Germantown Business Incubator -- No. 780701

Category	General Government	Date Last Modified	January 09, 2008
Subcategory	Economic Development	Required Adequate Public Facility	No
Administering Agency	Economic Development	Relocation Impact	None.
Planning Area	Germantown	Status	On-going

EXPENDITURE SCHEDULE ($000)

Cost Element	Total	Thru FY07	Est. FY08	Total 6 Years	FY09	FY10	FY11	FY12	FY13	FY14	Beyond 6 Years
Planning, Design, and Supervision	120	0	120	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	4,350	0	4,350	0	0	0	0	0	0	0	0
Other	730	0	730	0	0	0	0	0	0	0	0
Total	**5,200**	**0**	**5,200**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

FUNDING SCHEDULE ($000)

Current Revenue: General	2,450	0	2,450	0	0	0	0	0	0	0	0
State Aid	2,750	0	2,750	0	0	0	0	0	0	0	0
Total	**5,200**	**0**	**5,200**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

OPERATING BUDGET IMPACT ($000)

Program-Staff				591	80	88	96	106	109	112
Program-Other				1,620	270	270	270	270	270	270
Net Impact				**2,211**	**350**	**358**	**366**	**376**	**379**	**382**

DESCRIPTION

This project is to lease and renovate a 67,000 square foot building at 20271 Goldenrod Lane, Germantown and convert 33,500 square feet into a high-tech incubator featuring approximately 10,500 square feet of laboratory space and 23,000 square feet of office and common space for a mixed use high-tech business incubator in the Germantown area. The remaining 33,500 square feet of the building will be used by Montgomery College for office and classroom space. The building will be master leased either by Montgomery College or the College Foundation, and the incubator space will be sub-leased to the County. In 2002, the Department of Economic Development (DED) investigated the feasibility of extending the success of the Shady Grove Life Sciences Center to other locations in Montgomery County. Studies revealed that a location near the Germantown campus of Montgomery College would be ideal for an incubator site. The recently vacated commercial building located at 20271 Goldenrod Lane presents an opportunity for the County and College to accelerate project implementation through the acquisition of an existing building, and prepare the space for incubator tenants and students. The building has sufficient space to resolve both the County's incubator space needs and the College's need for new classroom and office space at its growing Germantown campus. Discussions with the College have resulted in a conceptual plan to share the 67,000 square foot building by renovating half as the County's incubator and half as offices and classrooms for the College.

JUSTIFICATION

In 2005, DED consulted the Sage Group, an economic consulting firm, to assess the essential business elements needed to develop Montgomery County's technology business community. The Sage Group forecasts that the County will need 40,000 square feet of incubator space to capture just 5 percent of the estimated 400 plus spin-off technology start-up companies entering the market each year from the 19 Federal Research and Development labs in the County. The Germantown incubator adjacent to Montgomery College and the soon-to-be-completed Germantown Life Sciences Park (GLSP) will, in addition to supplying the County with needed incubator space, also serve as a catalyst for the development of high technology in Germantown, Damascus, and Clarksburg. This market is currently underserved by technology development, with very few biotechnology facilities beyond the Germantown exit along the I-270 corridor. The Germantown incubator facility will also stimulate the expeditious development of the rest of the GLSP, as it will produce a number of graduating companies that will seek expansion space in proximity of the incubator within the next 2-3 years.

A market study has been completed, and the incubator pro forma has been developed.

FISCAL NOTE

Planning and design funds are also drawn from the Life Sciences and Technology Centers CIP No. 789057. Eventually, the facility could create an estimated 480 high paying jobs in Montgomery County every three year cycle throughout the life of the facility. The estimated net revenue

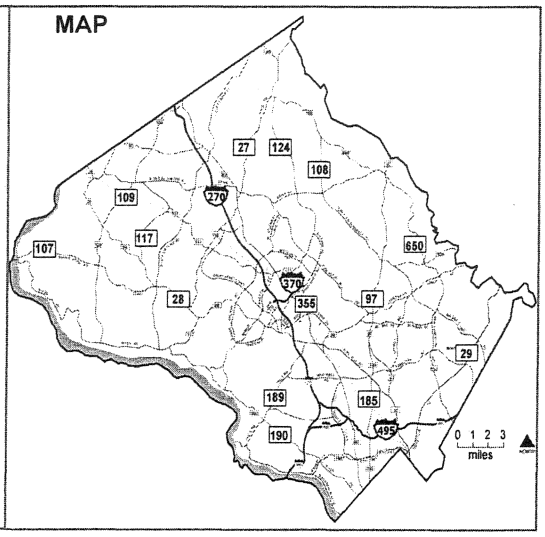
APPROPRIATION AND EXPENDITURE DATA

Date First Appropriation	FY07	($000)
First Cost Estimate Current Scope	FY07	3,000
Last FY's Cost Estimate		5,200
Appropriation Request	FY09	0
Appropriation Request Est.	FY10	0
Supplemental Appropriation Request		2,200
Transfer		0
Cumulative Appropriation		3,000
Expenditures / Encumbrances		0
Unencumbered Balance		3,000
Partial Closeout Thru	FY06	0
New Partial Closeout	FY07	0
Total Partial Closeout		0

COORDINATION

Montgomery College
Maryland Department of Business and Economic Development (DBED)
Maryland Technology Development Corporation (TEDCO)
Maryland Economic Development Corporation (MEDCO)

MAP



contribution to the County resulting from the incubator's operation for the first 18 years exceeds $27 million in 2006 dollars. The construction and related development costs of the incubator, including clean room facilities, are estimated at $5.2 million (the full cost is projected at $6.65 million with $500,000 coming from DED's FY08 operating budget and $950,000 coming from Montgomery College). The rent collected from the incubator tenants will pay for most of the incubator space lease, and the required annual operating costs to provide incubator programming including the incubator staff are estimated at $350,000.

OTHER DISCLOSURES

- The Executive asserts that this project conforms to the requirements of relevant local plans, as required by the Maryland Economic Growth, Resource Protection and Planning Act.