

Concept Plan

Reedsburg Downtown Business Incubator

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Mission Statement, Vision, Key Objectives

Mission Statement:

The City of Reedsburg will foster the creation and growth of startup businesses and promote the redevelopment of the downtown district through the use of business startup programs.

Vision:

Stimulate the redevelopment of the downtown area through the use of a business incubation program.

Key Objectives:

- * Assist entrepreneurs to create successful new businesses.
- * Help to keep downtown vital through the introduction of new businesses.
- * Minimize empty spaces in the downtown.
- * Attract innovative companies that can add value back to the downtown area.
- * Create exponential value to the other businesses located in the downtown area.
- * Create employment opportunities for area residents.

Program Concept

The Reedsburg downtown incubator program will work as a partnership with existing property owners. The City, under authority of the Community Development Authority (CDA), will co-sign a lease agreement with new business startups with the existing property owners. Any commercial space in the downtown area is eligible to participate in the program. The City will pay for one year of rent and may subsidize a second year if needed. The City will not pay any cost associated with remodeling, utilities or repairs. The City will not be responsible for damage caused by the lessee.

Downtown Focus

The downtown area in Reedsburg is well known in the area as a prototype for downtowns. Other communities can only hope to have the success we have experienced with our downtown. Not to rest on past accomplishments, the City needs to be proactive in maintaining the vibrant downtown. A certain amount of synergy is formed by keeping storefronts filled. A shopper at one business is more apt to shop at another. The downtown, different from other commercial areas, is the heart of the community. Maintaining a healthy heart, a healthy core, benefits the rest of the community. Downtown businesses have special challenges with parking restrictions, smaller spaces and older buildings.

Organizational Structure

Administration:

The Downtown Reedsburg Incubator Program will be administered by the Community Development Authority. Any lease agreements must be approved by the Community Development Authority. The Community Development Authority will meet in closed session to review business plans to maintain proprietary information.

Ownership:

The incubator spaces will be owned and maintained by the private owners. The City of Reedsburg, under authority of the CDA, will co-sign lease agreements with the lessee.

Marketing:

City staff, under direction of the CDA, will market the incubator program within the budgetary parameters allowed by the City Council. A brochure should be developed promoting the program. Print advertising, mailings, web links will be developed or used as needed.

Lease Details

Existing Businesses Not Eligible:

Existing businesses in Reedsburg are not eligible for relocating or opening a second location in the incubator building. Businesses that have gone out of business within the past three years, or substantially identical businesses, are not eligible for the incubator building. Businesses relocating from outside the City of Reedsburg will be considered eligible on a case by case basis.

Lease Length:

The business locating in the incubator will have one year to establish itself. The lease will commence the first or fifteenth of the month in which they enter the premises, whichever comes next. The lease shall be twelve months in length maximum.

Graduation Policy:

The lease may be extended upon approval by the Community Development Authority. Consideration will be given for lease extensions based upon the occupancy of the other incubator spaces, waiting list to enter the incubator, the progress of the company and their ability to survive outside the incubator. The lease on any extensions will have a cost share of at least 50%, depending on the reason for the extension. No lease subsidy will be provided past two years for any reason.

Lease Rate:

The Community Development Authority will negotiate a lease rate with the property owner. The lease rate will depend on the space available and current market rates. Only rates at or below market will be considered for the program. Discounted rates are encouraged to help the program succeed and allow for program expansion.

Security Deposit:

A security deposit equivalent to one month's rent will be due prior to occupancy and payable by the lessee business to the property owner. This is the property owners deposit for any damages. The City will not be held responsible for any damages caused by lessee.

Utilities:

Utility costs will be the responsibility of the lessee business. If the business ceases to exist prior to the end of the lease agreement, utility cost will revert back to the property owner for the empty space.

Lease Agreement:

Lease agreements will be reviewed by the City Attorney. Leases will be approved by the Community Development Authority.

Insurance:

The City will not be responsible for building or renters insurance.

Application Process

The success of the incubator program will be measured by the quality and long term success of the businesses selected to participate in the program. The application, screening and selection process are important in setting the incubator program on a path to success. The City should recruit and select businesses with the best chance of success and that provide added value to the downtown area. The City will seek to attract a diverse range of companies to increase synergy and diminish direct market competition between client companies to the extent possible.

Application:

Since the selection of businesses is a critical factor in the ultimate success of an incubator, it is important to carefully screen, evaluate and select companies. Screening includes assessment of a number of factors, ensuring that businesses are entering the incubator at an appropriate time in their development, that the businesses will add value to the downtown, and that the business is an appropriate one within the downtown focus. Prior to actually accepting an application, the City Administrator should speak with the potential applicant briefly. These meetings provide an

opportunity to politely screen out businesses that are not startups, not in an appropriate focus area or are not ready for the incubator in some other way.

The screening and selection process involves submission of the application material and possible interview with the Community Development Authority. The application should be in the form of a business plan, but a written description of the business may be sufficient if it covers the basic elements of a business plan.

Business Plan

Elements of a Business Plan

1. Cover Sheet
2. Statement of Purpose
3. Table of Contents
 - I. The Business
 - A. Description of business
 - B. Marketing
 - C. Competition
 - D. Operating procedures
 - E. Personnel
 - F. Business insurance
 - II. Financial Data
 - A. Loan applications
 - B. Capital equipment and supply list
 - C. Balance sheet
 - D. Break-even analysis
 - E. Pro-forma income projections (profit & loss statements), three year summary detailed by month the 1st year, detailed by quarters 2nd & 3rd years with assumptions upon which projections are based
 - F. Pro-forma cash flow
 - III. Supporting Documents
 - A. Tax returns for principals for last three years
 - B. Personal financial statements
 - C. Franchise agreements if applicable
 - D. Copy of licenses and other legal documents
 - E. Copy of resumes of principals
 - F. Copies of letters of intent from suppliers, etc.

Screening and Selection Process

The business plan or business summary will be reviewed and accepted based on the following criteria:

- * Business Potential - includes quality of business plan, assessment of product being proposed, clarity of market focus, assessment of competition and other business factors.
- * Commercial Viability - assessment of commercial market opportunities.
- * Quality of Management Team - business and/or technical experience related to the focus of the startup.
- * Need - demonstrated need for assistance at startup.
- * Economic Impact on Community - includes job creation potential, contribution to the downtown area, economic benefit to contractors and vendors.

In addition to the business plan or summary, each business must meet the following criteria to be accepted into the incubator; and may be required to participate in an interview with the Community Development Authority:

1. Be a for-profit business complimentary to the existing downtown.
2. Be in the early stages of development as a business.
3. Show the ability to develop a positive cash flow and start paying rent.
4. Identify a product or service that can be developed into a successful business.
5. Have the potential to generate economic benefits by creating jobs, producing work for vendors in the community or developing a service deemed to have a potential impact in the marketplace.
6. Not be substantially identical with another downtown business.

Property Selection

Property owners interested in participating in the program should contact City Hall to be included on the list of available spaces. The final decision, on which property is selected, will be based upon rent amount, space desirability, and individual business needs. Ultimately both the new business and the Community Development Authority and the property owner will need to agree on a specific space at a specific rental rate. The City will not discriminate against any property owner or provide preferential treatment, but will make the best business decision under the terms of this program.