

Meeting Summary

Following is a summary of issues discussed at the DBED Stat on April 5, 2011. Analysis is provided by StateStat and the Governor's Delivery Unit (GDU).

Follow-Up Items

- **CDBG.** The Department of Housing and Community Development (DHCD) is the primary State Agency responsible for administration of CDBG funds. The Department of Business and Economic Development (DBED) entered into a Memorandum of Understanding (MOU) for use of a portion of CDBG funds. DBED has been in contact with DHCD concerning decisions by Congress that affect the CDBG Program. According to DHCD, **a reduction in funding levels is expected; however, the cuts are not anticipated to be as substantive as proposed (62%). It appears that a reduction in funding levels would primarily target future years of CDBG resources, beginning with FFY11/SFY12.**
- However, it is important to understand that recent legislation approved by the U.S. House of Representatives contains references that enable HUD to recapture unobligated funds and prior year money that has not been expended. This language has been discussed by DHCD staff with HUD officials responsible for oversight of Maryland's CDBG program. HUD has assured staff at DHCD that recapture of unobligated or prior year unexpended funds is not a realistic option for the program, and will not be pursued.

Status of the Economic Development category of CDBG:

SFY10 CDBG-ED Fund Balance	\$1,845,475
SFY11 CDBG-ED Fund Balance	2,187,442
Program Income as of 6-30-10	601,506
<u>Program Income projected for 6-30-11</u>	<u>300,000</u>
Funds Available for Projects	\$4,934,423

Applications in Process:

Town of Hancock-Industrial Bldg Rehab.	\$600,000
Queen Anne's-Business Park Upgrades	500,000
<u>Kent -Industrial Bldg Rehab.</u>	<u>815,000</u>
Total Applications in Process	<u>\$1,915,000</u>

- **Balance of Funds Available for Projects** **\$3,019,423**
- The Office of Finance Programs is working with approximately eight prospective projects in early stages of formation. These projects would use approximately \$2.9 million of the CDBG fund balance. **Federal rules for the CDBG program require the majority of these funds to be committed to eligible projects by approximately October 2011.** If DBED is unable to identify a sufficient volume of eligible economic development projects, the remaining fund balance would be targeted to community development projects proposed by DHCD.

- **Central Business Licensing.** Cirdan Group is currently developing the Current Situation Report (CSR) as a result of the information collected during the survey and agency interviews. The CSR is due on **March 28, 2011**. Joint Application Development (JAD) sessions were conducted on March 16, 2011. The goal of the JAD sessions is to discuss the agency requirements for the overall MCBL system.
- **Transparency.** As discussed at the previous DBED StateStat meeting, DBED Marketing and Communications has been in contact with Neil Bergsman from the Maryland Budget and Tax Policy Institute. The timeline by which the agency will develop a plan for what to post online is as follows:

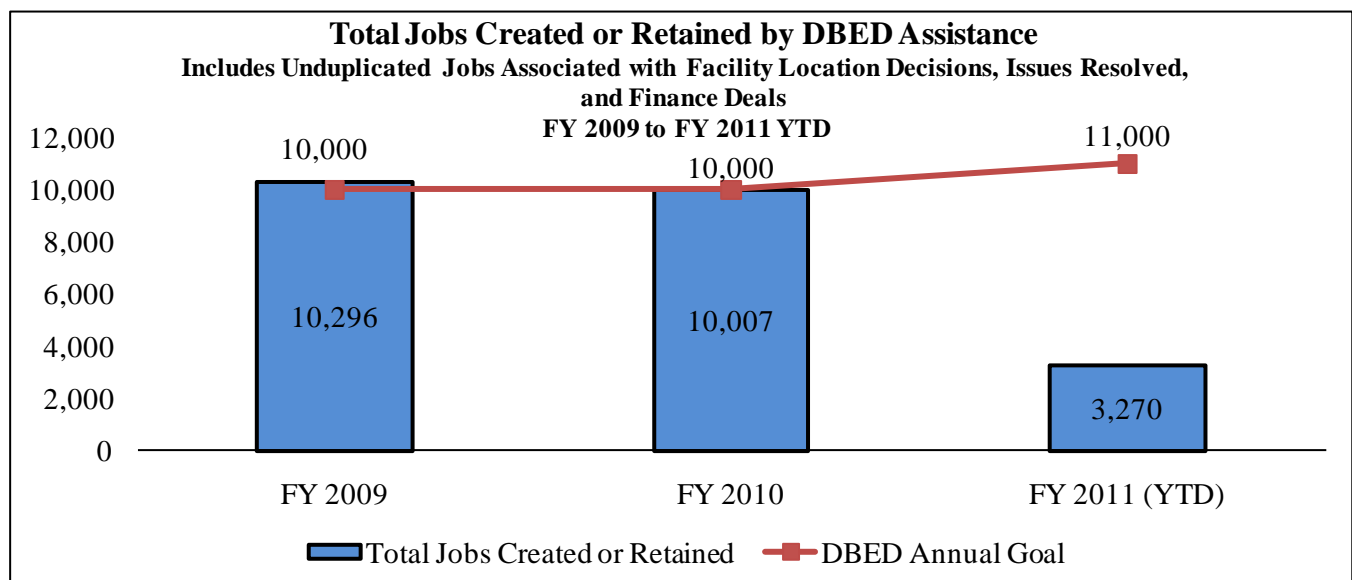
Action	Date
Neil Bergsman (Maryland Budget and Tax Policy Institute) to meet with DBED's IT, Finance and Interactive Teams to discuss their position on transparency and what types of information they recommend be made more prevalent on our site, and how	by late March 2011
DBED to assemble an internal "transparency committee" to develop a policy, procedures and protocol for uploading pertinent information to our site	March 21-24, 2011
Interactive team to develop a plan to implement the determined transparency policy	15-Apr-11
Plan approved and pushed live	end of May 2011

- **LiveChat.** Currently, DBED has two content experts (CSRs) trained to engage customers and answer questions regarding doing business with the state and federal government– B2G– subcontracting, contracting, how to get started, mentoring programs, etc. The current CSRs have been thoroughly trained on the Instant Message software. Protocol has been developed for how and when to respond to inquiries when CSRs are away from their desk; CSRs are to respond to all inquiries within 24 hours. Customers are prompted to leave their e-mail address and their question which is then forwarded to the CSRs email in-box. CSRs have been trained to enter in "canned commands," such as links that can answer customer's questions, E-mail addresses to contacts that could be helpful to answer questions, and specific statements – "Please provide your e-mail address to me..." in the event that the CSR does not know the answer to the customers question.

Overall Progress toward Jobs Goal

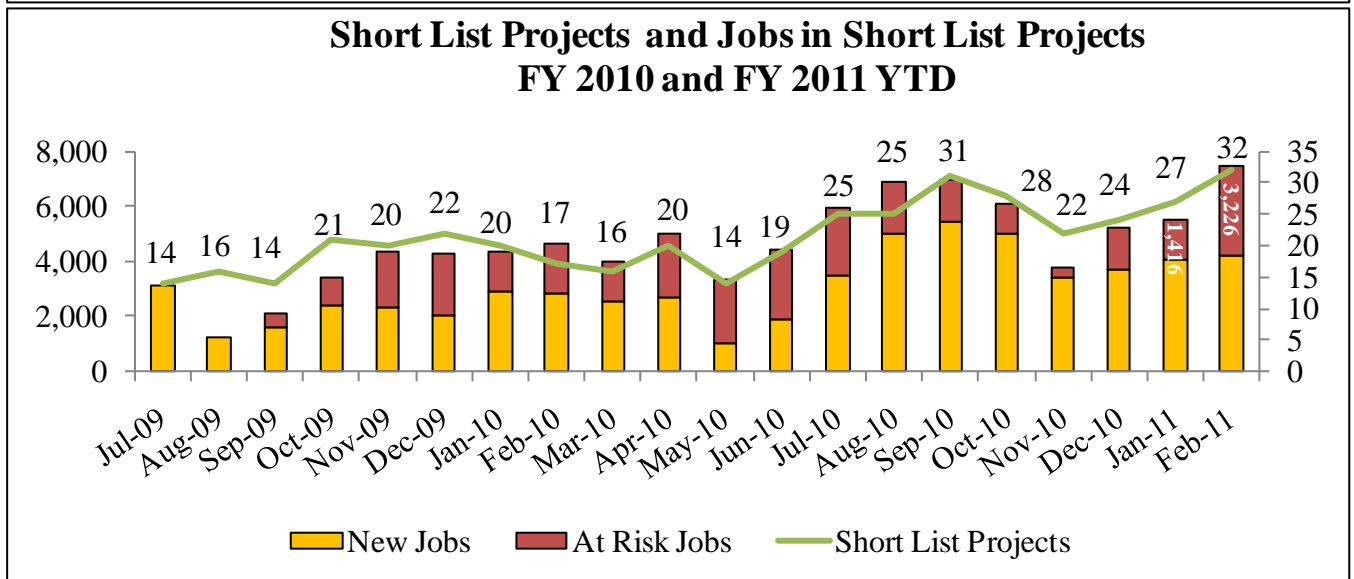
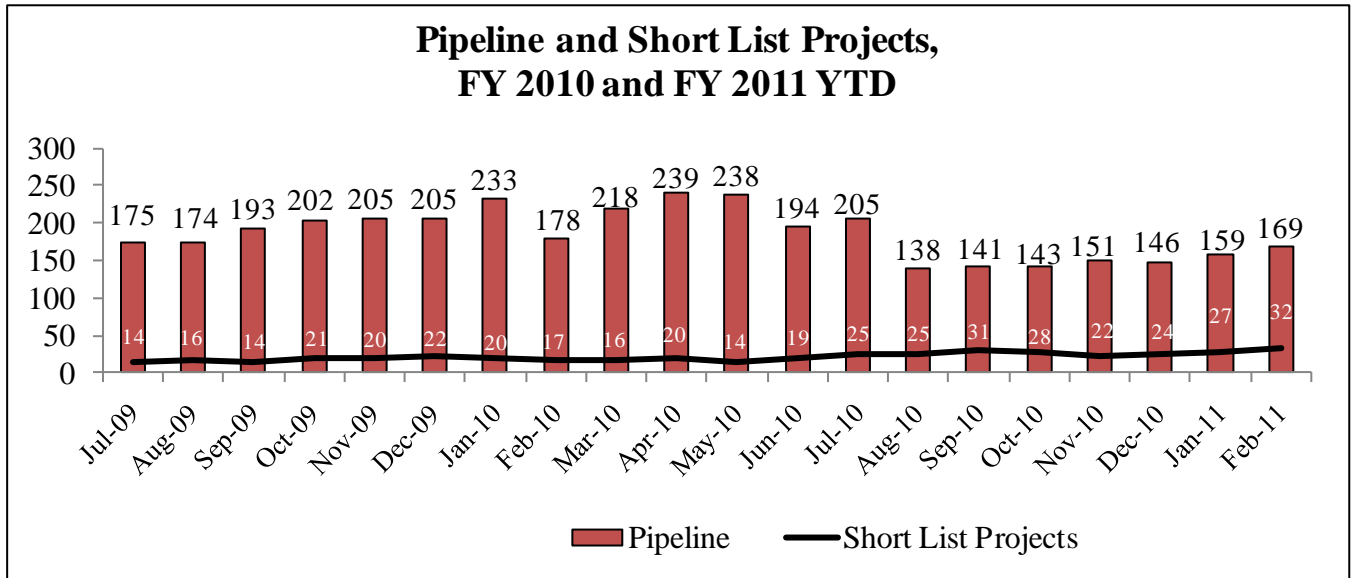
GDU Goal 1: Create, Save or Place Maryland Residents into 250,000 Jobs by the End of 2012

- **DBED Assistance and Jobs Impact.** DBED's internal goal is to create or retain 11,000 direct jobs in FY 2011 (an increase over its 10,000 target in the previous 2 fiscal years) through the three main types of assistance: facility location decisions, issues resolved, and finance deals. Note that this data does not include jobs related to BRAC. As of February 2011, DBED has helped create or retain 3,270 jobs, an unduplicated total through the three types of assistance. The number of companies assisted by DBED that resulted in a jobs impact is 69 as of February 2011.
 - The agency reported that more deals have closed, including the Black and Decker deal, and that more jobs will be added. Additionally, the number of prospects has risen.



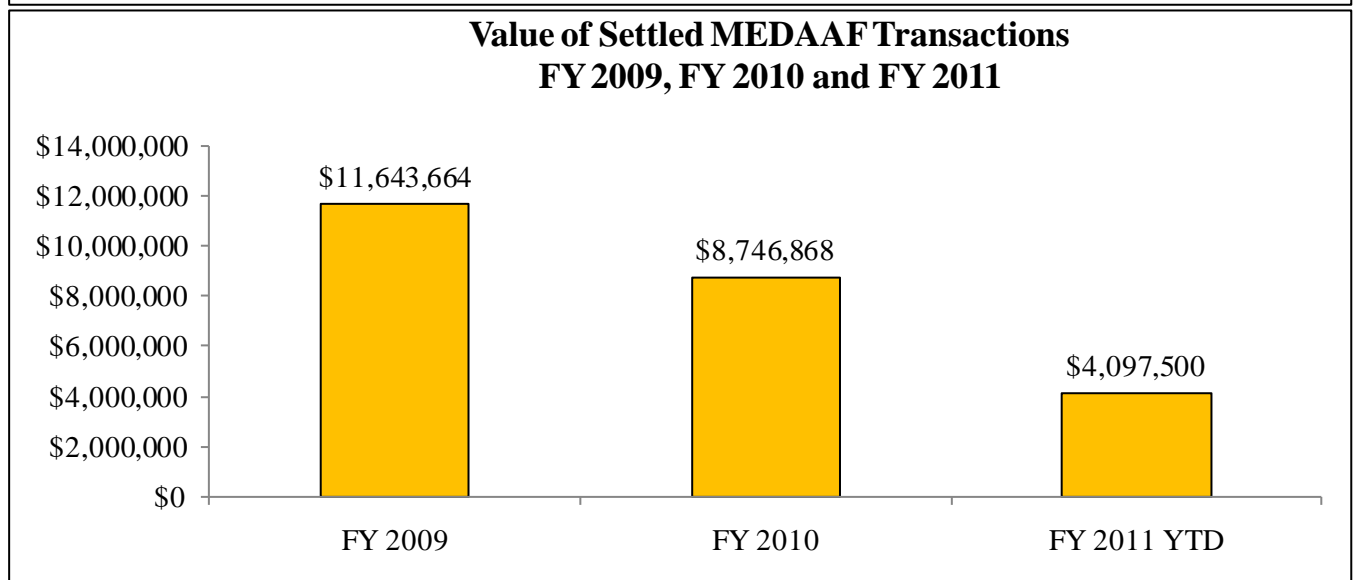
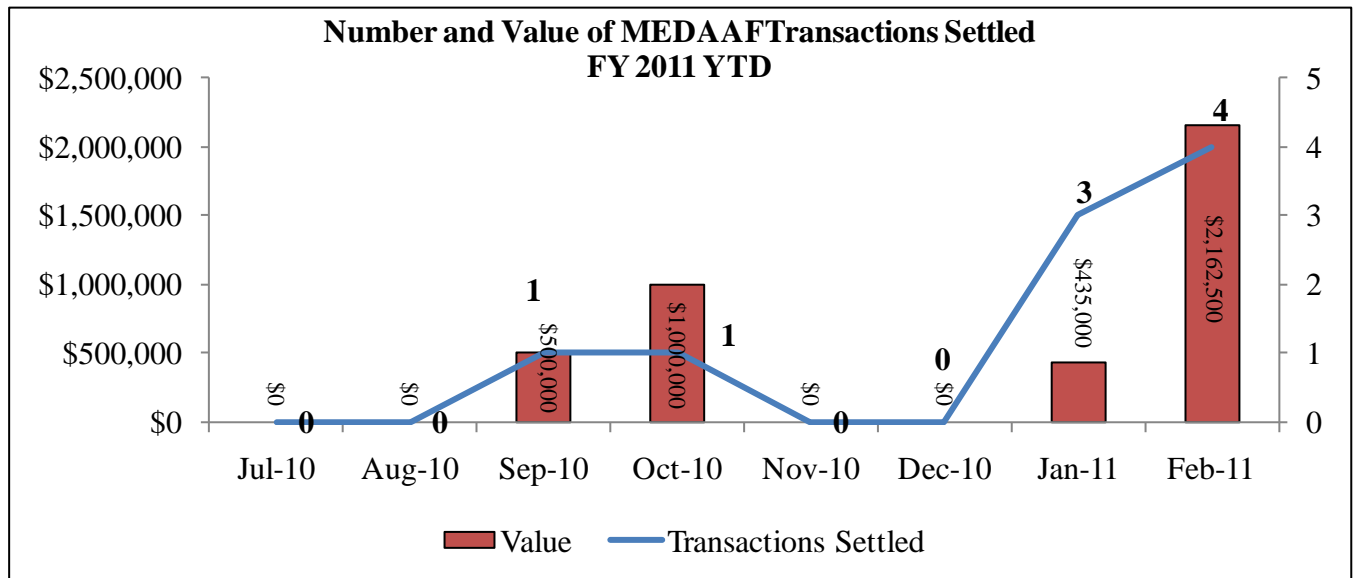
*Please note that these figures do not include BRAC-related jobs or federal projects.

- **Short Listed Projects have Potential to Add 7,443 Jobs.** In February there were 169 projects in the facility location decision pipeline, 32 of which were in the final stages of the decision process, or on the "short list." The 32 short listed projects have a combined impact of 7,443 jobs. In February 2011, the number of at-risk jobs associated with short list projects increased from 1,416 to 3,226, as shown in the second chart below. The increase was largely driven by Stanley Black and Decker, Inc.
 - The day of the StateStat meeting, an announcement was made that the State extended an offer to provide a \$1 million conditional loan through the Maryland Economic Development Assistance Authority and Fund (MEDAAF) to assist Stanley Black & Decker in upgrading its Construction and Do-It-Yourself (CDIY) world headquarters in Towson, preserving 1,100 jobs.



Financing Programs

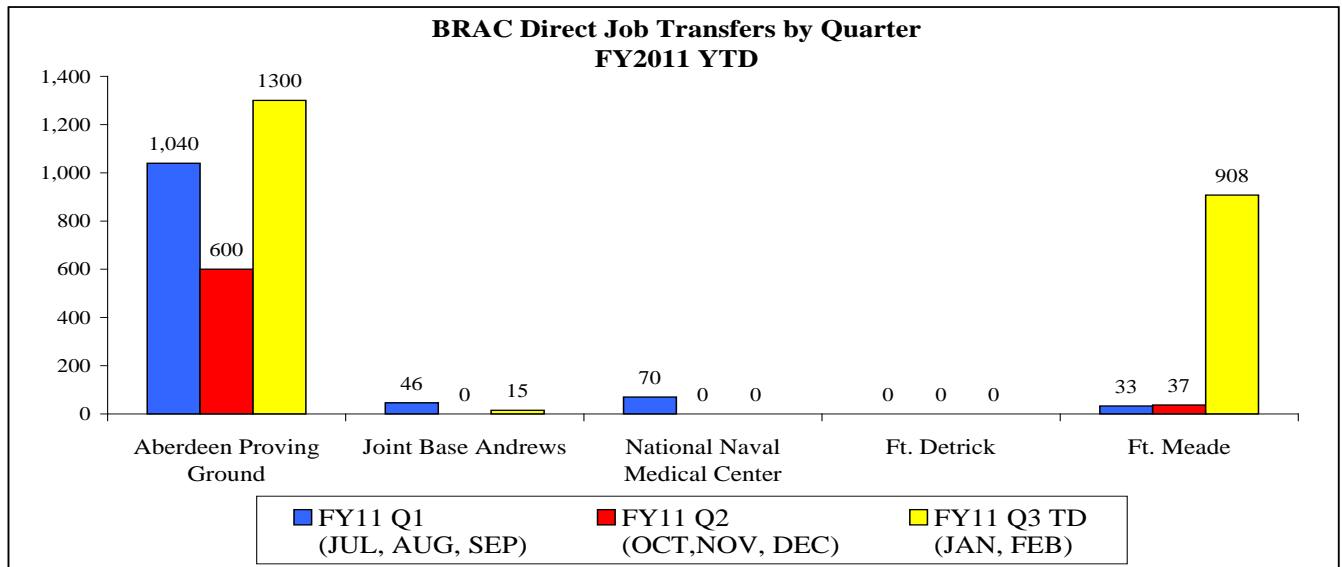
- Maryland Economic Development Assistance Authority and Fund (MEDAAF).** The MEDAAF financing program has seen a slight increase in transactions in January and February, which is notable given the economic climate; in February, four projects were settled for financing under MEDAAF. Of the \$2,162,500 in financing settled in February 2011, 69 percent (\$1.5 million) in financing was settled in Garrett County. Despite the recent increases, the value of MEDAAF funded projects has decreased since FY 2009 as shown in the second chart below. The agency has reported that \$10,805,000 is in the pipeline, meaning that an agreement from the recipient is awaiting formal approval, or a Proposal Letter has been sent.



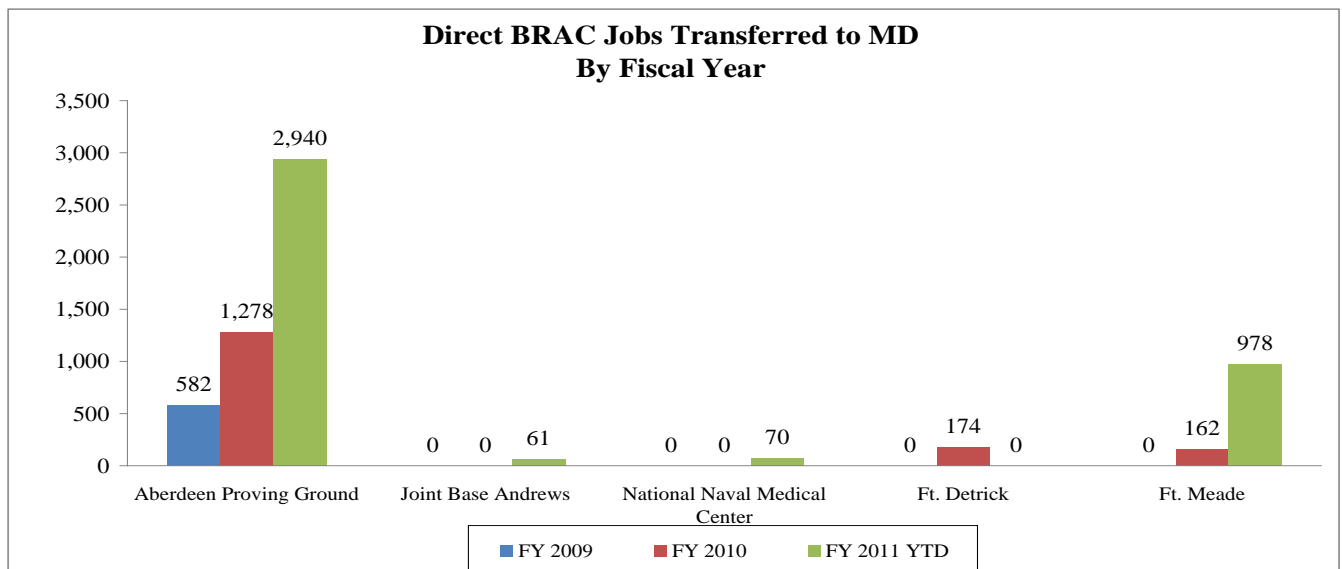
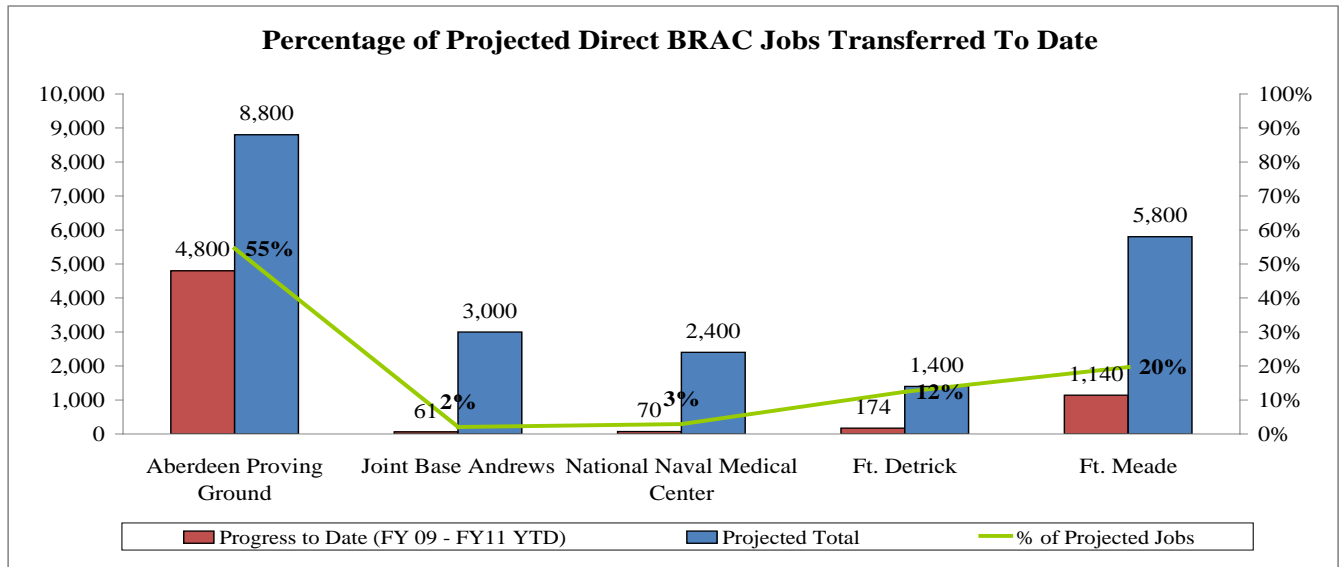
BRAC Outreach and Job Creation

GDU Goal 1: Create, Save or Place Maryland Residents into 250,000 Jobs by the End of 2012

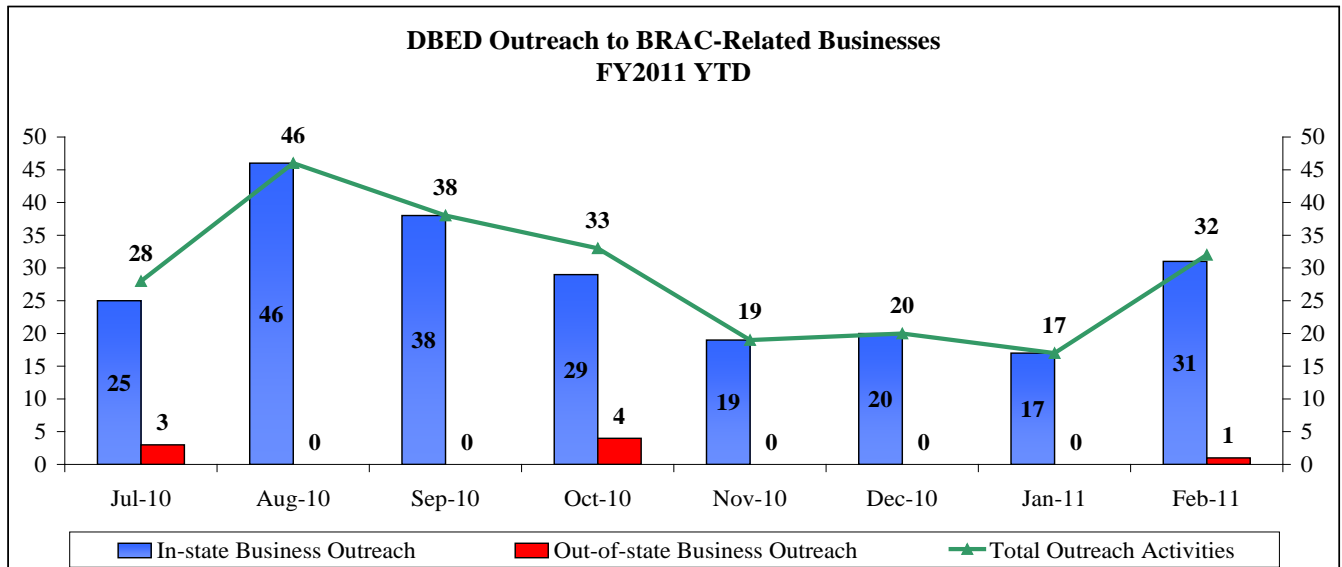
- BRAC Direct Jobs.** The BRAC process is expected to create 60,000 jobs in Maryland by 2020 (including direct, indirect and construction employment). DBED’s BRAC template tracks direct job creation for 5 military locations in Maryland. The projected direct job growth at those locations is 21,400 overall. The pace of direct job growth is dictated by numerous factors, but primarily completion of required construction. DBED-OMFA also “sells” Maryland to base workers in NJ and VA so that the percentage of base workers retaining their positions remains high. OMFA reports that the next six months will see rapid growth (which they say began in FY2011 Quarter 1, mainly at Aberdeen). Below are two charts, one chart showing progress toward reaching direct job targets at each of the 5 facilities and another showing progress by fiscal year. The BRAC timeline indicates that all direct BRAC jobs will be in place by FY 2011 Quarter 3. DBED’s Office of Military and Federal Affairs reports that this timeline is still accurate.



Source: Information obtained by DBED directly from military bases.



- BRAC Outreach to BRAC-related Employers.** The Administration’s Jobs Delivery Plan calls for DBED to coordinate the effort to reach out to in-state and out-of-state businesses that could be interested in taking advantage of business opportunities made available by BRAC. The chart below displays DBED’s reported promotional activity during the last 7 months of available data. The table below it shows the number of new, indirect defense-related jobs created by quarter calendar year 2010; there was an overall increase from FY2011 Quarter 1 to FY2011 Quarter 2.



Employment- Indirect Job Quarterly Changes in Defense- Related Employment by County	Q3, FY10 (JAN,FEB, MAR)	Q4, FY10 (APR, MAY, JUN)	Q1, FY11 (JUL, AUG, SEP)	Q2, FY11 (OCT,NOV, DEC)	Total to Date (FY09, FY10, and FY11 YTD)
Anne Arundel	170	433	431	477	2,441
Baltimore City	0	0	0	0	0
Baltimore County	0	0	0	0	0
Carroll	0	0	0	0	0
Cecil	0	0	0	0	0
Frederick	0	0	0	0	50
Harford	9	835	14	400	2,573
Howard	144	163	0	0	1,084
Montgomery	0	0	0	0	40
Prince George's	0	0	0	0	0
TOTAL	323	1,431	445	877	6,188

Source: Data obtained by DBED from the counties.