



Rockville Economic Development (REDI)

Fiscal Year 2020 Final Report

INTRODUCTION

Rockville Economic Development, Inc., known as REDI, is a non-profit organization dedicated to the economic development of the City of Rockville, Maryland. The Board of Directors of REDI is comprised of Rockville business leaders as well as representatives from organizations that support the economic vitality of the City. A current Board list is attached to this report as **Exhibit A**.

In Fiscal Year (FY) 2020 REDI had a lot of impactful success for the City. We worked with State and County economic development entities to create incentives that attracted **a new U.S. pharmaceutical headquarters with up to 500 new jobs** in Rockville. We strengthened our target industry messaging efforts and engaged educational and business leaders in conversations about workforce pipeline needs. We also met the COVID-19 emergency by assisting businesses in responding to the pandemic crisis and accessing disaster relief.

This report covers many of the efforts REDI made throughout the year to grow and assist businesses, as well as to work with the City in enhancing the quality of life in Rockville in order to be a city of choice for employers.

The REDI Board of Directors spent the last two years working on priorities with REDI's Chief Executive Officer, which led to our updated Strategic Initiatives and Work Plan attached hereto as **Exhibit B**. This plan focuses on four major areas of activity: **Business Retention/Expansion/Attraction, City Projects, Small Business Assistance, and Workforce Alignment**.

A summary of REDI's FY 2020 highlights include:

Strategic Planning

- Refreshed REDI's Mission, Vision and Values.
- Created new board committees in **marketing** and **workforce/education** to focus on the top priorities of 1) business attraction/retention and expansion messaging and outreach, and 2) addressing area workforce needs by facilitating conversation between educational leaders at the institutions preparing our workforce with business leaders and hiring managers.
- Added new Board members **representing key industries** in government contracting, bio health, marketing, and professional services.

Business Retention/Expansion/Attraction

- Incentivized Aurenia Pharmaceuticals to locate its **U.S. headquarters in Rockville** with up to **500 jobs** and **120,000 square feet** of commercial space.
- Strengthened Rockville's **support of target industries** in biohealth, tech, professional services, federal contracting, hospitality and gaming by adding board members in target areas, actively outreaching to existing businesses, connecting businesses to resources, working with partnering entities to support and highlight these industries, and attending and sponsoring applicable trade shows.
- **Highlighted achievements by Rockville businesses** in social media and messaging such as Emmes being named a top 100 largest private company, Betah receiving a Governor's citation, and Altimmune partnering with Vigene Biosciences to set up a manufacturing arrangement for a COVID vaccine.
- Administered the **MOVE/Expansion and Small Business Impact Incentive Funds** to support Rockville businesses.

City Projects

- Engaged large downtown commercial developers in conversations regarding the challenges of downtown stabilization and providing input for the Urban Land Institute (ULI) Technical Assistance Program (TAP) **assessment of Rockville Town Center**.
- Assisted city staff with the scope and presentations to the ULI TAP professional panel.
- Partnered with the City and Federal Realty Investment Trust (FRIT) to **create a retail incubator in Town Square** that allows selected MWBC clients to try out a brick and mortar location for their enterprises before making a long-term leasing commitment.

- Provided input on a number of City projects including the 2040 Comprehensive Plan Economic Development Element, Wayfinding, Stonestreet visioning, RFI for the King Farm Farmstead, decommissioning of RedGate Golf Course, redevelopment of the Rockville Metro Station and facilitating the USGA tournament at Woodmont.

Small Business Attraction and Assistance

REDI's signature program supporting small businesses, the Maryland Women's Business Center (MWBC), is in its 10th year of serving area entrepreneurs with a focus on women and minority businesses.

- Served approximately **1,500** unique clients this year, with over 300 being located in Montgomery County. Entrepreneurs brought in approximately **\$870,000 in equity capital** as well as over **\$1.5 million in business loans**. Over **2,543 attendees at 137 training sessions** received information to support their business needs.
- Provided counseling, trainings, workshops and **COVID relief** information on online platforms starting in March, which allowed more business owners to access information from their smart phones and home computers.
- Received continual updates and trainings from the SBA, as well as State and County programs to be able to provide current information to businesses about relief funds and opportunities in a constantly changing environment.
- Kept current information on **COVID** resource pages on both the REDI and MWBC websites.
- Operated the **retail incubator** in Rockville Town Square with MWBC clients.
- Received an infusion of funding from the CARES Act as well as Montgomery County to address business needs caused by the pandemic crisis, **especially assisting the childcare industry** in the County.

Workforce Alignment

- Held the **first workshop roundtable discussions** with educational and industry leaders regarding **workforce needs** in our area, the effect of **COVID** on the local job market, and skills gaps.
- Continue to develop topics for additional meetings to continue the connection and conversation between Montgomery College, Universities of Shady Grove, the Montgomery County Public School System, and area businesses so that the educational leaders

understand the business hiring pipeline needs and the businesses are aware of the training and other resources provided locally

DISCUSSION

STRATEGIC PLANNING

Last year, the Board of Directors examined data trends identified by the Jones Lang Lasalle research team which showed businesses locating near the workers rather than workers moving for job opportunities. Responding to this information, REDI shifted focus to tell the story of the available highly educated and specialized workforce in Rockville - highlighting resources available to businesses in developing workforce and facilitating a more engaged conversation between educational institutions and businesses.

To achieve these new goals, a Marketing Committee Chaired by Susan Prince and a Workforce/Education Committee Chaired by Dr. Kimberly Kelley were created to move the strategic priorities forward, which included an RFP process looking at approximately 30 firms, to hire GKA as our marketing firm to revitalize the REDI messaging, website and reach. REDI also convened thought leaders in workforce/education to start a series of roundtable discussions.

REDI brought on four new board members, Richard Alvarez of Brand Institute, Angela Chaney, of Aaronson, Bei Ma of The Pinea Group, and Suzanne Osborn of Westat. All of these business leaders bring high level skills and perspectives to the Rockville business community.

The Board held its second Strategic Planning Retreat in February 2020, where they discussed retooling the Mission, Vision and Core Values for REDI. Mission is what the organization does, Vision is what it wants to be, and Core Values define who the people in the organization are.

GKA created surveys and a workshop for stakeholder input in addition to the Board input, to develop the following:

Mission Statement - To identify and develop economic opportunities to help Rockville Prosper.

Vision Statement - Rockville is a 21st century city for business

Core Values - Be Proactive, Be an Expert, Be Innovative, Be Collaborative, Be Impactful

GKA also developed a general positioning statement to describe Rockville to businesses who are looking to locate or stay in Rockville.

General Positioning Statement

Rockville feels like a familiar place - where neighbors coalesce and the history of Rockville is in everyone's backyard. We support each other here and we each leave an imprint on Rockville's future.

Although Rockville is known for leading in science and tech, our renowned educational institutions, accessibility to federal organizations, a vast transportation system and world class talent, it is our celebration of people that precedes our reputation as one of the most inventive cities in the nation.

Every day we become a little smarter by upholding diversity of thought, culture, and ideas. We enact programs like FAST track permitting and MOVE incentives to attract companies that help promote ingenuity. As a result, business is easier in Rockville because we support our community, expand opportunities and retain generations of citizens.

During the retreat, the Board examined four major areas, which has led to our updated Strategic Initiatives and Work Plan attached hereto as **Exhibit B**. This includes **Business Retention/Expansion/Attraction, City Projects, Small Business Assistance, and Workforce Alignment**.

BUSINESS RETENTION/EXPANSION/ATTRACTION

In Fiscal Year (FY) 2020, REDI continues to serve as the City's resource for business attraction and retention. Rockville remains strong in the biohealth and tech sectors, as well as in professional services, federal contracting, hospitality and video gaming. REDI provides site selection assistance, development coordination, data and demographic information, business funding and incentive connections, networking and referrals, and workforce referrals to resources including education, training and placement services.

REDI supports the City in addressing the needs of businesses including incentives, connecting to city staff for permitting, zoning and other services, as well as helps connect them to needed resources. This

includes helping them to communicate to employees the benefits of being in Rockville. In July 2019, REDI hired Ryan Gandy as its Deputy Director to focus on business retention, expansion and attraction. Ryan came to REDI from King George County, Virginia where he was the Director of Economic Development & Tourism. He has a Master of Public Administration from Valdosta State University and brings great economic development experience to Rockville.

REDI projected certain performance measures in the FY 2020 budget, and met them as follows:

Performance Measures	Proposed FY2020	Actual
Number of strategically placed print ads in regional/national publications	2	0
Number of digital ads promoting Rockville as a place to do business	24	69
Number of business visits	140	146
Business Incentive Grant recipients (Move/Expansion and SBIF)	10	6
New square footage of incentive grantees	40,000	41,800
Aggregate average annual salaries for grantee firms	\$87,000	\$175,000
Number of full-time jobs added to Rockville through grantees	45	300
Number of MWBC workshops offered to entrepreneurs	135	137
Number of MWBC workshop attendees	1,200	2,543
MWBC Capital Infusion/Equity Capital	\$500,000	\$870,000
Number of Rockville companies promoted through social media	156	307
Number of broker/economic development event sponsorships*	4	4
Number of industry sector events hosted/promoted*	8	17
Number of external articles posted that share news about Rockville's industry sectors	24	96
COVID Resources posted	N/A	201 posts 48,013 reach

While we did not pursue traditional print ads, we had an increased number of digital communications on our social media platforms. We shifted to focus on COVID resources starting in March.

Working with GKA on repositioning and retooling our messaging, REDI developed the flyers attached as **Exhibit C** that communicate to businesses *Why Rockville* and also provide information for employees. These tools can be used by businesses, their human resource departments, brokers and real estate agents, in addition to REDI's recruitment efforts.

REDI is a member of the U.S. Board of Trade and is cultivating regional relationships with other economic development agencies in the District of Columbia, Maryland and Virginia area (DMV). This includes focusing on regional priorities such as 5G and transportation infrastructure that will help businesses and the economy in the larger Washington metropolitan area. Learning from the larger alliances of the Northern Virginia organizations, Montgomery County Economic Development Corporation (MCEDC) entered into a joint statement of collaboration to formalize the Maryland National Capital Region Economic Development Alliance on April 5, 2020 with Anne Arundel, Charles, Frederick, Howard, Montgomery and Prince George's Counties. This will allow our region to compete with other regions more effectively. REDI met with Ben Wu and Bill Tompkins at MCEDC in an ongoing discussion about how economic development agencies at the city level will be incorporated, and we expect this alliance to give us greater leverage in attracting businesses.

Attraction

A big win for the City of Rockville this year was the attraction of Aurinia Pharmaceuticals, a Canadian pharmaceutical company based in British Columbia that plans to open its U.S. headquarters at 77 Upper Rock Circle in Rockville. They are planning to bring more than 500 jobs to the region over the next seven years, hiring 100 in the first year. The company develops and commercializes products that treat debilitating diseases including voclosporin, an investigational drug for lupus nephritis. They will occupy 30,000 square feet in their first phase with possible expansions up to 120,000 square feet. This attraction project was a partnership with the Maryland Department of Commerce, Montgomery County/MCEDC, and the City of Rockville/REDI. The parties entered into an incentive agreement that included a \$2 million conditional loan through the State's Advantage Maryland program, a conditional grant of \$350,000 from Montgomery County and \$25,000 for each of the two phases of the project from Rockville, which will be paid through Rockville's MOVE incentive program.

REDI participated with the Regional Manufacturing Institute of Maryland and the Montgomery County Executive's Office to hold a Montgomery County Manufacturing connect event in

November. This year, due to the pandemic, the biohealth conferences were cancelled or moved to a virtual platform; however, REDI was able to participate in a presentation at NIH by the Department of Commerce, as well as attend a virtual Connectpreueur event that features access to capital.

Retention and Expansion

With the COVID-19 pandemic severely impacting businesses, REDI pivoted in March to provide support and assistance accessing the Federal, State and local level resources available for relief. This included direct assistance and advice, information on both the REDI and MWBC websites that is continually refreshed, as well as pushing out information on social media. REDI assisted the City and Chamber in trying to bring focus to the hurting restaurants and retailers in the City by having articles placed, directing consumers to the Visit Montgomery Moco Eats site and pushing out information regarding the restaurant list produced by City staff.

REDI continues to circulate social media and try to get coverage regarding achievements of Rockville businesses like Emmes being named a top 100 largest private company, Betah receiving a Governor's citation, and Altimune partnering with Vigene Biosciences to set up a manufacturing arrangement for a vaccine, as well as highlighting other area companies on the forefront of COVID vaccine efforts.

Earlier in the year, REDI convened a working group of large downtown commercial developers to have conversations regarding the challenges of downtown stabilization. This group was integral in providing information and input to the ULI effort to analyze the opportunities and challenges of town center; and has formed a strong case for a cultural center anchor for downtown.

Incentives

The City funds REDI's business attraction and retention incentive program, and in FY 2020 allocated \$50,000 for the MOVE (Make Office Vacancy Extinct) and Expansion grants incentives and \$400,000 for the Small Business Impact Fund (SBIF) to support these efforts. Funding that is not spent in the FY rolls over to the next FY. Incentive programs not only allow Rockville to express its appreciation and welcome to businesses choosing Rockville or growing here, it also gives a touch point to REDI to be able to interact with businesses to learn about their activities, challenges, and needs.

The MOVE/Expansion grants provide incentives to qualified businesses locating or expanding within the City limits. The SBIF is a program developed by Mayor & Council in 2018 that seeks to support the small business community in areas of the City that are walkable, close to transit and are supported by significant residential units. The SBIF is designed to promote economic development in these metro-area performance districts and is targeted to new and existing businesses that boost economic impact and strengthen business development. This fund offers substantial benefits including:

- Retaining and creating new jobs, with an emphasis on traditionally under-employed populations.
- Retaining and expanding key business uses and services.
- Encouraging positive social impact.
- Supporting business-to-community engagement.

Applicants are required to show how their business either:

- Implements a triple-bottom line approach to its business model; or
- Is a certified B-corporation; or
- Commits to strengthening the local supply chain; or
- Commits to hiring hard-to-place Rockville residents; or
- Presents a compelling or strategic economic reason to receive a public investment.

Small businesses were hit hard by the pandemic, and this year funding was helpful to the businesses receiving assistance.

Grantee	Grant	Location	Added SF	Employees
Total Recon	\$20,000 Expansion Grant	627 Southlawn, adding 649 Southlawn	Adding 11,800; Total will be 21,800	25 current, will add up to 25
Cottage Monet	\$6,500 SBIF	36 Maryland Avenue #H	N/A	4
Peerless Rockville	\$8,500 SBIF	29 Courthouse Square Rm 110	N/A	2
Vino & Hops	\$16,000 SBIF	42 Maryland Avenue	N/A	3
Dawson's Market	\$400,000 SBIF	225 N. Washington Street	N/A	26 FT /33 PT

MCEDC contributed \$50,000 to the SBIF, and Daniel Parra joined the Incentive Review Committee to represent MCEDC. The Incentive Review Committee reviews applications for incentives twice a year. Please see REDI's website for dates and how to apply.

CITY PROJECTS

REDI continues to have a strong relationship with the Mayor & Council and City staff in assisting City projects. REDI provides input on topics that affect the business community and the economy of Rockville. Projects that contribute to the quality of life in Rockville also serve to attract businesses who want a great quality of life for their employees, and to help them attract and retain employees. This year, REDI has assisted on the following City initiatives:

- the 2040 Comprehensive Plan - especially the Economic Development Element
- participating as a stakeholder with the City's Art Consultant on defining creative industries and cultural opportunities for Rockville, and has had conversations about highlighting the creative industries as a target industry for the City that can contribute to the City's brand and to attract millennial and younger residents and workers
- discussing the possibility of having an arts and entertainment district in the City
- providing input to Public Works and City Staff on Wayfinding signage
- working with the City and CSX to obtain criteria for a mural in tunnel between the Pike and Stonestreet
- participating in developing the City's RFI for King Farm Farmstead
- working with City staff, WMATA, the County, and other stakeholders on the Rockville Metro redesign
- providing input regarding redevelopment of RedGate Golf Course
- worked with city staff to facilitate a USGA tournament with national media coverage at Woodmont
- partnering with the City on addressing the need to reposition Town Center
 - facilitating CEO level discussions of the commercial property owner group
 - participating in outlining the scope of ULI Tap, presenting to the panel, and providing input on the draft
 - discussing parking options and issues with the City Manager and city staff, as well as downtown businesses
 - partnering with the city and FRIT to develop a retail incubator

SMALL BUSINESS ATTRACTION AND ASSISTANCE

The Maryland Women's Business Center (MWBC), now in its 10th year, continues to serve entrepreneurs in Montgomery, Prince George's and Frederick Counties with a focus on women and minority businesses. The MWBC provides workshop programming on a variety of topics like writing a business plan, marketing, federal contracting, etc. They also provide one on one business counselling support. The program served about 1,500 unique clients this year and helped entrepreneurs bring in approximately \$870,000 in equity capital as well as over \$1.5 million in business loans. Over 2,000 new jobs were created by businesses served by MWBC this year. In Montgomery County, serving over 300 clients, there were 15 new business starts this year that created/retained 48 jobs and infused approximately \$700,000 in capital.

REDI continued to partner with the City and Federal Realty Investment Trust to operate a retail incubator that provides businesses who have a retail product to sell the opportunity to try a brick and mortar location donated by FRIT. The location is in Town Square and has been successful in highlighting local entrepreneurs and contributes to the vibrancy of the downtown.

We continue to be an important source for Senators Van Hollen and Cardin to understand trends for small businesses and women business owners. We hosted events for both senators during the year, including a panel discussion with Senator Van Hollen and the Frederick County Executive in the fall. Senator Cardin hosted a Facebook live event with SBA leader Antonio Doss and Cynthia Stewart to discuss the SBA Paycheck Protection Program and Economic Injury Disaster Loans available to small businesses for relief from shutdowns caused by the pandemic.

In addition to its regular SBA core funding, MWBC received an additional \$420,000 SBA COVID relief grant to enable our operation to provide services virtually, training on new topics, and assist businesses transition during this time. This allowed us to accelerate moving programming online as well as revamp our information delivery with a new website, messaging, and information outreach. We continued to receive funding from Montgomery County, Prince George's County, the City of Bowie, Frederick County, Wells Fargo, Capital One, and the Greater Washington Community Foundation. The MWBC raised a net \$16,000 in sponsorship dollars from its annual luncheon in October. The City of Rockville designated \$35,000 in support for this program.

An area of specific focus is assistance to the childcare businesses. Montgomery County has provided MWBC with funding to assist with applications for County relief programs, as well as funding to

develop more in-depth training on how to run a childcare business in both English and Spanish, as well as to provide more outreach.

To address all of the new COVID-related needs, we have purchased additional equipment, enhanced our online platforms, and are hiring temporary staff to assist. The MWBC had an interim Managing Director during the spring who assisted with navigating the complex grant requirements and applications, and as of July 2020, REDI brought on Morgan Wortham as the new permanent Managing Director. Morgan is a community economic development professional with over 20 years' experience in urban planning, community organizing and business development, including workforce development and entrepreneurial programs. Formerly Founder and Executive Director of ReNew Waterloo Community Development Corporation and President/CEO of Envision Community Solutions, she holds an MBA from University of Northern Iowa and MPA from Drake University and is pursuing a doctorate in Urban & Regional Planning and Design at the University of Maryland.

WORKFORCE ALIGNMENT

One of the areas the REDI Board identified to increase economic vitality in Rockville was elevating the discussion of workforce needs for Rockville businesses, and connecting businesses more closely with leaders of our educational institutions to have better communication about available resources. Many of our institutions are siloed, and while we have ample resources available, they are not always known to the entities that could use the services. This is what we found in our exploration with regard to programs offered by Montgomery College, the Universities of Shady Grove, and the Montgomery County Public School System, as well as programs supported by the State Departments of Commerce and Labor and the Maryland Chamber of Commerce.

REDI constituted a Workforce/Education Committee lead by Dr. Kim Kelley, Vice President and Provost of the Rockville Campus of Montgomery College, which launched in June the first of many facilitated discussions focused on workforce development in Rockville and surrounding areas. Because of the pandemic, the roundtable was moved to a virtual platform, and had over 50 participants representing a variety of industry sectors. After a presentation by Dr. Kevin Long reviewing the economic impact of COVID-19 on the local job market, participants discussed needs of the current labor market, skills gaps, and the effects of COVID-19. It was clear that education and business leaders could work together more closely to create success in this changing environment.

Continuing the effort to align our education institution programs with the need of local businesses is now critical as we move towards recovery from the pandemic. Attendees were surveyed, and the results will be used to develop topics for additional meetings throughout FY2021.

REDI will use the results of these conversations to ensure that it is providing relevant information to businesses in Rockville to address their workforce needs and to be the go-to reference for finding resources.

CONCLUSION

Fiscal Year 2020 was a very challenging year and fruitful year with staff changes, new grant requirements, and adapting to the ever-changing needs of businesses during this pandemic. Although the hospitality sector is hard hit, as well as many small businesses, Rockville is an area with some strongly performing business sectors like bio health and technology, which continue to grow and support jobs despite the economic impacts of the pandemic. REDI is here to assist businesses through this time with access to resources, business assistance, and connection to resources. We appreciate and value the working relationship we enjoy with the Mayor & Council and City Staff, and together will work to bring Rockville through this crisis and keep our economic stable and strong. We look forward to serving the City in FY2021 and continuing to identify and develop economic opportunities for Rockville to make it as strong and resilient as possible, and to reinforce efforts to maintain and enhance the quality of life in Rockville as a location of choice for businesses.

Respectfully Submitted:

Susan Prince

Cynthia Stewart

Susan Prince
Board Chair

Cynthia Stewart
Chief Executive Officer

Attachments

- Exhibit A - Current Board List
- Exhibit B - Strategic Initiatives and Work Plan
- Exhibit C - New Flyers - *Why Rockville, Life in Rockville*