



BIG

Business Investment Growth

2018 Annual Report

www.wsscwater.com/big

Business Investment & Growth (BIG) Program: 2018 Annual Report

Program Background:

Developed by WSSC to assist community banks in providing capital to local businesses, the BIG program was initiated in February 2017 with a \$12 million deposit with six locally-based community banks. The participating banks leverage the deposits 2:1, creating \$24 million in available funding for loans to local businesses. The eligibility requirements for participating banks include:

- Headquartered in Prince George’s or Montgomery County, Maryland;
- Assets >\$200 million and <\$10 billion;
- Green or better Veribanc rating;
- Cannot be subject to an adverse agreement with a regulatory authority; and
- Must lend within 12 months of commitment by WSSC.

The Washington Post covered the BIG program in a January 22, 2017, article calling it “...a new partnership aimed at boosting lending to small businesses.” And calling it “...a rare public stimulus program that creates jobs locally without spending taxpayer dollars.”¹

Water Online also featured the BIG program in a February 15, 2017, article characterizing it as an “Innovative Financial Model” focused on making loans available to local businesses.²

Program Results:

In its first year of operation, the BIG program generated \$90,000 of interest income. The \$12,090,000 was reinvested in 2018. With the 2:1 leverage, participating banks lent over \$24 million in the local economy for small and local business expansion in Prince George’s and Montgomery counties. As the following chart indicates, the program supported the creation of an estimated 97 new jobs in 2018.

Bank	WSSC Deposits	Interest Earned	Total Loans Made thru BIG Program	Jobs Created via BIG Program ¹
Capital	\$ 1,008,000	\$ 17,000	\$ 2,016,000	5.0
Colombo	\$ 503,000	\$ 9,000	\$ 1,006,000	4.1
Congressional	\$ 1,008,000	\$ 17,000	\$ 2,016,000	9.3
Eagle	\$ 7,053,000	\$122,000	\$14,106,000	60.3
Old Line	\$ 1,511,000	\$ 26,000	\$ 3,022,000	10.8
Revere	\$ 1,007,000	\$ 17,000	\$ 2,014,000	8.2
Total	\$12,090,000	\$208,000	\$24,180,000	97.7

¹ Job creation estimates made using Bureau of Economic Analysis Regional Input Output Modeling System II (RMSII)

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Based on a prorated amount of the total loans made, we were able to estimate the number of jobs created as a result of our BIG Program deposits. Of the 97 new jobs created, the biggest impact was in the real estate industry.

Estimated Job Creation By Industry Summary

Real Estate.....	49.0
Highways & Streets.....	4.8
Motor Vehicle & Truck.....	1.1
Finance.....	0.5
Healthcare.....	0.1
All Other*	42.2
*Includes industries such as Engineering, Food & Beverage, Legal Services, College, Manufacturing & Insurance Agencies	
Total Jobs Created via BIG Program.....	97.7

BIG Program Improvements

Upon the recommendation of the General Manager, the BIG Program regulations were amended in January 2018 by the WSSC Commissioners to maintain a competitive rate of return for WSSC's investments. The interest earnings for 2018 were projected to be double that earned in 2017. With \$208,000 of interest earnings in 2018, we exceeded that projection.

Considering the success of the BIG Program to date, WSSC increased its investment in February of 2019 by 25 percent, expanding the deposits to \$15 million. With the 2:1 leverage, participating banks will be able to loan \$30 million to local businesses, generating an even greater impact on job creation.

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BIG Community and Business Outreach:

In 2017, General Manager Carla Reid met with executives from several locally-based community banks to discuss the terms of the BIG Program, as well as how to promote awareness and participation in the program from other community banks and local businesses.

This past year, we received good feedback from the participating banks in support of the BIG Program. Here are a few examples:

“Old Line Bank is delighted to participate in WSSC’s BIG Program, and fully committed to promoting the growth and prosperity of businesses in Prince George’s and Montgomery counties. We look forward to working with WSSC in the future to make a positive impact in these communities.”



“We appreciate the partnership and look forward to growing the program over the upcoming year. As a community bank headquartered locally, we are always open and on the lookout for servicing and catering to the financial needs of the businesses that help the local economy grow and thrive.”

“Revere Bank is honored to be involved in this lending program and help the local business community in both Montgomery and Prince George’s counties. Our participation in the BIG Program demonstrates our commitment to creating jobs and supporting our local economy.”



Plans for 2019 include re-engaging with the local banking executives and small, local business representatives to receive more feedback and ideas on improving outreach and growing participation.

Through the BIG Program, we will continue to build relationships with local businesses and foster economic vitality in the local economy, while being financially responsible stewards on behalf of WSSC’s customers.

For more information on the BIG Program please visit www.wsscwater.com/big.

¹ https://www.washingtonpost.com/business/capitalbusiness/in-new-loan-program-maryland-water-utility-takes-cues-from-county-government/2017/01/22/9a845da4-de77-11e6-ad42-f3375f27ac9c_story.html

² <https://www.wateronline.com/doc/maryland-utility-tries-innovative-financial-model-0001>