

MAYOR & COUNCIL AGENDA COVER SHEET

MEETING DATE:

September 14, 2009

CALL TO PODIUM:

Chris Zindash – EDC
 Kent Howard – EDC
 Robyn Renas - EDC

RESPONSIBLE STAFF:

Tony Tomasello
 Assistant City Manager

AGENDA ITEM:
 (please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input checked="" type="checkbox"/>	Work Session Discussion Item
<input type="checkbox"/>	Other:

PUBLIC HEARING HISTORY:

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised	
Hearing Date	
Record Held Open	
Policy Discussion	

TITLE:
Presentation by the Economic Development Committee (EDC) and Discuss Economic Development Opportunities Funding

SUPPORTING BACKGROUND:
The work session will be in two parts –
The first part will be a presentation by members of the Economic Development Committee. The committee, in its role as an advisory panel, would like to present what it feels are challenges to furthering economic development resulting from City policies and/or procedures.
The second part of the work session will be a discussion of potential uses of the Economic Development Opportunities funding included in the FY 2010 City Budget.

DESIRED OUTCOME:
Hear presentations



Economic Development

City of Gaithersburg

Mayor & City Council Work Session

September 14, 2009

Agenda

- ◆ Strategic Direction – Guiding Principles
- ◆ Economic Development Committee
 - Challenges
- ◆ Economic Development Opportunities Funding
 - Guidelines
 - Proposed “Toolbox”

Strategic Direction: Guiding Principles

- ◆ The City needs a growing and sustainable tax base
 - A larger tax base provides the resources to achieve its vision
 - Pays for services and programs
 - Provides a diversity of employment opportunities



Strategic Direction: Guiding Principles

- ◆ Key Approaches -
 - Focus on retaining businesses currently in the City and helping them grow and prosper
 - Attract new businesses in growing industries that provide stable, well-paying jobs
 - Outreach and Ombudsman role to build strong relationships with businesses and other economic development groups & agencies

Economic Development Committee

- ◆ The City does many things well
- ◆ In its role as an advisory panel, the EDC has identified certain policies as challenges that the Mayor & Council may want to consider addressing
- ◆ City leadership has a number of priorities; some of them competing with one another
- ◆ The EDC member's acknowledge that there is sometimes tension between economic development and other City initiatives

Economic Development Committee

- ◆ Committee met in the Spring and Summer of this year to discuss Economic Development Opportunities funding
- ◆ Discussion led to identification of “non-financial” challenges facing development in the City
- ◆ Addressing these challenges may leverage the incentive funding and better support the stated goals of the Strategic Direction

Challenge – Aversion to Urban Densities

- ◆ Gaithersburg's suburban image needs to adjust to meet modern realities. Our strategic location can be better leveraged.
- ◆ The City is no longer seen as a leader in planning issues.
- ◆ Density provides –
 - Needed levels of Return on Investment (ROI) to finance new projects
 - Support for transit initiatives
 - Environmental benefits
 - Greater revenues to the City



Challenge – Inconsistent Planning Process

- ◆ Costly and inefficient
- ◆ Role of Mayor & Council in MXD and CD zones is a time-consuming extra step
- ◆ Projects re-designed “on the fly”
- ◆ Professional staff, Planning Commission, and Applicants’ expertise should be relied upon

Challenge – Projects Required to Address Multiple Priorities

- ◆ Environmental standards, Affordable Housing policy, Arbitrary parking limits, Proffers, etc.
- ◆ Conflicting policies
- ◆ Uncertainties/Increases in project cost becoming unreasonable
- ◆ Required ROI not achievable – projects may languish

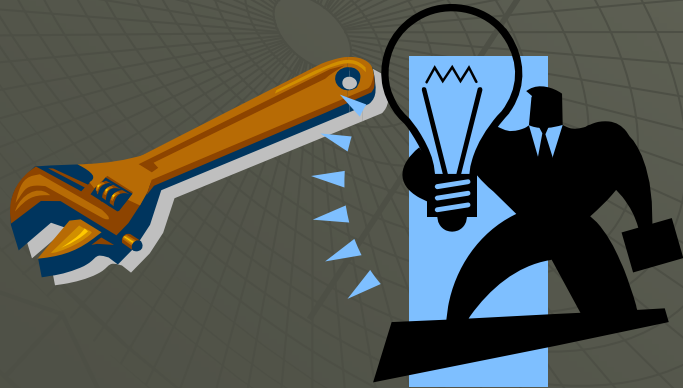
Challenge – Historic Preservation

- ◆ Goals of the City's policies are vague
- ◆ Arbitrary sentimental value placed on isolated structures
- ◆ Greater focus on building projects *now* that will be worth preserving in the future

Challenge – Vision for Olde Towne

- ◆ Existing building scale and historic image are not compatible with large scale redevelopment & financing realities
- ◆ Current vision is no longer an economic development asset
- ◆ Embrace new, larger scale; consider more diverse architecture and materials

ECONOMIC DEVELOPMENT "TOOLBOX"

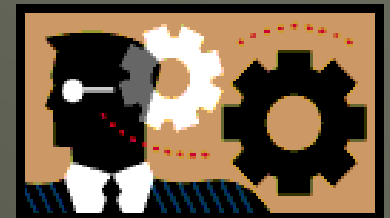


Background

- ◆ Mayor & City Council authorized \$250,000 in funding for Economic Development Opportunities in FY 2010 budget
- ◆ Staff directed to develop proposed uses
- ◆ Draft Guiding Principles document prepared
- ◆ Six proposed eligible categories – collectively the “Toolbox”

Guiding Principles

- ◆ Positive return on City's investment
 - Cash return via increased taxes or fees
 - Increased employment opportunities within the City
 - Construction of new real property assets
 - Elimination of blighted properties or leasing of long-term vacant commercial space
- ◆ Incentives should be available without regard to relative size of recipient



Guiding principles

- ◆ Timing of returns can be flexible
- ◆ Focus should be on commercial and business development
- ◆ Incentives should be directed to industries exhibiting high growth potential and stable jobs, and non-residential development projects
- ◆ Avoid direct investment relationships with individual businesses

Guiding Principles

- ◆ Incentives relating to Olde Towne should complement existing initiatives (ie. Enterprise Zone)
- ◆ Recipients should report results based upon mutually-agreed benchmarks
- ◆ Funding may be used to offset “custom” incentives packages authorized by the Mayor & Council

Incentive Toolbox

- ◆ Demolition Assistance
 - Funds for removal of abandoned/blighted buildings
- ◆ Renovation grants for long-term vacant commercial space
 - Tenant fit-up assistance (per sq. foot basis)
- ◆ Commercial Signage Grants
 - Matching grants to upgrade directional and pylon signage

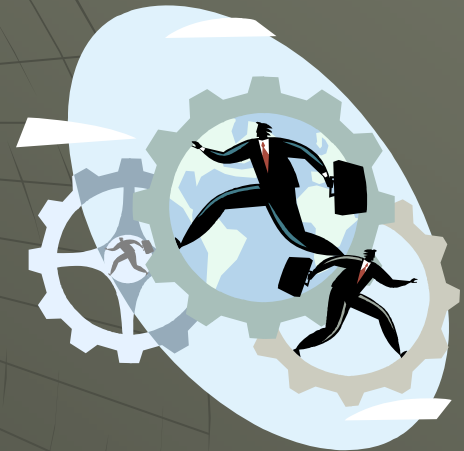
Incentive Toolbox

- ◆ Job Creation Tax Credit Match
 - Percentage match of County or State credits
- ◆ Job Training Grants
 - To upgrade workforce skills
- ◆ Parking Waiver Offset*
 - Not currently charged but recommended by the EDC



Toolbox - Next Steps

- ◆ Finalize guiding principles document
- ◆ Develop guidelines and criteria for individual incentive categories
- ◆ Promotional campaign





Economic Development

City of Gaithersburg

Mayor & City Council Work Session

September 14, 2009