

MEMORANDUM

July 6, 2018

TO: County Council

FROM: Gene Smith, Legislative Analyst *GS*
Craig Howard, Senior Legislative Analyst *CH*

SUBJECT: **Action** -- Resolution for application to the State of Maryland for the designation of a Regional Institution Strategic Enterprise (RISE) Zone at the Germantown Campus of Montgomery College

PURPOSE: Review and vote on subject resolution

Expected Attendees

Steve Cain, Acting President, Montgomery College
Martha Schoonmaker, Executive Director, Pinkney Innovation Complex for Science and Technology
Lily Qi, Assistant Chief Administrative Officer, Office of the County Executive

The Executive forwarded the attached memo and resolution for the Council's consideration (see ©1-4). The proposed resolution states the Council's support of Montgomery College's (the "College") application to the State for a RISE Zone near its Germantown campus. In addition, the resolution sets that real property tax credit rate at 75% for five years for the increase in property taxes due to a business locating within the proposed zone that aligns with the zone's strategic plan.

Summary of Recommendations

Council staff recommends that the Council:

- 1) Adopt the proposed resolution to support the College's application to the State for a RISE Zone near its Germantown campus; and
- 2) Set the real property tax credit rate to 75% for five years for all businesses that align with the College's strategic plan and for all other businesses to the State minimum.

Background

Maryland created the RISE Zone in 2014 to spur business development near qualified regional institutions, defined by the State as either an institution of higher education or a non-profit affiliated with a federal agency. **A qualified regional institution must demonstrate a nexus between its activities and the creation of jobs within the proposed RISE Zone to receive approval by the State.** Designation of a RISE Zone is a two-step application process: 1) application to qualify as a regional institution; and 2) application to designate an area as a RISE Zone. The State reviews and approves/declines both steps in the application process. **The College was approved as a qualified regional institution in September 2017.**

A RISE Zone designation expires after five years. A qualified regional institution may apply for a five-year extension once, allowing a total of ten years for businesses to qualify for certain incentives. Qualified businesses may receive benefits up to five years so long as qualification occurs during the RISE Zone designation. Qualified businesses that locate or expand will receive the following incentives:

- 1) A real property tax credit for the increase in assessable base of certain properties.¹
- 2) An income tax credit for certain jobs created.²
- 3) Priority consideration for certain programs provided by the Maryland Department of Commerce.

RISE Zones are similar to enterprise zones in that both zones target job creation in certain areas and provide tax credit incentives to attract businesses to the area. However, there are several important differences between the zones. Enterprise zones target job growth in areas with high unemployment and lower-income households, while RISE Zones connect job growth to activities at a qualified regional institution. An enterprise zone designation is for a longer duration (ten years) than for RISE Zones (5 years). The enterprise zone real property tax credit rate is set by State law, and the State reimburses 50% of the County's tax credits. The RISE Zone's real property tax credit rate is set by the Council, and the State does not reimburse the County.

There are five designated enterprise zones in the County. The College's application is the first one for a RISE Zone.

Proposed RISE Zone

See excerpts from the College's RISE Zone application materials on ©5-21. The following are key sections of the application:

- The proposed RISE Zone boundaries are on ©21. The zone only includes undeveloped land.
- The nexus between the College and job creation is on ©7-9. The proposed RISE Zone aims to connect strategic industry clusters with the workforce development and training provided by the College and its partners.
- The College's strategic plan for the RISE Zone is on ©9-17. The proposed zone will focus growing the biotechnology, cybersecurity, health, and information technology industry sectors.
- A public hearing was held on May 2, 2018; the only comments were from the College.

¹ Residential buildings or the residential portion of a mixed-use structure do not qualify for this tax credit.

² Must be a new, full-time (35 hours per week) employee that is paid 150% of the federal minimum wage.

Current Activity

The College received approval of a preliminary subdivision plan in December 2016, allowing for development up to 150,000 square feet of office space. In 2018, the College issued a Request for Proposals (“RFP”) for a development partner to develop the site.³ The estimated cost to bring this project to completion is \$40 million. The RFP closed on June 18. The College will review the proposals and make a selection in fall 2018 with construction expected to begin winter 2019.

In addition to the College’s current efforts through the RFP, Holy Cross Health opened its Germantown hospital in October 2014. This \$202 million project on the College’s campus is not part of the RISE Zone, but its proximity expands the College’s opportunity to create jobs within the proposed zone through possible medical office buildings.

Discussion

County experience with incentive zones

The Office of Legislative Oversight (OLO) released a report in August 2016 analyzing the experience and effect of County-administered Enterprise Zones.⁴ While there are differences between RISE Zones and enterprise zones, Council staff believes that the general limitations and challenges of enterprise zones provide important context for the expectations of RISE Zones given the similar incentive structure. The specific limitations and challenges that OLO noted for enterprise zones include:

- Uncertain efficacy. There is limited evidence that enterprise zones had a positive effect on employment.
- Low levels of program participation. Few businesses claim the property tax credit, meaning that this tax credit alone does not incentivize businesses to relocate.
- Size of participating businesses. Larger businesses are more likely to take advantage of the program.
- Geographic dispersion of benefits. The impact on employment opportunities for nearby residents is limited.
- Proliferation of enterprise zones and dilution of benefits. Multiple enterprise zones in one region compete against one another.

Workforce development component

While the experience with enterprise zones provides important context, RISE Zones differ by connecting the efforts of a regional institution with the goal of creating jobs. This connection may not increase the overall incentive for businesses to locate or expand in the zone, but it does provide ancillary benefits to the jurisdiction for those businesses that do locate in the zone. In this case, connecting future job growth with the College may provide longer-term benefits to residents through education and workforce development in strategic industries.

³ <http://cms.montgomerycollege.edu/oit/oitdownloadasset.aspx?id=107535>

⁴ <https://www.montgomerycountymd.gov/OLO/Resources/Files/2016%20Reports/OLO%202016-10%20Enterprise%20Zone%20Report.pdf>

Real Property Tax Credit Rate

The State law authorizes the Council to set the real property tax credit rate within a RISE Zone. **The minimum rate is a 50% tax credit for the first year and a 10% tax credit for years two through five.** The proposed resolution sets that tax credit rate at the State minimum for any business and at 75% for all five years for businesses that are part of the zone’s strategic plan (biotechnology, cybersecurity, health, and information technology). The proposed tax credit rate for strategic businesses would be one of the largest business tax credits available in the County, although for a shorter time frame.

Comparison of Business Tax Credit Programs by Average Annual Tax Credit Rate

Business Tax Credit Program	Average Annual Tax Credits	Term of Tax Credits
Arts and Entertainment District	65%	10 years
Brownfields Tax Credit	50%	5 years
Enterprise Zone	65%	10 years
New Jobs Tax Credit	39%	6 years
“Green Building” Tax Credit (LEED Platinum)	75%	5 years
RISE Zone (State Minimum)	18%	5 years
Proposed RISE Zone	75%	5 years

The average annual tax credit was calculated for programs that have a step-down rate during the program’s term.

Comparing the State minimum rate with the proposed rate, the County is estimated to receive about \$866,000 less in real property taxes from the proposed 150,000 square foot building (see table below). If a business does not occupy the entire building, the tax credits would be prorated to the amount of leased space (e.g., 75,000 square foot lease equals 50% reduction to the tax credits below).

Average Annual Tax Credit Rate	New Annual Real Property Taxes (no credit)	Total tax credits (5 years)	Net new taxes after credit (5 years)
18% (State Minimum)	\$303,900	\$273,510	\$1,245,990
75% (Proposed Rate)	\$303,900	\$1,139,625	\$379,875

Assumptions: Assessed value of \$200 per square foot for a total assessed value of \$30 million; 100% occupancy; current assessable base on the undeveloped land is \$0; and a tax rate of \$1.0129 per \$100 of assessed value.

Recommendations

Council staff recommends that the Council:

- 1) Adopt the proposed resolution to support the College’s application to the State for a RISE Zone near its Germantown campus;
- 2) Set the real property tax credit rate to 75% for all businesses that align with the College’s strategic plan for the RISE Zone; and

This packet contains:

- Executive memo
- Proposed resolution

Circle #

- 1
- 2

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Ed on Des*



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

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Isiah Leggett
County Executive

MEMORANDUM

RECEIVED
MONTGOMERY COUNTY
EXECUTIVE

May 23, 2018

TO: Hans Riemer, President
Montgomery County Council

FROM: Isiah Leggett, County Executive

SUBJECT: Resolution for Application to the State of Maryland for the designation of a Regional Institution Strategic Enterprise Zone for the Germantown Campus of Montgomery College

Attached is a Resolution for an Application to the State of Maryland for designation of Regional Institute Strategic Enterprise (RISE) Zone for a segment of Montgomery College's Germantown Campus. The tax credits offered through this program would enable Montgomery College to create an employment hub that focuses on targeted industries. Montgomery College has demonstrated a vision and competency to provide economic opportunity for its students through innovative private sector partnerships and the development of curriculum to address high demand industries in Montgomery County.

The tax credit offered through a RISE Zone would provide the necessary financial assistance to attract a developer for a property that would facilitate Montgomery College's educational and economic goals. Montgomery College will seek tenants that offer employment and work study for students in rapidly growing industries. The property would have wet lab space designed for startups, a type of space crucial for entrepreneurship and job creation in high demand, but difficult to create through conventional development.

I ask the County Council to support this Resolution for an Application to support a RISE Zone for Montgomery College's Germantown Campus.

IL/br



Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County President at the Request of the County Executive

Subject: Consent to Application by Montgomery County, Maryland to create the Montgomery College Germantown Campus Regional Institution Strategic Enterprise ("RISE") Zone.

Background

1. The purpose of the RISE Zone Program is to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located. Qualified institutions and local governments develop a targeted strategy to use the institutional assets and financial incentives to attract businesses and create jobs within the zone.
2. Pursuant to MD CODE ANN., Tax Property Article, § 9-103.1 and COMAR, § 24.05.21.08, the State of Maryland has established the application process for the designation of Regional Institution Strategic Enterprise ("RISE") Zone.
3. Montgomery County held a public hearing, as required by the State of Maryland RISE Zone application process, on May 2nd, 2018 at the Upcounty Regional Services Center.
4. The proposed RISE Zone is entirely within the 2009 Germantown Employment Area Sector Plan. The entire land area of the proposed RISE Zone is owned by Montgomery College and zoned technology and business park or life sciences center per Council Resolution No. 16-1126.

5. The Germantown Employment Area Sector Plan identified the following items as key components of the Plan: connections to cultural, historic, and civic facilities such as Montgomery College, a vibrant economic core, and employment centers. The Germantown Employment Area Sector Plan focuses on Germantown becoming the center of business and community life in upper Montgomery County.
6. The designation of the Germantown RISE Zone will support this Sector Plan by enabling several key recommendations. These include creating Germantown as a strategic location for employment and up to one million square feet for a technology park linking business and academic communities in the Montgomery College District.
7. Qualified institutions include institutions of higher education as defined under § 10-101 of the Education Article.
8. On September 11, 2017, the Secretary of the Maryland Department of Commerce approved Montgomery College as a Qualified Institution.
9. The proposed Germantown RISE Zone will encompass the Montgomery College Germantown campus, known as the Pinkney Innovation Complex for Science and Technology at Montgomery College ("PIC MC"). The acreage includes 40 acres on the Montgomery College Germantown campus, with activity concentrated in an 18-acre area set aside for commercial development.

Objectives

1. Designation of Montgomery College Germantown Campus Regional Institution Strategic Enterprise ("RISE") Zone will help the County achieve the vision for Germantown as highlighted in the Germantown Employment Area Sector Plan.
2. Designation of Montgomery College Germantown Campus RISE Zone will encourage the development of commercial space for targeted industries: biohealth, info technology and cyber security, corporate and regional headquarters, and entrepreneurs and innovators.
3. Designation of Montgomery College Germantown Campus RISE Zone will facilitate employment opportunities for Montgomery College students in targeted industries.
4. Designation of the Montgomery College Germantown Campus RISE Zone will encourage the creation of wet lab space. A type of space crucial for entrepreneurship and job creation in the County, in high demand, but difficult to create through conventional development.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

1. The County Council hereby supports and approves the application to designate certain sections of Montgomery College Germantown Campus as a Regional Institution Strategic Enterprise Zone.
2. The County Council hereby supports and approves the minimum required real property tax credit of fifty percent (50%) in the first taxable year, and ten percent (10%) in the second through fifth taxable years.
3. The County Council hereby supports and gives its consent to the real property tax credit of seventy five percent (75%) for years one through five specifically for Montgomery County targeted industries: biohealth, info technology and cyber security, emerging technologies, corporate and regional headquarters, and entrepreneurs and innovators.
4. The local prequalification standards which will determine eligibility to participate, and rules and regulations for the administration of the Zone, will be established in an Executive Regulation

This is a correct copy of Council action.

Megan D. Limarzi, Clerk of the County Council

Date

June 1, 2018

RISE Zone Designation Request

Application Cover Sheet

Name of Applicant Institution: Pinkney Innovation Complex for Science and Technology at Montgomery College (PIC MC) and the PIC MC Foundation
Address: 20200 Observation Drive, Germantown, MD 20876

Name and Title of Contact Person: Martha A. Schoonmaker, Certified Economic Developer; Executive Director, PIC MC
Direct Office Phone: 240-567-2007
Fax: N/A
Email Address: Martha.schoonmaker@montgomerycollege.edu

Name of Chief Executive Officer of Institution: Dr. DeRionne P. Pollard, President
Address: Office of the President, Montgomery College, 9221 Corporate Blvd, Rockville, MD 20850
Direct Office Phone: 240-567-5267
Fax: N/A
Email: derionne.pollard@montgomerycollege.edu

Name of the Contact Person for the Municipal Corporation and/or County:
Lily Qi, Assistant Chief Administrative Officer
Address: 101 Monroe Street, 2nd Floor, Rockville, MD 20850
Direct Office Phone: 240-777-2524
Fax:
Email: Lily.Qi@montgomerycountymd.gov

Name(s) of the chief elected officer(s) of the Municipal Corporation or County: Isiah Leggett
Address: 101 Monroe Street, 2nd Floor, Rockville, MD 20850
Direct Office Phone: 240-777-0311
Fax:
Email: ike.leggett@montgomerycountymd.gov

RISE Zone Location

City: Germantown
County: Montgomery County
Name of Proposed Zone: PIC MC RISE Zone
Location: Germantown, Maryland on the Montgomery College Campus (See both a hard copy and a digital map)
Approximate acreage of the proposed RISE Zone: 28 acres on the Montgomery College Germantown campus, with activity concentrated in an 18-acre area set aside for commercial development.

RISE Zone Designation Application

1. Boundaries of proposed RISE Zone.

The proposed RISE Zone will be within the boundaries of the Qualified Institution of Montgomery College, Germantown campus. As part of a plan to build an Innovation District on campus, the area has already been approved for activities related to those proposed under the RISE Zone plans, with the college's Pinkney Innovation Complex for Science and Technology (PIC MC) specifically earmarked to lead the way with economic development activities such as leasing available land to private sector companies. The college has committed resources and staff to ensure its successful completion. See the campus map below and the more detailed map in Exhibit I, of the proposed RISE Zone area boundaries.



Pinkney Innovation Complex for Science and Technology

See Exhibit II for the statement from Gwen Wright, Director of the Montgomery County Planning Department, that the proposed boundaries do not overlap a development district established under the Economic Development Article, Title 12, Subtitle 2, Annotated Code of Maryland, or a special taxing district established under the Local Government Article, Title 21, Annotated Code of Maryland or the Charter of Baltimore City, Section 62A.

2. Not limiting or superseding other area plans.

While the proposed project supports area planning documents (municipal, county, and college) and the college's strategic direction, the RISE Zone will not limit or supersede a provision of a comprehensive plan, zoning ordinance, or other land use policy adopted by Montgomery County, which will be the authority over the designated RISE Zone area.

3. Map.

See Exhibit I with a map for the details of the proposed RISE Zone, including boundary demarcations. The proposed RISE Zone does not overlap with any existing enterprise zones or focus areas.¹

4. Description of nexus of RISE Zone and Qualified Institution.

The proposed RISE Zone is located at the Qualified Institution of Montgomery College, located in Germantown. This Qualified Institution was a natural fit for a RISE Zone because it will complement work to build an Innovation District on the college's campus, uniting economic development resources, employers, and training programs in a single location. Further, Montgomery College is a major provider of higher education in Montgomery County, serving 55,000 students per year. Among Montgomery County Public School graduates, 56% attend the college within one year of graduation, meaning the college is well-positioned to capture and train a large proportion of the county's potential local workforce and is a logical location to support growing businesses in aligned industries as well.

The RISE Zone will support a long-term strategy to build a district that unites college training facilities, employers, and related supports in a way that is responsive to rapidly changing employer/industry demands and that will lead to quality jobs and better training opportunities that serve the Germantown area and the larger area.² Currently, many residents in the area must commute long distances for work (600,000 workers in the Greater Washington D.C. area have commute times of over 45 minutes; Greater Washington Works report, 2016), contributing to traffic congestion, decreased productivity, high costs of vehicle ownership (around \$2,300 per year; Greater Washington Works report, 2016), and lower quality of life. The communities of Germantown and Montgomery College are committed to providing strong resources to support local job growth and ensure a well-trained workforce.

Further, the proposed Montgomery College Germantown campus activities align with the goals and strategies laid out in the Germantown Sector Plan (Montgomery County Planning Department, 2009; most recent approved version) and the college's PIC MC Strategic Business Plan (PIC MC Board approved in 2014). Both of these plans include significant high-level support and contributions from college leadership and take into account the needs and wants of the communities served through information gathered in public meetings. For instance, the PIC

¹ Enterprise zones within Montgomery County are located in Burtonsville/Briggs Chaney, Old Towne Gaithersburg, Glenmont, Long Branch-Takoma Park, and Wheaton.

² Montgomery County functions as a larger region with Frederick and Prince George's Counties. In fact, the workforce development boards in the three counties are currently working on a regional strategic plan that covers the entire region; residents and employers in these other counties could also benefit from the proposed investments, as they will diversify the economy by bringing in employers that are not federal agencies or contractors, create new jobs, and build out business incubation and training capacities.

MC’s business plan outlines a strategy for developing the Germantown Campus into a hub of the Global Knowledge Economy, integrating human capital, innovation, and place.

Montgomery College has a history of successful public private partnerships, which have grown stronger in the past 16 years through the development of what is now known as the PIC MC, and which demonstrate Montgomery College’s commitment to economic development and integration into the community. The Science and Technology Park (renamed the PIC MC in 2016) was conceived in 2001 and has been a joint project between the college, the county, the state, and the private sector. Montgomery College is the only community college in the country with a project like PIC MC, which is an integrated academic, business, and research campus and includes Holy Cross Germantown Hospital as its anchor tenant. It boasts a host of features that will be useful for the RISE Zone; see the table below for details. The PIC MC continues to expand and improve, and the RISE Zone project is the logical next step in order to attract additional private investment and create high-quality jobs in the area.

Resources/Expertise	How They will be Applied to RISE Zone
Facilities	PIC MC includes the county-owned Germantown Innovation Complex (a 32,000 square foot, county-owned business incubator managed by Biohealth Innovation; it features 11 wet labs, 45 offices, and common support areas that can accommodate up to 30 life sciences and technology start-up companies), the Bioscience Education Center (151,000 square feet with 25 wet labs, mock biomanufacturing suite, classrooms, meeting spaces, and an 11,000-square-foot conference center), a Medical Office building (LEED Silver 80,000 square feet, direct connection to the hospital; services include primary care, imaging center, pain management, laboratory, and pharmacy), and a CyberLab (funded with a \$15 million DOL TAACCCT grant).
Land	Forty acres on the Germantown campus, with concentrated RISE Zone activity on 18 acres available for land-lease and build-to-suit. RISE Zone tenants will access other college amenities and programs, including workforce training.
Economic development capacity	Sixteen years of successes and growth; PIC MC has a dedicated Executive Director and other staff; and the 501(c)3 PIC MC Foundation ensures development and oversight capacity. PIC MC offers laboratories, state-of-the-art lab equipment (Bio-Rad S3 Fluorescent Activated Cell Sorter, Illumina MiSeq NGS DNA Sequencers, GE AKTA and BioRad NGC FPLC Protein Purification Systems, Nikon Confocal Microscope, and Bio-Rad Digital Droplet PCR), meeting spaces, indoor pool, childcare, office space, and a conference center to employers who locate on-site.
History of success developing training programs	Over 70 years of history developing hundreds of education and training programs at the college; programs available in a range of formats from traditional in-class, remote online, hybrid, and bootcamp structures; nearly \$25 million in DOL-funded investments in workforce-aligned IT/Cybersecurity training programs to train thousands of individuals for jobs, especially those underrepresented in

	the field; \$4 million for nursing programs; \$1.2 million in scholarship programs for STEM majors.
Adjacent resources (Minkoff Development-Seneca Meadows office park)	The proposed RISE Zone will be located near a business park that includes 900,000 square feet of mixed-use flexible, office, lab, and research and development space. Most current tenants are in the life sciences field. Representatives from this complex are on board with the proposed project and the potential benefits it will create for economic development in the Germantown area. RISE Zone businesses whose growth cannot be accommodated by Montgomery College may choose to expand here.
Community collaboration/support	Close collaboration with the community on economic development plans, including with community organizations, employers and industry representatives, and government agencies. Strong community-based cross-sector collaborative networks that will carry over into the proposed work.
Alignment with existing plans and budgets	The PIC MC strategic plan specifically includes the RISE Zone as part of the overarching strategy to help Germantown Campus build an Innovation District. The proposed work aligns with the Germantown strategic plan’s land uses, rezoning efforts, transportation/recreation plans, and economic development aims.

To ensure success and alignment between the academic/workforce training aspects of the college and the economic development/employer needs of the RISE Zone, the college hired a certified economic development professional as the Executive Director of the PIC MC, Martha Schoonmaker. The PIC MC Board of Directors is diverse and representative of targeted development areas to help bring to bear their expertise on the project, including land use attorneys, civil engineers, public-private partnership consultants and brokers, and industry representatives.

5. Target strategy and anticipated economic impacts.

While the scope of the RISE Zone is contained within the Montgomery College Germantown campus, economic projections show a strong economic impact—on jobs created, revenues generated over time, and wage increases. The development of a RISE Zone at the selected site will help Germantown to attract top-notch employers from outside the area through offering incentives and advantages. Growth will be bolstered by significant capital investments, both on the part of the college and employers located within the Zone. The RISE Zone is not anticipated to compete for businesses already located in other parts of the county, but is rather expected to help Germantown attract companies currently located outside of Montgomery County and to become a newly appealing site for business expansion.

a. **Demographic and socioeconomic character.** While individuals from around the region, in particular Montgomery County, may benefit from the proposed activities, the community that will benefit most directly from these investments will be Germantown. It is a census-designated place with over 90,000 residents, the third most populous in Maryland. It is more diverse than the county as a whole, with 22.9% Black, 20.7% Asian, 20.6% Latino/Hispanic, and 4.7% two or more races, and around one-third of residents

born outside of the United States (U.S. Census, 2015). Median household income is about \$15,000 per year lower than for Montgomery County, and the percentage of people in poverty is about 1% higher, rising to over 3% higher for families with children (U.S. Census, 2016). Germantown is located within commuting distance of major Washington D.C.-area employers, and much of its rapid growth since the 1980s has been because of this proximity. This has led to a dependency on job creation outside of Germantown's borders and an undersupply of local jobs, in spite of having strong potential among the local workforce.

The choice of the college's Germantown campus as the site of the RISE Zone is strategic. Back in 2001, a consultant for Montgomery County identified the campus as an ideal place for a life sciences park, which has evolved into what is now known as the PIC MC. Germantown is only 25 minutes from Washington D.C. on the booming I-270 corridor, with the Germantown Transit Center providing shuttle service to the Shady Grove metro stop and a MARC train stop. With hundreds of thousands of residents living nearby, the area has grown significantly. However, employment growth has not kept pace with residential growth, meaning that additional attention remains to be paid to development of local employment resources. Recent studies of the area show a jobs-to-residents imbalance. Of over 40,000 residents who work, only about 3,000 live and work in the Germantown area. Fully 36,000 commute out of the Germantown area for work, and nearly 17,000 commute into the area from another area to work. To move toward adjusting this imbalance and supporting a locally strong economy located in Montgomery County, the goal of the proposed economic development effort is to create more high-quality jobs closer to home, allowing residents to commute less and improving their quality of life, while reducing traffic congestion/gridlock and supporting local economic development.

Montgomery College is one of the most diverse colleges in the nation, with students from 160 countries. Additionally, the most recent version of the Germantown Sector Plan replaced single-purpose zoning with flexible, multi-purpose zoning to facilitate development of vacant and underutilized lands, in particular in the area around Montgomery College. The business vacancy rate in Germantown is at a relatively high 14%, in large part because the facilities that exist do not meet the needs of 21st century employers. The college campus can address this gap, offering high-tech facilities, training, and other supports needed for today's employers. The concept is to connect the RISE Zone with other amenities in the Germantown area through transit oriented development, with I-270 as the spine and serviced via bus, light rail, multi-use and pedestrian trails, and bike facilities. The college has already made major improvements to the campus, expanded programs and facilities, and deepened community outreach strategies to position it to become an Innovation District aligned with this flexible, accessible model of living and working.

b. Economic development importance. The Germantown Montgomery College campus is a critical economic development zone defined in the county's Sector Plan, with 3,011,132 square feet of existing and proposed commercial space (Montgomery County Planning Department, 2009). Further, Montgomery College is in a strong position to

address the training needs of rapidly changing industries. Currently, there is a mismatch between the skills employees possess and those employers need. For instance, nearly 800,000 residents of the National Capital Region have no postsecondary education, something that puts them at a disadvantage for quality jobs and makes local hiring difficult for employers (Workforce Collaborative Report, 2016).³ The Community Foundation for the National Capital Region reports that 70% of net new jobs will require some college education, meaning that affordable, accessible, and employer-aligned training programs are critical to creating opportunities for our residents and supplying our employers with the skilled workers they need. Montgomery College offers a wide variety of degrees, certificates, and intensive bootcamp-style programs to meet all training needs.

It is critical to create new jobs in the area, particularly those coupled with training opportunities to help close achievement gaps and create new choices for those historically marginalized. Benefits from training and jobs continue to accrue unevenly by race/ethnicity, something that affects Germantown heavily because of its diversity—Hispanics and African Americans in the region are three times more likely to have an income below the poverty level (Workforce Collaborative Report, 2016). The recently published Greater Washington Works report (2016) cites a desire from employers to diversify their workforces, but existing programs have been limited in scope. As one of the most diverse colleges in the country, Montgomery College is well-versed in overcoming barriers to ensuring that all people receive a quality education. Montgomery College already has a solid base in place to support employers that choose to locate within its RISE Zone to train a more diverse workforce—in recent years it has received three large Department of Labor grants to support developing IT and Cybersecurity training programs that target groups currently underrepresented in the sector and a state grant to support its nursing program. Through these programs and others, Montgomery College is developing agreements with 4-year institutions and between the non-credit and for-credit sides of the college to build more seamless stacking and laddering of credentials so workers can continuously gain the skills they need to advance within and adapt to dynamic industries. Collectively, these programs are training thousands of workers—infrastructure that the college will use to support employer needs and economic growth in the proposed Zone.

Additionally, while growth in the region had been rapid for over 15 years, it has slowed recently because of federal budget cuts, a trend that is likely to continue and that undermines the region's economic health. Diversifying the economy is critical to continuing growth, fostering entrepreneurship, and opening new opportunities (Workforce Collaborative Report, 2016). Critical areas of focus will be healthcare (12% projected growth from 2016-2021); IT/Cybersecurity (6% projected growth during 2016-2021; cybersecurity jobs tripled during 2010-2014 in Washington D.C., Maryland, and Virginia); and biotechnology (which cuts across health and IT sectors).

The RISE Zone will focus on the sectors of Information Technology/Cybersecurity,

³ Functionally, Germantown is part of the National Capital Region, which encompasses Washington, D.C., northern Virginia (in particular Arlington and Fairfax counties), and the neighboring Maryland counties of Montgomery, Frederick, Howard, and Prince George's and consisting of around 2 million inhabitants.

Healthcare, and Biotechnology because these are three of the top eight industry sectors in Maryland with strong growth potential and because the college already offers strong education/training resources in these areas. While many of these jobs require four-year degrees and above, it is possible to create on-ramps and stacked training to allow individuals to gain skills and ascend hierarchies over time. In fact, middle skill jobs, meaning those that require some college but not necessarily a 4-year degree, represent 43% of jobs in Maryland. These are good jobs that, on average, pay higher than the living wage (which is \$14.51/hour or \$30,175/year for a single adult; MIT Living Wage Calculator). There is a \$6,500 yearly average salary premium in the nation for cybersecurity specialists compared to other information technology salaries. Preliminary, conservative projections for this project predict an increase in earnings for the proposed area of \$8,647,461, with an increase in taxes on production and imports of \$206,413 (EMSI, 2016).

A RISE Zone designation will allow Montgomery County to compete for top-notch employers to locate within Germantown through offering a range of incentives and advantages. On top of tax incentives, employers that locate within the Germantown campus RISE Zone will have the infrastructure of the Innovation District and Montgomery College within easy access. RISE Zone businesses will be able to access Montgomery College's labs, the county-owned business incubator on the Germantown campus, a network of community resources, and have access to high quality workforce training. Employers will gain instant visibility, as new tenants of the County's largest community college. Further, the Zone's prime location, within access of I-270 and public transit, means a high level of visibility and easy access to the entire region. The college has facilities and land available to accommodate a range of businesses sizes. Further, the college will leverage its network of workforce resources to connect RISE Zone businesses with other resources, such as additional sources of financial support (e.g., venture capital, loans).

There are no other applicable revitalization programs, such as enterprise zones, sustainable communities, or smart growth priority funding areas.

c. Goals and objectives. The proposed RISE Zone will contribute to an ongoing push, in process for 16 years already, to develop an Innovation District on the Montgomery College Germantown campus, with the goals of: 1) Attracting new employers to Germantown; 2) Building density and improving transit/access in underutilized areas of Germantown; 3) Creating local jobs to reduce need for long commutes; and 4) Integrating resources between academic, employer, and community organizations to foster economic development and increase economic diversity.

RISE Zone objectives are as follows: 1) Within the first year, attract a business developer to design state-of-the art, flexible, business space for RISE Zone tenants; 2) Create new pathways from education to careers, using the employers located within the RISE Zone, with a target of building pipelines to jobs with RISE Zone employers for Montgomery College students and pathways to training for RISE Zone employees to allow RISE Zone businesses to train their employees better and quicker; 3) Develop much needed wet lab

and other high-tech space in Germantown to attract Life Sciences employers (without tax credits, development of these spaces is highly expensive).

d. Proposed projects. PIC MC has been aggressively implementing a strategic marketing plan that included direct outreach to key potential employers that would be interested in locating within the RISE Zone. Employers choosing to locate within the RISE Zone will be in the biosciences/life sciences, health, information technology, and/or cybersecurity sectors—to allow for the greatest synergy with existing training opportunities and facilities on the campus. Projects developed by employers within the RISE Zone will have access to the amenities PIC MC and Montgomery College have to offer, including training for employees; a CyberLab; the Germantown Innovation Complex (a 32,000-square foot, county-owned business incubator managed by Biohealth Innovation, one of only four in Montgomery County); and the Holy Cross Germantown Hospital, the only hospital in the nation located on a community college campus. If Montgomery College is unable to accommodate a company’s growth, a neighboring office complex provides access to nearby office space. Additionally, Worksource Montgomery, the local workforce investment agency, can offer support to RISE Zone beneficiaries. It offers a wide range of employer, workforce, and industry job and training supports. Germantown is home to an American Job Center location, and Montgomery College is already a strong partner.

e. Development timeline. The proposed plans are, at their core, focused on Montgomery College enhancing its ability to carry out its core mission to empower students to change their lives and enrich the life of our Germantown and Montgomery County communities. Land and facilities are available for development already, meaning projects will get off the ground quickly. Below are recent major activities laying groundwork, as well as the project timeline, once designation is approved. Exhibit III provides a more detailed list of milestones since inception of PIC MC in 2001.

Pre-Designation Activities		
<i>Dates</i>	<i>Activities</i>	<i>Milestones</i>
2016	Obtain approval from PIC MC Board and MC Board of Trustees for name change to Pinkney Innovation Complex for Science and Technology at Montgomery College; Develop preliminary subdivision plan	Name change approved. Grand opening of the Medical Office Building (80,00 sq./ft.) adjacent to Holy Cross Germantown Hospital
	Develop preliminary subdivision plan	Subdivision plan reviewed and approved by the Montgomery County Planning Department.

2017	Appropriate designations to prepare for development	Montgomery County Planning Dept. approves new parcel for development 19170 Observation Drive recorded with Land Records of Montgomery County
Year 1 of RISE Zone Designation		
<i>Dates</i>	<i>Activities</i>	<i>Milestones</i>
2018	Search for Real Estate Advisor to develop RFP for development partner	RedGate Real Estate selected in January
	Development of RFP	RFP completed and posted RFPs received
	Review RFPs for top applicants	2-3 RFPs selected to move to negation state
	Developer negotiations	Developer Chosen
		Ground lease signed
Year 2		
<i>Dates</i>	<i>Activities</i>	<i>Milestones</i>
2019	Design and construction planning of new building	Groundbreaking
	Construction of new building	
	Marketing for new resident partner tenants	
Year 3		
<i>Dates</i>	<i>Activities</i>	<i>Milestones</i>
2020	Marketing for new resident partner tenants	Leases signed for new building
	Construction completed	Ribbon cutting
	Resident partner tenants move in	
Year 4		
<i>Dates</i>	<i>Activities</i>	<i>Milestones</i>
2021	Ongoing marketing for new resident partner tenants	New building is 100% leased
Year 5		
<i>Dates</i>	<i>Activities</i>	<i>Milestones</i>
2022	Ongoing marketing for new resident partner tenants	Another development partner RFP is released

f. **Economic impact.** The economic impact of the RISE Zone is expected to be significant. Using the Input-Output Scenario model from EMSI, the estimated project impact will be 145 jobs created in the RISE Zone, an increase in taxes on production and imports of \$361,905, and an increase in earnings of \$15,973,317. Of these jobs, 31 are expected to be in computer and mathematics; 24 in healthcare; 24 in administrative support; 15 in management; 12 in life or physical sciences; 10 in business and financial

operations; seven in architecture and engineering; three in media; seven in healthcare support; six in sales; and one each in community and social services, protective services, education, food services, grounds maintenance, installation/repair, transportation, and production.

Further, the designation is expected to increase capital investments in the area. If the designation is approved at the planned level of benefits, the college is working to secure a public/private investment of \$40 million in capital funds for a new, 120 square foot building featuring 24,000 square feet of wet laboratories and 96,000 square feet of class A office, classroom, and conference room space that will house the majority of RISE Zone companies. This will represent the first major project within the RISE Zone, with additional employers locating within the facility and developing land in subsequent years.

The RISE Zone designation will build on other significant investments on the campus. Other related projects at the PIC MC are:

- The Montgomery College Biosciences Center, a 145,000 square foot, \$89 million education complex that opened in 2014 and was funded by the state and the county;
- A CyberLab located in the college's High Technology and Science Center that was constructed as part of a \$15 million Department of Labor grant;
- The Germantown Innovation Center (GIC), a 32,000 square foot, county-owned business incubator managed by Biohealth Innovation, one of only four in Montgomery County, and operated by the Montgomery County Department of Economic Development on the Germantown campus (The GIC provided an early model for successful mixing of private sector and college uses on the campus); and
- The Holy Cross Germantown Hospital, a \$202 million development that opened in 2014 and is the only hospital in the nation located on a community college campus.
- Medical Office Building, completed in 2015 after the opening of the hospital, provides an additional 80,000 square feet of medical office space. It is located adjacent to the Hospital, with more square footage planned once the RISE Zone designation is secured.

The 501(c)3 PIC MC Foundation further supports the project. It was created in 2011 to oversee the development of PIC MC. The Foundation has seed funding from a 99-year lease with the Holy Cross Germantown Hospital, which will be used to attract employers and developments to the Germantown campus. The PIC MC Foundation developed a Strategic Business Plan (approved in 2014) to guide PIC MC Foundation decision making. The Foundation has also invested \$168,000 toward submitting a preliminary subdivision plan application, which was approved in December 2016. The PIC MC Foundation will serve as the development manager of private and mixed-used elements of the project, engaging approvals of appropriate authorities, and securing a range of resources to ensure the success of the proposed developments.

g. Industry sectors. The sectors that will be certified for RISE Zone incentives are

Information Technology/Cybersecurity, Biotechnology, and Life Sciences, which are three of the eight fastest-growing and most critical sectors to the state’s economy. In fact, the top two industries in Montgomery County are Professional and Technical Services and Healthcare and Social Services (Montgomery County Local Area Workforce Plan, 2016-2020). Job growth in these sectors greatly outpaces the supply of well-trained workers, and many of the jobs pay well above a living wage, while only requiring some college. PIC MC already has some related employers in the area, including: Adventist HealthCare, Amarex Clinical Research, LLC, AstraZeneca/MedImmune, Emergent BioSolutions, Inc., GlaxoSmithKline, Holy Cross Health, Howard Hughes Medical Institute, Hughes Network Systems, LLC, J. Craig Venter Institute, Kaiser Permanente (Kaiser Foundation Health Plan, Inc.), Lockheed Martin, Novavax, Inc., Qiagen Sciences, North American Headquarters, Suburban Hospital/Johns Hopkins Medicine, Wellstat Therapeutics Corporation, and Westat. The region is also home to federal employers, such as the U.S. Department of Energy, National Institutes of Health, U.S. Food and Drug Administration, National Institute of Standards and Technology, Walter Reed Army Institute of Research, National Cancer Institute, National Cybersecurity Center of Excellence, and Fort Detrick.

h. RISE Zone certification requirements for existing industry. This is not applicable, as no existing businesses are within the proposed zone currently.

i. Workforce training programs available. Montgomery College offers 130 different programs of study, including non-traditional and accelerated workforce training and education programs that the PIC MC will leverage to support the RISE Zone. In recent years, Montgomery College has received nearly \$25 million in training funding from the Department of Labor and \$4 million in state funds for nursing, as well as funding from other federal and state sources to expand innovative and responsive training programs, reducing barriers to training and allowing individuals to stack and lattice programs to get the qualifications they need for specific fast-growing occupations. These efforts have included extensive outreach with employers to ensure that credentials and competencies match what is needed in the workforce. Below is a selection of programs that will complement the proposed RISE Zone investment:

Sector	Project Name and Purpose
Information Technology/ Cybersecurity	<p>Cyber-Technology Pathways Across Maryland (consortium with 14 other colleges statewide): For trade-impacted workers and other low-skilled adults underrepresented in IT to create pathways to quality jobs. Award amount and agency: \$15 million, Dept. of Labor. Students served: At last report, 3,038 students statewide over three years.</p>
	<p>Maryland Tech Hire: Targeting Limited English Proficiency adults to train them for mid- to high-skilled jobs. Award amount and agency: \$4 million; Dept. of Labor. Students served: 400 over four years.</p>

	<p>Capital Region Collaborative: Jobs in Technical Careers: Intensive short-term trainings aimed at topping off skills to qualify for higher-skilled IT-related jobs. Tuition-free. Award amount and agency: \$5,633,390; Dept. of Labor. Students served: 1,366 over four years.</p>
Biotechnology	<p>BIOTrain: Biotechnology Baltimore Strategic Industry Partnership: Specialized training to close skills gaps to allow un- or underemployed individuals to enter the industry or to skill up. Award amount and agency: \$239,430 for planning, implementation, and expansion; Maryland EARN (Employment Advancement Right Now). Has since become a permanent program led by Montgomery College in conjunction with a range of industry/employer, government, nonprofit, and training partners. Students served: 350 to date.</p> <p>BIO-TRAC®: A nationally-validated model; workshops are designed by active researchers for bench and research scientists with focus on the latest techniques necessary for laboratory research. The partnership between R/M Nardone Associates and Montgomery College began in the summer of 2016. Students served: 149 scientists representing 72 different institutions to date (the program has served 16,000 research scientists nationwide).</p>
STEM	<p>Scholarships in Science, Technology, Engineering and Mathematics (S-STEM) program: Scholarships for engineering/computer science students. Award amount and agency: \$600,000 over four years; National Science Foundation. Students served: 150 scholarships for full-time enrollment and transfer to 4-year program.</p> <p>On RAMP to STEM: Scholarships to students majoring in life sciences, biotechnology, or mathematics and students interested in the interdisciplinary nature of biology. Award amount and agency: \$600,000, National Science Foundation. Students served: 125 scholarships for four cohorts of scholars.</p>
Health/Nursing	<p>Nursing Education program: To support enrollment and completion of nursing program and to develop a clinical simulation resources consortium. Award amount and agency: \$4 million (\$3 million to develop a Clinical Simulation Resource Consortium and \$1 million will support a dual and innovative admission strategy with the University of Maryland School of Nursing), Maryland Higher Education Commission and the Maryland Health Services Cost Review Commission.</p>
General Supports	<p>TRIO Educational Opportunity Centers (TRIO EOC): Services to improve adult college readiness. Award amount and agency: \$1,184,500 over a five-year period, Dept. of Education.</p>

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These programs will be an asset to employers located within the RISE Zone by ensuring that their employees have the targeted and relevant training needed to do their jobs well. Further, work to develop these programs has placed Montgomery College at the center of a network of education, workforce, employer, and industry partners—connections that can benefit residents of the RISE Zone and the county-owned business incubator.

j. Point of contact and responsible entity.

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The Office of Montgomery County Executive will be responsible for certifying eligibility and for submitting an annual report on the RISE Zone to the Maryland Department of Commerce.

k. Local business certification process. Montgomery County will work closely with Montgomery College to certify qualified businesses, which locate within the RISE Zone. Building owners and businesses must complete an application to determine RISE Zone eligibility prior to consideration for incentives.

Applications may include but not limited to the following requests for information:

- Name and Address of applicant/business owner/developer;
- Type of industry: Real Estate Developers and Businesses in the biosciences/life sciences, health, information technology, and/or cybersecurity sectors with receive priority consideration;
- *Relationship to College: businesses must assure intentional connection with the Montgomery College in ways that can include, but not limited to, hiring students, providing internships/on the job training, providing employees to work as adjunct faculty or lecturers, sitting on industry advisory boards for curriculum development or review, and/or establishing a scholarship fund for students interested in going into a related field;
- Proposed investment in new construction or major renovations with proposed timeline.
- Proposed employment numbers.

*The level of commitments required of each RISE Zone employer will vary depending on the size of the business and will be commensurate with company capacity. For

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instance, less will be required of start-ups at the beginning of their time within the RISE Zone because they will not have many resources, but expectations will increase as the business grows. The exact terms of these agreements will be determined on a case-by-case basis.

6. Evidence of public hearing.

With the support of PIC MC, Montgomery County held a public hearing on May 2, 2018. Please Exhibit IV for the attached notice and testimony.

7. Resolutions.

See Exhibit V for the resolution from Montgomery County Council, in partnership with Montgomery College, approving the real property tax credit and specifying the credit percentage each year for the five-year period.

8. Other information.

See Exhibit VI for the letter from the Maryland Department of Commerce approving Montgomery College as a Qualified Institution for the RISE Zone program. Other information will be provided, as requested by the Secretary.

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EXHIBIT I

Rise Zone Boundaries Map

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Montgomery College RISE Zone

