

City of Evansville
Entrepreneurship Sub-committee of Economic Development
Wednesday, December 16, 2015, 1:00 PM
City Hall, 31 S. Madison St. Evansville, WI

MINUTES

1. **Call to Order** – Meeting started at 1:04pm
2. **Roll Call** – Members present: Brandon Rutz, Wally Shannon, Community Development Director Jason Sergeant, Christina Slayback, John Morning, and MadREP Enterprise Development Director Craig Kittleson. Also attending: Planning Intern Brian Carranza
3. **Motion to approve agenda.** Kittleson/ Shannon, approved unanimously.
4. **Motion to Approve Minutes.** Shannon/ Kittleson, approved unanimously.
5. **Presentation by Craig Kittleson of MadREP.** Kittleson presented several handouts related to his presentation of a report titled: *Is Incubation A Winning Strategy?* By Michael Stumpf. Additionally a printed PowerPoint presentation, an article from Entrepreneurship Policy Digest by the Kauffman Foundation titled: *The Importance of Young Firms for Economic Growth.*, and a printout of the Janesville Innovation Center Building Layout.

Kittleson began by highlighting his experience with Economic Development and Incubation, which accumulates to 27 years. Specific to incubation he worked for the Wisconsin Department of Development on the Community based Economic Development Program (CBED), the Wisconsin Business Incubation Association, and has conducted feasibility studies for the cities of Superior and Phillips, WI. He is also accredited by the National Business Incubation Association as an incubation manager and managed the Portage Enterprise Center for two years.

Kittleson furthered his presentation by providing some context related to Economic Development, which is comprised of Entrepreneurship, Business Retention and Expansion (BRE), and Business Attraction. Despite business attraction getting the majority of attention in the media, it only accounts for approximately 10% of economic development efforts. The majority of activities are BRE at 70%, followed by Entrepreneurship at 15%.

Referring to the Kaufman Foundation handout, Kittleson presented a graph, which showed that new businesses (0-5 years) account for nearly all net new job creation, and almost 20% of gross job creation in the US economy. Due to the difficulty rural communities have with business attraction, entrepreneurship is becoming an important strategy for rural economic development.

Kittleson continued by offering information about State and Regional Business incubation. The State of Wisconsin has 35 total incubation and kitchen facilities. The region has 17 of them with an additional 15 I & E spaces. These include accelerators, hacker/ maker spaces, etc.

Highlighting key takeaways from *Is Incubation A Winning Strategy?* by Michael Stumpf, Kittleson discussed:

- Capital and operational costs associated with incubators;
- The importance of viewing incubation as a program vs. a space;
- The importance of viewing incubators as business, requiring sound business planning an execution.

Kittleson finished his presentation by describing various types of incubators that might be potential options for Evansville:

- Traditional Incubation
- Virtual Incubation
- Satellite Facility
- Co-working Space
- Hacker or Maker Space

Jason Sergeant adjourned at 1:15pm

Christina Slayback adjourned at 2:00pm

Lost quorum 2:00 pm

6. Entrepreneurship sub-committee discussion:

a. Common Council adoption of a resolution and appointment of members.

Handout of resolution forming Entrepreneurship sub-committee and appointment of members given to members.

- b. EDC Charge.** The group began by discussing takeaways from Kittleson's presentation. In response to the finding that successful incubators typically take risks around plans for each tenant, John Morning asked who takes the risks? Kittleson answered that it depends on the incubator agreement but typically the public and private entities share the risks.

The group discussed the importance of graduation being built into the management. Kittleson mention that when this doesn't occur it can lead to incompatible uses. Rutz added that incubators almost become real estate projects rather than incubators when tenants don't graduate. Kittleson mentioned that in some cases a startup will purchase the incubator's property rather than move, but this is the exception. Morning shared his belief that incubators seem far more risky than a TIFF or business attraction economic development efforts.

The group discussed where to find funding. Morning posed the question of who might be potential private investors in the community, and whether the city could potentially match. Rutz stated that his role in the city is serving on various committees and he couldn't speak for Evansville staff. Sergeant was not present for comment. Rutz discussed that he views programming and assistance as more important for Evansville, and that these actions are likely to be less costly than a brick and mortar development. Wally Shannon asked how the City of Portage funded their incubator. Kittleson answered that it was funded using federal Economic Development Administration (EDA) funding after a flood occurred in the area. To provide additional funding the City barrowed from dollars set aside for new municipal vehicles by using a debt to services repayment plan. Kittleson also offered that Janesville, WI funded their incubator using a combination of EDA and TIFF dollars.

The group discussed the various options presented and found interest in several of the alternatives to traditional incubators. Slayback mentioned that perhaps a good method would be to develop a patchwork between options, which include virtual incubation coupled with a satellite facility using existing community facilities. Shannon agreed and mentioned that this could help mitigate the risks involved with an incubator. Several members acknowledged hearing the middle school was interested in building a robotics center for their students. Kittleson pointed out that Stoughton had done this and have found great success. He added that perhaps a robotics facility in Evansville could be opened up or shared with the community as a whole. The group agreed that this should be investigated further, potentially inviting the middle school principle to discuss their intentions.

The group discussed narrowing down the list of potential existing incubators to visit in order to get a better understanding of the various options available. In order to limit redundancy they agreed visiting one of each type would be sufficient. Kittleson explained that Janesville Innovation Center (JIC) and Whitewater Innovation Center (WIC) would be similar. He stated that it would be helpful to have JIC Operation Manager Mike Matthews in for a presentation. Rutz suggested visiting Janesville Innovation Center as an example. The group agreed. Kittleson suggested Sector67 as a great example of a Hacker/Maker Space, which has won awards. The group agreed this would be a good idea. For Co-working space the group discussed visiting 100State in Madison, as suggested by Kittleson. Planning Intern Carranza was familiar with the organization, and discussed how membership worked and some of the benefits of membership.

The group discussed what the purpose of the subcommittee was and how that influences where to proceed. Shannon shared his view that the subcommittee's recommendations will be important for how the City proceeds with economic development. He added this will support the city making a commitment to entrepreneurial efforts.

- c. **Survey of Entrepreneurs and community meeting.** Rutz stated that next steps for the survey would be to determine what criteria should be made for who to talk to, develop a list, and then conduct it. Morning pointed out that identifying needs would impact what sectors Evansville would try to target and how the survey would be developed. Rutz stated he believed that targeting those who had started a business in Evansville was important. Slayback pointed out previous meetings where the group talked about the importance of determining why businesses had moved or closed. Rutz said that the group should look at determining 3-4 people for the committee and January's meeting should focusing on finalizing a list.
- d. **Other** – Slayback discussed potentially moving meetings to another time, and that she would prefer if the committee change the resolution to appoint a representative from the Evansville Chamber of Commerce and Tourism rather than Executive Director in order to allow someone to be present if she cannot attend. The group stated no opposition to either concern.

7. Next meeting January 27th at 1pm. February meeting not set.

8. Motion to Adjourn 2:25pm– Shannon/Rutz, approved unanimously.