



25

2018 FY ANNUAL REPORT

Years of Strategic Growth & Innovation



A NOTE FROM COUNTY EXECUTIVE ALLAN KITTLEMAN

"I am proud of the work that the team at the Howard County Economic Development Authority has done during the past year to support the business community in Howard County. Having a plentiful supply of well-paying jobs over a diverse industry profile is essential to creating a well-rounded economy and vibrant communities. The work of our HCEDA team has helped keep us moving in the right direction."

- ALLAN H. KITTLEMAN



In 2017, the team from the HCEDA, along with members of my staff and leaders of the community, created a five-year economic development plan for Howard County to tackle the challenges of today's evolving business climate. Howard County is fortunate to be home to a diverse set of businesses and a growing local economy, but we know that maintaining this success is as much a challenge as getting to this point. As a result, the HCEDA has prioritized helping our existing businesses expand and flourish over the next five years, a goal that I fully support. We will continue to recruit new companies to our county, but we know that most of our economy's growth will come from the small businesses already residing here. We will promote their success all the way.

The team also will continue to assist companies wanting to relocate or establish new offices in the county. These new firms bring fresh ideas and connections to our community, helping to keep the economy growing and moving forward. Last year the HCEDA helped several companies get up and running in the county and entertained dozens of other prospects, a further example of just how attractive Howard County is to do business in.

Over the past two years, I have helped align county resources to best serve the community. I understand that putting the right resources together not only helps to provide our residents with a higher quality of service, but also creates more opportunities for our community. As part of this mission,

my administration worked to relocate and expand the Maryland Center for Entrepreneurship from its current location on Bendix Drive to Columbia Gateway Drive, sharing the building that is already home to the HCEDA. This move will create Howard County's first Innovation Center. By housing these resources under the same roof and providing them with the space to add additional business resources, we are creating a one-stop shop for businesses of all sizes and specialities to find the support they need to grow. I look forward to joining the HCEDA for a ribbon cutting of the new facility in the spring of 2019.

We are very fortunate to have a story worth telling and community where people want to live, work, learn, and play. I am incredibly appreciative of the hard work done throughout the entire county, by both public and private enterprises, to keep our county growing and a great place to be. The team at the HCEDA has done a great job beginning the execution of the five-year strategic plan this past year. They exemplify the type of customer service and positive experience that I seek for all our constituents. I thank them for their hard work and look forward to their continued success during the year to come.

Sincerely,



Allan H. Kittleman
Howard County Executive

Welcome

The Howard County Economic Development Authority (HCEDA) is pleased to submit the following annual report highlighting our actions and the achievements of the organization during Fiscal Year 2018 (FY18), our 25th year of support for the Howard County community. Using the vision set forth in the 2017 Strategic Plan, the team at the HCEDA has worked diligently to provide the highest quality of services for the residents and businesses in the county.



The strategies in the plan were created by a steering committee of county leaders and based on in-depth research and an associated set of key findings, providing a portrait of the county's current economic status based on broader national and global trends. The situation assessment by this committee led directly to the creation of five strategies that will serve as the anchors for HCEDA activities over the next five years:

FIVE STRATEGIES

- ① Lead with Robust Business Retention and Expansion
- ② Cultivate Strategic Business Attraction Opportunities
- ③ Unleash the Potential of Innovation
- ④ Prioritize Research and Messaging
- ⑤ Dedicate Resources for Special Projects

I am incredibly proud of our organization's successes over the past year in working towards these goals in order to help our business community grow and thrive. The entire organization has stepped up in its own way to contribute and provide the highest quality of service for the Howard County business community. As you will see in the following report, there was no shortage of successes for the organization.

While it would be tempting to rest upon the successes of last year, the team is still hard at work helping our business community flourish. We owe it to the business owners in the county to work as hard as they do; a responsibility we humbly accept.

We hope that you enjoy reading about the work we have accomplished during FY18 and the ways in which we helped to improve our community.

Sincerely,

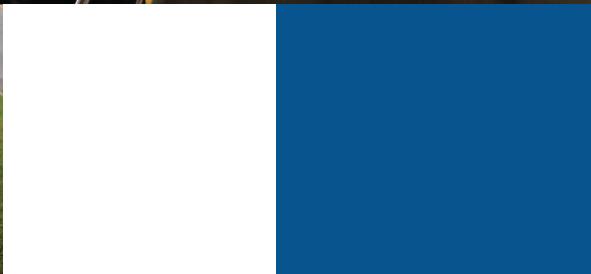
A handwritten signature in blue ink, appearing to read "Lawrence F. Twele".

Lawrence Twele, CEcD
CEO of the HCEDA



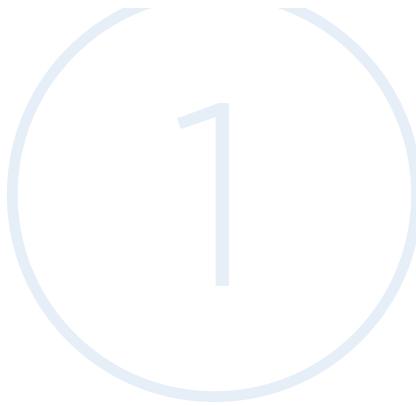
170,419
JOBS
IN 2017

BUSINESSES CONTINUE TO GROW AND RELOCATE HERE, PROVIDING MORE JOB OPPORTUNITIES TO EVERYONE AND FUELING ECONOMIC EXPANSION.



HCEDA Action Report

To best report the progress in working towards goals set forth in the 2017 Strategic Plan, the HCEDA has organized this report surrounding the five strategies in the plan. Using content from all the departments, the HCEDA demonstrated a comprehensive organizational approach towards reaching established goals.



Lead With Robust Business Retention and Expansion

Objective: Make business retention and expansion (BRE) the primary anchor of the HCEDA's efforts to better ensure that existing local firms fulfill their potential to deliver job growth and sustained economic health.

Research shows that most job creation is generated from a thriving existing business base. At the foundation of the HCEDA's efforts is a robust business retention and expansion plan that caters to Howard County's established business community. As an economic development authority, it recognizes that the county's strongest asset is the robust small business community that already calls Howard county home.

PROVIDING EXCEPTIONAL CUSTOMER SERVICE

Economic development best practices have changed and evolved over the last decade. It has been recognized that a community's greatest potential for economic growth comes from the expansion of its existing small and midsize businesses; a shift in priority from the major focus on the attraction of outside businesses to the community. The HCEDA has put this effort as the foundation of the strategic plan. In fact, over 80% of Howard County's 10,000+ businesses employ fewer than 20 people, thus decreasing the possibilities of threats to the growth of our business community.

In FY18 the team worked throughout the business community to support the growth of these companies.

During the year the team:

- Conducted 130 business outreach visits
- Managed 42 business retention and expansion projects
- Assisted businesses with the attraction of 1,145 new jobs to the county
- Supported the retention of 1,488 existing jobs
- Spurred \$87.6M in capital investment in 882,768 sq. ft. of commercial space

Examples of these successful business retention and expansion projects include:

- Bricata, an innovative developer of network security and data protection solutions, chose to remain in Howard County, leasing 1,006 sq. ft. at the Maryland Center for Entrepreneurship (MCE)
- Cybersecurity firm TeamWorx agree to expand its presence at the MCE adding more space and staff
- The soon-to-be-announced expansion of a major food processor in Jessup created 400 new jobs as a result of the HCEDA's facilitated negotiations

Additionally, HCEDA provided small business support with partner resources, including: the Small Business Development Center (SBDC), SCORE (Service Corps of Retired Executives) and MCE Entrepreneurs in Residence (EIRs).

Examples of the work completed include:

- 649 Technical Assistance cases by HCEDA Business Development staff supporting issues related to zoning/permitting, business/research, international investment/trade, finance, and more
- 273 hours of counseling for 40 businesses by the SBDC at the MCE, resulting in the creation of 312 new jobs
- 367 businesses counseled by SCORE through the business resource center at the MCE
- 522 hours of mentoring for 15 startup companies at the MCE by the MCE EIRs

BRINGING THE COMMUNITY TOGETHER

Together, the HCEDA, MCE, and Howard Tech Council (HTC) provided a variety of educational trainings, classes, and networking events aimed at providing the businesses in the county the tools and knowledge needed to grow and expand their operations:

- Hosted 47 events serving 2,130 attendees
- Held 48 recurring industry and business roundtables, gathering a total of 468 entrepreneurs.
- Maintained a membership base of 264 HTC members, many of whom were engaged in these events and roundtables throughout the year.

Examples of some of these events held were:

- MCE Money-Making Blueprint
- CEO Breakfasts
- International Roundtables
- The End of Summer Bash
- HTC Emerging Company Roundtable
- Women in Tech Executive Roundtable

FUNDING BUSINESS GROWTH

The Authority also assisted businesses in securing the financing needed to grow through the Catalyst Fund (Maryland's Video Lottery Terminal fund initiative). In FY18 the program celebrated the following successes:

- An established portfolio of 27 loans totaling \$4.3 million
- Funds were used to leverage another \$9.9 million in private sector funding
- Helped to create 353 new jobs
- Retained 381 jobs in the county

Additionally, the SBDC assisted businesses in receiving \$3.9 million in small business financing.



THE HCEDA WORKED WITH BUSINESSES TO KEEP OVER 1,400 JOBS IN HOWARD COUNTY THAT WERE AT RISK OF BEING LOST TO OTHER AREAS.



Cultivate Strategic Business Attraction Opportunities

Objective: HCEDA will manage a highly effective business attraction program through a focus on strong relationships and excellence in fulfillment service.

The HCEDA continued its efforts to attract companies to the community and assist with their relocation. Adding new businesses into the community helps spur additional job creation and new economic opportunities for businesses already here.

FROM NEAR AND FROM FAR

HCEDA launched efforts both nationally and internationally to share the offerings of Howard County and attract the best possible companies and talent to the community.

The HCEDA worked on a total of 23 different attraction opportunities during FY18.

Examples of these projects include:

- Freshly, Inc., who decided to locate their east coast production and distribution facility in Howard County. They will fit-out their 171,000 square-foot manufacturing space for \$24 million and hire 500 employees in Fall 2018.
- Metro Laundry Service chose to expand their business to Howard County, leasing a 50,000 sq. ft. Elkridge facility that will employ 100 workers and result in \$5,000,000 in capital expenditures.
- Defense firm ELTA North America worked with the HCEDA to locate their 30,000 sq. ft. cyber center of excellence in Howard County, adding to their existing portfolio of services here.

The HCEDA collaborated with key partners to respond to several business retention and attraction opportunities. Facilitating these strong partnerships greatly helps maintain Howard County's position as a competitive option for attraction opportunities. The resource partners worked with over the previous year include the Howard County Government, EAGB, Howard County Chamber of Commerce, Fort Meade Alliance, U.S. Small Business Administration, SCORE and the Small Business Development Center.

Staff worked with several of these local partners and the Maryland Department of Commerce to develop a competitive response to Amazon's HQ2 request for proposals. While Howard County was not selected as one of the 20 finalists, the proposal helped to elevate the profile of the region, which resulted in the selection of two other nearby locations.



ATTRACTING INTERNATIONAL FIRMS

Included in the HCEDA's focused attraction efforts was a trade mission to Europe, which resulted in two deals for Howard County:

- In Italy, the team met with representatives of BTS Bioenergy to tour their anaerobic bio-digestion facility and sign a Memorandum of Understanding (MOU) to establish a North American headquarters and bio-digestion facility in Howard County
- In Munich, HCEDA officials met with the Fraunhofer Institute, a German-based technology endowment, to establish a Fraunhofer Center for Advanced Software Engineering location in the Gateway Innovation Center

Domestically, the HCEDA hosted economic development and business representatives from the UK Midlands, Vienna, and New Zealand to explore opportunities available for international businesses in Howard County. They also worked with the Columbia Association to develop a business component to the Sister Cities program and worked with the Maryland Foreign Trade Zone Administrator to review and adjust maps designating parts of Howard County as a Foreign Trade Zone.



BUSINESS IS GOOD IN HOWARD COUNTY. EVERY YEAR MORE BUSINESSES ARE STARTING UP OR RELOCATING HERE, HELPING OUR ECONOMY GROW.

CONFERENCES AND TRADE SHOWS

The HCEDA continued to develop the attraction opportunity pipeline through attendance and involvement in targeted trade association and industry conferences across the country. To attract west coast cyber companies, a delegation attended the RSA Conference in San Francisco, one of the nation's largest cyber conferences. During the two-day conference:

- The HCEDA, joined by Howard County businesses, hosted a private reception to provide 20 guest companies the chance to meet the team and understand the support and connectivity of the Howard County cyber community
- Staff conducted over 20 meetings, and entertained three follow-up visits from prospects in the two weeks following RSA

The HCEDA also played a role in several smaller conferences across the country. Representatives were sent to the Select USA Conference in Washington DC, where staff held meetings with 30 companies to promote Howard County. Additionally, staff participated in the BlackHat Cyber Conference in Las Vegas and several Cyber InfraGard events around the region as a way to reach new cyber companies.

Locally, the HCEDA took part in both the Maryland Association of County's (MACO) conference and the Maryland Economic Development Association (MEDA) conference to help build and strengthen connections across the state.

Unleash the Potential of Innovation

Objective: Create spaces that act as magnets for entrepreneurs and innovative firms, and facilitate valuable connections to funders, mentors, and markets.

Effectively supporting small business creation is one of the key ingredients in developing a successful and thriving local economy. For this reason, the HCEDA is focused on unleashing innovation here at home. Examples of these efforts included:

- The support of 47 startup companies through the MCE; 24 of which were residents in the center and 23 who were affiliates.
- The incubation and graduation of 5:00 Films & Media and Zentail from the MCE. Both expanded to commercial space in Howard County.
- NextLOGik also graduated from the MCE, but chose to maintain an Affiliate association. NextLOGik was one of the five participating companies in the newly created Howard County Ag Tech program, focused on using technology companies to solve agricultural issues. Through this program, NextLOGik developed the CompWALK.farm agriculture food safety mobile application for farmers to track their food.
- The HCEDA issued five Ag Innovation Grants during FY18 totaling \$24,500 to help county farmers embrace new technology to enable the growth of their farms.

- The team conducted a series of educational trainings and classes through the Howard Tech Council and MCE platforms to help new businesses start and small businesses sustain their growth. Included in these offerings were lectures by TEDCO, marketing classes, and a Tech Venture Accelerator program, which was run twice in FY18.

The HCEDA continued progress towards creating an Innovation Center in Howard County. As part of the vision, this building would be much more than an incubator or accelerator and would house a comprehensive collection of resources and partner organizations aimed at supporting the entire business community. Included in these resources already are the existing MCE, the Business Resource Center, and the recently added Fraunhofer USA location. More partner resources will be added in the months leading up to a grand opening in the spring of 2019.



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The Innovation Center will be much more than an incubator or accelerator. Instead, it will house a comprehensive collection of resources and partner organizations aimed at supporting the entire business community.



Prioritize Research and Messaging

Objective: Develop and maintain a base of sophisticated market intelligence to establish the HCEDA as an authority on the local economy and provide a platform for all of the HCEDA's services and marketing.

Under the goals set forth in the 2017 Strategic Plan, the HCEDA identified a need to focus on prioritizing its research and messaging. Long recognized as a subject matter expert in the local economy, this past year the organization took renewed efforts to further position itself as a leading resource for the community.

EVENTS AND ROUNDTABLES

HCEDA sponsored many events focused on educating groups and the public about challenges faced by local businesses. Below are several examples of the way the team worked to achieve these goals:

- The HCEDA held several CEO Breakfasts, bringing together local industry leaders to update county officials about the status of doing business in the county
- Several Ag events helped to bring politicians, county officials, and the public together to learn about agriculture and educate them about how modern farms are run and operated
- Assisting in the execution of 19 ribbon cuttings helped to celebrate new businesses and welcome them into the community
- Officials aided the Ellicott City Partnership, Workforce Development Board, and Spending Affordability, and the EDA helped to revive the Economic Indicators Committee to track and report on economic performance in the community

RESEARCH AND DATA

The HCEDA research efforts over the past year included:

- Routinely collecting the latest data on the local economy
- Development of a company database of Columbia Gateway's 920 acres of land and 8.2M sq. ft. of commercial space
- Assisting the Department of Commerce with their Priority Funding Area certification maps
- Completion of an analysis of Elkridge commercial businesses and residential property owners in preparation for a marketing push focused on revitalization tax credits
- Assisting in the preparation of the 2018 State of the County address, where County Executive Kittleman gave an overview of the County's economic position
- Delivering several presentations on the local economy to community groups

COMMUNICATIONS AND ADVERTISING

The HCEDA continued to use multiple communications channels to promote the organization and show the community why Howard County is a great place to own a business. Examples include:

- Operation of several different social media accounts which generated 528k free impressions, a 10% increase from FY17. With paid advertising, over 2.6 million impressions were generated.
- Dissemination of 104 separate email blasts, covering everything from press releases, upcoming events, and the county's latest business news
- Partnership with Howard County Tourism to produce 20k copies of the full color agritourism guide "Harvest Howard County," which was distributed both locally and across the state
- Continued promotions on WYPR, with the purchase of a year-long sponsorship of online streaming and select over-air spots throughout the year. These radio spots were listened to over 1.5 million times during FY18
- Purchase of newspaper and print advertising in the local papers, and completion of targeted social media advertising
- Launch of a new refreshed website and branding graphics
- Updates to existing marketing collateral and the creation of new pieces of collateral to support the economic development team
- The creation of a set of new industry profile sheets highlighting the county's key industries, a flier to showcase the accolades the county has received, new refreshed business cards, and a trifold on the Gateway Innovation Center Project

LEGISLATIVE ADVOCACY

The HCEDA advocated for the business community on several occasions during the year. Examples include:

- During discussions at the County Council level about changes to the Adequate Public Finance Ordinance (APFO) legislation, the Authority sponsored a report highlighting the impact of the proposed changes on the local economy and testified about the implications of the legislation
- Staff contacted several Maryland delegates and senators seeking their support on several bills that affect the brewery and distillery business in Maryland



Dedicate Resources for Special Projects

Objective: Proactively set aside staff capacity and resources to address a limited set of short-term special projects that emerge unexpectedly, but consistently.

When creating the 2017 HCEDA Strategic plan, there was a consensus that a part of the HCEDA's necessary operations would not fall into any of the aforementioned categories. To compensate for these emerging needs, the creators selected a category recognizing the "Special Projects" the HCEDA works on each year. This year there were several special projects the organization supported.

ELLIOTT CITY FLOOD

In May 2018, Historic Ellicott City experienced devastating flooding for the second time in 22 months. Just as the HCEDA did in 2016, the team jumped into action and provided the county, local businesses, and property owners with the support they needed to get back up and running. While FY18 ended in June, the HCEDA had already effectively helped many of the businesses, thanks to the experiences gathered from their 2016 flood response. The team will continue to work with the community of Historic Ellicott City for the foreseeable future.

HOWARD COUNTY INNOVATION CENTER

In February 2017, the County Executive announced that three floors of 6751 Columbia Gateway Drive would be converted into an innovation center for the county. The building will house the HCEDA offices, HTC offices, the MCE and partner resources and services for the business community. Tasked with converting the building into an innovation center, the team at the HCEDA conducted

tours to observe incubators and accelerators around the county in order to identify how best to position the Center to support all other existing goals in the strategic plan. Additionally, the team has stepped up to play a large role in transitioning the building from its current use, determining the vision for the building, renovation and construction planning, and the establishment of financing for the project.

REGIONAL STEWARDSHIP

Community stewardship is an important part of the organization's charter. By providing support at the local and regional level, the HCEDA betters the entire economy and improves Howard County's standing in the region. Examples include:

- Placing 27 high school and college interns with Howard County companies
- Supporting youth entrepreneurship through the Junior Achievers Rising Women program, the Le Chic Academy's Biz Kidz Shark Tank and Product showcase, and hosting educational incubator tours for school age children
- Assisting other counties with challenging problems and connecting Howard County businesses with other counties to help them grow
- Sharing expertise in Economic Development response to natural disasters at both the local and national level, through guided tours of Ellicott City and speaking engagements at national conferences

TABLE 1: HCEDA FY18 Year-end Key Business Expansion and Attraction Performance Metrics

	FY2015	FY2016	FY2017	FY2018	AVERAGE
Total "Wins"*	20	48	61	42	43
Capital Investment	\$76 Million	\$129 Million	\$29 Million	\$87 Million	\$80 Million
Committed New Jobs	1,048	1,860	1,500	1,145	1,388
Committed Retained Jobs	1,253	2,327	546	1,488	1,404
Total Square Footage Impacted	574,000	1,741,972	544,649	882,768	935,847
Technical Assistance Cases**	180	517	813	649	540

TABLE 2: Howard County Business Indicators 2014-17

	2014	2015	2016	2017	4-YEAR % CHANGE
Number of Businesses	9,527	9,922	10,043	10,101	+6.0%
Number of Jobs	159,886	165,194	168,168	160,419	+6.6%
Unemployment Rate	4.3%	3.8%	3.3%	3.1%	-1.2%
Labor Force	173,617	177,290	180,344	182,804	+5.3%
Office Vacancy Rate (2 nd Qtr.)	9.9%	7.4%	7.0%	7.4%	-2.5%
Industrial Vacancy Rate (2 nd Qtr.)	10.8%	9.3%	8.4%	5.8%	-5.0%
Total Sales Tax Revenue	\$177,118,448	\$186,387,024	\$188,680,585	\$192,573,893	+8.7%

* A "Win" is defined as a business retention, expansion or relocation project that ultimately choose to remain or relocate in/to Howard County with the assistance of the HCEDA.

** Number of times the HCEDA provided assistance to businesses located in the county.

**HOWARD COUNTY ECONOMIC
DEVELOPMENT AUTHORITY**

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