




# City of Bowie

2614 Kenhill Drive  
Bowie, Maryland 20715

## MEMORANDUM

**TO:** City Council

**FROM:** David J. Deutsch  
City Manager 

**SUBJECT:** Business Incubator Program Initiation

**DATE:** January 22, 2009

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The Economic Development Director and the City's consultants will provide Council with a briefing on the results of the efforts to initiate a Bowie Business Incubator and will then ask for Council guidance for the incubator's future. In August 2008, the City contracted with ANGLE Technology Group to provide services to initiate a business incubator program in Bowie. They have completed the contracted work.

Those efforts have developed support for a Bowie business incubator from the business community, have identified many potential clients for an incubator, and have revealed funding partners.

On Wednesday January 21, 2009, the City's Economic Development Committee heard a briefing on the results and continues their support for the program.

At the conclusion of the briefing staff is asking two things of Council:

1. Does the City of Bowie want to continue to implement a business incubator program in the City?
2. If the answer to question one is "yes", will Council then instruct staff to include funding of \$90,000 in the upcoming year's budget request?

If Council answers "Yes" to both questions, staff will include the proposed funding in the upcoming budget for Council's review and final decision in May.

Attachment:

ANGLE Technology Group Report dated January 26, 2009 – Business Incubator Program Initiation Draft Final Report

H:/jhking/Incubators/Initiation 2008-2009



## **ANGLE Technology Group**

# **Business Incubator Program Initiation City of Bowie, Maryland**

**Draft**

**Final Report**

**Prepared by ANGLE Technology Group**

**January 26, 2009**



## ANGLE Technology Group

January 26, 2009

Mr. John Henry King  
Economic Development Director  
City of Bowie  
City Hall  
2614 Kenhill Drive  
Bowie, MD 20715

Dear Mr. King:

### **Business Incubator Project Initiation**

We are pleased to submit this draft Final Report for the Bowie Business Incubator Program Initiation.

We have appreciated all of your guidance on this project, and we look forward to receiving your comments on this Report.

Yours Sincerely,

Lisa S. Smith

*Principal  
US Operations*

# Business Incubator Program Initiation City of Bowie, Maryland

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## 1. Executive Summary

In August 2008 the City of Bowie selected ANGLE Technology to provide project management services to help initiate a Business Incubator Program in Bowie. The scope of work for these incubator program initiation activities was based on the Feasibility Study for a Business Incubator which ANGLE completed for the City in 2007.

The Initiation efforts were directed toward these core objectives:

- (i) coordinating entrepreneurial development activity in Bowie
- (ii) establishing a volunteer incubator committee to drive the project
- (iii) identifying specific funding resources
- (iv) identifying a facility for occupancy in 2009

The ANGLE team addressed these core objectives through a specific work plan of incubator initiation tasks which focused on developing the organization, funding, outreach and partnerships and management structure of a Bowie Incubator program in a business and political environment which has changed since the original incubator feasibility study was completed in March 2007.

### **Organization**

ANGLE has identified a small group of key influential business and academic leaders for a Bowie Incubator “Steering Committee.” While this group could become a traditional “Advisory Board” for the incubator, it is more likely that it will form the core of an initial Board of Directors for the new non-profit legal entity which will oversee the incubator. Regardless, these committed individuals collectively represent an ideal spectrum of expertise for a business incubator, including entrepreneurship, new venture creation, business growth, consulting and legal services, education and training, marketing, and finance, all wrapped around a strong network of contacts in the local Bowie community.

Guided by the City Attorney, ANGLE worked with Ernest Crofoot, Esq., at Funk and Bolton to draft the initial incorporation documents (articles and bylaws) for a non-profit legal entity. As one of the first tasks for the next phase of the project’s development, these documents will have to be finalized, along with Form 1023 (Application for Recognition of Exemption under Section 501( c)(3) of the IRS Code), and filed.

## **Funding**

The Bowie Incubator can play a distinct role within Prince George's County's emerging network of business incubators. As part of the County's incubator network, the Bowie Business Incubator can operate through a financial partnership among the City, the Prince George's County Economic Development Corporation (PGCEDC), the State of Maryland and the private sector. This partnership structure is similar to the partnerships that successfully support the incubators in the City of Frederick and the City of Rockville.

The Bowie Business Incubator can operate with its own non-profit board of directors, but by operating as part of the County's emerging incubator network, the Bowie Incubator would be eligible for public sector funding and programmatic support from the PGCEDC, Maryland Department of Business and Economic Development (DBED) and the Maryland Technology Development Corporation (TEDCO).

ANGLE updated the initial funding strategy outlined in the incubator feasibility study in recognition of the current opportunity for the incubator to be part of the PGCEDC's emerging incubator network and the private sector's willingness to support a Bowie incubator which is part of the County-wide network. Given the proposed timing of the Bowie Incubator launch, potential commercial real estate sector support for the incubator and the impact of the current economic downturn on County revenues, the following funding and operational strategy is recommended.

### **Year 2 (FY'10)**

The incubator is launched in commercial office space in the City of Bowie, leased at a discounted rate, with limited build-out required. The PGCEDC could guarantee the lease. The City would provide start-up funding for the incubator to cover first year program costs, including the formal establishment of the non-profit organization and board of directors for the Bowie Incubator. The Bowie Incubator board of directors would oversee the Bowie Business Incubator program, and be responsible for lease income and income generated through a corporate sponsorship program for the incubator. The PGCEDC would extend existing staff and program support from the Technology Advancement Center (TAC) to the Bowie Incubator. TAC also would provide marketing support for the Bowie incubator. Several current TAC clients are expected to move into the Bowie Incubator space in the summer of 2009.

The PGCEDC and Bowie Incubator Board also could apply to Maryland TEDCO for a small incubator operating grant. The Bowie Incubator Board and the PGCEDC would prepare joint requests for increased financial support in FY'11 for the Bowie incubator from Maryland DBED and Prince George's County. The PGCEDC has already engaged in preliminary discussions about incubator funding with State and County leadership. While it is possible that some direct financial support could be

available in FY'10 from the County or the State, this should not be included in the first year budget.

The allocation of City funding to launch and help operate the Bowie Incubator is critical because this funding will attract and leverage additional PGCEDC, State and private sector sponsorship over subsequent years. It is recommended that the City allocate \$90,000 in Year 2 (FY'10) to launch the incubator. The City funding should be committed for the next three years, but this funding level could decrease steadily each year as additional revenues are generated by the program.

### **Year 3 (FY'11)**

The Bowie Incubator would continue to operate in leased commercial office space in Bowie. The City would continue to provide an operating grant for the program. The PGCEDC would continue to extend staff, program and marketing support to the Bowie Incubator, but the PGCEDC would budget for a specific grant to the Bowie incubator for operations. Additional financial support would be provided from Maryland DBED and TEDCO, based on the joint requests submitted in FY'10.

## **Outreach and Partnerships**

Outreach activities during the Initiation Phase of the Bowie Incubator included the distribution of information on the proposed program to potential clients through *Bowie Spotlight* newsletter items, press releases, a briefing event at City Hall for 45 attendees, plus email and telephone conversations with prospective client companies.

A number of working partnerships were created during this initiation phase for the Bowie Incubator, including partnerships with the Bowie Chamber of Commerce, Bowie State University, the Small Business Development Center and the PGCEDC. Additional partnerships can be expected once the City determines whether to support the establishment of the Bowie Incubator program.

## **Incubator Management and Facility**

The revised management structure recommended in Year 2 and 3, calls for a part-time Incubator Director in both years, as the PGCEDC will provide additional program support during that same period. The PGCEDC also will assist with incubator marketing/public relations during these years. The Bowie Incubator Board can work with the City and other stakeholders to develop a plan for providing additional services as in-kind donations.

New incubator space options have become available since the Feasibility Study was completed in 2007. Working closely with the City's Economic Development Director, the ANGLE team has identified several space options of between 5,300 and

10,000 square feet in the City of Bowie for the incubator program. The ANGLE team has met with four different landlords or their leasing agents and inspected potential incubator space which is currently available in Bowie Town Center, Melford and Bowie Gateway. Class A and Class B office space has been considered, as well as flex space. All of the options reviewed are well located and suitable for the incubator's operation. The optimum location selected should have the largest available square footage at the most competitive lease rate.

In three of these four options, there is a willingness on the part of the landlord to enter into a favorable lease term for the incubator space and for the landlord to consider subsidizing the cost of the space, so that the space can be offered to the incubator program at discounted lease term. This helps reduce the overall operational costs for the Bowie incubator program and allows the incubator program to offer monthly fees to incubator companies which include business development services at a rate close to market rate. The willingness of the PGCEDC to sign the lease for the incubator space is a major factor in the ability of the incubator program to attract this type of real estate partner.

### **Next Steps**

The implementation of the Bowie Incubator would include specific activities, some of which will happen concurrently. The bulk of this work will be undertaken by the Steering Committee with support from the Economic Development Director and the PGCEDC.

- ◆ Receive authorization and secure start-up funding.
- ◆ Create non-profit legal entity for the incubator.
- ◆ Secure the incubator facility and oversee any required build-out.
- ◆ Recruit incubator director
- ◆ Create initial service provider network
- ◆ Launch marketing and communications activities to attract clients and volunteers
- ◆ Select resident incubator client companies

## 2. Introduction

In 2006, the City of Bowie selected ANGLE Technology to conduct a Feasibility Study for a Business Incubator, and ANGLE submitted its Final Report in March 2007. In August 2008, the City retained ANGLE for this current Business Incubator Program Initiation project.

The Initiation efforts were directed toward these core objectives:

- (i) coordinating entrepreneurial development activity in Bowie
- (ii) establishing a volunteer incubator committee to drive the project
- (iii) identifying specific funding resources, and
- (iv) identifying a facility for occupancy in 2009.

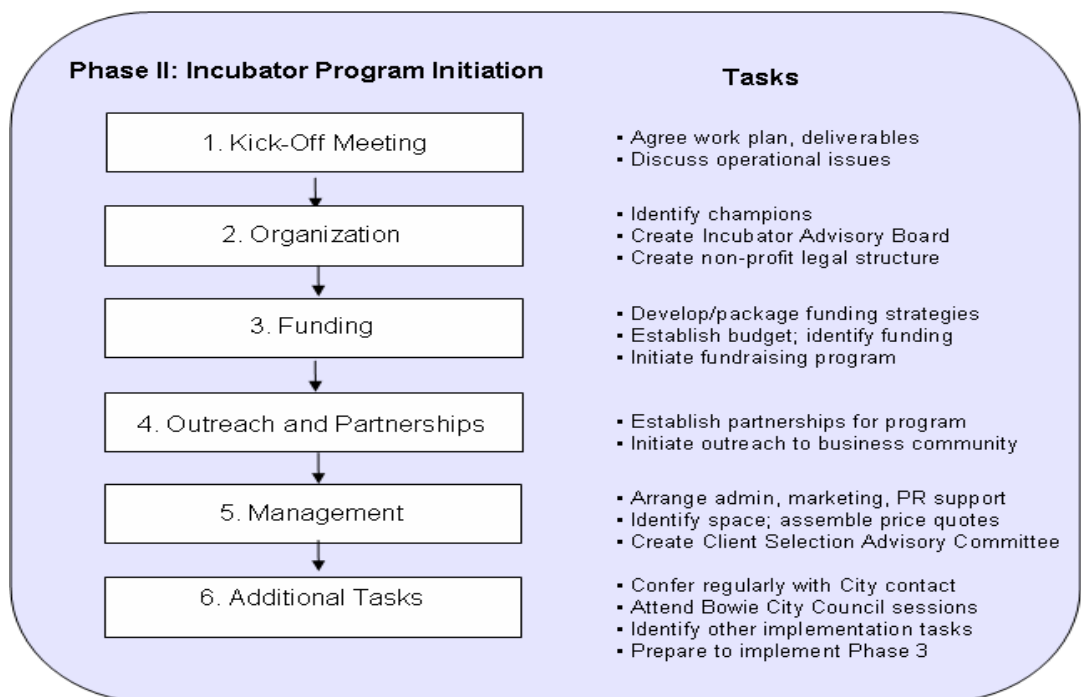
In order to achieve these objectives, the ANGLE team followed the general work program set forth in our original proposal, conducting activities in the following areas:

- ◆ Organization
- ◆ Funding
- ◆ Outreach and Partnerships
- ◆ Management
- ◆ Additional Tasks

This Final Report consists of two sections: (1) a summary of the activities conducted by the ANGLE team and their attendant results; and (2) a plan for proposed next steps based on the current overall circumstances.

### 3. Project Management Services – Tasks

In the original proposal, ANGLE created a comprehensive work program to address the RFP requirements and the implementation scenario ANGLE recommended in the Feasibility Study for the City in 2006-7. A summary work flow diagram is provided along with a brief summary of the Phase II—Incubator Program Initiation tasks that have been performed by ANGLE in the incubator project management role.



The list of tasks in the original proposal were not intended to represent an exhaustive or inflexible list of all individual tasks that may be required within each phase of the work, and some flexibility was anticipated in response to issues that arise during as the work was undertaken. However, the overall project methodology was based on leveraging the expertise and experience of the project team.

### 3.1 Kick-Off Meeting

The Kick-Off Meeting for the City of Bowie's Incubator Program Initiation was held in the Bowie City Hall on August 20, 2008. Bowie Incubator Project Managers, Lisa Smith and Guillermo Söhnlein attended the meeting with John Henry King, Economic Development Director for the City of Bowie. Following a review of the project work plan, the incubator project managers received a short driving tour of the City with Mr. King. The Incubator Project Managers subsequently received business cards, City of Bowie identification passes, and Policies and Procedures Manual for the City's Information systems Applications.

### 3.2 Organization

#### 3.2.1 Identify Champions and Create Incubator Advisory Board

ANGLE has identified a small group of key influential business and academic leaders for an Incubator "Steering Committee." While this group could become a traditional "Advisory Board," it is more likely that it will form the core of an initial Board of Directors for a new non-profit legal entity. Regardless, these committed individuals collectively represent an ideal spectrum of expertise for a business incubator, including entrepreneurship, new venture creation, business growth, consulting and legal services, education and training, marketing, and finance, all wrapped around a strong network of contacts in the local Bowie community.

- ♦ **Shukoor Ahmed.** A technology entrepreneur with a strong commitment to the local community, Shukoor is the Founder and CEO of Bowie-based V-Empower, which provides IT consulting services to commercial and government clients. They have been named to the Inc. 500 list of fastest growing private companies in the U.S., as well as Deloitte's Maryland "Fast 50" list of top technology companies. Shukoor has also been a candidate for local public office, so he has an extensive network in the Bowie community.
- ♦ **Carroll "James" Harris, Esq.** An attorney with over 10 years of experience, James is Special Counsel in the Business Department of Saul Ewing's Baltimore office. His practice focuses on advising corporate clients in matters pertaining to business planning, financing, mergers, and acquisitions. Besides his highly relevant professional skills, James also resides in Bowie and is actively involved in the local community.
- ♦ **Anthony Nelson, PhD.** With over 20 years of academic and corporate experience, Dr. Nelson recently took over as Dean of the School of Business at Bowie State University. One of his strategic priorities as Dean is to further entrench and expand entrepreneurship as a discipline throughout the University and specifically within the School of Business. By serving in a leadership role, Dr. Nelson can facilitate the growth of various relationships between the Bowie Incubator and the University.

- ♦ **Kelly Pierce.** A lifelong resident of Bowie, Kelly has been the Executive Director of the Greater Bowie Chamber of Commerce. Not only does she have an extensive network of personal relationships in the Bowie community, but also she is a strong supporter of the local business community. Her leadership role within the Bowie Incubator has enhance its natural synergies with the Chamber of Commerce.
- ♦ **Adam Santavicca.** With over 30 years of senior executive management experience, Adam is the Principal and Founding Director of CBay Advisory Group, which provides a variety of business consulting services to small businesses, entrepreneurs, and CEOs. His expertise is particularly suitable to a new business incubator, since he can both help create the incubator’s initial client service offerings and also provide oversight to the incubator’s own business operations during its critical early stages.

The Incubator Project Team met with each of these individuals several times to solicit their ideas, feedback, and personal support for the project. Additionally, this Steering Committee met three times at City Hall on October 17<sup>th</sup>, November 21<sup>st</sup>, and December 19<sup>th</sup>.

In addition, telephone interviews were conducted with the leadership of the chambers of commerce in the Bowie region to identify potential Advisory Board members. These interviews included Walt Townsend, Baltimore-Washington Corridor Chamber and Dr. James Dula and Craig Muckle, Prince George’s County Chamber.

### **3.2.2 Create non-profit legal entity for the incubator**

Guided by the City Attorney, ANGLE worked with Ernest Crofoot, Esq. at Funk and Bolton to draft the initial incorporation documents (articles and bylaws) for a non-profit legal entity. (See Appendix I). As one of the first tasks for the next phase of the project’s development, these documents will have to be finalized, along with Form 1023 (Application for Recognition of Exemption under Section 501(c) (3) of the IRS Code) and filed.

## **3.3 Funding**

### **3.3.1 Define the Bowie Incubator Role within the County-wide Incubator Strategy**

The role of the Bowie Incubator within the County’s emerging network of business incubator has been shaped and updated through discussions over the last three months with Kwasi Holman, President/CEO of the Prince George’s County Economic Development Corporation (PGCEDC) and his staff. The Bowie Business Incubator can operate through a financial partnership among the City, the PGCEDC, the State of Maryland and the private sector. This partnership structure is similar to the partnerships that support the incubators in the City of Frederick and the City of

Rockville. The Bowie Business Incubator can operate with its own non-profit board of directors, but by operating as part of the County's emerging incubator network, the Bowie Incubator would be eligible for public sector funding and programmatic support from the PGCEDC, Maryland Department of Business and Economic Development (DBED) and the Maryland Technology Development Corporation (TEDCO).

### **3.3.2 Develop funding and operational strategies**

The identification of funds for start-up operating expenses for business incubation programs is a challenge in most communities in good economic times. In the current national economic environment, the ANGLE team has adopted a flexible and creative approach to funding for the Bowie Incubator. ANGLE updated the initial funding strategy outlined in the incubator feasibility study in recognition of the current opportunity for the incubator to be part of the PGCEDC's emerging incubator network and the private sector's willingness to support a Bowie incubator which is part of the County-wide network. Given the proposed timing of the Bowie Incubator launch, potential commercial real estate sector support for the incubator and the impact of the current economic downturn on County revenues, the following funding and operational strategy is recommended.

#### Year 2 (FY'10)

The incubator is launched in commercial office space in the City of Bowie, leased and built out at a discounted rate by a real estate partner. The PGCEDC could guarantee the lease. The City would provide start-up funding for the incubator to cover first year program costs, including the formal establishment of the non-profit organization and board of directors for the Bowie Incubator. The Bowie Incubator board of directors would oversee the operation of the Bowie Business Incubator program, as well as the corporate sponsorship program for the incubator. The PGCEDC would extend existing staff and program support from the Technology Advancement Center (TAC) to the Bowie Incubator. TAC also would provide marketing support for the Bowie Incubator. Several current TAC clients are expected to relocate to the Bowie Incubator space. The PGCEDC and Bowie Incubator Board also could apply to Maryland TEDCO for a small operating grant for the incubator. The Bowie Incubator Board and the PGCEDC would prepare joint requests for increased financial support in FY'11 for the Bowie incubator from Maryland DBED and Prince George's County. The PGCEDC has already engaged in preliminary discussions about incubator funding with State and County leadership. While it is possible that some financial support could be available in FY'10, this should not be part of the Year 2 budget.

#### Year 3 (FY'11)

The Bowie Incubator would continue to operate in leased commercial office space in Bowie. The City would continue to provide an operating grant for the program. The

PGCEDC would continue to extend staff, program and marketing support to the Bowie Incubator, but the PGCEDC would budget for a specific grant to the Bowie Incubator for operations. Additional financial support would be provided from Maryland DBED and TEDCO, based on the joint requests submitted in FY'10.

### **3.3.3 Establish incubator budget**

Pro Forma budgets for the first two years of activity have been prepared and appear as Appendix II.

Bowie Incubator Board members will be solicited for financial or in-kind support, as part of the corporate sponsorship program which will be launched in the first year of the Bowie Incubator initiative. One important reason to incorporate the Incubator program as a non-profit organization is that this type of legal structure positions the program to receive tax-exempt donations and other types of external funding.

### **3.3.4 Identify funding resources for incubator build-out**

The initial incubator feasibility study in 2007, recommended that the Bowie Incubator operate in leased commercial office space, given the type of market demand identified and requirement for flexibility in the approach to facilities. As the incubator space which is ultimately selected in the City of Bowie is likely to be provided through a corporate sponsorship with a commercial real estate organization, the tenant improvements to the space will be included in the lease package and be funded through the lease rate paid by the client companies in the Bowie Incubator program. No needs for additional funding sources for incubator facility build out are anticipated.

### **3.3.5 Initiate corporate sponsorship program**

The ANGLE team reviewed successful corporate sponsorship programs utilized by incubation programs located in three cities in the Mid-Atlantic region: Frederick, MD, Rockville, MD and Richmond, VA. This information was reviewed by the Bowie Incubator Steering Committee and used as the basis for developing a draft corporate sponsorship program for the Bowie Incubator.

## **3.4 Outreach and Partnerships**

### **3.4.1 Establish and foster relationships with partners**

The ANGLE Team contacted several potential partner organizations to introduce the Bowie Incubator project, identify the best organizational contact for the incubator and discuss potential partnership with the incubator. Specific activities included:

- ◆ On September 10<sup>th</sup>, attended networking breakfast event organized by the Chesapeake Regional Tech Council at Melford, and established initial communications with several potential partners (e.g., St. John Properties, Maryland Technology Enterprise Institute, and Chesapeake Region Technology Council).
- ◆ On September 25<sup>th</sup>, met with Ralph Blakeney, Procurement Technical Assistance Program (PTAP) program at Maryland Small Business Development Center (SBDC) Central Region at the University of Maryland.
- ◆ On October 22<sup>nd</sup>, attended BWCC Government Procurement Fair and initiated contact with several potential partners/sponsors, including the Governor's Office of Minority Affairs, M&T Bank, Provident Bank, Baltimore Business Journal, U.S. Department of Homeland Security Office of Procurement Operations (Small Business Division), U.S. Department of State Office of Small and Disadvantaged Business Utilization, Maryland Aviation Administration, Maryland Judiciary Administrative Office of the Courts, Maryland Lottery Small Business Reserve and Minority Business Enterprise Programs. Each of these agencies/organizations works with incubators on a regular basis, so they are familiar with how to best provide services to client entrepreneurs. They were all generally supportive of the project and look forward to learning more about how to get involved. Contact will be re-initiated in January/February (when new administrations take over and settle in).
- ◆ On November 21<sup>st</sup>, a member of the ANGLE team attended the MD SBDC program called, "BRAC Opportunities for Minority Contractors." Re-connected with Ben Simmons of PTAP, who continues to be supportive of the project and interested in exploring ways to collaborate.

### **3.4.2 Establish partnerships for the program**

Business incubation programs are only as strong as the strategic partnerships which they create for their programs. In addition to the obvious promotional value of partnerships, they can also be a source of client companies, investors and mentors, as well as financial and in-kind support. Key organizational partnerships which have been established for the Bowie Incubator during the current initiation phase of ANGLE's work include the Bowie Chamber of Commerce, Bowie State University, the PGCEDC and Small Business Development Centers.

Simple MOU agreements could be established with these partners, as well as any industry or federal partners. Once identified and brought into the incubator program, incubator partners could receive routine updates on the project, in addition to the specific roles they may play in the incubator program.

### **3.4.3 Initiate outreach program to business community**

The ANGLE team worked with the Economic Development Director to ensure proper messaging during key outreach opportunities. Specific activities included:

- ◆ On October 16<sup>th</sup>, made in-person presentation to the Greater Bowie Chamber of Commerce Board at their monthly meeting, which was attended by the Executive Director and nine Board members (including the Chairperson). They asked informative and educated questions, while probing on the potential synergies between the incubator and the Chamber. They were very supportive and look forward to collaborating on the project. Specifically, they will help promote the ongoing search for champions, Executive Committee members, and Advisory Board members. The Chamber December newsletter carried an item on the incubator. Also, the Chamber distributed an email blast with the invitation to the December 5<sup>th</sup> entrepreneur event, which was attended by several members of the Chamber—and especially their Board of Directors.
- ◆ On October 28<sup>th</sup>, made in-person presentation to the Bowie Rotary Club at their weekly meeting, which was attended by seven members. They engaged in a lively discussion about the focus and objective of the incubator. They made several key suggestions, such as encouraging the use of the incubator as the “leading edge” of an aggressive economic development program to fundamentally change the mix of businesses in the Bowie economy. At least two members/attendees expressed interest in becoming more actively involved with the incubator project.
- ◆ Accepted an invitation to address the Prince George’s County Chamber’s Small and Minority Business Committee.

### **3.4.4 Organize briefings and networking events for prospective clients**

On December 5<sup>th</sup>, the ANGLE team conducted a briefing and networking event at City Hall. More than 55 people RSVP’d and approximately 45 attended, including entrepreneurs and representatives from the Executive Committee, City Council, City EDC, City senior staff, City Chamber of Commerce, and state organizations (TEDCO and DBED). After some productive networking, the group engaged in a lively discussion about the incubator and entrepreneurial resources in Bowie. The team received positive feedback and enthusiastic support for the project.

### **3.4.5 Recruit service providers**

The ANGLE team identified and recruited several service providers who could provide the initial core services for the Bowie Service Providers Network. These include Saul Ewing (law), CBay (business consulting), Prince George’s County Small Business Initiative, and the Technical Assistance Center (TAC) and Maryland Procurement Technical Assistance Center (PTAP). Also, the Bowie State University’s School of Business could provide student interns to help

incubator client companies with research, business plan development, and financial modeling.

### **3.4.6 Confirm and solidify university relationships**

The ANGLE team has successfully fostered a strong relationship with Bowie State University, specifically with its School of Business. The Dean of the School, Dr. Anthony Nelson, has been actively involved on the Steering Committee and will likely serve on the initial Board of Directors for the new non-profit legal entity. Also, Dr. Richard Lowery, a long-time professor in the School, attended one of the Steering Committee meetings and the entrepreneur event.

### **3.4.7 Launch outreach program**

The ANGLE team actively led or participated in the launch of an outreach program to the general Bowie business, entrepreneur, and small business communities. Specific activities included:

- ♦ Provided assistance, feedback, and advice on an online survey conducted for the City by Bowie State University.
- ♦ Drafted copy about the incubator for the November/December *Bowie Spotlight*.
- ♦ Responded to inquiries from 30+ prospective clients by phone and by email and developed a distribution list for ongoing outreach efforts.
- ♦ Initiated email outreach program to promote the December 5th entrepreneur event. This included outreach to previously acquired tenant/client prospects, as well as online survey participants and other sources (e.g., Chamber, network, etc.).
- ♦ Issued a press release announcing the December 5<sup>th</sup> entrepreneur event and responded to media interview requests, leading to complimentary articles published in two local outlets.

## **3.5 Management**

### **3.5.1 Arrange administrative, marketing, PR assistance**

The implementation plan ANGLE outlined in the Feasibility Study in 2007 requires revision in the current in the current economic environment. The revised management structure in Year 2 and 3, calls for a part-time Incubator Director in both years, as the PGCEDC will provide additional program support during that same period. The PGCEDC also will assist with incubator marketing/public relations during these years. The Bowie Incubator Board can work with the City and other stakeholders to develop a plan for providing additional services as in-kind donations.

### **3.5.2 Assist with identification of incubator space**

New incubator space options have become available since the Feasibility Study was completed in 2007. Working closely with the City's Economic Development Director, the ANGLE team has identified several space options of between 5,300 and 10,000 square feet in the City of Bowie for the incubator program. The ANGLE team has met with four different landlords or their leasing agents and inspected potential incubator space which is currently available in Bowie Town Center, Melford and Bowie Gateway. Class A and Class B office space has been considered, as well as flex space. All of the options reviewed are well located and suitable for the incubator's operation. The optimum location selected should have the largest available square footage at the most competitive lease rate.

In three of these four options, there is a willingness on the part of the landlord to enter into a favorable lease term for the incubator space and for the landlord to subsidize the cost of the space, so that the space can be offered to the incubator program at discounted lease term. This helps reduce the overall operational costs for the Bowie incubator program and allows the incubator program to offer monthly fees to incubator companies which include business development services at a rate close to market rate. The willingness of the PGCEDC to sign the lease for the incubator space is a major factor in the ability of the incubator program to attract this type of real estate partner.

### **3.5.3 Assemble documentation for fit-out/construction options**

The documentation for fit-out of the incubator space can be prepared once the decision is made to proceed with the Bowie Incubator and a specific space is identified as the incubator space. As the current strategy for incubator space is minimize space costs by utilizing existing space which requires few improvements, the documentation for fit-out is not expected to be extensive or costly.

### **3.5.4 Create Client Selection Advisory Committee**

As noted in the Feasibility Study, a Client Selection Advisory Committee should be appointed to assist the Bowie Incubator program once it is established. The Client Selection Advisory Committee serves an important role in the incubator administration. Members typically can be chosen for their understanding of business development issues, interest in the community development and belief in the incubator's mission. The committee can screen applicants and recommend acceptance based on selection criteria established by the Incubator Advisory Board/Board of Directors. Committee recommendations will be submitted to the Board of Directors for final determination. The Board of Directors will notify the applicant of the admission decision. In order to strengthen ties between the incubator program and Bowie State, it is recommended that BSU faculty and alumni be appointed to this Committee.

A list of potential members Client Selection Advisory Committee members has been developed in the course of ANGLE project work. However, the ANGLE team recommends that the selection of the first year's clients should be done by the full Board of Directors, which can then use its experience and initial data points to hone the incubator's selection criteria. The board can then create a separate Client Selection Advisory Committee to help with this part of the incubation process. This committee can also help the incubator director review client progress and recommend client continuance or termination from the program.

### **3.5.5 Provide general project management**

The ANGLE team has managed this incubator initiation project carefully. The ANGLE team has remained in close communication with the City's Director of Economic Development. The ANGLE team has periodically used an office in the City's Economic Development Office during the project period.

## **3.6 Other Tasks**

### **3.6.1 Establish communication and reporting plan**

ANGLE conferred directly and regularly with the Economic Development Director as the project progressed. This included formally scheduled in-person meetings and conference calls, frequent informal in-person meetings, email exchanges, and regular monthly written progress reports. The volume and substance of the communications intensified at several times during the project, such as leading up to the kick-off meeting, the online survey, the entrepreneur event, and preparation for meetings with key City and County officials.

### **3.6.2 Attend Bowie City Council and Economic Development Committee Sessions**

Members of the ANGLE team will attend the special meeting of the Bowie Economic Development Committee on January 21<sup>st</sup>, as well as the evening work session of the Bowie City Council on January 26<sup>th</sup>. The ANGLE team prepared briefings and made presentations as needed through its contract period.

### **3.6.3 Prepare to implement the next steps**

As its final responsibilities under this project, the ANGLE team will work with the Economic Development Director and the Steering Committee to identify specific next steps (see Section 4 below) and to ensure a smooth transition for the successful execution of the implementation plan.

## 4. Next Steps

While ANGLE is winding down its responsibilities under this current project, this is still only the beginning for the Bowie Incubator. A strong foundation has been laid for the Phase III expansion of the original business plan, and this section describes the next steps in that progression.

### 4.1 Assessment

At its work session on January 26<sup>th</sup>, the Bowie City Council will consider recommendations for guidance to staff for allocating funds to the incubator in the next budget cycle. The actions taken by the Council at that meeting will significantly impact the direction of the incubator in 2009/2010. The ANGLE team will work with the Economic Development Director to assess the Council's actions and determine any potential changes to the implementation and operational plans.

### 4.2 Transition

One of the critical tasks of this current project was to identify and recruit a leadership team to carry forward the incubator project. The Steering Committee—which presumably will form the core of the Board of Directors for a new non-profit legal entity—is poised to take ownership of the incubator. The ANGLE team will work through the end of its current contractual period with this group and the Economic Development Director to ensure a smooth transition of documents, files, contacts, and relationships. This may include email transfers, conference calls, and perhaps even an in-person meeting.

### 4.3 Implementation

The following next steps in the implementation plan will need to be taken in 2009, but the final order, priority, and timeline may change based on the assessment conducted after the Council's meeting on January 26<sup>th</sup>. The bulk of this work will be undertaken by the Steering Committee with support from the Economic Development Director and the PGCEDC. The ANGLE team is also available to continue to provide additional professional services associated with the initiation of the incubator at its regular hourly rates or under a contract to manage the next phase of the incubator development.

#### 4.3.1 Secure initial funding sources

The Bowie City Council will decide whether to provide start-up funding for the new incubator. This would not only provide initial capital resources, but also act as a catalyst for funding from additional sources, such as the PGCEDC, the State and the private sector.

#### **4.3.2 Create non-profit legal entity**

The draft initial incorporation documents must be finalized and properly filed. The initial Board of Directors—comprised of the Steering Committee plus representatives from the City and/or County and other sponsors—must be installed. Several administrative tasks must also be completed, such as acquiring a tax identification number, applying for 501(c)(3) tax-exempt status, and opening a bank account to receive funds.

#### **4.3.3 Secure initial facility**

The selection and terms for the incubator facility should be agreed with the real estate partner who controls the desired incubator space. The PGCEDC has expressed willingness to sign the lease on the incubator space.

#### **4.3.4 Recruit initial Executive Director**

Depending on available capital resources, the initial Board of Directors may have to recruit an initial full-/part-time Executive Director to help manage all of the operational activities associated with the launch and management of the incubator. The ANGLE team can provide a position description, as well as preliminary recommendations.

#### **4.3.5 Secure initial service provider partnerships**

The core of the initial service offerings will be provided by partner organizations such as the Small Business Initiative and the Technology Assistance Program (TAC) co-located with the PGCEDC. While the ANGLE team has already engaged these organizations in discussions, formal agreements will likely need to be finalized. Also, some members of the initial Board of Directors may be able to identify prospective third-party service providers, especially for legal, tax/accounting, business planning, banking, and marketing services.

#### **4.3.6 Launch marketing, communications, and outreach program**

The Bowie Incubator is already enjoying a generally positive reception from the local community based in large part on initial outreach efforts taken over the past few months. The incubator will benefit significantly from ongoing promotional campaigns, either via email blasts, City/County government channels, Chamber and organizational channels, media relations, or personal outreach via individual leaders' professional networks. The PGCEDC has committed to provide marketing support for the Bowie Incubator through its existing staff and programs.

#### **4.3.7 Secure initial clients**

The ANGLE team was able to create a core pipeline of initial prospective clients, and there are other sources of potential tenants, such as clients in the TAC which may opt to relocate to the Bowie Incubator. Once a facility is under contract, the primary focus will be a concerted effort to identify, screen, select, and confirm tenant clients. Soliciting non-tenant (“affiliate”) clients will be a secondary priority.

#### **4.3.8 “Launch” incubator**

As part of its ongoing promotional effort, the incubator should organize an official “Grand Opening” or “Launch Party” to commemorate the significant milestone. However, this should not be done until the first group of tenant clients are already firmly housed within the new facility.

## APPENDIX I

### Draft

#### ARTICLES OF INCORPORATION

#### OF

#### BOWIE BUSINESS AND INNOVATION CENTER, INC.

THE UNDERSIGNED, all of whom are eighteen (18) years or older, for the purpose of forming a nonstock corporation under the general laws of the State of Maryland hereby certify:

FIRST: The name of the Corporation is BOWIE BUSINESS AND INNOVATION CENTER, INC. (hereinafter the "Corporation").

SECOND: The Corporation shall be operated exclusively for charitable, scientific, and educational purposes within the meaning of § 501(c)(3) of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended ("the Code"). The purposes for which the Corporation is formed are to provide a supportive environment, including infrastructure, mentorship and a network of service providers, that will help entrepreneurs establish and grow businesses in the City of Bowie, MD and achieve success by encouraging business growth and innovation, and accelerating the development of commercially viable business entities in the City of Bowie.

In furtherance thereof, the Corporation may receive property by gift, devise or bequest, invest and reinvest the same, and apply the income and principal thereof, as the Board of Directors may from time to time determine, either directly or through contributions to any charitable organization or organizations, exclusively for charitable, scientific, or educational purposes, and engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland.

In furtherance of its corporate purposes, the Corporation shall have all the general powers enumerated in § 2-103 of the Maryland General Corporation Law as now in effect or as may hereafter be amended, together with the power to solicit grants and contributions for such purposes.

THIRD: The address of the principal office of the Corporation within the State of Maryland is c/o City of Bowie, City Hall, Economic Development Office, 2614 Kenhill Drive, Bowie, MD 20715.

FOURTH: The name and address of the registered agent of the Corporation are as follows: John Henry King, Economic Development Director, City of Bowie, 2614 Kenhill Drive, Bowie, MD 20715.

FIFTH: The Corporation has no authority to issue capital stock.

SIXTH: The Corporation shall have no members.

SEVENTH: The number of directors of the Corporation shall be no fewer than one but will not exceed 21. The names and addresses of the directors who are to serve until the first annual meeting and until their successors are elected and qualify are as follows:

Sukoor Ahmed

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

Carroll "James" Harris, Esq.

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

Anthony Nelson, PhD.

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

Adam Santavicca

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

John Henry King

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

EIGHTH: No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to any director or officer of the Corporation, or any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth in Article SECOND hereof.

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except as otherwise permitted by § 501(h) of the Code and in any corresponding laws of the State of Maryland), and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements concerning) any political campaign on behalf of (or in opposition to) any candidate for public office.

During such period, or periods, of time as the Corporation is treated as a "private foundation" pursuant to § 509 of the Code, the directors must distribute the Corporation's income at such time and in such manner, as not to subject the Corporation to tax under § 4942 of the Code, and the Corporation is prohibited from engaging in any act of self-dealing (as defined in § 4941(d) of the Code), from retaining any excess business holdings (as defined in § 4943(c)

of the Code) which would subject the Corporation to tax under § 4943 of the Code, from making any investments or otherwise acquiring assets in such manner so as to subject the Corporation to tax under § 4944 of the Code if the directors have acquired such assets, and from making any taxable expenditures (as defined in § 4945(d) of the Code).

Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not directly or indirectly carry on any activity which would prevent it from obtaining exemption from Federal income taxation as a corporation described in § 501(c)(3) of the Code, or cause it to lose such exempt status, or carry on any activity not permitted to be carried on by a corporation, contributions to which are deductible under § 170(c)(2).

NINTH: In the event of dissolution or final liquidation of the Corporation, all of the remaining assets and property of the Corporation shall, after paying or making provision for the payment of all of the liabilities and obligations of the Corporation and for necessary expenses thereof, be distributed to such organization or organizations organized and operated exclusively for charitable or educational purposes as shall at the time qualify as an exempt organization or organizations under § 501(c)(3) of the Code as the Board of Directors shall determine. In no event shall any of such assets or property be distributed to any director or officer, or any private individual.

TENTH: To the fullest extent permitted by the Maryland General Corporation Law, as now in effect or as hereafter may be amended, no director or officer of the Corporation shall be personally liable to the Corporation for money damages, provided, however, such relief from liability shall not apply in any instance where such relief is inconsistent with any provisions of the Code applicable to corporations described in § 501(c)(3) of the Code.

IN WITNESS WHEREOF, the undersigned have signed these Articles of Incorporation and acknowledge that these Articles of Incorporation are their act and that to the best of their knowledge, information and belief, and under penalties of perjury, the matters and facts set forth herein are true in all material respects.

Incorporators:

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Sukoor Ahmed

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

Date: \_\_\_\_\_

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Carroll "James" Harris, Esq.

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

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Anthony Nelson, PhD.

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

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Adam Santavicca

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

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John Henry King

c/o City of Bowie, City Hall, 2614 Kenhill Drive, Bowie MD, 20715.

**APPENDIX II****Bowie Incubator Facility Draft Pro Forma Operating Budget FY'10-FY'13****6,000 GSF (4,500 rsf)**

	Actual to date	FY Year 2	FY Year 3	FY Year 4	FY Year 5
<b>INCOME</b>					
(1) Office Space Rental Income -	\$	\$ 69,300	\$ 98,010	\$ 107,811	\$ 118,584
(2) Conference Area Income (fee based)	\$	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000
(3) Affiliate Income (fee based)	\$	\$ 12,000	\$ 16,000	\$ 19,200	\$ 19,200
(4) City Grant	\$ 75,000	\$ 90,000	\$ 45,000	\$ 35,000	\$ 30,000
(5) County Operating Grant	\$	\$ 10,000	\$ 100,000	\$ 100,000	\$ 100,000
(6) State Grant	\$ 25,000	\$ 0	\$ 5,000	\$ 5,000	\$ 5,000
(7) Corporate Sponsor Revenue	\$	\$ 15,000	\$ 20,000	\$ 25,000	\$ 30,000
<b>Subtotal Income</b>	<b>\$ 100,000</b>	<b>\$ 206,300</b>	<b>\$ 299,010</b>	<b>\$ 307,011</b>	<b>\$ 317,784</b>
<b>EXPENSES</b>					
(8) Rent		\$ 96,000	\$ 100,320	\$ 104,834	\$ 109,551
(9) Bad Debt Allowance-uncollected rents		\$ 960	1003	1,048	1,095
(10) Labor					
Program Director-fully burdened		\$ 39,900	\$ 82,992	\$ 86,310	\$ 89,560
Administrative Support-fully burdened			46,550	48,412	50,348
(11) Administrative					
Office Supplies/Postage	\$	\$ 1,200	\$ 1,400	\$ 1,750	\$ 2,500
Phone and Internet	\$	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000
(12) Web Hosting	\$	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Dues & Subscriptions	\$	\$ 500	\$ 500	\$ 500	\$ 500
Catering/Kitchen Supplies	\$	\$ 500	\$ 500	\$ 500	\$ 500
(13) Advertising & Marketing	\$	\$ 13,000	\$ 10,000	\$ 15,000	\$ 15,000
Insurance	\$	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Accounting Fees	\$	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000
(14) Legal fees	\$	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
(15) Furnishings and Fixtures	\$	\$ 20,100	\$ 6,050	\$ 6,050	\$ 6,050
(16) Professional Services	\$ 100,000				
Operating reserve	\$	\$ 440	\$ 10,995	\$ 3,907	\$ 3,980
<b>Subtotal Expenses</b>	<b>\$ 100,000</b>	<b>\$ 205,860</b>	<b>\$ 288,015</b>	<b>\$ 303,104</b>	<b>\$ 313,804</b>

Notes Summary:

- (1) Rental revenue projections based on \$22 psf full service, 10% annual rent escalation, vacancy 10% from YR 3 on.
- (2) Rental of conference space annually.
- (3) Affiliates pay \$250 per month for program participation. Assumes 6 in YR2, then 8 then 6 and 6 in subsequent years.
- (4) Actual City \$25K matching grant for feasibility study; \$50K grant for Incubator Initiation contract. Assumes City Operating grant of \$90,000 to launch incubator. City support decreases in subsequent years.
- (5) Assumes in-kind marketing support from PGCEDC.
- (6) Actual \$25K State (TEDCO) matching grant for Feasibility Study. Future funding from TEDCO is anticipated in Years 3-4-5, through PGCEDC.
- (7) Corporate sponsorship program for incubator.
- (8) Assumes rental rate of \$16.00 psf full service.
- (9) Assumes bad debt allowance of 10%
- (10) Assumes part time incubator director in YR2, fulltime in YR 3 at \$62,400 w/ 33% benefits and 4% annual increase. Admin support in YR 3.
- (11) Administrative costs are estimated based on other MD incubator operations.
- (12) Assumes some of the web development costs will be shared by PGCEDC.
- (13) Assumes that some marketing costs will be shared with the City and PGCEDC.
- (14) Assumes that some legal fees may be provided through corporate sponsors.
- (15) Assumes that some furniture and equipment expense will be provided through in-kind corporate sponsorship.
- (16) Professional services associated with Incubator Feasibility Study and Program Initiation.

**INCUBATOR OCCUPANCY PROJECTIONS**

	Year 2	Year 3	Year 4	Year 5
<b>Affiliates</b>				
Total number of Affiliates	6	8	8	8
Average number of months in the program	8	8	8	8
Annual fees (\$/month)	250	250	300	300
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Total Affiliate Revenue	\$12,000	\$16,000	\$19,200	\$19,200
<b>Tenants</b>				
Total number of Tenants	12	16	16	16
Average annual occupancy rate	70%	90%	90%	90%
Occupancy Total area (sq. ft.)	3,150	4,050	4,050	4,050
Total leasable area (sq. ft.)	4,500	4,500	4,500	4,500
Annual fees (\$/sq. ft.)	\$22.00	\$24.20	\$26.62	\$29.28
<hr/>				
Total Tenant Revenue	\$69,300	\$98,010	\$107,811	\$118,584