



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

AGENDA ITEM #3L
June 15, 2021
Introduction

SUBJECT

Supplemental Appropriation to the County Government's FY21 Operating Budget, Department of Finance, Economic Development Fund, \$500,000 for Fox Television Studios, LLC

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

The Executive requests a supplemental appropriation totaling \$500,000 to support the County's Economic Development Fund (EDF) Agreement with Fox Television Studios, LLC for its relocation to the County in Bethesda (see ©1-4). The Council previously supported the use of the EDF for this purpose in 2017. Section 20-75(d) of the County Code requires the Executive to fund any EDF transaction greater than \$500,000 through a supplemental appropriation.

SUMMARY OF KEY DISCUSSION POINTS

- The business' relocation to the County will result in 178 new jobs and \$32.5 million in investments in the build out of its office space in Bethesda.
- The source of funding is existing EDF appropriation.
- The public hearing for this supplemental appropriation is tentatively scheduled for June 29, 2021 at 1:30 PM. Action is tentatively scheduled immediately following the public hearing.

This report contains:

Executive memorandum
Proposed resolution

© #1
© #3

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OFFICE OF THE COUNTY EXECUTIVE
Rockville, Maryland 20850


Marc Elrich
County Executive

CONFIDENTIAL

MEMORANDUM

June 8, 2021

TO: Tom Hucker, President, Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Supplemental Appropriation #21-530 to the FY21 Operating Budget
Montgomery County Government
Department of Finance
Economic Development Fund, \$500,000 (Funding Source: Economic
Development Fund Balance)

I am recommending a supplemental appropriation to the FY21 Operating Budget of the Department of Finance in the amount of \$500,000 for the Economic Development Fund. This appropriation is needed to provide a financial incentive in the form of a conditional grant to Fox Television Stations, LLC, to facilitate its relocation from the District of Columbia to 7272 Wisconsin Avenue, Bethesda. The relocation will bring 178 jobs to Montgomery County and capital investment of \$32,500,000.

This incentive was approved by the former County Executive on July 11, 2017 and by the County Council on July 25, 2017. As an Economic Development Fund incentive of \$500,000, a supplemental appropriation is required as specified in the County Code, Section 20.75 (d): "The Executive must not provide assistance to a private employer valued at more than \$500,000 unless the grant, loan, or equity investment is approved by the Council in a special or supplemental appropriation."

While 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, Section 20-73 (a) establishes the Economic Development Fund as continuing and non-lapsing.

Tom Hucker, Council President
Supplemental Appropriation #21-530 to the FY21 Operating Budget
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I recommend that the County Council approve this supplemental appropriation in the amount of \$500,000 and specify the source of funds as the Economic Development Fund Balance.

I appreciate your prompt consideration of this action.

Attachment: Supplemental Appropriation #21-530

c: Jennifer Bryant, Director, Office of Management and Budget
Michael J. Coveyou, Director, Department of Finance
Judith Costello, Special Projects Manager, Office of the County Executive
Nancy B. Feldman, Chief, Division of Fiscal Management, Department of Finance
Dennis Hetman, Fiscal Manager, Department of Finance
Peter McGinnity, Fiscal & Policy analyst III, Department of Finance
Pofen Salem, Senior Fiscal and Policy Analyst, Office of Management and Budget

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 FY21 Operating Budget, Montgomery County Government, Department of Finance, Economic Development Fund (\$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 FY21 Operating Budget appropriation increases for the Economic Development Fund:

<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	Economic Development Fund Balance

3. 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. On July 11, 2017 and July 25, 2017, the former County Executive and County Council respectively, approved a \$500,000 financial incentive in the form of a conditional grant to Fox Television Stations, LLC, to induce its relocation from the District of Columbia to 7272 Wisconsin Avenue, Bethesda. This attraction project brings 178 jobs to Montgomery County and capital investment of \$32,500,000.

4. Section 20-73(a) establishes the Economic Development Fund as continuing and non-lapsing. Consequently, remaining fund balances from prior fiscal years-end have accumulated. There are currently sufficient funds in the Economic Development Fund to fund this supplemental appropriation.
5. The County Executive recommends a supplemental appropriation to the FY21 Operating Budget in the amount of \$500,000 for the Economic Development Fund and specifies that the source of funds will be the Economic Development Fund Balance.
6. 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 FY21 Operating Budget of the Economic Development Fund 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	Economic Development Fund Balance

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council