

# Economic Development Incentive Programs Update

Mayor & City Council  
September 30, 2015

# 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 & Utility Upgrades
- Custom

# GRI-Regency

A grant for \$10,000 was awarded to GRI-Regency to assist with costs for new multi-tenant signage at Firstfield Shopping Center (505 Quince Orchard Road)

- Category: Commercial Signage
- Status: Complete
- Jobs: N/A



# Hughes Network Systems

A grant for \$12,756 was awarded to Hughes Network Systems to assist with fit-up costs associated with newly leased office space at North Frederick Avenue.

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 20

The logo for Hughes Network Systems, featuring the word "HUGHES" in a bold, blue, sans-serif font. The letters are closely spaced and have a slight shadow effect, giving it a three-dimensional appearance. The logo is centered within a white rectangular box.

# NeoDiagnostix

A grant for \$9,489 was awarded to NeoDiagnostix to assist with tenant improvement costs for approximately 3,300 sq ft of newly leased space lab and office space at 910 Clopper Road

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 16

**NeoDiagnostix**

# MagBio

A grant for \$19,500 was awarded to MagBio to assist with improving 6,500 sq ft of new office and lab space at 940 Clopper Road

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 2



# Client Software Services

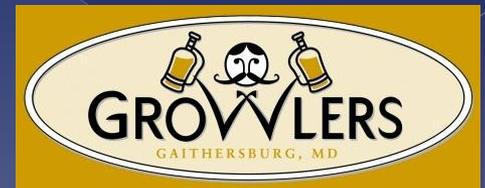
A grant for \$1,428 was awarded to Client Software Services to assist with renovations for approximately 714 sq ft of newly leased space at 101 Lakeforest Boulevard

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 10

# Growler's

A grant for \$10,000 was awarded to Growler's to assist with costs associated with repairing damage sustained by broken water pipes

- Category: Custom
- Status: Complete
- Jobs: 30



# Olde Towne Urgent Care

A grant for \$6,000 was awarded to Olde Towne Urgent Care to assist with costs of improving 2,000 sq ft of newly leased medical space at 317-C East Diamond Avenue

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 10



# SFPE Foundation

A grant for \$8,528 was awarded to the Society to assist with costs for improving approximately 4,264 sq ft of newly leased space office space at 9711 Washingtonian Blvd

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 6



# Sunflower Health & Wellness

A custom grant for \$7,853 was awarded to Sunflower Health & Wellness to assist with costs associated with improving 1,630 sq ft of newly leased space at 501 North Frederick Avenue

- Category: Tenant Fit-Up/Demolition/ADA Upgrades
- Status: Complete
- Jobs: 3



# Vtesse, Inc.

A grant for \$21,625 was awarded to Vtesse, Inc. to assist with tenant improvement costs associated with renovating 3,875 sq ft of newly acquired office & lab space

- Category: Tenant Fit-Up/Utility Upgrades
- Status: Complete
- Jobs: 7



# Edgewood Management

A grant for \$25,000 was awarded to Edgewood Management to assist with tenant improvement and demolition costs associated with renovating 19,657 sq ft of newly acquired office space

- Category: Tenant Fit-Up
- Status: Complete
- Jobs: 86



# 2015 Toolbox Program Recap

- Toolbox (Approved & Pending Grants):
  - Tenant Fit-Up: \$95,956
  - Commercial Signage: \$10,000
  - Job Training: \$0
  - ADA & Utility Upgrades: \$15,000
  - Demolition Assistance: \$1,223
  - Custom: \$10,000
  
- TOTAL TOOLBOX ASSISTANCE: \$132,179
- 2014 TOOLBOX ASSISTANCE: \$106,682
- TOTAL PRIVATE INVESTMENT: \$2,765,200
- JOBS CREATED OR SUPPORTED: 190

# 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
- This program was initially funded with \$2,000,000 in 2010

# Investments To Date

## ◎ **Toolbox**

- > 47 Grants Awarded
- > \$789,000
- > 850+ Jobs Supported

## ◎ **Opportunities Fund**

- > 5 Grants Awarded
- > \$1,263,758
- > 1670+ Jobs Supported
- > 450,000 sq ft Office/Lab Space Secured

# Proposed Toolbox Program Modifications

- ◉ After 5 years, the Toolbox program has demonstrated success and has further distinguished the City from competitors
- ◉ Assessment of applications and awards to date provide insight on the market
- ◉ Proposed program amendments are intended 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.

# Proposed Toolbox Program Modifications

- **Maximum Benefit**

- Current: \$50,000, over the life of the business
- Proposed: Retain \$50,000 cap, but allow a second stage award after 5 years to support expansions within the City

# Proposed Toolbox Program Modifications

## ■ **Tenant Fit-Up Grant**

- Lease Term: 5 or more years (No Change Proposed)
- Vacancy Threshold
  - Current: 2 years
  - Proposed: 1 year
    - Downtime between tenants is rarely less than 2 years
    - Change avoids the need to make an exception for rare occurrences
- Current Category Maximum Grant: \$25,000
  - Current Calculation Rate:
    - Standard Grant: \$2/square foot
    - Enhanced Grants for Olde Towne/Bio/Lab: \$3/square foot
    - Recommend Increase to \$50,000 for circumstances listed below

# Proposed Toolbox Program Modifications

## ➤ **Recommendations:**

- Increasing Tenant Fit-up Rate 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

# Proposed Toolbox Program Modifications

## ■ **Demolition Assistance**

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

## ■ **ADA Upgrades**

- Current Category Maximum: \$10,000
- Recommend Increasing to \$20,000
- Category maximum has not increased, although costs have

# Proposed Toolbox Program Modifications

## ■ **Utility Upgrades**

- Current Category Maximum Grant: \$10,000
- Recommend Increasing to \$20,000
- Remove restriction limiting category to Olde Towne
- Encourages capital investments in systems that otherwise contribute to obsolescence
- Promotes energy efficiency, sustainability

## ■ **Job Training**

- Current Category Maximum Grant: \$20,000
- No Changes Proposed

# Proposed Toolbox Program Modifications

## ■ **Commercial Signage**

- Current Category Maximum Grant: \$10,000
- Expand to Rt. 355 corridor and Olde Towne
- Eliminating multitenant requirement in these 2 targeted areas
- Promotes improvement of appearance of older commercial areas

# Proposed 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

# Proposed Toolbox Program Modifications

- ① **Questions & discussion**
- ① **Input on proposed changes**

Tenant  
Improvements

Job  
Training

Demolition

ADA & Utility  
Upgrades

Gaithersburg's Economic Development Incentives  
Matching grants. Multiplying Investment.