City of Reedsburg
134 South Locust Street, P.O. Box 490
Reedsburg, WI 53959
Ph. 608-524-6404 Fax. 608-524-8458
www.reedsburgwi.gov

Reedsburg
Business Incubator

Prepared by:

Community Development Authority
134 Locust Street
Reedsburg, Wisconsin

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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 business districts through the use of business startup programs.

Vision:

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

Key Objectives:

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

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Program Concept

The Reedsburg incubator program will work as a partnership with existing property owners. The City, under authority of the Community Development Authority (CDA), may co- sign a lease agreement with new business startups with the existing property owners. Any commercial space in Reedsburg is eligible to participate in the Incubator program. The City may 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. If the business operation is also the Business building owner the application for CDA Incubator space program funds will be considered on a case by case basis.

Organizational Structure

Administration:

The 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, may 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, and window signage will be developed or used as needed.

Lease Details

Existing Businesses Not Eligible:

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

Lease Length:

The business locating into the incubator space 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.

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. 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 negotiated by the applicant and 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 City. 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, and that the businesses will add value to the City.

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 and 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 business complimentary to the existing business community.
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. Preferences will be given to unique businesses.
7. The CDA will review the business' status after six months.

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.