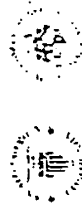
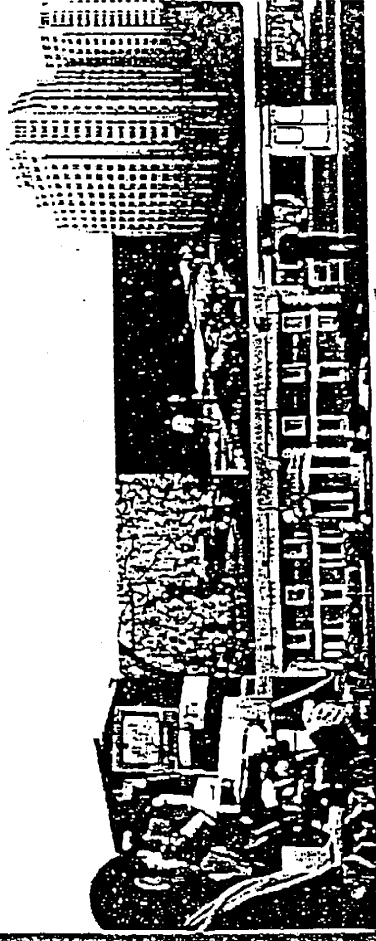


MONTGOMERY
COUNTY, MD
The Idea Location



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Montgomery County: The IDEALocation

Strategic Plan for Our Community's Quality of Life and Economic Development

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VISION

The Economic Development Vision for Montgomery County is to:

Foster a growing, diversified and innovative economy, providing opportunity and prosperity for businesses and residents alike, while sustaining the County's quality of life.

Executive Summary:

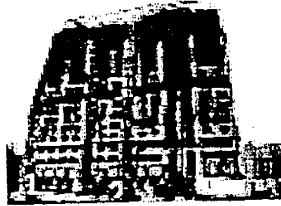
Montgomery County's quality of life and public services are dependent on the ongoing prosperity of the local economy, with economic success and a high quality of life mutually reinforcing. Economic development provides future employment opportunities for children raised and educated in the County, and expands the tax base — thus financing the caliber of public services expected by residents.

The following Strategic Plan for Economic Development was developed over the last two years under the leadership of the Economic Advisory Council. Over 100 local business, educational, and non-profit leaders provided invaluable assistance in identifying guiding principles and objectives, and in pinpointing actions that would address the challenges and opportunities before the County.

The Plan is designed to provide direction and focus to the public policies and programs that will have an impact on our community's ability to provide jobs for its residents, opportunities for its entrepreneurs and the caliber of the quality of life that has become the mainstay of the County. The Plan includes a strategic focus on knowledge-based industries that take advantage of the the County's existing employment base and its highly skilled work force.

2 Montgomery County: The Ideal Location

The means by which the County will achieve this vision is captured by the following strategic goals.



Strategic Goals:

1 PROGRESSIVE BUSINESS CLIMATE

- Cultivate a business climate that supports economic growth, new job creation and commercial development.
- HIGHEST PRIORITY:** Promote long-term expansion of the County's commercial facilities by adding *adequate new commercial space on an annual basis equal to the average amount produced over the prior three-year period, 3.5 million square feet of new commercial space annually*, accomplishable by providing timely decisions, more predictability and certainty in the land-use review and permitting processes.

2 TRANSPORTATION INFRASTRUCTURE

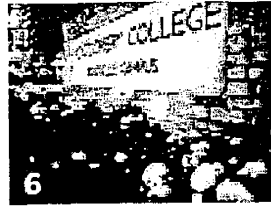
- Provide transportation infrastructure with necessary long term financing to support an improved and more efficient transportation system — improving services to residents and helping County firms attract and retain the needed work force.
- HIGHEST PRIORITY:** Support *transportation improvement programs that are consistent with the County Executive's "Go Montgomery!" initiative and the County Council's 10-year Transportation Plan. the "Go Montgomery! Transportation Plan for our Future" initiative — that includes building the Inter-County Connector and expanding transit services.*

3 GLOBAL CENTER FOR TECHNOLOGY LEADERSHIP

- Provide leading-edge infrastructure and incentives to promote the expansion and global leadership in bio-sciences and health care; information technology and telecommunications; and related professional services.
- HIGHEST PRIORITY:** Implement mechanisms that will result in *substantial capital \$300 million* being made available annually from public and private sources to fund entrepreneurs pursuing the commercialization of scientific ideas — the medicine, therapies and diagnostics of tomorrow.

4 STIMULATE EXISTING BUSINESSES AND ENTREPRENEURSHIP

- Foster the growth of existing businesses and enhance opportunities for small businesses and entrepreneurship.
- HIGHEST PRIORITY:** Expand the County's incubator program that supports start-up firms in biotechnology, information technology, and related high-growth industry sectors



MARKETING AND BUSINESS PROMOTION 5

- Market the unprecedented business opportunities in the County and enhance County-sponsored business services in a concerted effort to attract new firms and expand the existing business base.

HIGHEST PRIORITY: Highest Priority: *Maintain the annual appropriation for economic development incentive activities, such as grant and loan programs, at a level that will allow the County to attract and retain businesses critical to the County's economic future. Increase the annual appropriation to \$5 million for economic development incentive activities, such as grant and loan programs, targeted at business attraction and retention.*

WORLD-CLASS WORK FORCE 6

- Promote the development and recruitment of a skilled work force, trained in today's technologies and management practices.

HIGHEST PRIORITY: Expand the array of collegiate education programs in the County through an enhanced partnership among the University of Maryland at Shady Grove, The Johns Hopkins University, and Montgomery College.

QUALITY OF LIFE 7

- Support housing and community development and continued excellence in public services, and promote richness and vibrancy in the arts and culture, recreation and rural life, and the environment, as vehicles to enhance the County's quality of life.

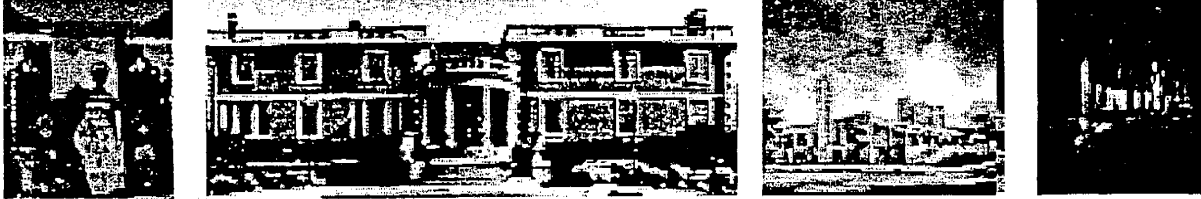
HIGHEST PRIORITY: Enact public policies and regulations that result in the completion of 45,000 new housing units in the next decade, *accomplishable by pursuing the objectives in the Housing Policy for Montgomery County.*

The plan is ambitious, and will require enhanced public-private partnerships, political commitment and recognition by all citizens that successful economic development will enhance the quality of life in the County. Through its successful implementation, Montgomery County will be able to maintain its strong employment and tax base, and provide the caliber of services and community amenities that its citizens have come to enjoy.



Section I:

Economic Development and Quality of Life: A Shared Destiny.



Introduction:

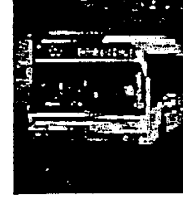
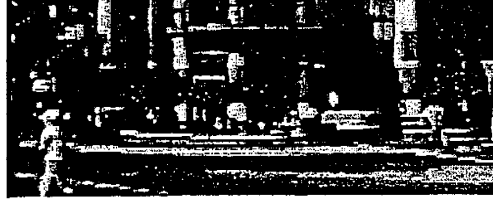
Guiding Principles

Montgomery County enjoys extraordinary economic success and an unmatched quality of life. The talents of its residents, the quality of neighborhoods and public services, the rich diversity of cultural and environmental amenities, and proximity to the Nation's capital all contribute to the County's quality of life. This kind of environment and tremendous economic opportunity has made the County a premier location for households and businesses alike.

Montgomery County has become the economic engine for the State of Maryland as its largest employment center, a role vital to both the County and the State. The County's future is linked to surrounding jurisdictions throughout the Washington metropolitan area. Cooperation in marketing the region, providing needed transportation and other infrastructure, and promoting and enhancing the quality of life throughout the region are important to the County's long-term success.

The key to the County's future is its diverse and talented population — highly educated, technologically literate, and well suited to a knowledge-based economy. The County is home to many authorities in the public and private sectors — individuals who exercise leadership, exert influence, and shape decisions in governmental, economic, and international arenas.

The County benefits from its diverse population, the talents of its many peoples and the richness of its cultures. The strength of the County's economy has provided economic opportunity for families from every part of the world.



The County's economy is diverse, with many companies engaged in cutting-edge technology. Employment in professional and business services, life sciences, information technology and telecommunications lead the County. Large concentrations of scientific and regulatory agencies of the federal government are located in Montgomery County. These agencies provide employment and business opportunities for County residents and spur entrepreneurial activity. The County has a technology infrastructure that supports one of the largest masses of science and professional-based employment in the nation.

Montgomery County is in the unique position of being able to shape its destiny by influencing the direction of future economic growth. Focusing on the quality of jobs is important in targeting future development efforts. Rapidly growing knowledge-based industries are the County's comparative advantage, given the skills of its work force. In the past 10 years, the County has established itself as one of the leading biotechnology centers nationwide, a sector that will play an important role in the County's future.

The quality of life depends critically on improving transportation services. Investment in infrastructure has lagged behind demand increases traceable to rising incomes, the growth in non-work trips, and increasing economic activity. More congestion results in longer commuting times for workers, greater travel costs and less time for families, increasing difficulties for businesses to recruit workers and conduct business, and growing environmental costs. Improving transportation is the single most important challenge facing the County. Both highway and transit infrastructure investments are required, with the InterCounty Connector the most important single project that makes the largest contribution to reducing future congestion.

The strategy for success rests on several principles that shape the County's economic development plan and its strategic goals, those principles being:



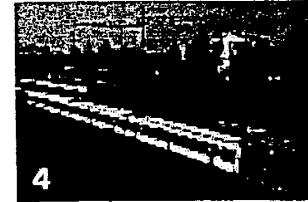
Vision Principles:

1 OUR COMMUNITY'S QUALITY OF LIFE AND PUBLIC SERVICES ARE DEPENDENT ON THE ONGOING PROSPERITY OF THE ECONOMY — WITH ECONOMIC SUCCESS AND A HIGH QUALITY OF LIFE MUTUALLY REINFORCING.

Only by providing a wide array of neighborhoods with affordable housing options, the highest quality public services, and environmental, cultural, and recreational amenities that enrich citizens' lives will the County be able to attract and retain the work force and businesses that will be competitive in the future economy. Recognition by the broader community that the strength of the County's economy is critical to the well-being of the community is important to successfully pursuing the vision and goals of the plan. Successful economic development requires community consensus and an environment where private sector objectives and public policies are aimed toward common goals.

2 NURTURE A SUPPORTIVE BUSINESS ENVIRONMENT.

The plan must nurture a supportive business environment that helps local companies rise to the leading edge of their industries. In an economy with constant technological advances and changing market conditions, businesses must have an environment that allows them to take full advantage of emerging opportunities. Such an environment requires that the public sector reduce impediments to innovation and entrepreneurship, provide certainty in what the private sector can expect from government over time, and make timely, consistent, and predictable decisions. Business decision-making involves both long-term planning and actions with short-time deadlines, both of which require an environment with certainty and predictability in public sector policies and regulations.



FOCUS STRATEGICALLY ON KNOWLEDGE-BASED INDUSTRIES.

3

The plan must take advantage of the strength and diversity of the County's employment and business base by focusing strategically on knowledge-based industries. Economic segments such as biotechnology and life sciences, information technology and telecommunications, and professional services constitute the County's long-term comparative economic advantage. Success in developing these sectors — generators of economic activity from regional, national, and international markets — is the most effective means of assuring continuing prosperity throughout all segments of the County's economy.

PROMOTE THE DEVELOPMENT OF CRITICAL LONG-TERM INFRASTRUCTURE THROUGH PROJECTS WITH IMMEDIATE IMPACT AND THROUGH THE COMMITMENT OF REQUIRED FISCAL RESOURCES.

4

Expanding and diversifying housing opportunities, providing education and training for a highly skilled work force, and constructing a more efficient transportation system are critical interdependent requirements of future success. If all these elements are in place, businesses will be able to attract the necessary number and quality of workers.

These principles set the stage for the strategic goals highlighted in this plan. The plan is designed to focus on the most critical steps that will advance progress toward the vision of this economic development strategy. Consistent with this strategic focus on specific goals and steps is the need to focus the community's energy, time and resources.

The Benefits:

Recognition of the interdependency between a prosperous economy and good quality of life is central to successful economic development planning.

The key contributions of economic development to maintaining and improving a community's quality of life are well understood: economic development provides employment opportunities and expands the tax base. It is only through ongoing economic development that the County can provide future employment opportunities for children raised in the County, prosperity for all of its citizens, and the caliber of public services expected by residents.

Employment Opportunities

Providing employment opportunities, especially challenging and well-paying jobs, is one of the vital benefits of a thriving economic development program. Providing employment opportunities is of special importance to children raised and educated in the County, many of whom will seek to build their careers and live in Montgomery County.

Investing in Our Youth

Much of the community's economic success has come from residents who have chosen to make long-term commitments to work and live in the County, to raise children in the County, and to retire in the County. Citizens have invested extensively in the education of the County's youth, providing for tomorrow's highly skilled workforce. Providing opportunities for young families to remain in the community indirectly helps the County realize the benefits of the educational investments it has made in its children and young residents.

Growing Tax Base = Good Public Services

A prosperous and growing economy provides the tax base to support high quality public services. Businesses contribute more to the tax base than they require in public services, and hence employment growth improves the County's fiscal position.

Business Support for the Community

A prosperous economy breeds business advocates who support long-term investments in the County's future. Business leaders increasingly view the quality of their community as vital to their ability to recruit and retain qualified workers. Successful businesses in turn, contribute to the well being of their community by supporting civic activities, contributing to local infrastructure projects, and assuming leadership roles in nonprofit organizations.

MEDIAN HOUSEHOLD INCOME

- \$71,500 — 13th among all counties in the nation.

MONTGOMERY COUNTY

- "All-American Community" — one of America's oldest and most prestigious community recognition awards from the National Civic League.
- AAA bond rating, among few municipalities so rated.

JOB BASE

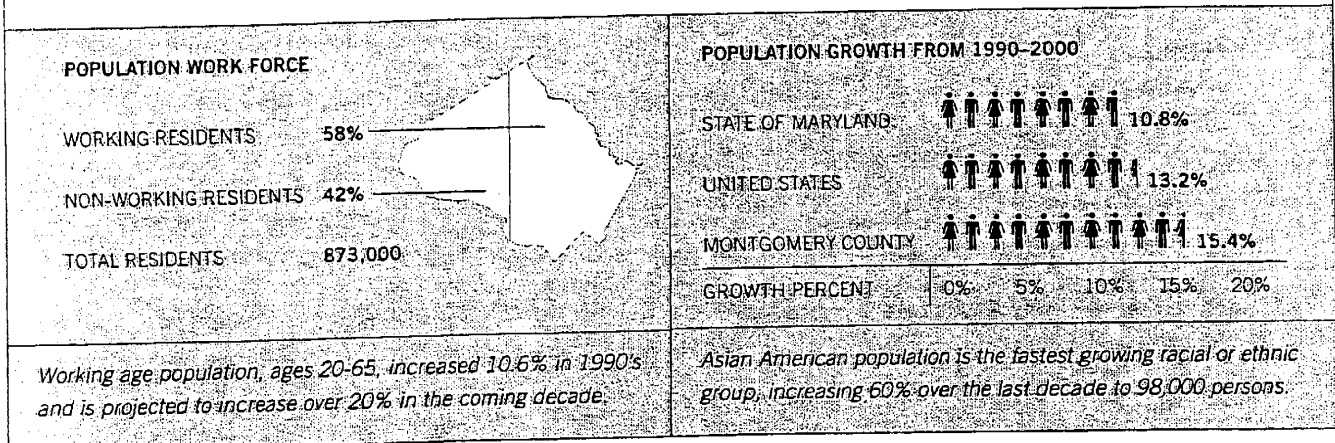
- 448,000 jobs
- Increase of 16% in last five years
- 68,000 high technology and related professional service jobs.

Population, Education, and the Work Force:

The County is home to an increasingly diverse population. The County's Asian-American populace is the fastest growing portion of the population during the last decade. The County's African-American, Asian and Hispanic population constitute one-third of its residents, and are an important part of the local labor force, its executive and professional talent pool, and the local business community. Many entrants to Montgomery County are newly arriving immigrants, attracted by employment opportunities and the quality of education and public services. This cultural diversity provides a source of expertise that is very helpful to businesses whose activities extend worldwide. As international trade and investment opportunities expand, a workforce rich in varying cultural experiences, languages and knowledge will provide unique advantages.

The County's education system has met the challenges of educating an increasingly diverse student body, working to translate diversity in language and culture into a work force deemed unique by virtue of the breadth of background and talent. Success in meeting this challenge offers the long-term promise of having a special advantage for those companies competing in an increasingly global economic environment.

The County's work force is unmatched in quality and is extremely well educated, with the highest percentage of residents with advanced degrees of any major metropolitan area or county. Montgomery County can also boast of one of the highest concentrations of scientists and engineers in the nation. Entrepreneurs, managers, leaders in federal and international agencies, and professionals in every field live in the County because of its economic opportunities and quality of life. This workforce is the essential element in tomorrow's economic success.



Education

Montgomery County Public Schools (MCPS) annually educate 139,000 students of diverse backgrounds with extraordinary success. MCPS has the State's highest number of National Merit finalists, and the highest graduation rate (90%) in the United States among large school systems. MCPS' 8th graders outperformed all but seven countries in the International Mathematics and Science Study.

Montgomery College ranks among the nations top community colleges, serving more than 40,000 students annually. Innovative programs include the Information Technology Institute and the Macklin Business Institute and Center for Entrepreneurship.

Higher education needs are met by expanding programs at the University of Maryland at Shady Grove for upper level students, degree programs by The Johns Hopkins University in the Shady Grove Life Sciences Center, and the University of Maryland, one of the premier research universities nearby.

55% OF COUNTY RESIDENTS HAVE EARNED A BACHELOR'S DEGREE

27.1% OF COUNTY RESIDENTS HAVE EARNED A GRADUATE OR PROFESSIONAL DEGREE

INSTITUTIONS OF HIGHER LEARNING WITH A PRESENCE IN MONTGOMERY COUNTY

- Capitol College
- Center for Advanced Research in Biotechnology
University of Maryland — Shady Grove Center
- Columbia Union College
- George Washington University
- Hood College
- Howard University
- Howard Community College
- Johns Hopkins University
- Montgomery College
- Strayer University
- University System of Maryland Universities
at Shady Grove
- Bowie State University
- Towson University
- University of Baltimore
- University of Maryland, Baltimore County
- University of Maryland, Baltimore
- University of Maryland, Eastern Shore
- University of Maryland, College Park
- University of Maryland, University College
- University of Maryland Biotechnology Institute

Proximity to the Nation's Capital:

Proximity to the nation's capital provides special advantages to the County. Montgomery County is home to the largest concentration of scientific and regulatory agencies of any jurisdiction outside the nation's capital. Forty thousand federal jobs in the County include many of the premier scientific agencies. The current average earnings of Federal employees exceed earnings in the private sector, a reflection of the concentration of high-level scientific and professional employees within Federal agencies in the County. Federal employment provides stability to the economy, offsetting the usual private sector fluctuations in growth.

The Federal government contributes directly to the growth of the local private sector. It provides for business opportunity, technological progress and advancement, a source of highly skilled workers, and entrepreneurial innovation.

Federal procurement is increasing rapidly, much of it focused on technology, homeland security, communications, and other sophisticated services — all areas in which County firms have developed an enormous competitive advantage. The County has the largest concentration of professional services firms in the State, many of them focused on highly sophisticated goods and services, whose expansion has been driven by the growth in Federal procurement. In an era of growing demands for public services and tightening Federal budgets, outsourcing of complex tasks and responsibilities will be a high growth area for the foreseeable future. The County's information technology and professional services sectors are uniquely positioned to take advantage of these opportunities.

The biotechnology and life sciences sector in the County has enormous advantages through the presence of the National Institutes of Health (NIH) and related scientific agencies. Rapid growth in health research budgets, driven by the nation's aging population and the revolution in biological sciences, has provided unique opportunities for County firms. The County's support for startup biotechnology firms beginning with its commitment to build a life sciences center has promoted the development of many biotech firms, including Human Genome Sciences and MedImmune. Montgomery County is a prime location for genomics and a wide range of life science activities for the foreseeable future. Promoting further development in the biosciences is a top priority in this plan.

Biosciences and Biotechnology

Montgomery County is the anchor of the nation's 3rd largest biotech community (the State of Maryland), with 200 of the State's 300 life sciences institutions. The twelve publicly traded life sciences companies headquartered in the County have a \$23.3 billion market cap.

The Shady Grove Life Sciences Center, a 300-acre research and development park, is home to Human Genome Sciences, BioReliance, the Institute for Genomic Research, Entremed, and Otsuka Pharmaceuticals. Montgomery County is "Home of the Genome," with companies such as Celera, Human Genome Sciences, Gene Logic and Origene working in areas including bioinformatics, gene expression, proteomics, and therapeutics.

MAJOR FEDERAL AGENCIES IN MONTGOMERY COUNTY

- Department of Energy
- Food and Drug Administration
- National Institute of Medicine
- National Institute of Standards and Technology
- National Institutes of Health
- National Oceanic and Atmospheric Administration
- Nuclear Regulatory Commission
- Walter Reed Medical Center

The Business Export Base, Private Sectors Driving Future Growth:

The growth of a region's economy is derived from its success in attracting those sectors that market goods and services to other regions, providing income that in turn generates employment and income opportunity.

As identified in a study done for the County by The Urban Institute, Montgomery County's economy is driven by three major clusters of firms — all part of the knowledge-based economy — that comprise the core of its exporting base: biomedical science, information technology and business and professional services. The Urban Institute found that companies in these three industry clusters accounted for approximately one-third of the total private sector jobs in the County in 1999 and added jobs at three times the rate of all private employers — an extraordinary driving force within the County's overall economy.

The County's Export Base, 2001

Telecommunications and information technology, professional and business services, biosciences, and the federal government serve markets outside the County and are the engines driving the local economy.

NUMBER OF JOBS	INDUSTRY SECTOR
7,000	MEMBERSHIP ASSOCIATIONS
16,900	TECHNOLOGY PRODUCTS & BIOTECHNOLOGY
17,100	INFORMATION PROCESSING
20,600	FINANCIAL INSTITUTIONS, CREDIT, SECURITIES, & INSURANCE
33,600	PROFESSIONAL, MANAGERIAL & ADMINISTRATIVE SERVICES
39,700	FEDERAL GOVERNMENT AGENCIES

These knowledge-based sectors are assuming a growing role in the world economy and have prospects for high, sustained long-term growth. These long-term growth prospects therefore, provide special opportunities to jurisdictions where firms in these sectors have chosen to locate. Montgomery County's success reflects this promise.

The ability of businesses within these sectors to locate almost anywhere is a testament to the special opportunities of locating in the County, but also represents a special challenge. These economic sectors are also where market competition is keen, where continued business success is a great challenge, and where the competition among communities and regions to attract and retain businesses is most intense. Just as the County can celebrate its success, so must it focus its energy and future attention to making the County attractive in order to support the future expansion of these key export sectors.

35%	JOB GROWTH IN BIOMEDICAL SCIENCES IN THE COUNTY FROM 1993-1999
29%	JOB GROWTH IN INFORMATION TECHNOLOGY IN THE COUNTY FROM 1993-1999

BUSINESS HEADQUARTERS AND MAJOR EMPLOYERS IN THE COUNTY

- Adventist Healthcare
- BAE Systems (Marconi)
- Chevy Chase Bank
- Choice Hotels International
- Discovery Communications
- Geico
- Howard Hughes Medical Institute
- Hughes Network Systems
- Human Genome Sciences
- IBM
- Lockheed Martin
- Marriot Corporation
- MedImmune
- National Association of Security Dealers

ZZA