

Economic Development Incentive Programs Report

**Mayor & City Council Work Session
Monday, November 28, 2016**

City of Gaithersburg MARYLAND
OFFICE OF ECONOMIC DEVELOPMENT

Economic Development Toolbox

- Designed to provide diversified economic development incentives that can be broadly applied to existing businesses and eligible commercial buildings/spaces across the City.
- Consists of a program of one-to-one matching grants directed toward businesses that exhibit growth potential and provide stable, well-paying jobs.

Matching Grants

- Tenant Fit-Up
- Job Training
- Commercial Signage Assistance
- Demolition Assistance
- ADA Upgrades
- Utility Upgrades
- Storefront/Landscaping (Olde Towne)
- Custom

Toolbox Program Modifications

- After 6 years, the Toolbox program had demonstrated success and further distinguished the City from competing locations.
- Staff's assessment of Toolbox applications and awards to date provided insight on the market.
- Program amendments were implemented in 2016 to better attract target industries and support properties in need of new investment.
- The Economic & Business Development Committee and local commercial real estate professionals vetted the following changes:

Toolbox Program Modifications

Maximum Benefit

- Previously: \$50,000, over the life of the business
- Now: Retain \$50,000 cap, but allow a second traunch after 5 years to support expansions within the City

Toolbox Program Modifications

Tenant Fit-Up Grant

- Lease Term: 5 or more years (No Change)
- Vacancy Threshold
 - Previous: 2 years
 - Now: 1 year
 - Downtime between tenants is rarely less than 2 years
 - Change avoids the need to make an exception for rare occurrences
- Previous Category Maximum Grant: \$25,000
 - Standard Grant: \$2/square foot
 - Enhanced Grants for Olde Towne/Bio/Lab: \$3/square foot

Toolbox Program Modifications

Tenant Fit-Up Modifications

- Tenant Fit-up Rate Increased to \$4/square foot & Maximum Tenant Fit-up grant to \$50,000 for:
 - Olde Towne Space
 - Bio/Lab Space
 - Facilities older than 25 years
- Increase reflects the higher capital investment typically required for this particular targeted industry
- Greater costs associated with renovation of older properties
- Provides incentive for tenants to consider Olde Towne and 355 Corridor

Toolbox Program Modifications

Demolition Assistance

- Previous Category Maximum: \$25,000
- Increased to \$35,000
- Accommodates higher demolition costs inherent in renovation of older properties

ADA Upgrades

- Previous Category Maximum: \$10,000
- Increased to \$20,000
- Category maximum has not increased, although costs have

Toolbox Program Modifications

Utility Upgrades

- Previous Category Maximum Grant: \$10,000
- Now Increased to \$20,000
- Removed restriction limiting category to Olde Towne
- Encourages capital investments in systems that otherwise contribute to obsolescence
- Promotes energy efficiency, sustainability

Toolbox Program Modifications

Commercial Signage

- Category Maximum Grant Remained at \$10,000
- Expanded to Rt. 355 corridor and Olde Towne
- Eliminated multitenant requirement in these 2 targeted areas
- Promotes improvement of appearance of older commercial areas

Toolbox Program Modifications

New Category: Storefront & Landscaping

- Limited to Olde Towne
- Maximum Grant of \$10,000
- Addresses deteriorating facades and general aesthetics of the central business district

Spectrum Technology

A grant for \$17,363 was awarded to Spectrum Technology to assist with improving 2,600 sq ft of newly leased space at 12 South Summit Avenue

- Category: Tenant Fit-Up/ Interior Demolition/ Utility Upgrades
- Total Project Investment: \$103,000
- Status: Complete
- Jobs: 27

Thibadeau Mortuary Services

A grant for \$5,000 was awarded to Thibadeau Mortuary Services to support costs associated with new signage and landscape enhancements at 124 East Diamond Avenue.

- Category: Commercial Signage & Storefronts/Landscaping (Olde Towne)
- Total Project Investment: \$10,000
- Status: Under Construction
- Jobs: 5



ZeroK Nanotech

A grant for \$23,033 was awarded to ZeroK Nanotechnology to assist with improving 3,707 sq ft of new office and lab space at 401 Professional Drive

- Category: Tenant Fit-Up, Utility, Interior Demolition
- Total Project Investment: \$116,000
- Status: Complete
- Jobs: 2



HSU Construction

Two grants totaling \$50,000 were awarded to HSU Construction to assist with full renovations for approximately 10,126 sq ft of newly purchased HQ space at 507 North Frederick Avenue

- Category: Tenant Fit-Up, Interior Demolition, ADA Upgrades, Utility Upgrades
- Total Project Investment: \$351,000
- Status: Complete
- Jobs: 60



ARC Document Solutions

A grant for \$11,580 was awarded to ARC Document Solutions to assist with costs associated with improving 3,860 sq ft of newly leased office and production space at 804 West Diamond Avenue

- Category: Tenant Fit-Up
- Total Project Investment: \$30,000
- Status: Complete
- Jobs: 4



Parra Consulting Group

A grant for \$14,504 was awarded to Parra Consulting Group to assist with costs of improving 3,626 sq ft of newly leased office space at 702 Russell Avenue

- Category: Tenant Fit-Up
- Total Project Investment: \$52,000
- Status: Complete
- Jobs: 13



In Vitro Science

A grant for \$25,200 was awarded to In Vitro Science to assist with costs for improving approximately 8,840 sq ft of office and lab space at 30 West Watkins Mill Road

- Category: Tenant Fit-Up
- Total Project Investment: \$424,000
- Status: Complete
- Jobs: 31



EcoDomo

A custom grant for \$29,124 was awarded to EcoDomo to assist with costs associated with improving 7,281 sq ft of newly leased space at 630 East Diamond Avenue

- Category: Tenant Fit-Up/Demolition/ADA Upgrades
- Total Project Investment: \$300,000
- Status: Under Construction
- Jobs: 6



La Casita

A grant for \$50,000 was awarded to La Casita to assist with tenant improvement costs associated with renovating 3,131 sq ft of newly acquired restaurant space

- Category: Tenant Fit-Up/Utility Upgrades/ADA Upgrades/Interior Demolition
- Total Project Investment: \$250,000
- Status: Complete
- Jobs: 20



Financial Training Incorporated

A grant for \$7,094 was awarded to Financial Training Incorporated to assist with costs associated with renovating 3,547 sq ft of newly leased office space at 9801 Washingtonian Boulevard

- Category: Tenant Fit-Up
- Total Project Investment: \$300,000
- Status: Complete
- Jobs: 6



45 West Watkins Mill Road

A grant for \$50,000 was awarded to Tritower Financial Group to assist with costs associated with renovating and converting 6,233 sq ft of obsolete flex space at 45 West Watkins Mill Road into new lab and office space

- Category: Tenant Fit-Up/ Utility Upgrades/ ADA Upgrades/ Interior Demolition
- Total Project Investment: \$657,000
- Status: Complete
- Jobs: 0



2016 Toolbox Program Recap

Toolbox (Approved & Pending Grants):

- Tenant Fit-Up: \$137,597
 - ADA & Utility Upgrades: \$80,137
 - Demolition Assistance: \$49,965
 - Commercial Signage: \$10,000
 - Storefront/Landscaping: \$2,500
 - Job Training: \$2,000
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- TOTAL TOOLBOX ASSISTANCE: \$282,199
 - TOTAL PRIVATE INVESTMENT: \$2,593,000
 - SPACE SECURED/IMPROVED: 52,951 sq. ft.
 - JOBS CREATED OR SUPPORTED: 174

Economic Development Opportunities Fund

- The Economic Development Opportunities Fund was established in 2010 to support unique business development opportunities and to provide a ready pool of cash that can be drawn from to help entice companies to, or remain within, the City of Gaithersburg

LaunchLabs

- A grant for \$100,000 was awarded to Alexandria Real Estate (ARE) to construct approximately 6,000 sq ft of specialized, state-of-the-art lab and office space at 708 Quince Orchard Road as part of a collaborative partnership between the City, ARE, Montgomery County, and BioHealth Innovation (BHI) to help accelerate early-stage, life-science companies
- LaunchLabs consists of five, 1,200 rentable square foot modules, as well as access to communal areas and equipment such as autoclave, glass wash, and specialty water.
- BHI provides startup and entrepreneur-in-residence programs to guide the early-stage life science companies.

MRI Global

- A grant for \$85,000 was awarded to MRI Global, a contract research organization, to support tenant improvement costs associated with the company's relocation of its local research facility from Rockville to 65 West Watkins Mill Road
- MRI Global invested at least \$3.6 million in approximately 42,900 sq ft of office and lab space
- Relocated a minimum of 55 FTE employees to 65 West Watkins Mill Road, and pledged to employ a minimum of FTE 60 employees at the Gaithersburg site by December 31, 2018



Investments To Date

- **Toolbox**

- 59 Grants Totaling \$963,000 Awarded
- 1025+ Jobs Supported

- **Opportunities Fund**

- 7 Grants Awarded
- \$1,448,758
- 1730+ Jobs Supported
- 499,000 sq ft Office/Lab Space Secured

Questions?