



City of Bowie

Memorandum

Thursday, March 9, 2023
Alfred D. Lott, ICMA-CM, CPM,
City Manager

STATUS REPORT

1. **Bowie Economic Development Incentive Fund**

In 2011 the City of Bowie established the Bowie Economic Development Incentive Fund (BEDIF) to aid in the retention and growth of private employers and the commercial tax base in the City of Bowie. The three priority uses of the BEDIF would be for:

1. Any private employer employing 100 or more employees at a location within the City, corporate headquarters, high-technology companies, private employers which will generate high spin-off effects for the public investment, and other businesses in the City located in specific areas that may be from time to time designated for revitalization.
2. Any private employer (including nonprofit) that is located within the corporate limits of the City that plans to substantially expand or retain operations in the City.
3. Any private employer that relocates to the City.

A copy of the establishing resolution, R-56-11, is attached.

2. **Inovalon Incentive Payment**

In 2018 Council acted to retain the City's largest private sector employer, Inovalon, by offering an incentive for them to remain in Bowie with more than 500 employees. Each year, for 10 years total, the City will pay to Inovalon \$100,000 if they remain in Bowie with 500 or more employees. To date 5 incentive payments have been made; five more payments remain to be paid from 2023 through 2027. A copy of the Council action awarding the incentive, resolution R-24-18, is attached.

3. **Utility Work - Kenilworth Section**

The City of Bowie has contracted with J. Fletcher Creamer & Son, Inc. to replace and/or structurally line approximately 1.7 miles of water mains located in the Kenilworth neighborhood. Construction is scheduled to start on March 20, 2023. Due to the extent of work, construction is expected to span over a 7-month period.

The figure below provides the project location with planned water main work areas highlighted in orange.



During this construction, temporary water bypass will be installed along the curbside to provide continued water service. To minimize disruption to the driveway, pipe ramp will be installed on the driveway where the temporary water lines cross the driveway. Work will be performed Monday thru Friday, 7:00 a.m. to 4:00 p.m., excluding the City-recognized holidays. While the work will require equipment in the street, no road closures are expected to be required. Short disruptions to water service may be required periodically. When required, the contractor will make timely notification to affected residents. Upon completion, all disturbed areas will be restored.

The City appreciates your patience during this temporary disruption in the Kenilworth neighborhood. Should you have any questions please contact the City's project manager, Mr. Kui Lin, at 410-948-7948 or the Public Works Department, at 301-809-2344.

4. **County Legislation Update**

On Tuesday, the Prince George's County Council held public hearings and took the following actions on several bills of interest to the City:

CB-002-2023	AN ORDINANCE CONCERNING ADMINISTRATION-PROCEDURES-LEGISLATIVE AMENDMENTS for the purpose of amending the procedures for public notice, review, consideration, and approval of legislative amendments to the text of the Zoning Ordinance of Prince George's County. HELD FOR FUTURE ACTION
CB-003-2023	AN ORDINANCE CONCERNING APPLICATION-SPECIFIC REVIEW PROCEDURES AND STANDARDS-DETAILED SITE PLANS AND SPECIAL EXCEPTIONS for the purpose of amending the decision standards for approval of detailed site plan and special exception applications to include master plan consistency as a required standard for site plan approval. ENACTED by a vote of 8-3 (Franklin, Harrison and Hawkins against). Motion by Council Member Blegay, seconded by Council Member Olson.
CB-009-2023	AN ORDINANCE CONCERNING TOBACCO SHOPS, ELECTRONIC CIGARETTE SHOPS, OR RETAIL TOBACCO SHOPS for the purpose of amending the Zoning Ordinance to include reasonable parameters as to hours of

	operation as a criterion for approval of Special Exceptions for Tobacco Shops, Electronic Cigarette Shop, or Retail Tobacco Business uses in furtherance of the public safety, health, and welfare of the citizens and residents of Prince George's County. ENACTED unanimously. Motion by Council Member Blegay, seconded by Council Member Ivey. Council Member Blegay commented she is working on legislation that will phase out these uses in two years.
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5. Covington HOA Meeting Regarding Consolidated Storage

On Wednesday evening, residents of the Covington community conducted a meeting regarding the consolidated storage proposal for the vacant two acre parcel, zoned CGO (Commercial General Office) on Elder Oaks Boulevard. Over 50 residents attended the meeting to hear from County Council Member Ingrid Watson, Mr. Edward Gibbs (attorney for the developer) and City staff. Four City Councilmembers also attended this meeting (Truesdale, Hawkins, Esteve and Mayor Pro Tem Ndebumadu). Attendees repeatedly expressed their dissatisfaction with a proposed storage facility and the existing commercial zoning. Mr. Joe Meinert, City Planning Director, explained the limited City's role in zoning matters and the process that would be upcoming once the plan is accepted for processing (this is imminent). In response to the community's objections, Council Member Watson advised that CB-11, restricting consolidated storage uses to the industrial zones, is still under review and the current grandfathering provisions could be re-examined. The County Council public hearing for CB-11 is scheduled for March 28th. Council Member Watson also mentioned that the Bowie Master Plan's comprehensive rezoning has not been approved yet, so there is technically an option to revisit the zoning of the property when the review process resumes in the coming months. Councilmember Michael Esteve stated he would ask for the storage proposal to be placed on the March 20th City Council agenda. The organizers of the meeting encouraged residents to attend the City Council meeting.

RESOLUTION
OF THE COUNCIL OF THE CITY OF BOWIE, MARYLAND
CREATING A BOWIE ECONOMIC DEVELOPMENT INCENTIVE
FUND

WHEREAS, the Council of the City of Bowie ("the City") wishes to create an economic development incentive fund; and

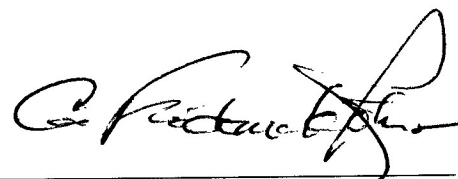
WHEREAS, this economic development incentive fund will have conditions that must be met and the processes which must be followed for the use of the fund by the City; and

WHEREAS, the creation of this fund will not compel the City to use the funds therein ;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Bowie, Maryland, that the City of Bowie Economic Development Incentive Fund (BEDIF) is hereby established; and

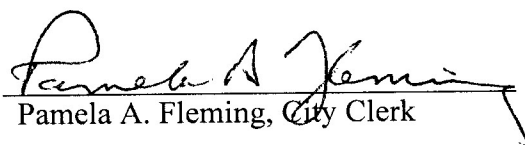
BE IT FURTHER RESOLVED that the Council of the City of Bowie hereby adopts the policies and procedures relating to the BEDIF set forth in Exhibit A hereto.

INTRODUCED AND PASSED by the Council of the City of Bowie, Maryland at a Regular Meeting on August 1, 2011.



G. Frederick Robinson, Mayor

ATTEST:



Pamela A. Fleming, City Clerk

THE BOWIE ECONOMIC DEVELOPMENT INCENTIVE FUND

I. PURPOSE AND OBJECTIVE OF THE FUND

- A. The Bowie Economic Development Incentive Fund (“BEDIF” or the “Fund”) is established to aid in the retention and growth of private employers and the commercial tax base in the City of Bowie.
- B. The City proactively seeks State and County business incentives to support business growth, retention, and attraction and a fund needs to be created from which the necessary matching funds that are required of the City to obtain these other incentives can be rapidly provided.
- C. The Fund may be used for loans, conditional loans, or grants.

II. DEFINITIONS

- A. Private Employer – a for-profit or nonprofit corporation or firm that is not owned, primarily funded or controlled by a governmental agency, including a lessor or supplier of real or personal property or service to a government agency.
- B. Conditional Loan – in the context of this Fund, a monetary incentive provided by the City upon the recipient’s agreement in writing to specific performance criteria that, when met, transform the loan to an outright grant.

III. ELIGIBILITY AND PRIORITY

The following entities, in the following order of priority, will be eligible to apply for loans or grants from the Fund:

1. Any private employer employing 100 or more employees at a location within the City, corporate headquarters, high-technology companies, private employers which will generate high spin-off effects for the public investment, and other businesses in the City located in specific areas that may be from time to time designated for revitalization.
2. Any private employer (including nonprofit) that is located within the corporate limits of the City that plans to substantially expand or retain operations in the City.
3. Any private employer that relocates to the City.

IV. FUND USE CRITERIA

- A. The Fund is to be used to provide the required match for business incentives and economic development grants offered by Prince George’s County, State and Federal agencies, or other sources. The Fund may serve as the inducement necessary for the other agency’s incentives and grants to be used.

B. The City Manager shall allocate money from the Fund only upon the authorization of the City Council.

C. Consideration will be given to:

- 1). Assistance that will improve the City's economy and advance the City's economic development objectives and strategies
- 2). Assistance that brings significant employment growth either by creating new jobs, expanding on existing operations, or by retaining jobs at an existing operation
- 3). Assistance that causes significant investment by private employers that over time will provide significant revenues to the City
- 4). Private employers that are knowledge-based or have high value added products in expanding markets
- 5). Private employers that either help reverse or prevent commercial deterioration
- 6). Private employers that are renovating structures that will generate directly new revenues for the City
- 7). Private employers where the retention or attraction of jobs would not be likely to happen without the assistance from the Fund
- 8). Private employers where the City's assistance will enhance the comprehensive and competitiveness of the overall financial package and complements County and State financial incentives
- 9). Private employers whose activities, products, research or service enhance the quality of life for City residents or, if appropriate, have demonstrated a record of good corporate citizenship

V. INCENTIVE FUND USE PROCEDURES

A. The Fund will consist of monies appropriated by City Council action; all repayments (interest and principal) on any loan from the Fund; all interest earned on monies in the Fund; and, all funds received from other public or private sources that are earmarked for the Fund.

B. The City Manager will make recommendations to the City Council regarding the use of this Fund. Such discussion may occur in closed session as permitted by law.

C. An analysis as described in paragraph VI below will be completed for all awards.

D. For each loan or grant made from the Fund there will be an appropriate agreement with the recipient, requiring the recipient to meet certain performance criteria specified in the offer of assistance, and including a repayment agreement, unless the City Manager describes why repayment of assistance is not required and the City Council approves. Performance requirements may include one or more of these:

- 1). Proof of an executed lease for a term at least as long as that contained in the loan or grant agreement.
- 2). Proof of a specific dollar amount of investment at the location
- 3). Achievement or maintenance of a specific minimum number of full time employees at the location
- 4). Hiring of a specific number of additional employees within a given time frame
- 5). Remaining open and fully operational at the location for the duration of the MOU

E. No monies from the Fund shall be disbursed without the approval of the City Council.

VI. STAFF ANALYSIS GUIDELINES

A. One or more conditions listed in Section IV above must be identified.

B. One or more of these objective criteria may also be included in the analysis:

- 1). Demonstration that the project would not move forward without public incentives
- 2). Ability to leverage Federal, State, and County financial support and incentive programs
- 3). Economic Impact (job creation and/or retention; broadening of the tax base)
- 4). Incentives others are offering.
- 5). Tax credits that may be available.

VII. FUND MANAGEMENT

A. The Fund may be managed internally by the City, or the City may use an external fund manager.

1). If an external fund manager is used, a negotiated management fee may be paid to the Fund manager to cover costs associated with managing the Fund.

B. Funds may be disbursed in the form of a loan, loan guarantee, or conditional loan convertible to a grant. A written agreement is necessary before any fund disbursement. The written agreement can be a multi-party agreement such as one signed by State, County, City, and the private employer; or, it can be a stand alone agreement between the City and the private employer.

C. In the event that all of the performance criteria established for a transaction are met over the term of the agreement, all outstanding deferred principal and accrued interest would be forgiven at the end of the agreement term.

D. In the event any of the performance criteria established for a transaction are not met, any loan, loan guarantee, or conditional loan will be repayable subject to terms and conditions set in an agreement with the private employer. Repayment conditions will be specified in any agreement.

E. The City must receive from any external Fund manager:

1). quarterly reports on the status of the Fund, due to the City of Bowie by October 15, January 15, April 15, and July 15 of each year; and

2). an audited annual report due to the City of Bowie by November 15 of each year, on the status and use of the Fund. The reports and audits may be in the form of reports and audits prepared for other participants in any funding arrangement such as the Maryland Economic Development Assistance Authority and Fund (MEDAAF) or the Prince George's County Incentive Leverage Fund (ILF)

**RESOLUTION
OF THE COUNCIL OF THE CITY OF BOWIE, MARYLAND
AUTHORIZING THE PAYMENT OF INCENTIVES FROM THE BOWIE
ECONOMIC DEVELOPMENT INCENTIVE FUND TO RETAIN THE
CORPORATE HEADQUARTERS OF INOVALON, INCORPORATED, AT 4321
COLLINGTON ROAD**

WHEREAS, the City has established the Bowie Economic Development Incentive Fund (the "BEDIF") in order to make available public funds for the support of economic development initiatives and business development in the community; and

WHEREAS, the purposes of the BEDIF include the retention and growth of private employers and the commercial tax base in the City of Bowie.

WHEREAS, Inovalon, Incorporated (the Company) is the largest private employer in Bowie and it is the desire of the City that they remain and continue to employ at least 500 employees at the premises known as 4321 Collington Road, Bowie, 20716; and

WHEREAS, the BEDIF assistance will cause significant employment and investment by the Company to remain within the City and that over time will continue to provide significant revenues to the City; and

WHEREAS, it is anticipated that the City will retain revenues from the continued location of the Company in the City; and

WHEREAS, the Company has requested and the City desires to offer the Company certain economic development incentives through the Bowie Economic Development Incentive Fund to ensure the retention of the Company in the City; and

WHEREAS, the City finds that use of the economic development incentives are necessary to accomplish the important goal of the retention and growth of private employers and the commercial tax base in the City of Bowie; and

WHEREAS, on October 31, 2017, the City by letter offered certain economic development incentives to the Company intended to persuade the Company to remain located in the City; and

WHEREAS, on January 12, 2018, the Company accepted those terms, pursuant to which the City will provide a \$1,000,000 economic development incentive grant to be paid in ten annual installments of \$100,000.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Bowie, Maryland, that the \$1,000,000 grant to Inovalon, Incorporated is approved subject to the

terms and conditions as reflected in the signed agreement letter attached hereto as Exhibit A and the City Manager is authorized to include in his proposed budgets for Fiscal Years 2019 through Fiscal Year 2028 an annual payment of \$100,000.

INTRODUCED AND PASSED by the Council of the City of Bowie, Maryland at a Meeting on April 16, 2018 by a vote of the members of the Council.

WITNESS:


Awilda Hernandez
City Clerk

THE CITY OF BOWIE, MARYLAND


G. Frederick Robinson
Mayor



City of Bowie

15901 Excalibur Road
Bowie, Maryland 20716

R-24-18 Exhibit A

October 31, 2017

Mr. Christopher Greiner
Chief Financial Officer and Chief Operating Officer
Inovalon, Inc.
4321 Collington Road
Bowie, Maryland 20716

RE: Inovalon Headquarters at 4321 Collington Road

Dear Mr. Greiner:

The City of Bowie offers these incentives so that Inovalon remains in Bowie.

Here is what we offer to Inovalon:

Provided that Inovalon's corporate headquarters remains within the corporate limits of the City of Bowie for a term of no less than ten years, the City of Bowie is prepared to grant \$1,000,000 to the Company payable in ten installments of \$100,000 with the first installment to be paid on a date in 2018 to be determined after the Company renews at their current location at 4321 Collington Road in Bowie. Each of the subsequent nine yearly grant payments will be made in the month 12 months ("lease anniversary") after the first payment is made if the Company remains in Bowie with at least 500 employees. Inovalon will designate a point of contact to provide employment information to the City for this and each future year.

A copy of the fully executed lease, with all attachments, appendices, enclosures, exhibits, et cetera, must be provided to the City of Bowie before the first payment will be made

At the beginning of each subsequent 'lease anniversary' the City will contact Inovalon to determine the number of employees in Bowie. If the number of employees in Bowie falls below 500 no grant payment will be made and the grant will terminate, *however any money already paid shall be retained by Inovalon.*

Additionally, the City of Bowie will allow Inovalon to continue to use meeting space at Bowie City Hall subject to the same administrative procedures currently in use.

MAYOR G. Frederick Robinson MAYOR PRO TEM Henri Gardner
COUNCIL Michael P. Estève ♦ Courtney D. Glass ♦ James L. Marcos ♦ Diane M. Polangin ♦ Isaac C. Trough CITY MANAGER Alfred D. Lot
City Hall (301) 262-6200 FAX (301) 809-2302 TDD (301) 262-5013 WEB www.cityofbowie.org

R-24-18 Exhibit A page 2

Letter dated October 31, 2017 -- Inovalon Headquarters at 4321 Collington Road

And, the City will act to ensure speedy processing of any City permit needed for site, building, and/or tenant interior work.

Final approval by the Bowie City Council acting in a public session will be required for this grant.

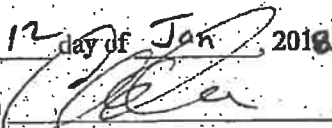
Please contact our Economic Development Director - John Henry King (301-809-3042) with any questions.

Sincerely,



Alfred D. Lott
City Manager

Accepted this 12 day of Jan 2018 I am authorized to bind Inovalon to this agreement.

By (Signature) 

Name: CHRIS GREINER

Title: CFO/COO

Designated employment information contact:

Name: Aaron Samuel

Title: Supervisor HRIS

Phone: 301-809-4000 ext. 1298

E-mail: asamuel@inovalon.com

Upon signing, please return this letter directly to Mr. John Henry King, Economic Development Director, City of Bowie, 15901 Excalibur Road, Bowie, MD 20716.



City of Bowie

15901 Excalibur Road
Bowie, Maryland 20716

MEMORANDUM

TO: City Council

FROM: Alfred D. Lott, ICMA-CM, CPM
City Manager 

SUBJECT Incentive Payment to Inovalon – Resolution R-24-18

DATE: April 5, 2018

PURPOSE: The purpose of this correspondence is to attain the City Council's approval of an incentive payment to Inovalon using the Bowie Economic Development Incentive Fund (BEDIF).

BACKGROUND:

- The City Council embraces the concept and intent to make Bowie an attractive place for business to locate, stay, and grow. To that end, in 2013 the City Council established the Bowie Economic Development Incentive Fund (BEDIF) as one tool to help attract and retain businesses.
- Inovalon's (the City's largest employer) lease was expiring and they were actively considering relocating. Naturally, the City's staff were looking for ways to keep them in the City.
- Inovalon's corporate headquarters employees are a large part of the daytime customer base for the Bowie Town Center's merchants.

DISCUSSION/CHRONOLOGY

- In order to retain Inovalon's corporate headquarters at their 4321 Collington Road location the City has offered \$1,000,000 payable in ten annual installments of \$100,000.
- The first payment of \$100,000 would be made after August 1, 2018. Nine additional payments would be made in subsequent years.
- The City's largest private sector employer is Inovalon, Incorporated with their headquarters located at 4321 Collington Road, directly across Maryland Route 197 from the Bowie Town Center. The current lease for that location expires in August of this

year. Since 2016 City staff have worked with Inovalon and its representatives to encourage them to remain in Bowie.

- In the summer of 2017 the City was contacted by Inovalon representatives who said that Inovalon was actively reviewing alternate locations for their corporate headquarters in advance of the end of their current lease. Staff sought and received Council guidance to use our BEDIF if necessary.
- Staff subsequently determined that incentives were needed to retain Inovalon in Bowie particularly as the loss of such a large employer would not only increase the amount of vacant office space but would hinder the prosperity and economic stability of many of the retailers at Bowie Town Center. That lost full-building tenant would also contribute to a decreased assessed value for the office building with a corresponding decrease in property tax revenue to the City.
- Over the past ten years (FY 2008 through FY 2018) the City has received over \$550,000 in business personal property tax revenue from Inovalon. The City expects to receive at least an additional \$500,000 in tax revenue over the next ten years. Additionally the City expects the assessed value of the fully occupied office building to remain high and to continue to generate a revenue stream estimated at \$778,000 over the next ten years.

THE INCENTIVE:

- Provided that Inovalon's corporate headquarters remains within the corporate limits of the City of Bowie for a term of no less than ten years, the City of Bowie is prepared to grant \$1,000,000 to the Company payable in ten installments of \$100,000 with the first installment to be paid on a date in 2018 to be determined after the Company renews at their current location at 4321 Collington Road in Bowie. Each of the subsequent nine yearly grant payments will be made in the month 12 months ("lease anniversary") after the first payment is made if the Company remains in Bowie with at least 500 employees. Inovalon will designate a point of contact to provide employment information to the City for this and each future year.
 - A copy of the fully executed lease, with all attachments, appendices, enclosures, exhibits, et cetera, must be provided to the City of Bowie before the first payment will be made
 - At the beginning of each subsequent 'lease anniversary' the City will contact Inovalon to determine the number of employees in Bowie. If the number of employees in Bowie falls below 500 no grant payment will be made and the grant will terminate.
- Additionally, the City of Bowie will allow Inovalon to continue to use meeting space at Bowie City Hall subject to the same administrative procedures currently in use.

- And, the City will act to ensure speedy processing of any City permit needed for site, building, and/or tenant interior work.

Inovalon accepted the City's incentive offer and executed a ten-year lease renewal. That additional ten-year lease begins in August 2018.

FUNDING: Funding will be provided through the annual budget commencing with the FY 2019 budget as an implementation under our Bowie Economic Development Incentive Fund (BEDIF).

RECOMMENDATION: That the Bowie City Council adopt resolution R-24-18 and appropriate the first \$100,000 payment during the FY 2019 budget approval process.

ATTACHMENTS:

Resolution R-24-18

Exhibit A – City of Bowie Incentives Offer Letter to Inovalon dated October 31, 2017