongoing work of the organization beyond one fiscal year.
- Leadership hired by the board is critical. The Executive Director/CEO must have a demonstrated and proven track record of making deals on behalf of a community to attract and retain strategic businesses.
- The Executive Director/CEO together with the Board of Directors must have broad authority to prioritize and act on economic development matters on behalf of the county.

- The entity must have some authority over the economic development fund in order to engage in negotiations on behalf of Montgomery County.

The success should be based on metrics related to the ability to retain and attract business in Montgomery County.

- The mission of the Montgomery County Economic Development Corporation should focus on attracting and retaining business in Montgomery County, the result of which will be more high-wage jobs in Montgomery County.
- It will be important to measure the success of the efforts, ie the number of high wage jobs added in Montgomery County.
- Reference to collaborating and including members of the Workforce Development Board on this board should be omitted so that the focus remains exclusively on attracting and retaining targeted employers.
- Executive Director and staff should be compensated in part by achieving the goals of attracting new and retaining and growing existing business.

Finally, we urge support for both DED and MBDC during this transition period. Both organizations are engaged in important ongoing work and this must continue until the new organization is up and running.

Business growth contributes to the success of a community. As you put your values into action through the budget and legislative process, we hope you will demonstrate today and going forward your commitment to supporting the success of business in Montgomery County.

Attachments:

- April 14, 2015 MCCC letter to County Executive
- Suggested Amendments to Bill 25-15
- “Multiplier Effects: Connecting the Innovation and Opportunity Agendas” Brookings Institution, August 23, 2012
- “Entrepreneurial clusters are easier to kill than create” The Economist, March 17, 2012