

Regular Meeting

Agenda Item #	1
Meeting Date	February 25, 2013
Prepared By	Rosalind Grigsby, Community Development Coordinator
Approved By	Suzanne R. Ludlow, Acting City Manager

Discussion Item	First Reading Ordinance Authorizing Execution of a Memorandum of Agreement and Contribution for Feasibility Study for 6530 New Hampshire Avenue.
Background	<p>The property at 6530 New Hampshire Avenue, owned by the Potomac Conference of the Seventh Day Adventist Church, presents an opportunity for revitalization of that section of the New Hampshire Avenue corridor. By partnering with the Potomac Conference, the City will help develop the tools and momentum needed to begin the process of bringing this blighted property back into active circulation in the community.</p> <p>The Potomac Conference has received a proposal for a feasibility study by Landis Construction to assess the state of the building, estimate what would be required to bring it into functionality and achieve a LEED-certifiable level of green development, prepare for the next stage of design and engineering plans, and analyze the viability of a business incubator in that location. The feasibility study would be a useful tool in seeking grant funding for the rehabilitation of the building.</p> <p>One proposed use for the building is a business incubator, designed to give start-up businesses assistance through mentoring, business seminars and informal entrepreneurial support. By lowering the start-up costs, including the cost of renting space, an incubator may help entrepreneurs develop their businesses. A business incubator would draw together community resources and address economic challenges faced by area residents, many of whom are new Americans who could benefit from training, technical support, and access to financing provided by a business incubator.</p> <p>The Potomac Conference has requested that the City share the cost of the feasibility study, which is expected to total \$28,000. A Memorandum of Understanding between the City and the Potomac Conference is needed for the purpose of financing the proposed feasibility study.</p> <p>Mr. Steve Wilson, Vice President and Treasurer of the Potomac Conference of the Seventh Day Adventist Church, will attend the Council meeting on Monday.</p>

Policy	<p>Council identified priority goals, which included a Sustainable Community, to “ensure a Takoma Park that is fiscally, environmentally, and economically sustainable.” <i>City of Takoma Park Strategic Plan</i></p> <p>The Council has adopted and supported measures to support revitalization of the New Hampshire Avenue corridor, including the New Hampshire Avenue Corridor Concept Plan (adopted in 2008); the Enterprise Zone; and the Takoma-Langley Crossroads Sector Plan (adopted by Council and by County Council in 2012).</p>
Fiscal Impact	<p>If the property is brought into productive use, there could be a tax benefit to City from new business personal property tax and increased real property tax.</p> <p>If the City partners with the Potomac Conference to finance the \$28,000 feasibility study with the LEED scorecard, the estimated cost to the City is \$14,000.</p>
Attachments	<ul style="list-style-type: none"> • Ordinance Authorizing the Acting City Manager to sign the Memo of Understanding with Potomac Conference of the Seventh Day Adventist Church • Memorandum of Understanding between the Potomac Conference of the Seventh Day Adventist Church and the City • Feasibility Study Proposal – Landis Construction • Business Incubator Information
Recommendation	Review and vote on the Ordinance.
Special Consideration	

Introduced by:

First Reading:

Second Reading:

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2013-

**AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH
THE POTOMAC CONFERENCE OF THE SEVENTH DAY ADVENTIST CHURCH**

- WHEREAS,** the New Hampshire Avenue Corridor Concept Plan, adopted by Council in 2008, emphasizes diversifying the commercial mix at the Maryland Gateway. The plan establishes steps for implementation, including working with property owners for rehabilitation and redevelopment of sites and using consultants when needed to make spaces more leasable; and
- WHEREAS,** 6530 New Hampshire Avenue, owned by the Potomac Conference of the Seventh Day Adventist Church, has been vacant and deteriorating for many years and could serve as a catalyst in bringing new activity and investment to the New Hampshire Avenue corridor; and
- WHEREAS,** the Potomac Conference has received a proposal for a feasibility study by Landis Construction to assess the condition of the building, estimate what would be required to bring it into functionality and achieve a LEED-certifiable level of green development, prepare for the next stage of design and engineering plans, and analyze the viability of a business incubator in that location; and
- WHEREAS,** business incubators are designed to give start-up businesses assistance through mentoring, technical support, access to financing and informal entrepreneurial support, while lowering the barriers to entry. A business incubator at that location would draw together community resources and address economic challenges faced by area residents, many of whom are new Americans; and
- WHEREAS,** the Potomac Conference has requested the City share in the cost of the proposed feasibility study; and
- WHEREAS,** the Council has adopted measures to support revitalization and economic development of the New Hampshire Avenue corridor, including the New Hampshire Avenue Corridor Concept Plan (adopted in 2008); the Enterprise Zone; and the Takoma-Langley Crossroads Sector Plan (adopted by Council and by County Council in 2012).

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF TAKOMA PARK, MARYLAND THAT:

SECTION 1. The Acting the City Manager is hereby authorized to execute a Memorandum of Understanding between the Potomac Conference of the Seventh Day Adventist Church and the City of Takoma Park for the feasibility study, as proposed.

SECTION 2. The City's contribution is not to exceed \$14,000.

SECTION 3. This Ordinance shall become effective immediately.

ADOPTED this _____ day of _____, 2013 by roll-call vote as follows:

AYE:

NAY:

ABSTAIN:

ABSENT:

**MEMORANDUM OF UNDERSTANDING BETWEEN THE POTOMAC
CONFERENCE OF THE SEVENTH DAY ADVENTIST CHURCH AND THE CITY OF
TAKOMA PARK FOR THE JOINT FINANCING OF A FEASIBILITY STUDY FOR
6530 NEW HAMPSHIRE AVENUE, TAKOMA PARK MD**

THIS AGREEMENT made this _____ day of _____ 2013 by and between the City of Takoma Park, Maryland, a Maryland municipal corporation, 7500 Maple Avenue, Takoma Park, MD 20912, hereinafter referred to as “City,” and the Potomac Conference of the Seventh Day Adventist Church, a District of Columbia corporation registered in Maryland, 606 Greenville Avenue, Staunton, Virginia 24401-4881, hereinafter referred to as the “Potomac Conference.”

Article 1. PURPOSE.

This Agreement provides for the financing of a feasibility study for the renovation of 6530 New Hampshire Avenue, Takoma Park, Maryland, hereinafter referred to as “the Property” for potential reuse as a business incubator.

Article 2. TERM OF AGREEMENT.

This Agreement shall begin on the latest date this Agreement is signed by both the City and the Potomac Conference and shall end on June 30, 2013, unless earlier terminated by either party in accordance with Article 6.

Article 3. FEASIBILITY STUDY.

This Agreement provides for the joint financing of a study to determine the economic feasibility of the rehabilitation of the Property and its operation as set forth in the Master Plan Feasibility Study Proposal, hereinafter referred to as the “Study,” prepared by Landis Construction and attached hereto as “Exhibit A.”

Article 4. MUTUAL AGREEMENT.

A. The Potomac Conference, as owner of the Property, will contract with Landis Construction for the Study detailed in Exhibit A. The Potomac Conference will administer the contract, include the City in all schematic design program and financing meetings, and make all deliverables available to the City within five business days of their receipt.

B. The City will reimburse the Potomac Conference fifty percent of the cost of the feasibility study, not to exceed \$14,000, upon completion of the contract and documentation of payment in full of all contractual obligations. Said funds shall be fully refunded to the City in the event the Property is sold within 24 months of the completion of the Study. Fifty percent of said funds shall be refunded to the City in the event the Property is not developed for use as a business incubator within 36 months of the completion of the Study.

Article 5. REPRESENTATIONS AND WARRANTIES.

The Potomac Conference represents and warrants:

A. Organization. The Potomac Conference is a non-profit corporation duly organized, validly existing, and in good standing under the laws of the State of Maryland.

B. Authorization: Binding Effect. The execution, delivery and performance by the Potomac Conference of this Agreement has been duly authorized by all requisite corporate action. Upon execution of this Agreement by both parties, this Agreement shall constitute the legal, valid and binding obligation of the Potomac Conference, enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or other similar laws of general application or equitable principles relating to or affecting the enforcement of contracts generally against persons similarly situated.

C. Nuclear Weapons Certification. The Potomac Conference is not now, and shall not so long as this Agreement remains in effect, engage in the development, research, testing, evaluation, production, maintenance, storage, transportation, and/or disposal of nuclear weapons or their components, or the sale of merchandise produced by companies so involved.

D. Non-Discrimination in Employment. The Potomac Conference assures the City that, in accordance with applicable law, it does not, and agrees that it will not, discriminate in any manner on the basis of race, color, religious creed, ancestry, national origin, age, sex, marital status, disability, or sexual orientation.

Article 6. TERMINATION.

A. Termination by Written Notice by Either Party. Either the City or the Potomac Conference may terminate this Agreement upon 30 days prior written notice to the other party.

B. Termination for Breach.

(1) If the Potomac Conference shall breach any provision of this Agreement, including any of its representations or warranties, the City shall be entitled to suspend the honoring of disbursement requests and expense reimbursements and if such breach is not remedied within 30 days of notice to the Potomac Conference, then the City may declare this Agreement terminated, provided, however, City shall not terminate this Agreement based on breach if such breach is of a nature that cannot be cured within 30 days, so long as the Potomac Conference commences to cure such breach within 30 days of notice of the breach and thereafter diligently prosecutes such cure to completion.

(2) In the event of a breach of this Agreement by the Potomac Conference beyond any applicable notice and cure period, the City shall have available to it all applicable remedies under the laws of the State of Maryland, regardless of whether any such remedy is a remedy at law or in equity.

Article 7. NOTICES.

Any required reports, notices or other communications under this Agreement must be in writing and personally delivered, mailed by first-class mail, sent by courier or overnight delivery service, faxed, or e-mailed, as appropriate, as follows:

If to the Potomac Conference: Potomac Conference of the Seventh Day Adventist Church
Attn: Steve Wilson, Vice President and Treasurer
606 Greenville Avenue
Staunton Virginia 24401-4881
Phone: (540)886-0771
Email: steview@pcsda.org

If to City: City of Takoma Park
Attn: Sara Anne Daines, HCD Director
7500 Maple Avenue
Takoma Park, MD 20912
Phone: (301) 891-7224
Fax: (301) 270-4568
E-Mail: SaraD@takomagov.org

Either party may change the person, address, phone, fax, or e-mail for notices to the other party by a notice in writing to the other. Any notices under this Agreement shall be deemed given when the notice is received by the other party or, for notices given by mail, three days after the notice is deposited, properly addressed and postage prepaid, in the United States mail.

Article 8. INDEMNIFICATION.

The Potomac Conference is responsible for any loss, personal injury, death, and any other damages that may be done or suffered by reason of the Potomac Conference's negligence or failure to perform any obligations under this Agreement. The Potomac Conference shall indemnify, and save harmless the City from and against all losses, liabilities, claims demands, damages, costs and expenses of any kind, including attorney's fees and litigation expenses, suffered or incurred due to the Potomac Conference's negligent acts or omissions, or breach of or failure to perform any of its obligations under this Agreement. For purposes of this paragraph, City includes its agencies, departments, officers, agents, elected and appointed officials, and employees.

Article 9. NO PARTNERSHIP OR JOINT VENTURE.

Nothing contained in this Agreement is intended or shall be construed in any way to create or establish the relationship of partners or a joint venture between the City and the Potomac Conference. None of the officers, agents or employees of the Potomac Conference shall be deemed to be employees or agents of the City for any purpose whatsoever.

Article 10. MISCELLANEOUS.

This Agreement contains the entire agreement between the parties. All oral or written negotiations and prior dealings are merged into this Agreement. The Potomac Conference may not assign, transfer or subcontract this Agreement or any interest or any claim under this Agreement, without the express written consent of the City, and any attempted assignment, transfer, or subcontracting without such prior written consent shall be void. This Agreement is binding upon the parties, their heirs, successors, administrators, and assigns. Any amendment or modification to this Agreement must be in writing signed by both parties. The failure of the City to enforce any of the terms, conditions or covenants of this Agreement is not a waiver of a subsequent breach or default of the terms of this Agreement. This Agreement shall be governed by and interpreted in accordance with Maryland law.

IN WITNESS WHEREOF, the City of Takoma Park, Maryland, and the Potomac Conference of the Seventh Day Adventist Church have signed this Agreement as of the date first above written.

POTOMAC CONFERENCE OF THE SEVENTH DAY ADVENTIST CHURCH

Attest:

Steve Wilson, Vice President and Treasurer

Date signed: _____

Date signed: _____

CITY OF TAKOMA PARK, MARYLAND

Approved as to form and legality:

Suzanne R. Ludlow, Acting City Manager

Date signed: _____

Linda S. Perlman, Assistant City Attorney

Date signed: _____



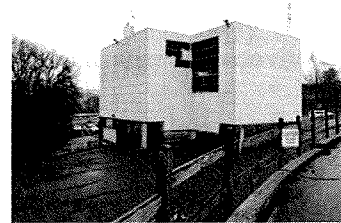
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February 7, 2013 (revised)

**C/O Rosalind Grigsby,
Community Development Coordinator
City of Takoma Park
7500 Maple Ave., Takoma Park, MD 20912
office 301-891-7205
RosalindG@takomagov.org**

and

**Steve Wilson
VP Finance
Potomac Conference, Seventh Day Adventists
steve@pcsda.org
540-886-0771 ext 211**



Ref: 6530 New Hampshire Ave. Takoma Park, MD 20912

Re: Master Plan Feasibility Study Proposal

Dear Roz, Steve and Committee;

As I previously mentioned, Paul and I were impressed with how much space is in this building and that the shell seems to be in reasonably good shape.

In order for you to seek better information to inform the decision making process about if and how to proceed with the 6530 New Hampshire Avenue Property, we would propose entering into a Phase 1 Feasibility Study. This would include verifying measurements of the property on the existing As-Built Drawings, creating a CAD-based 3-D model, schematic floor plans and a spreadsheet with cost assumption for all the building, parking, landscaping and utility components of the space.

Design scope will include incorporating in an elevator and additional stair tower, new windows and doors, energy code compliance and roof systems, new bathrooms, heating and cooling system assumptions, ADA compliance, etc.

We propose a design fee of \$28,000 comprised of 270 hours (at our design rate of \$100/hr.) of time plus an estimated \$1,000 of reimbursable costs associated with printing, copying, photographing. Within this 270 hour budget, we've budgeted 70 hours to produce a LEED silver or gold scorecard to show the practicality and cost associated with producing this building to be

certified as such. Ten (10) hours would be budgeted to produce and refine the Pro-Forma financial model.

Your likely goal is to refurbish the property for use as a business incubator (office space).

Deliverables will include:

1. As Built Plans, as needed, based upon existing drawings you have.
2. Schematic Floor plan schemes.
3. Exterior elevations / concepts.
4. 3-D model.
5. Square foot based cost estimate with a few options itemized.
6. Recommendations for: heating and cooling, energy efficiency code requirements, security and egress, etc.
7. LEED Score card for achieving Silver or Gold rating.
8. Zoning and use review
9. Three year pro-forma financial projection for the property.

Exclusions: Our scope does not include Mechanical, Electrical, Plumbing, Civil or Structural Engineering analysis or design work. We are also excluding any environmental assessment of existing conditions.

Payment Schedule:

a. Deposit at signing	\$13,000
b. When floor plans and model are submitted and approved for construction pricing phase.	\$ 9,000
c. Finished model and plans with construction budgeting delivered	<u>\$ 6,000</u>
TOTAL	\$28,000

With delivery of "b" we will provide an accounting of hours spent to date to review if additional hours are likely to be needed for the core project and/or whether you want to incorporate additional scopes of work.

It's expected that it will take you several weeks to secure financing for this design project. It will be our intention to begin work on this within one to two weeks of getting your signed contract and deposit. **However, we would anticipate it taking approximately eight to ten weeks to complete the work listed above.**

Timeline

- Within 5 to 6 weeks of starting we will have had at least two schematic design progress meetings and produced schematic plans and elevations that would be ready for pricing.
- Within the remaining 3 to 4 weeks we will assemble our preliminary construction pricing and one to three year operating pro-forma spreadsheet modeling anticipated revenue and operating costs.

- During this process we would expect to have several virtual and/or face to face meetings with key interested parties in an effort to make sure our deliverables are as inclusive as possible.

Please also review the attached terms and conditions of this design contract. We look forward to working with you on your project and trust you won't hesitate to call me with any questions regarding this proposal. If you are ready to proceed with the design agreement, please sign below and return with the deposit.

Sincerely,

Ethan Landis, Principal, LEED AP, CR
Landis Construction Corp.
202-370-3402 W
202-489-1590 M
ethan@landisconstruction.com

Paul Gaiser, AIA, Project Architect
Landis Construction Corp.
202-370-3407 W
202-425-0761 M
paul@landisconstruction.com

Agreed for the City of Takoma Park

Date

Agreed for Potomac Conference, Seventh Day Adventists

Date

Business Incubator Research

Business incubators offer start-up businesses the support and training to develop a strong foundation with reduced rents, shared services and formal or informal access to financing. Business incubators offer one-on-one attention from business experts, training courses, and networking opportunities with other companies in the incubator. Most incubators help their client's access debt and equity funding, as well as link them with service providers like lawyers and accountants who specialize in small business needs. Incubators have the equipment of a normal work environment, without all of the upfront costs for businesses. Incubators are organized with a manager who reviews applications and business plans for potential businesses and selects the most promising applicants.

The vast majority of businesses in incubators in the DC metropolitan area are in the field of technology. Incubators welcome these companies because of the ease of start-up, the minimal space requirements, and likelihood of funding from the government sector and area investors. New business owners are interested in incubators because of the low cost, professional training and opportunities to grow. Artistic incubators in the area of food and fashion have also been popping up recently. Many incubators in the Washington area are at or near capacity with waiting lists. According to the National Business Incubation Association "entrepreneurial success rates escalate from 20% within the first 5 years of business to 80% with assistance from incubators."

The New Hampshire Avenue corridor, with a large immigrant population, has individuals with entrepreneurial skills and interest who may be new to doing business in the United States. An incubator would give them the guidance and support to succeed. According to a study by the Fiscal Policy Institute, the immigrant share of small business ownership in the U.S. has risen to 18 percent from 12 percent two decades ago; almost one in six small business owners are immigrants. An incubation program geared toward this population will help train entrepreneurs and allow them to succeed in the businesses they create.

Area Incubators

- [Affinity Lab](http://www.affinitylab.com) - <http://www.affinitylab.com>
 - Located in Washington, DC
 - 5,000 sq. ft. facility
 - Opened in 2001
 - Shared work space with incubation tools such as programming that helps businesses grow
 - Has launched over 200 businesses and 83% are still in business
- [Bethesda Green](http://www.bethesdagreen.org) - <http://www.bethesdagreen.org>
 - Public / Private sponsorship
 - Opened in Fall 2009
 - Currently has 14 companies in the incubator
 - Promotes the creation and expansion of green businesses that develop and supply environmentally sustainable technologies, products and services
- [DC Fashion Incubator](http://www.dcfashionincubator.org) - <http://www.dcfashionincubator.org>
 - Foundation behind the incubator began in 2009
 - Started with 5 designers
 - Moved to Good Hope Rd SE in July 2012 to accommodate more designers

- 16,000 sq. ft. facility focusing on fashion
 - Accommodates 22-24 on-site designers
 - One year incubation program
 - Provides workspace, curriculum and mentoring
- [Empowered Women International \(EWI\) Entrepreneur Incubator](http://www.ewint.org/biz-start-up) - <http://www.ewint.org/biz-start-up>
 - Founded in 2002
 - Located in Alexandria, Virginia and offers courses in Rockville, Maryland
 - Serves DC area immigrants
 - Only female entrepreneurs are allowed in this incubator
 - Year long incubation
 - 3 months of start-up training
 - 9 months of business acceleration services including coaching, marketing support and business growth classes.
 - Begins twice per year (spring and fall)
 - Approve between 10-15 women each semester for entry
 - Has created over 120 businesses
- [Rockville Innovation Center](http://www.rockvilleredi.org/business/incubator.html) - <http://www.rockvilleredi.org/business/incubator.html>
 - 23,000 sq. ft. of flexible office space
 - Opened in 2007
 - Accommodates 20 to 30 international, professional service and advanced technology companies
 - Currently has 32 tenants and is over capacity
 - Has launched over 30 companies and generated 1,000 local jobs
- [Silver Spring Innovation Center](http://www6.montgomerycountymd.gov/mcgtmpl.asp?url=/content/ded/incub/SSIC/index.asp) - <http://www6.montgomerycountymd.gov/mcgtmpl.asp?url=/content/ded/incub/SSIC/index.asp>
 - 20,000 sq. ft. office space
 - Opened in 2004
 - Accommodates 20-25 advanced technology and professional service businesses
 - Currently has 28 tenants and is over capacity
- [Wheaton Business Innovation Center](http://www6.montgomerycountymd.gov/dedtmpl.asp?url=/content/ded/incub/wbic/index.asp) - <http://www6.montgomerycountymd.gov/dedtmpl.asp?url=/content/ded/incub/wbic/index.asp>
 - 10,000 sq. ft. office space containing 30 offices
 - Opened in 2006
 - Currently has 21 tenants
 - Suited for current, locally-based business service, government contracting and/or professional trade businesses
 - Businesses starting up in this building can obtain for Maryland Enterprise Zone incentives

Incubator Associations

- [Maryland Business Incubation Association](http://www.mdbusinessincubation.org) - <http://www.mdbusinessincubation.org>
- [National Business Incubation Association](http://www.nbia.org) - <http://www.nbia.org>
- [Virginia Business Incubation Association](http://www.vbia.org) - <http://www.vbia.org>