



Brooklyn Center Entrepreneurship Market Strategy

OPPORTUNITY SITE - PHASE I

Prepared by ACER Inc. & NEOO Partners Inc.

Project Name: City of Brooklyn Center Entrepreneur Market Project

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Project Status: Completion

Project Team

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Project Background

The need to undertake a feasibility study and Partnership Outreach & Engagements role, specific to Vision, Purpose, and Branding was to aid in the development of an Entrepreneur Market Plaza (EMP) in the Brooklyn Center identified opportunity zone, in partnership with 9 partners. We look

to solve the problem around affordable commercial space for BIPOC businesses, the connection, and accessibility to small business resources. Also, to address visibility and inclusiveness.

Project Timeline

Project Milestones	Projected Date	Contact Person	Additional Comments
<i>Milestone 1</i>	December 2020	Denise Butler	A preliminary draft was created
<i>Milestone 2</i>	March 2021	Denise Butler	Community and Staff presentations were completed
<i>Milestone 3</i>	May 2021	Denise Butler	Complete strategy and final report

EXECUTIVE SUMMARY

The need to undertake a feasibility study and Partnership Outreach & Engagements role, specific to Vision, Purpose, and Branding was to aid in the development of an Entrepreneur Market Plaza (EMP) in the Brooklyn Center identified opportunity zone, in partnership with 9 partners. The goal of the EMP outreach and engagement is to discover the need of the community and the economic feasibility of a business Entrepreneur Market Plaza and maker space that provides affordable space for entrepreneurs and local small businesses to operate with access to shared technical assistance services. The goal of the EMP marketplace is to provide an inclusive, high-quality finished space with flexible lease terms that encourage local businesses to collaborate as they grow and expand their services.

African Career Education Resource., INC conducted Partnership Outreach & Engagements, specific to Vision, Purpose, and Branding for the Entrepreneur Market Plaza to discover appropriate consumer market and community connection. The activities include developing a proposed vision, purpose, and brand voice for the market and conducting research and analysis. Activities also involved analysis in gathering and reviewing existing content, materials and conducting outreach tasks in identifying constituents, key stakeholders, target businesses, community organizations, and nonprofits to participate in focus groups, facilitate community meetings, and outreach surveys; And collate and produce reports on results that include the final report of findings and recommendations.

The feasibility study conducted for the Opportunity Site Entrepreneurship Market Plaza included a look at the City of Brooklyn Center and the surrounding area's community context, demographics, market opportunity, and financial considerations. This information was gathered using a variety of tools and methods, including interviews, case study research, GIS analysis, and U.S. census data. The study includes surveying the community and stakeholders in exploring what their needs are and what is desired in an Entrepreneur Market Plaza space, which is approximately 14,000 SF. Information gathered from stakeholders, includes exploring and discovering what problem the Entrepreneur Market Plaza solves and the findings that inform the recommendations.

The Feasibility study is broken into three parts:

1. *Market Study*: Gather and analyze data about community activity, demographics, business dynamics, and existing resources and supporting entrepreneurship.
2. *Market Ownership and Operations Model*: Identify the programming needs and infrastructure to support local entrepreneurship and develop a plan for governance and management of the market plaza.
3. *Financial Analysis*: Identify operational costs and facility needs

The findings in this feasibility study provide a framework based on the best practices of the top performing incubators locally and nationally. Based on our research we found that there is no one policy, practice or program that will guarantee the success of an incubator but that through the synergy of multiple practices, policies and programs greater outcomes can be achieved. For the City of Brooklyn Center, in order to implement a community-led and driven incubator, it is important that incubators policies and programs be designed transparently and in partnership with its BIPOC small businesses and entrepreneurship community. It is also recommended that the incubator have an active marketing campaign from the beginning of its design to ensure that the surrounding community is aware of its future benefits and can continually inform its customer-facing culture.

Based on input collected from small businesses and entrepreneurs, there is a need for affordable high-quality office and retail space. Those who participated in focus groups expressed a need for technical wrap around services that support the growth of their business beyond basic technical assistance. Knowing this, we believe these is a real need and real opportunity for the incubator to make a significant impact in Brooklyn Center and the northwest metro. This study was completed with an approximate 14,000 square foot incubator in mind, but other opportunities to provide below market maker, office, or retail space should be considered throughout the Opportunity Site. While there is below market retail and office space sparsely located throughout the city and nearby surrounding communities, it is typically aged, in-poor condition or not visible to the general public. It is recommended that during the design of the incubator, its programs and policies, that a pipeline of interested businesses be developed to accurately estimate how much space will be occupied on opening day. Without this pipeline of businesses, it is difficult to estimate how much space will be needed beyond what is currently being planned for.

The question of whether the incubator is financially feasible is primarily dependent on the public leadership willingness and commitment of long-term subsidies for the incubator to operate, as well as other revenue sources such as tenant rent and service fees. Based on our analysis we anticipate an estimated \$353,000 in public sector funding needed to cover the initial year of operations. Over the first four years of operations an estimated \$1.2 million will be needed to cover the total operations and management of the incubator. These costs are subject to change during the development of the incubator and will need to be updated accordingly. Construction costs include both hard and soft costs as a percentage of hard costs, assuming new construction. These costs will also need to be updated once designs have been finalized. Appendix A covers the assumptions of the pro forma, which is separate from this report.

Next Steps

The most critical steps moving forward on the implementation of the incubator following this study includes identifying program partners, designing the incubator, and updating cost estimates, developing a pipeline of interested businesses and securing funding commitments from public sector partners. Another item that will need to be considered early includes identifying whether the incubator will be immediately owned by the Brooklyn Center EDA or a non-profit entity and what the transfer of ownership will look like long term. It is recommended that the entity be publicly owned to minimize costs, perhaps a non-profit developer, or Community Development Financial Institution (CDFI) to come to do an interim acquisition of the incubator. However, how the transaction looks between the private sector partner and the city will need to be figured out. Below is a list of other tasks that will need to be completed throughout the development of the incubator.

1. Establish an incubator organization

- a. Prepare and file by laws and articles of incorporation
- b. File for tax exempt status
- c. Appoint board and hold initial meeting
- d. Elect officers, approve mission, budget, and work plan
- e. Raise funds for incubator operations
- f. Create incubator director job description and hire for position
- g. Develop policy manuals, forms, etc.

2. Design & Construct Incubator

- a. Design incubator building
- b. Secure matching funds for incubator
- c. Construct business incubator
- d. Finish space, relocate incubator organization, partners, anchors

3. Market & Leasing

- a. Secure commitments from economic development partners
- b. Secure commitments from potential anchor tenants
- c. Develop web presence and print marketing materials
- d. Begin pre-marketing incubator space

4. Design Incubator Programming

- a. Inventory existing programs, classes, services from all sources
- b. Host monthly business networking events
- c. Identify program and service gaps
- d. Coordinate existing programming – “one stop shop”
- e. Work with partners to develop new classes, programs, and services
- f. Identify participants for advisory boards
- g. Identify service provider network

Key Findings:

- **By investing in small minority-owned businesses and entrepreneurs, the Entrepreneurship Market Plaza could positively impact job creation for BIPOC residents.** The City of Brooklyn Center is the most diverse city in the Minneapolis-St. Paul-Bloomington MSA and is centrally located in proximity to several other first ring suburban cities with diverse populations such Brooklyn Park, Columbia Heights, Crystal, Fridley and New Hope. Though the city has a diverse residential population, its minority owned business population is significantly lower than white-owned businesses. Of the minority-owned businesses that exist only 10% have paid employees.
- **There is a robust innovation and small business support ecosystem in the region that could support the Entrepreneurship Market Plaza.** Organizations such as the Metropolitan Consortium of Community Developers has a diverse membership of community-based organizations that can provide culturally relevant technical assistance

to small businesses. Hennepin County also administers several programs and matching grants for small business growth. Through the local colleges and universities, there are several networking events and resources that connect entrepreneurs to one another, incubator programs and investor relationship opportunities.

- **A general incubator format that provides a variety of services ranging from ideation to intensive incubation is the best approach for Brooklyn Center businesses.** There is not a clear industry cluster in Brooklyn Center so an incubator that solely focuses on one industry would miss the opportunity to serve a diverse set of businesses. Most minority-owned businesses in Brooklyn Center fall within three industry categories such as retail, professional services, and health care. Across different industry classes small business owners are experiencing the same challenges which include finding affordable retail & office space, market visibility and professional development.
- **A customer centric market design is the best format for serving small businesses and the surrounding community.** Unlike traditional incubators that are formatted to focus on providing office space and an entrepreneurial environment, the Entrepreneurship Market Plaza should be customer facing, providing high visibility to customers, while acting as a destination center for the surrounding community. By doing so the Entrepreneurship Market Plaza fills a local market gap by providing a destination for the weekday lunch population and weekend leisure outings.
- **Most successful incubators share similar best practices for operations and management.** This includes choosing clients based on cultural fit, potential for success, reviewing client needs at entry, showcasing clients to customers and funders, and having robust payment plans for rent and services. Incubators that had more relaxed, or no exit policies typically have less than optimal performance.
- **The size of the incubator is not a strong predictor of success.** Programming and management matter most. Having the right staff to client ratio, as well as having experienced staff and program partners that understand the needs of small businesses and entrepreneurs professionally and culturally is more important.
- **Most not incubators are non-profit models and on average receive 40% or more in funding from the public sector.** It is also true that incubators with larger budgets outperform those with budget constraints and the type of revenue sources are important. Those receiving a larger portion of revenue from rent and service fees typically outperform other programs.

PROJECT

The story of a small business center in Brooklyn Center begins with community. While the community was participating in station area planning associated with the METRO Blue Line Extension Light Rail Transit (LRT) project community organizations such as African Career Education Resources, Inc. (ACER) CAPI, Lao Association, Blue Line coalition, along with residents

and businesses identified the desire to develop an ethnic market similar to that of Little Mekong, and little Africa in Saint Paul in the City. The business community has expressed the need to own their commercial building to address affordability, predatory leasing, and better access to high traffic. The development of an ethnic market does require the development of a new building to create a welcoming and appropriate space for the community to gather and do business.

The city has embarked on a joint venture with Alatus to explore either purchasing or leasing about 14k square feet of space in their upcoming market-rate apartment housing project.

Our team will be presenting to the city of Brooklyn Center Council our preliminary findings and results of our outreach and engagement findings.

Brooklyn Center is a community of more than 30,849 residents and more than 888 businesses. Located in the Northwest Metro of the Twin Cities metropolitan area, the city is home to BIPOC majority residents that represent a diverse ethnic and cultural background. Sixty percent of Brooklyn Center residents identify as a person of color, and 1 in 4 residents speaks a language other than English at home. Brooklyn Center's diversity makes it a distinctive and vibrant place. The diversity in Brooklyn Center does not stop at its residents. The City's business community is home to large fortune 500 companies such as Wal-Mart, but also has a well-diverse selection of locally culturally respectful owned businesses that serve the community directly. As the most diverse city in the State of Minnesota, Brooklyn Center is dedicated to creating an environment that is centered around, diversity, inclusion, and innovation.

Brooklyn Center has diverse micro-businesses, locally owned, a person of color-owned, women-owned, and immigrant-owned. Businesses and local business organizations have identified the need for affordable and flexible spaces for new small businesses and entrepreneurs. There is also a need for technical assistance and coordinated programming that brings businesses and entrepreneurs in the community together to share services and grow their businesses.

Branding, Vision & Mission

Overview:

Our warm/inviting brand voice came from identifying the problems that the community is struggling with and the solutions that the entrepreneur marketplace addresses in the facility. Through the initial research done by the City of Brooklyn Center, feasibility studies, and focus groups that were conducted, we were able to come up with mood boards that mirror the vision of what community members and small businesses would like to see in the community. We feel what was missing was Innovation, growth, resources, and visibility with the ability to express culture. Through the two branding concepts, we believe that we capture the essence of what we discovered that the community needs and the resources the BIPOC businesses needed to level up. The words picked for the values draw upon the common words used in a brainstorming session, research, and focus groups.

Methods

Community Survey

2 Focus Groups: Business Owners, and Community Members

1:1 Engagements

Potential Names for the Entrepreneur Market:

Cultural Garden Plaza - Seeding *the World*

Parkway Cultural Plaza- Discover *More*

Vision:

Create multigenerational wealth within the communities

Mission:

Our mission is to provide local BIPOC business the opportunity to create a cultural experience that is innovative, supportive, and inclusive to the community we service

Entrepreneur Market Plaza Space Description:

The Entrepreneur Market Plaza space is a community-led vibrant global marketplace that provides an immersive experience for communities to discover and support BIPOC business in the community. We create different economic opportunities for entrepreneurs to seed their businesses in a thriving environment that is progressive and sustainable. Our mission is to provide local BIPOC businesses the opportunity to create a cultural experience that is innovative, supportive, and inclusive to the communities. Our Entrepreneur Market Plaza marketplace is located at the intersection of Hwy 10 & Shingle Creek in Brooklyn Center.

Feasibility Study

The feasibility study conducted for the Opportunity Site Entrepreneurship Market Plaza included a look at the City of Brooklyn Center and the surrounding area's community context, demographics, market opportunity, and financial considerations. This information was gathered using a variety of tools and methods, including interviews, case study research, GIS analysis and U.S. census data. Working with ACER, NEOO Partners participated in community engagement sessions to gather community feedback, answer questions and gather insight into what the needs and desires of residents and businesses.

Regional Setting

The City of Brooklyn Center is located in Hennepin County, which is part of the Minneapolis-St. Paul-Bloomington Metro Statistical Area (MSA). Other counties in the region include Anoka, Carver, Chisago, Dakota, Isanti, Ramsey, Scott, Sherburne, Washington and Wright Counties. This region is currently home to 55% of the state's population and accounted for 81% of the state's net population growth since 2010. The City of Brooklyn Center lies within five miles of Ramsey County, the second most populous county, and Anoka County, the fourth most populous county in the MSA. The City of Brooklyn Center lies just west of the Mississippi river and is well positioned to access highways I-94, I-694 and state highway 100. This may result in some advantages for the city such as direct access to both principal cities of the region, Minneapolis & St. Paul.

The central proximity of the city in the region is a significant factor in the city's growing diversity. As the cost of living continues to grow in its larger neighbor, Minneapolis, residents have continued to spread northwest to other neighboring cities such as Brooklyn Park, Maple Grove and Plymouth. The city is located within a 20-minute drive to five of the six most populated cities in the region, Minneapolis, St. Paul, Brooklyn Park, Plymouth and Maple Grove. The region is home to 21 fortune 1000 headquarters and 15 fortune 500 headquarters with 5 of those headquarters located within a 15-minute drive.

This analysis focuses on a core area made up of 10-minute and 15-minute drive time trade areas. These trade areas are made up of the cities of Brooklyn Center, Brooklyn Park, Robbinsdale, Crystal, Fridley, Columbia Heights, New Brighton, Maple Grove, Mounds View, St. Anthony, Osseo, Coon Rapids, Spring Lake Park, Roseville and Champlin.

Demographically, the Cities of Brooklyn Center and Brooklyn Park are the most diverse in the state with residents of color making up 60% or more of the total population. The city of Columbia Heights is the 5th most diverse city in the state with approximately 40% of its population made up of residents of color.

Business Dynamics

In 2012, Brooklyn Center had an estimated 2,132 firms with or without employees. Though Brooklyn Center's BIPOC population is greater than 60%, minorities only make up an estimated 41% of total businesses. The number of minority-owned businesses with employees is significantly lower making up only 20% of the total businesses with paid employees. Only 10% of the total number of minority-owned businesses have paid employees. The total number of white-owned businesses with paid employees is almost double this, making up 18% of the total number of white-owned businesses.

In 2017, a total of 517 businesses were reported as employer firms. The education, health care and social service, and retail industries have the highest number of employer firms with 129 firms in the education, health care and social service industry and 94 in the accommodations and retail industry. Approximately 13% of the businesses in Brooklyn Center are family-owned and employ an estimated 10% of the employed population in the city. Of the total number of employer firms in Brooklyn Center, 41% reported that individuals were their customer base and 21% reported other businesses as their customer.

Over the last couple of decades, multiple retailers have closed their locations in Brooklyn Center. Brookdale mall, which used to be the city's main shopping center closed in 2010 after several of its anchor tenants closed their doors, including Steve and Barry's, JC Penny's, and Sears. In 2019, Target closed its Brooklyn Center location along with many others nationwide, as their strategy now focuses on small-format stores in densely populated urban areas. Shingle Creek Crossing, which is currently the city's main shopping center, is anchored by a Wal-Mart supercenter and surrounded by casual clothing and accessory, and fast-food retailers.

Workforce and Demographics

Brooklyn Center has an estimated total population of 30,849 persons. Despite experiencing a total population decline over the last 50 years, Brooklyn Center has seen substantial growth in its communities of color. Brooklyn Center's total population of non-white residents is 61.74%, including residents who identify as two or more races. This is a 7.63% increase from 2010. The city reached its peak population in the 1970's at just over 35,000 residents followed by loss in double digit percentages before rebounding in the 2000's. The city has only seen a 2-3% growth in population over the last decade but is expected to grow 14% over the next couple of decades.

There are a total of 10,708 housing units in Brooklyn Center. Of the total number of housing units 68.7% are single family units, 12.6% are between 2-19 units, and 18.5% are 20 units or more. 69.4% of the housing units in Brooklyn Center are greater than 50 years old with only 208 units built since 2000. The median home value is \$172, 8000 with a median mortgage cost of

\$1,407. Of the total number of housing units 60.7% are owner-occupied while 39.3% are renter occupied. More than 50% of the occupied units paying rent in Brooklyn Center pay 30% or greater of their housing income on rent.

The total population of persons aged 16 and over is 22,495. Prior to COVID-19, the City of Brooklyn Center had an estimated labor force population of 16,774 or 74.6% of the total population. In November of the same year COVID-19 happened, labor force participation dropped to a low of 68.1%. During the COVID-19 pandemic the height of unemployment reached a high of 13.5% in May 2020. By November 2020 unemployment had dropped to 6.5% which is 2.9% higher than what it was in March 2020 before COVID-19 impacts occurred. The median earnings for persons 16 years and over is \$31,996. For full-time, year-round workers the median wage earnings is \$40,132.

Resources supporting innovation and entrepreneurship

The Minneapolis-St. Paul region has a robust eco-system to support entrepreneurs that includes organized events and meetups, competitions, co-working spaces, makerspaces, Entrepreneur Market Plazas and accelerators and colleges/universities. Within this ecosystem there are also a number of non-profit and government sponsored organizations and services that provide technical assistance on basic business needs such as marketing, business plan assistance, accounting, and micro-financing. A partial list of these might include:

- Neighborhood Development Center
- Metropolitan Consortium of Community Developers
- Minnesota Score
- Small Business Development Center
- University of Minnesota
- Target Accelerators
- Grow North Minnesota
- Twin Cities Maker and others.

Other resources in the region include Hennepin County's Elevate Business program that provides businesses advising services on topics such as accounting, finance, legal, marketing, social media and human resources. The County's program has a network of business advisors and organizations that cover multiple language and cultural needs at no additional cost to the business owner. Many of the regions culturally specific organizations participate in the county's program and provide culturally competent staffing and resources for the region's ethnic entrepreneur and small business community. The Metropolitan Consortium of Community Developers also provides resources for small businesses through their membership of local community organizations. Many of these organizations such as, African Development Center, Asian Economic Development Association and the Latino Economic Development Center all

provide culturally competent programming and technical services for small businesses and entrepreneurs.

Based on conversations with local entrepreneurs and service providers, some of the challenges experienced by providers include providing businesses with low-cost financing, aligning existing services with business needs and finding experienced mentors and consultants that are culturally competent. There are several local CDFI's that provide multiple financial products for small businesses such as micro loans and grants, but that funding is often limited in its availability and amount. Though many of the existing service providers provide basic services that include business planning, accounting, and marketing, there is often a mismatch between where businesses are in their development and the type of service provided. An example of this is when small businesses are provided marketing consulting services in order to help them capture more businesses but really what is needed is consulting services focused on business operations and integration that make business processes more efficient. Lastly, there has been a shortage of culturally competent consultants that understand the different cultural norms and historical context for ethnic groups when starting businesses. Though available consultants may be experienced and can provide technical expertise for issues experienced by small businesses, for ethnic groups that practice group economics, have certain religious restrictions for certain financial products, such as non-interest loans and ethnic groups that practice anti-colonialism, consultants can sometimes be blind to these issues and unaware of how their language and approach may be harmful.

In the practice of small business incubation, the various needs of entrepreneurs and small business owners can be attended to by a number of incubation models. Most small business incubators fall under one of four business models which includes local economic development, academic/scientific, corporate and private investment. Each of the four models share similarities in their offering but these offerings change based on who they are targeting and what their objective is. Non-profit business models such as those used by local economic development authorities tend to be generalists and target small businesses, while academic non-profit models tend to focus on internal projects and providing support that help owners commercialize their product or find new sources of financing. On the other end of the spectrum, corporate and private investor models tend to be for-profit models where the main objective is to profit from investments. One benefit of for-profit models is that they tend to have more access to financial resources, though the projects and businesses they take on have higher risks.

Business Incubator Model Comparison

	Local Economic Development	Academic/Scientific	Corporate	Private Investors
Goal	Non-profit	Non-profit	For-profit	For-Profit
Main Activity	Generalists	High-Tech	Radical Innovation	Radical Innovation
Objectives	Job creation, economic development, support target groups	Commercialization, new sources of financing, image	Develop employee talent, monitoring new tech/business models/markets, profits	Profits from selling stock from portfolio of companies
Targets	Small businesses	Internal projects, external projects	Internal/external projects related to company activity	High-risk, High-return start-ups
Offerings	<ul style="list-style-type: none"> • Hosting/shared services • Admin Assistance • Consulting/coaching • Access to financing 	<ul style="list-style-type: none"> • Technical advice • Concept testing • Seed Capital • Intellectual property advice • innovation ecosystem 	<ul style="list-style-type: none"> • Financial resources • prototype/market testing • Access to commercial markets • strategic partnerships 	<ul style="list-style-type: none"> • Venture management/advice • Financing resources • Legal services • Personal networks
Key Problems	<ul style="list-style-type: none"> • Stability of resources • Quality of management • Governance/risk of conflicts about objectives 	<ul style="list-style-type: none"> • Legitimacy outside institution • Legal status/operational flexibility • Management quality 	<ul style="list-style-type: none"> • Strategic position in corporate structure • Management independence • Mission durability • Conflict between owners of start-ups/corporate 	<ul style="list-style-type: none"> • Sourcing of top-quality projects • Leveling payment in incubator and services provided • Development of participants at entry and liquidation
Trends	Social Entrepreneurship	Rapid development with support from public programs	Testing of concepts in multiple companies, very likely to develop	High levels of restricting and consolidation, still looking for a successful model

Source: "Best Practices for Managing Incubators" by Rahul Patwardan

Local Comparable Projects

The Minneapolis and St. Paul region has a number of ethnic marketplaces that offer a diversity of retail and professional services accessible to its ethnic community members. Several of the existing marketplaces were established by community members who identified a need for more culturally relevant products and services, as well as a need to protect small business owners and entrepreneurs from being displaced by providing opportunities for ownership. Some of the larger and more established marketplaces such as Mercado Central and Midtown Global market were supported by local small business service providers and non-profits such as Neighborhood Development Center.

Neighborhood Development Center (NDC) is a local non-profit organization that provides training and technical assistance and small business loan services to entrepreneurs and small business owners. They also create spaces for small businesses to grow by redeveloping existing property or building new. Their most popular development is the Midtown Global Market, which is a vibrant economic and cultural center that is home to over 45 businesses. NDC, along with the City of Minneapolis, entrepreneurs, and community organizations found a use for a vacant Sears building, which many feared would be another big box retailer. Midtown Global Market is primarily leased by food service businesses and small retailers but there are a few service providers that operate out of the space as well.

NDC was also a crucial partner in the development of Mercado Central, which is a Latino lead marketplace that houses a mix of professional service, food service and retail businesses. NDC in partnership with Project for Pride in Living (PPL) supported a cooperative of Latino businesses by purchasing and redeveloping a building in south Minneapolis, which is now owned by the cooperative of businesses after 16 years. Mercado Central is managed by an executive director who reports directly to the cooperatives board. Though Mercado central is owned by a cooperative legal structure, the cooperative members are exploring the establishment of a non-profit organization which they plan to use to raise funding in the form of grants and tax-deductible donations.

NEON, or the Northside Economic Opportunity Network, is non-profit organization that offers business technical assistance and specializes in developing food service businesses. Currently they occupy approximately 6,500 square feet of office space in North Minneapolis with plans to expand in the future. Though not a traditional market or retail space, NEON does offer small office and hot desk space for small businesses and entrepreneurs.

	NEON	Mercado Central	Midtown Global Market	Hmong Village	Karmel Mall
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Square Footage	~6,500	~28,000	~86,084	~105,000	~174,302
# Of Businesses	~7+	~ 48	~45	~186	~120
Types of Businesses	co-working, retail, food service, professional services	Retail, Food Service, Professional Service	Retail, Food Service, Professional Service	Retail, Food Service, Professional Service	Retail, Food Service, Professional Service
Location	North Minneapolis	South Minneapolis	South Minneapolis	St. Paul	South Minneapolis

Entrepreneur Market Plaza/Market Structure and Approach

Based on data collected through ACER during COVID-Impact relief efforts and NAICS industry data, the Entrepreneur Market Plaza/market should focus on the following industries:

- Retail
- Professional/Scientific/Technology
- Health care/social services

Though these are the primary industries present in the region and among entrepreneurs of color, the market should also cater to the needs of the general public, acting as a destination center for the day employment population, and weekend recreational activities. By catering to the needs of both the public and entrepreneurs the Entrepreneurship Market Plaza will create a dynamic environment that supports the retention and expansion of local entrepreneurs.

Key Elements of a Successful Incubator

There are several key elements that successful small business incubators share. Some of those key elements are considered “must haves”, meaning that they are crucial to the start-up phase of the incubator and its financial solvency. Other key elements are those that would be “good to have”, meaning that they are not necessary for the startup of the incubator but should be considered as the incubator grows.

Key Elements of a Successful Incubator	
Must-Have	Good to Have

Leading Entity: Have a leader who is responsible for the incubator start-up and on-going operations.	Events: Host pitch days, networking happy hours and other events to support and grow businesses.
Location Services: Offer below-market amenities, office/retail space, shared-services, etc.	Application Evaluation & Selection: Choose tenant businesses based on clear, relevant requirements to ensure quality.
Strong Partnerships: Proactively engage local government, institutions, business leaders.	Post-incubator Placement Assistance: Plan for and support tenant business graduation and next steps.
Programming & Mentorship: provide basic business technical assistance, customized assistance and mentorship opportunities.	Early Customer Programs: Create processes for incubator partners to become early customers of tenant businesses.

The Kauffman Foundation, whose programs support the research and practice of entrepreneurship, recommends 7 principles that we believe should be followed that encourages entrepreneurship leadership, entrepreneur’s ownership in the programming and the long-term success of the programs and its participants. Those principles are the following:

7 principles for Designing an entrepreneurship ecosystem:

1. Put entrepreneurs front and center
2. Foster conversations
3. Enlist collaborators.
4. Live the values
5. Connect people (bottom up, top down, outside-in)
6. Tell the community’s authentic story
7. Start, be patient

Put entrepreneurs front and center

The most critical component of a community of entrepreneurs is that they lead it and work closely with collaborators in order to make it work. This includes listening to entrepreneurs in order to design solutions that are entrepreneur centric.

Foster conversations

The primary focus of an entrepreneurship ecosystem is that knowledge and resources move between those that are involved. This includes developing programming that creates interactions

among peers, develops conversations that inspire hope and support aspirations and is rooted in action, which is a key driver for entrepreneurial success.

Enlist collaborators

A thriving entrepreneurial ecosystem is one that has a culture of invitation. This includes being radically inclusive, eliminating barriers based on age, culture, race, gender, or neighborhood. It also includes enhancing the diversity of connections and acting as a keystone by filling in gaps in the ecosystem.

Live the values

In order for an ecosystem to be successful it needs leaders who lead in a different way than what is traditionally shown. This doesn't mean that the community is hierarchical but that it encourages leadership throughout the ecosystem and supports leaders who lead from behind and empower others through listening and being connectors.

Connect people

The central element of a thriving ecosystem is one built on trust, collaboration and mutual gain. In order to build this thriving ecosystem, there is a need to build community across all its social boundaries by developing new communities out of old boundaries and developing social feedback loops that encourage and accelerate the flow of information.

Tell the community's authentic story

It is important to focus on a community's specific story rather than trying to emulate a peer community or a community such as Silicon Valley. The best way to do so is learn the history of entrepreneurs and their businesses, while creating ways for these stories to be shared.

Start, be patient

There is a need to take a long-term view of the change that entrepreneurs can bring to a community. This could take a decade or two to see any lasting results. The process of building a successful entrepreneurial community is emergent rather than linear, which means it is of great importance not to only measure success by traditional economic metrics and reports but also by the stories that are happening in real time.

Programming

Based on conversations with local entrepreneurs, visibility, affordability, and skills that develop professionalism were the top three needs identified that should be addressed by the EMP. Using small business relief grant data collected by ACER, we analyzed needs and business types for over 150 small businesses. Among those businesses, the primary needs included access to customers, finance and accounting and ability to scale inventory as the primary needs. The businesses examined primarily operated in the retail, health care and beauty, and professional service (taxes, construction, marketing, etc.) industries. After having examined these businesses, a general business technical assistance program may be implemented to reach a broad range of business types, while also offering some specialty services focused on e-commerce and professional and management skills. Examples of services that might be offered to entrepreneurs include the following:

Programming:

- *Business Planning & Basics*
- *Technical Assistance (marketing, accounting, legal, e-commerce, HR)*
- *Market Development*
- *Access to Capital*
- *Product Development/Feasibility*
- *Coaching/Mentoring*
- *Networking Opportunities*
- *Presentation Skills*
- *Decision making*
- *e-commerce & cyber security*

Customer:

- *Day workforce (Monday – Friday)*
- *General public (Early Evening/Weekends)*

Clients:

- *General Assistance (Business Development)*
- *One-time customized assistance (Business Development)*
- *Long-term individual assistance (Virtual Incubation)*
- *Incubation client (Physical tenant)*

Clients of the Entrepreneur Market Plaza programming will be broken into four levels of client service. The first level of service is general business assistance which is available to all who enter the EMP. This includes those exploring the idea of starting a business and those still in the startup phase of their business.

The second level of service is similar to general assistance but for those who have a specified need that may require service one time or infrequently. Examples of this include customer relationship management training, market research, or legal services for document review.

The third level of service can be described as virtual incubation due to the nature of the entrepreneur needing long-term support but not necessarily needing a physical location to work. This may include entrepreneurs needing assistance with taxes and accounting, developing systems for hiring and human resources, or in need of specialty services such as management training, presentation training, or decision-making skill-building.

The fourth level of service will be catered towards entrepreneurs who are in need of a physical location and will have access to a comprehensive package of services. These include entrepreneurs and small businesses with an established business but lack visibility and are in need of marketing support to build their clientele. It also includes retail and service-based businesses who can utilize pop-up space to establish a brand presence as they work towards scaling their operations. By being physically located in the EMP these entrepreneurs will have access to resources on site as well as frequent contact with advisors and mentors.

Business Capital Needs

Most small businesses are funded early on out-of-pocket by the entrepreneur. Due to this most small businesses and entrepreneurs are finding themselves making decisions that have potentially negative impacts such as leasing spaces that are affordable but have poor infrastructure or visibility, not investing in the proper advertising opportunities or not properly managing cash flow so that their business is always operating in a deficit. On top of having to fund businesses out of pocket, many small businesses and entrepreneurs operate as a sole proprietor taking on a lot of the financial and legal risk if their business was ever to endure any hardship. Lastly, another challenge that these businesses experience is the lack of bank financing due to their personal financial positions or the understanding that banks typically finance the growth of businesses rather than the start of them.

The primary capital needs of the small business and entrepreneurs in Brooklyn Center are micro-grants and 0%-low interest loans. Most small businesses and entrepreneurs need access to loans that are below \$100,000, which for many banks are costly and risky. By providing micro-grants and low-interest capital, local entrepreneurs and small businesses can access needed financing for acquiring assets, pursuing new opportunities, covering operating expenses, or replacing capital assets and repairs.

Rather than provide financing directly to small business owners, the role of the incubator should be to identify potential resources for funding and assisting small business owners in presenting a case for funding. This can be accomplished through services that address business planning, market research, strong product offerings, and demonstration of financial and management experience.

The incubator should also plan to work with the economic development authority and lenders to develop programs that address specific business needs as they arise. Leadership of the incubator should be familiar with alternative sources of funding such as grant opportunities and programs, as well as emerging practices such as community lending platforms and collaborative consumption.

Facility and Infrastructure Needs

Given the types of businesses that have been identified, we anticipate that the facility will consist of office space and supporting uses (conference rooms, phone/breakout areas), two to three food service uses, and small footprints of retail space.

When exploring the size of an incubator, there are several things that should be considered that will impact the cost of infrastructure, furniture and equipment needed for business tenants. Size varies from incubator to incubator but the most appropriate size for an incubator is one that can achieve critical mass of business tenants, which is between 20-30 clients. Secondly the size of the incubator should allow for client's expansion into the incubator, keeping in mind the goal of helping clients expand and grow their operations and profitability. It is ideal if unit sizes vary within the incubator as experience has shown that incubators do not work well when all the business units are the same size.

Proposed Facility Space requirements

- Private office – 150 Square feet
- Open workspace - 64 to 100 square feet
- Large conference room - 1500 square feet
- Small conference room – 500 square feet
- Retail – 300 to 500 square feet
- Food Vendor – 200 to 500 square feet

Ownership, Operational & Management Form

The recommended structure for the Entrepreneurship Market Plaza is for it to be formed as a non-profit organization that is directly supported by the City with contributing support from other small business supporting organizations that have the capacity, expertise and cultural

competence to provide the desired level of service. The City of Brooklyn Center should own the building with an exit strategy that transfers long-term ownership to a community-led entity such as a community-based investment cooperative.

The non-profit organization will be responsible for the management of the facility and the programs and will lease space from the city. Once ownership of the building is transferred to the community-owned and led entity, the non-profit organization will act as an anchor tenant. Establishing a separate organization from the City has many advantageous benefits that include:

- Having greater flexibility to act quicker and with fewer restrictions on the activities it is engaged in.
- The incubator would not be entirely dependent on upon local government budgets. It would have the ability to develop funding strategies separate of the city.
- As tax-deductible organization it is capable of receiving foundation and grant support.
- A separate non-profit organization is in better position to protect client confidentiality and not subject to any open records laws.

The initial board of the organization should be appointed by the Brooklyn Center Economic Development Authority. There should be special attention given to making sure the entrepreneurship and small business community is well represented on the board. The board should be balanced between city officials and staff that can maintain a strong relationship between the organization and city, and professionals who have first-hand knowledge of what it means to be an entrepreneur and the issues facing small businesses. A well-balanced board might have the following make up:

- Small business owner (retail)
- Small business owner (business services)
- Small business owner (manufacturing/shipping)
- Small business owner (technical services/IT)
- Financial sector (banking/accounting)
- Attorney
- EDA member
- City Council member
- Regional Partner (county or university)

The role of the board will be to provide strategic oversight and direction of the incubator. They are not expected to be involved in the day-to-day management of the facilities or services.

City Role

The City of Brooklyn Center should initially play the primary role in developing the small business incubator. Specific roles will be to inform the incubator organization, purchase the building, and invest in needed improvements. The city should expect to be a lead advocate, partner and funder of the incubator. Over the long-term the city should expect to make annual contributions towards operations.

Management

Staffing the Entrepreneur Market Plaza should be based on the number of long-term individuals assisted and intensive incubation clients that will be serviced by the Entrepreneur Market Plaza. On average one full time equivalent employee can manage 8-9 clients. This means that if there is an average of 10-18 clients will be physically located on site or needing intensive service, that the Entrepreneur Market Plaza should plan to launch with an Executive Director and two full time staff dedicated to the provision of resources and services.

The incubator should expect to have a full-time director during its initial startup phase. The individual hired for this position should have prior experience managing incubators including business development and fund-raising experience. Some initial responsibilities include:

- Assist in developing the strategic plan and annual workplans
- Building relationships with public and private organizations that may support the mission
- Market the incubator and screen potential tenants
- Establish and manage the incubators professional service, advisor and mentor networks
- Provide financial management, prepare annual budgets, and report routinely to the board
- Manage fundraising and grant activities
- Collect data to measure outcomes
- Manage operations of the facility

During the initial development of the incubator the director will be primarily focused on logistical issues developing the incubator, developing programs and marketing services. One full-time employee should be hired to support the director during the startup phase of the incubator with the expectation of taking on full responsibility of program development and marketing services in the future as business council.

Client Intake, Progress, and Graduation

Client intake should be focused on identifying the needs, goals and level of business development needed. The strategy envisions 4 levels of client services with varying level of screening needed for each. For clients looking for general assistance or customized individual assistance, little to know screening may be needed as costs may be recovered through class or individual program fee models. For more intensive clients such as those needing physical or virtual on-going assistance, where costs may be heavily subsidized, more stringent requirements during the screen process should be considered to justify the investment. These requirements should be set by the incubators board.

It commonly takes 3-4 years for an incubator to reach its max capacity, where during the initial years of operations incubators may have less restrictive criteria for client intake. Some of the commonly used evaluation criteria includes:

- Market viability (marketing plan)
- Ability to execute (business plan)
- Targeted industry sectors (professional services, retail/consumer products, health care and social services)
- Potential job creation
- Selling to non-local market

Most incubators will try to graduate tenant businesses after 3 years, but this is not always the case, and some businesses may remain a tenant for five to seven plus years. One of the ultimate goals of the incubator should be to graduate viable and sustainable businesses that can own or lease commercial space at market rate. On-going monitoring of business progress and setting up tiered lease structures are two measures that can be used to help graduate businesses.

Operational Costs

Only one out five incubators are fully funded by tenant lease and program fee revenue. Most incubators receive on annual contributions from economic development entities that subsidize program operations. Typical funding for an incubator includes federal and state grants, municipal dollars, institutional gifts, and private capital. On-going public subsidy is typically harder to source and maintain than start-up capital. Usually, a combination of public subsidy and tenant lease payments is used to operate the incubator long term.

Local business leaders, anchor institutions, and local government are typically the most crucial funding sources during the initial start-up of a business incubator. Additionally, grants from the federal EDA are sometimes available but the application process can be extremely competitive, and the pool of funds have declined over recent years. It should also be noted that EDA funding can come with a lot of strings attached that restrict the use of the property for several years. EDA funding is most times exclusively available for incubator set up and not for on-going operations.

Common Funding sources include:

- Local Foundations
- Local Universities and Community Colleges
- Local Chamber of Commerce
- Local County Government
- High Net worth Individuals
- Economic Development Administration Opportunities

The success of an incubator is not dependent on the size or age of the incubator but incubators with larger budgets typically outperform those with smaller budgets. Incubators with more financial resources have more capacity to deliver services, however the sources of funding and how they are used are equally important. Incubators that invest more resources in staffing and program delivery tend to have better client outcomes, and those incubators that have a larger portion of revenue coming from tenant lease payments and service fees perform better than other programs. Below is an example of initial expenses during the start-up phase of an incubator. These costs are based on incubators between 1,000 – 10,000 square feet in size and those who service between 15-30 tenants.

Incubator Start-up Operating Costs		
	Low	High
Staff (x1)	\$62K	\$71K
Marketing	\$14K	\$36K
Client Services	\$60K	\$120K
Hardware/IT	\$17K	\$28K
Admin/OH	\$31K	\$122K
Other	\$97K	\$122K
Infrastructure	\$20K	\$30K
Total	\$301K	\$529K

Source: infoDev.org/businessincubation

Below is a cost guide based on office tenants in North America from 2019-2020. These costs are broken out over three levels from basic office build outs (low) to high end luxury office

suites (high). For the Entrepreneurship Market Plaza, a medium to high level build out will provide quality office and retail space that serves the needs of business tenants while providing a high-quality destination center for visitors. For businesses that require space with a sense of creativity, collaboration and technology, costs for fitting out the space increase towards the high end of the cost guide.

Office Fit-out Cost Guide (per square foot)			
	Low	Medium	High
Total Project Costs	\$95	\$117	\$228
Construction Costs	\$56	\$65	\$152
Furniture, Fixtures & Equipment	\$23.90	\$30.85	\$45.43
Professional Fees	\$5.44	\$8.61	\$14.47
Technology	\$8.93	\$11.05	\$14.67

Source: North American Fit-Out Cost Guide 2019/2020, CBRE

Assessment Tool

This section provides additional tools that may be used to help administer the incubator. It includes metrics that may be used to assess program performance and impact, and a job description for a facility manager.

The business incubator may be assessed on the two dimensions of operational performance and program performance. Operational aspects refer mainly to the budgetary and physical performance of the incubator, while program performance addresses the statistical data and perceptions of programs and services offered by the incubator.

Operational Assessment

- Budgetary Performance
 - Revenues by source
 - Lease revenue and facility rental
 - Fees for programs or services
 - Grants
 - Cash and in-kind contributions
 - Other sources of revenue
 - Expenses
 - Facility-related expenses
 - Staff and overhead expenses

- Programming expenses
 - Net operating revenue
 - Percentage of costs recovered
- Incubator Facility Performance
 - Occupancy/vacancy rate
 - Turnover among incubator tenants
 - Business mix of tenants
- Organizational Performance
 - Number and type of partners (funders, mentors, service providers, etc.)
 - Partners continuing on from the prior year

Program Assessment

- Businesses started after using incubator services
 - Woman and minority business formation
- Attendance at classes and other events
- Utilization of incubator services
- Total number of clients and new clients by type
 - Incubator tenants
 - Jobs created (FT/PT)
 - Wages
 - Growth in revenues
 - Survival rate
 - Terminated companies
 - Affiliate clients
 - Jobs created (FT/PT)
 - Wages
 - Growth in revenues
 - Survival rate
 - Terminated companies
- Number of graduate businesses
 - Percent of graduates still in business
 - Percent located in River Falls or percent located in Pierce and St. Croix Counties
 - Length of stay in incubator prior to graduation
 - Jobs created (FT/PT)
 - Wages
 - Growth in revenues
- University research opportunities created
- University student placement (interns or regular hires)
- Technologies commercialized
- Research and start-up funding raised with incubator assistance

- Clients should be uniformly surveyed to assess perceived value of the incubator facilities and services. This would include a short survey for all participants in classes, training programs, and events, addressing the relevance of the topic, quality of instruction or assistance, need for more or less detail, value offered for the registration fee, and similar topics. A similar survey should be used to assess the quality of one-time assistance programs. A more substantial survey of tenants and affiliate clients should be conducted annually. Survey questions should explore:
 - Quality of incubator facilities
 - Need for additional facilities
 - Need for additional equipment
 - Quality of assistance provided – advisors, mentors, etc.
 - Need for additional services
 - Perceived impact of incubation services on business success

Business Incubator Manager Job Description

The Business Incubator Manager is responsible for programming and operations of a mixed-use business incubator serving resident and affiliate businesses. The Business Incubator Manager exercises independent judgment, decision making skills, and discretion in the performance of the position's duties. Performance in this position will be measured by the number and success of businesses assisted through incubator services, as well as the relevance and quality of programs or services offered to businesses. Specific duties of the Business Incubator Manager include:

Incubator Development

- As the business incubator is in the development stage, the Business Incubator Manager will be expected to play a lead role in designing and codifying policies and procedures to govern the facility, its programs, and its relationships with clients, services providers, and partners.

Programming Responsibilities

- Develop and manage entrepreneurial education programs, seminars, business skills training, and networking opportunities for incubator tenants, affiliate clients, and the general business community.
- Plan and execute a marketing and public relations campaign designed to increase awareness of the business incubator and its programs, and to recruit new tenants and affiliate clients.

- Provide direct support and counseling to incubator tenants and affiliate clients on basic business topics and business planning, and guide businesses to additional public or private resources that may help them to address more substantial issues.
- Establish and maintain a network of high-quality service providers who can provide training, mentoring, advisory services, or resources to the incubator, its tenants, and affiliate clients.
- Carry out a community outreach program develop and sustain relationships with government agencies, economic development partners, businesses, organizations, and individuals who may provide continued political, technical, or financial support for the business incubator. Provide collaboration with area economic development partners.
- Sustain close relationships with critical resources at the UW-River Falls, provide support for expanded campus facilities, assist in technology commercialization, and support faculty and student entrepreneurship.

Operational Responsibilities

- Manage the day-to-day operations of the business incubator, including maintenance, access and security, facility or equipment scheduling, utilities and services, procurement of services and materials, and other administrative functions
- Develop annual operating plans and budgets, prepare monthly financial and activity reports for board review, and recommend actions for board consideration.
- Ensure compliance with legal requirements for operations, including compliance with local, state and federal codes, OSHA and environmental requirements, IRS and Wisconsin Department of Revenue filings, etc.
- Schedule and conduct monthly board meetings and coordinate the activities of any committees.
- Identify and complete applications for grants funding and carry out other fundraising activities.
- Conduct recruitment, screening, intake, and regular review of incubator tenants and affiliate clients. Negotiate and structure of client agreements and leases, including the collection of rents and fees. Keep accurate files and records of each client company and any related correspondence.
- Track and report performance of the business incubator, its

tenants, and affiliate clients. Requirements:

- Bachelor's degree in business or closely related field, master's degree preferred.
- Minimum of five years' experience in business with start-up experience preferred. Candidates with experience in business incubator management are also preferred.
- Demonstrated knowledge of contract management, budgeting, fund raising, and project management. Candidates should also have expertise in the content areas of opportunity analysis, capital formation and financing, business plan and business model development, technology commercialization, customer development and lean startup, and risk assessment and risk management.
- Excellent interpersonal, verbal/written communication and problem-solving skills.
- Experience working with confidential and sensitive information.
- Flexibility and availability for working beyond the regular 8-hour workday and attending occasional weekend and evening meetings. Occasional travel may be required.

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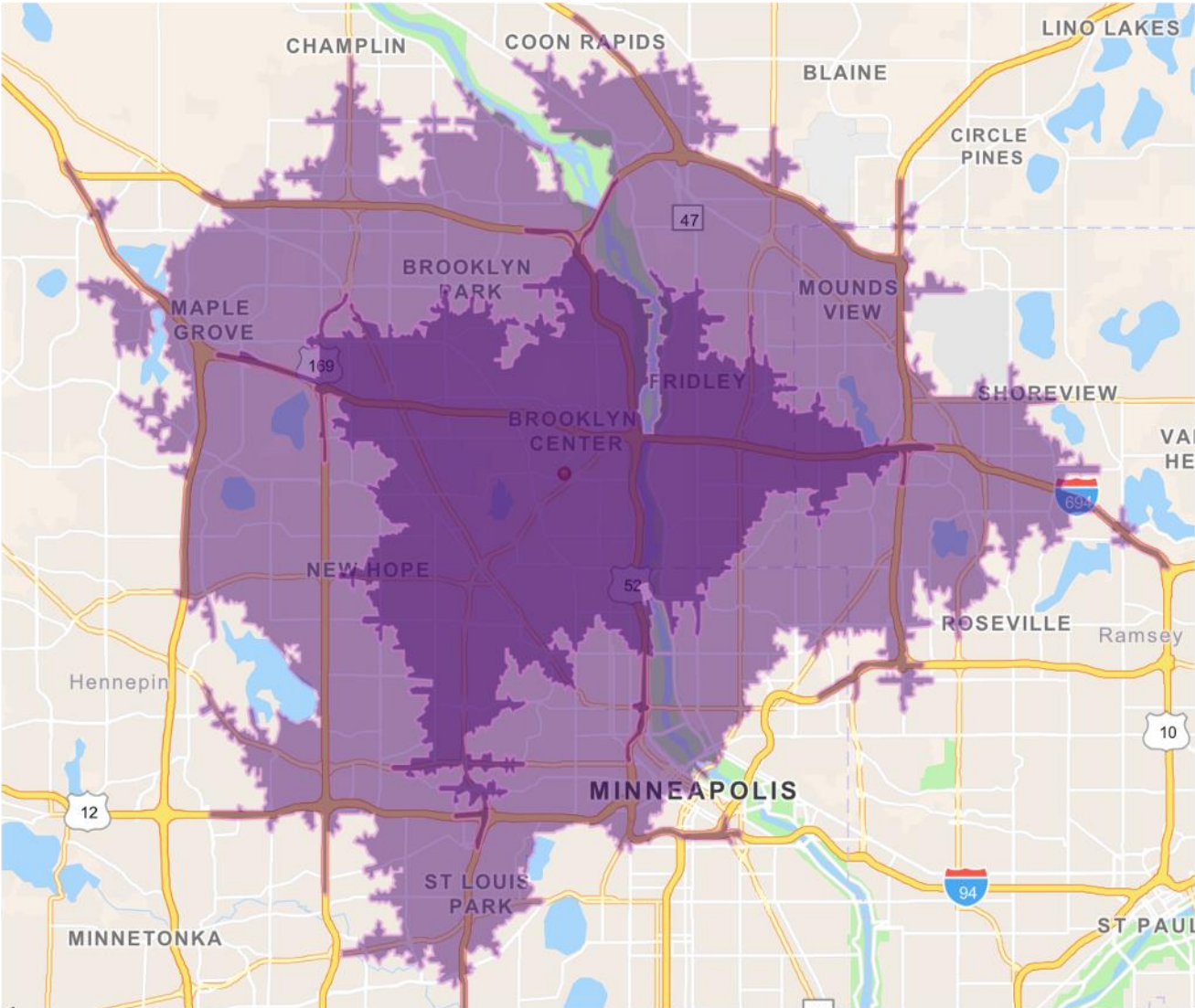
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Other Resources:

- [U.S. Economic Development Administration Funding Opportunities](#)
- [U.S. Economic Development Administration Incubator Best Practices](#)
- [Launch MN](#)
- [Small Business Administration: Office of Investments and Innovation Resources](#)
- [InBIA: Global Network of Entrepreneurial Ecosystem Builders](#)
- [Kauffman Foundation Grants](#)
- [Grants.gov](#)
- [Minority Business Development Agency](#)
- [National Association for the Self-Employed](#)
- [List of MN Incubators/Accelerators](#)

Trade Areas: 10-minutes & 15-minutes' Drive Time



Source: ESRI ArcGIS

SELECTED CHARACTERISTICS OF THE NATIVE AND FOREIGN-BORN POPULATIONS			
	Total	Native	Foreign born
Label	Estimate	Estimate	Estimate
Total population	30,849	23,494	7,355
SEX AND AGE			
Male	47.9%	47.5%	49.3%
Female	52.1%	52.5%	50.7%
Median age (years)	31.9	29.3	38.3
RACE AND HISPANIC OR LATINO ORIGIN			
One race	97.3%	96.8%	98.8%
White	44.5%	53.5%	15.9%
Black or African American	29.0%	26.5%	37.1%
American Indian and Alaska Native	0.4%	0.5%	0.0%
Asian	16.3%	12.2%	29.3%
Native Hawaiian and Other Pacific Islander	0.1%	0.2%	0.0%
Some other race	7.0%	4.0%	16.6%
Two or more races	2.7%	3.2%	1.2%
Hispanic or Latino origin (of any race)	13.5%	9.1%	27.3%
White alone, not Hispanic or Latino	38.3%	48.6%	5.4%
EDUCATIONAL ATTAINMENT			
Population 25 years and over	19,654	13,495	6,159
Less than high school graduate	14.7%	6.6%	32.3%
High school graduate (includes equivalency)	30.3%	31.4%	28.0%
Some college or associate's degree	34.7%	39.9%	23.2%
Bachelor's degree	15.1%	16.4%	12.3%
Graduate or professional degree	5.2%	5.7%	4.1%
EMPLOYMENT STATUS			
Population 16 years and over	22,495	15,743	6,752
In labor force	74.6%	72.5%	79.5%
Employed	70.4%	68.3%	75.4%
Unemployed	4.0%	4.2%	3.7%
Not in labor force	25.4%	27.5%	20.5%
CLASS OF WORKER			
Private wage and salary workers	89.0%	86.9%	93.4%
Government workers	8.1%	9.4%	5.2%
Self-employed workers in own not incorporated business	2.8%	3.5%	1.4%
Unpaid family workers	0.1%	0.2%	0.0%
OCCUPATION			
Management, business, science, and arts occupations	28.1%	32.1%	19.7%
Service occupations	20.8%	16.6%	29.7%
Sales and office occupations	21.8%	26.7%	11.6%
Natural resources, construction, and maintenance occupations	7.8%	7.6%	8.2%
Production, transportation, and material moving occupations	21.5%	17.0%	30.8%
INDUSTRY			
Agriculture, forestry, fishing and hunting, and mining	0.4%	0.6%	0.2%
Construction	5.7%	4.8%	7.8%
Manufacturing	18.0%	13.1%	28.4%
Wholesale trade	3.0%	3.8%	1.4%
Retail trade	13.4%	15.3%	9.3%
Transportation and warehousing, and utilities	4.0%	4.4%	3.2%
Information	1.4%	1.6%	0.9%
Finance and insurance, and real estate and rental and leasing	5.7%	7.7%	1.4%
Professional, scientific, and management, and administrative and waste management services	10.6%	10.2%	11.4%
Educational services, and health care and social assistance	23.0%	23.0%	22.9%
Arts, entertainment, and recreation, and accommodation and food services	8.3%	7.7%	9.6%
Other services (except public administration)	3.9%	4.5%	2.5%
Public administration	2.7%	3.4%	1.2%
INCOME IN THE PAST 12 MONTHS (IN 2019 INFLATION-ADJUSTED DOLLARS)			
Mean earnings (dollars)	69,584	71,909	64,352
Median Household income (dollars)	59,550	60,871	57,327
POVERTY RATES FOR FAMILIES FOR WHOM POVERTY STATUS IS DETERMINED			
All families	13.7%	10.8%	19.0%
Occupied housing units	10,394	7,575	2,819
HOUSING TENURE			
Owner-occupied housing units	60.7%	65.9%	46.8%
Renter-occupied housing units	39.3%	34.1%	53.2%

Source: U.S. Census American Community Survey 5-year estimates 2019

Summary Statistics for Brooklyn Center Industry 2017								
Geographic Area	2017 NAICS Code	Meaning of NAICS Code	Year	Total # of Firms	Total # of Establishments	Sales Value of Shipments or Revenue	Annual Payroll	Total # of Employees
Brooklyn Center city, Minnesota	42	Wholesale trade	2017	23	23	420,614	31,566	597
Brooklyn Center city, Minnesota	44-45	Retail trade	2017	53	64	830,799	66,171	2,053
Brooklyn Center city, Minnesota	48-49	Transportation and warehousing	2017	D	D	D	2,791	20 to 99 employees
Brooklyn Center city, Minnesota	51	Information	2017	9	11	N	4,554	80
Brooklyn Center city, Minnesota	52	Finance and insurance	2017	14	16	N	4,368	104
Brooklyn Center city, Minnesota	53	Real estate and rental and leasing	2017	32	34	39,494	5,109	148
Brooklyn Center city, Minnesota	54	Professional, scientific, and technical services	2017	60	60	89,211	45,473	490
Brooklyn Center city, Minnesota	56	Administrative and support and waste management and remediation services	2017	40	41	110,695	60,526	1,719
Brooklyn Center city, Minnesota	61	Educational services	2017	D	D	D	D	250 to 499 employees
Brooklyn Center city, Minnesota	62	Health care and social assistance	2017	117	141	203,984	89,031	2,781
Brooklyn Center city, Minnesota	71	Arts, entertainment, and recreation	2017	6	6	4,680	1,348	115
Brooklyn Center city, Minnesota	72	Accommodation and food services	2017	54	59	70,470	17,887	1,067
Brooklyn Center city, Minnesota	81	Other services (except public administration)	2017	27	27	21,210	7,906	344

Source: U.S. Economic Census 2017

Statistics for All U.S. Firms by Industry, Gender, Ethnicity, and Race for Brooklyn Center in									
Race	Gender	Total # of Firms	Sales receipts or value of shipments for Total # of Firms	Total # of Firms with paid employees	Total sales or value of shipments for firms with paid employees	Total # of paid employees	Total annual payroll	Total # of firms without employees	Sales receipts or value of shipments for Total # of Firms without employees
All firms	All firms	2,132	1,962,261	414	1,917,965	10,548	434,681	1,718	44,296
All firms	Female-owned	756	48,654	51	38,703	487	10,033	706	9,951
All firms	Male-owned	1,166	834,990	224	803,698	3,742	143,395	943	31,292
White	All firms	1,211	804,899	225	773,890	3,282	141,757	987	31,010
Black or African American	All firms	464	24,462	20	16,654	431	4,707	443	7,808
Asian	All firms	323	71,558	57	66,278	723	12,043	266	5,281
Chinese	All firms	36	S	18	S	20 to 99 employees	S	18	S
Vietnamese	All firms	47	S	2	S	0 to 19 employees	S	44	S
Other Asian	All firms	211	40,584	19	38,272	290	4,671	192	2,312
Some other race	All firms	43	882	0	0	0	0	43	882
Minority	All firms	882	99,372	82	83,747	1,176	17,106	800	15,624
Nonminority	All firms	1,135	801,617	220	773,074	3,260	141,401	915	28,544

Source: U.S. Census Economic Annual Survey 2012

Top 10 Place of Birth for Foreign Born Population	
Label	Estimate
Laos	1,058
Thailand	638
Vietnam	182
Ethiopia	358
Kenya	257
Liberia	1,313
Nigeria	386
Other Western Africa	178
Guatemala	326
Mexico	1,549

Source: U.S. Census American Community Survey 2019

Appendix E.

Entrepreneurship Market Plaza

Assumptions

Model Start Date 6/1/2022 <-- Adjust to real start date here

Project Information

Project Name	Entrepreneurship Market Plaza	<-- Name of the Incubator
City	Brooklyn Center	
County	Hennepin	
State	Minnesota	
Type	New Construction	<-- NEW CONSTRUCTION OR RENOVATION
Acreage	-	<-- ENTER ACREAGE HERE

Construction Assumptions

Cost of Land	\$ -	<-- From property records or landowner directly
Cost per Square Foot (including site dev. and hard costs)	\$ 275	<-- Get an estimate from local contractors (excludes parking)
Soft Costs (as percentage of Hard Costs)	20%	<-- Stick with 20% unless clear rationale for change
Efficiency Ratio	0.90	<-- Reduce if some incubator space is 'non-leasable' space

Operating Assumptions

Rent/Income Growth annually	3.0%	<-- Income (Rent) increases over time
Expense & Reserve Inflation	2.5%	<-- Expenses rise over time with inflation
Reserve(s) Interest Rate	0.0%	<-- Are your reserves earning interest in a bank account?
Initial Vacancy Rate	100.0%	<-- How full will the incubator be on opening day?
Long Term Vacancy Rate	7.0%	<-- Expect some long term vacancy to be conservative
Annual Replacement Reserve per sq ft	\$ 14,000	<-- Reserves for re-leasing space (cleaning, repainting, repairs etc.
Annual Op Ex Reserve per sq ft	\$ 14,000	<-- Reserves to manage unexpectedly high operational costs.

Income Assumptions

Total Square Feet	14,000	<-- SF of total space	
Tenant Income	\$ 139,440	<-- Annual Tenant Income	
Service fees	16,800	<-- Annual Total \$	
Grants	250,000	<-- Annual Total \$	
Total # of Tenants	14	<-- Total Income	
	Per Square Foot	Monthly Rent/1000 SF Workspace	Monthly Rent per Section
Initial Rent per Square Foot	\$ 0.83	\$ 830	\$ 11,620
Year 2 Rent	\$ 0.85	\$ 855	\$ 11,969
Year 3 Rent	\$ 0.88	\$ 881	\$ 12,328
Year 4 Rent	\$ 0.91	\$ 907	\$ 12,697
Year 5 Rent	\$ 0.93	\$ 934	\$ 13,078

Operating Assumptions & Expenses

	Annual Total	Total Monthly	Per Square Foot
Administrative Personnel (Set based on annual total)	\$ 120,000	\$ 10,000	\$ 8.57
Professional Services (Set based on annual total)	\$ 120,000	\$ 10,000	\$ 8.57
Insurance (Set based on annual total)	\$ 5,000	\$ 417	\$ 0.36
Landscaping Maintenance (Set based on annual total)	\$ 14,000	\$ 1,167	\$ 1.00
Legal Expenses (Set based on annual total)	\$ 10,000	\$ 833	\$ 0.71
Utilities (Electricity etc.) (Set based on annual total)	\$ 42,000	\$ 3,500	\$ 3.00
Marketing (Set based on annual total)	\$ 14,000	\$ 1,167	\$ 1.00
Total	\$ 325,000	\$ 27,083	\$ 23.21
Property Taxes (likely zero if space is publicly owned)	\$ -	\$ -	\$ -

Financing Assumptions

Grant 1: Economic Development Agency (EDA)	<-- This info is used to determine right % for your community based on income levels.
Max investment rate if A/B unemployment/per capita income provision met	80% Investment rate for community: 50%
Max investment rate if C/D unemployment/per capita income provision met	70%
Max investment rate if E/F unemployment/per capita income provision met	60%
Max investment rate if G/H unemployment/per capita income provision met	50%
Reimbursement Schedule	25/50/75/90/100
Grant 2 ex. Local Government	
Grants or Local EDA	\$ 500,000
Reimbursement Schedule	<-- For informational purposes only; not built into model
Construction Loan	
Percent of total cost	50%
Interest Rate	6.00% <-- Highly dependent on macro-economic factors

Project Timing

Months between site acq. & construction start	6	<-- Estimated planning process time
Construction Initiation	12/1/22	<-- Dependent on initial start date set at the top
Construction Length (Months)	18	
Construction Completion	6/1/24	
Receipt of EDA Grant (Reimbursement)	10/1/23	<-- If applicable
Receipt of Grant 2	6/1/24	<-- If applicable

Appendix F.

Entrepreneurship Market Plaza

Uses of Funds

Use of Funds		Total Cost	
Cost of Land	\$	-	<-- Value of the land or building
Hard Construction Costs (including site dev.)	\$	3,850,000	<-- Hard Cost per SF number multiplied by the incubator's square footage.
Soft Costs (as percentage of Hard Costs)	\$	770,000	<-- A certain percentage of the total hard costs.
Donation of Land?		0	<-- Is the land or building donated?
Other Donations?	\$	-	
<hr/>			
Project Costs Before Financing	\$	4,620,000	<-- Total cost excluding loan interest etc.
Interest on Construction Loan	\$	69,300	
<hr/>			
Project Costs After Financing	\$	4,689,300	<-- Total cost including loan interest etc.

Top-Level Returns Information

Breakeven Year	12 Years
Total Cost to Build	(\$4,689,300)
Total Grants Revenue for Construction	\$4,689,300
Gross Revenue to Breakeven Year	\$5,356,452
Gross Operating Expenses to Breakeven Year	(\$5,344,576)
Net Revenue at Breakeven Year	\$11,876

Appendix G.

Entrepreneurship Market Plaza

Sources of Funds

Permanent Sources	Source Organization	Amount	Commencement Date	Percent of Total Development Cost (before financing)
Grant 1	Ex. Economic Development Administration	\$ 2,310,000		50.00%
Grant 2	Ex. Local Nonprofit	\$ 500,000		10.82%
Grant 3	Ex. Municipal Government	\$ 1,810,000		39.18%
Total		\$ 4,620,000		
<i>Total Sources (before financing)</i>		<i>\$ 4,620,000</i>		

Construction Sources	Source Organization	Amount	Commencement Date	Percent of Total Development Cost (after financing)
Construction Loan 1	Ex. Local Bank	\$ 2,379,300		50.74%
Grant 1	Ex. Economic Development Administration	\$ 2,310,000		49.26%
Grant 2	Ex. Local Nonprofit	\$ 500,000		10.66%
Grant 3	E. Municipal Government	\$ 1,810,000		38.60%
Total		\$ 6,999,300		
<i>Total Sources (after financing)</i>		<i>\$4,689,300</i>		

Construction/Renovation Loan Information

<i>Loan Balance (based on Total Uses before financing)</i>	\$ 2,310,000
<i>Interest Rate</i>	6.00%
<i>Monthly Draw</i>	\$128,333
<i>Construction/Renovation Timeline (Months)</i>	18
<i>Interest Accrued (Monthly)</i>	\$ 5,775
<i>Interest Accrued (Annually)</i>	\$ 69,300
<i>Name of Lender:</i>	Ex. Local Bank

Appendix H.

Cash Flow Table 1

	Actual Month	6/1/2022	7/1/2022	8/1/2022	9/1/2022	10/1/2022
Construction Cash Flow (by Month)	Total	1	2	3	4	5
Sources						
Grant 1 - EDA	2,310,000	0	0	0	924,000	924,000
Grant 2	500,000	100,000	0	0	40,000	0
Grant 3	1,810,000	1,810,000	1,519,225	0	0	0
Construction Loan 1	2,379,300	2,379,300	2,379,300	3,507,750	3,116,975	2,766,200
Uses						
Total Development Cost (before financing)	(4,620,000)	(385,000)	(385,000)	(385,000)	(385,000)	(385,000)
Construction Loan Interest Payment	(69,300)	(5,775)	(5,775)	(5,775)	(5,775)	(5,775)
Construction Loan Payoff (Less Interest)	(2,310,000)	0	0	0	0	0
Final Balance		3,898,525	3,507,750	3,116,975	2,766,200	2,375,425

11/1/2022	12/1/2022	1/1/2023	2/1/2023	3/1/2023	4/1/2023	5/1/2023	6/1/2023
6	7	8	9	10	11	12	13
924,000	1,848,000	1,848,000	1,848,000	2,772,000	2,772,000	3,498,775	3,416,000
0	40,000	0	0	40,000	0	0	40,000
0	0	0	0	0	0	0	0
2,375,425	1,984,650	1,633,875	1,243,100	852,325	501,550	0	0
(385,000)	(385,000)	(385,000)	(385,000)	(385,000)	(385,000)	(385,000)	0
(5,775)	(5,775)	(5,775)	(5,775)	(5,775)	(5,775)	(5,775)	0
0	0	0	0	0	0	0	(2,310,000)
1,984,650	1,633,875	1,243,100	852,325	501,550	2,882,775	3,108,000	1,146,000

Appendix I.

Cash Flow Table 2

Operating Cash Flow	2022	2023	2024	2025	2026	2027
Gross Revenue						
Tenant Income	139,440	139,440	143,623	147,932	152,370	156,941
Service fees	16,800	17,304	17,823	18,358	18,909	19,476
Grants	250,000	256,250	262,656	269,223	275,953	282,852
Other Income (Events, Training Sessions etc.)						
Total	406,240	412,994	424,103	435,512	447,232	459,269
Less Vacancies	(406,240)	(28,910)	(29,687)	(30,486)	(31,306)	(32,149)
Effective Gross Income	0	384,084	394,415	405,027	415,925	427,120
	1,183,526					
Operating Expenses						
Marketing Expenses	(14,000)	(14,350)	(14,709)	(15,076)	(15,453)	(15,840)
Administrative Personnel	(120,000)	(123,000)	(126,075)	(129,227)	(132,458)	(135,769)
Professional Services	(120,000)	(123,000)	(126,075)	(129,227)	(132,458)	(135,769)
Insurance	(5,000)	(5,125)	(5,253)	(5,384)	(5,519)	(5,657)
Landscaping Management	(14,000)	(14,350)	(14,709)	(15,076)	(15,453)	(15,840)
Legal Expenses	(10,000)	(10,250)	(10,506)	(10,769)	(11,038)	(11,314)
Utilities (Electricity, Water, etc.)	(42,000)	(43,050)	(44,126)	(45,229)	(46,360)	(47,519)
Replacement Reserves	(14,000)	(14,350)	(14,709)	(15,076)	(15,453)	(15,840)
Operating Exp Reserves	(14,000)	(14,350)	(14,709)	(15,076)	(15,453)	(15,840)
Total Operating Expenses	(353,000)	(361,825)	(370,871)	(380,142)	(389,646)	(399,387)
Net Operating Income	(353,000)	22,259	23,545	24,884	26,279	27,733
Return on Cost	(0.08)	0.00	0.01	0.01	0.01	0.01
Cumulative Cash Flow	(353,000)	(330,741)	(307,196)	(282,312)	(256,032)	(228,299)

2028	2029	2030	2031	2032	2033	2034	2035	2036
161,649	166,499	171,494	176,638	181,938	187,396	193,018	198,808	204,772
20,060	20,662	21,282	21,920	22,578	23,255	23,953	24,671	25,412
289,923	297,171	304,601	312,216	320,021	328,022	336,222	344,628	353,243
471,633	484,332	497,376	510,774	524,537	538,672	553,193	568,107	583,427
(33,014)	(33,903)	(34,816)	(35,754)	(36,718)	(37,707)	(38,723)	(39,768)	(40,840)
438,618	450,429	462,560	475,020	487,819	500,965	514,469	528,340	542,587
(16,236)	(16,642)	(17,058)	(17,484)	(17,921)	(18,369)	(18,828)	(19,299)	(19,782)
(139,163)	(142,642)	(146,208)	(149,864)	(153,610)	(157,450)	(161,387)	(165,421)	(169,557)
(139,163)	(142,642)	(146,208)	(149,864)	(153,610)	(157,450)	(161,387)	(165,421)	(169,557)
(5,798)	(5,943)	(6,092)	(6,244)	(6,400)	(6,560)	(6,724)	(6,893)	(7,065)
(16,236)	(16,642)	(17,058)	(17,484)	(17,921)	(18,369)	(18,828)	(19,299)	(19,782)
(11,597)	(11,887)	(12,184)	(12,489)	(12,801)	(13,121)	(13,449)	(13,785)	(14,130)
(48,707)	(49,925)	(51,173)	(52,452)	(53,764)	(55,108)	(56,485)	(57,897)	(59,345)
(16,236)	(16,642)	(17,058)	(17,484)	(17,921)	(18,369)	(18,828)	(19,299)	(19,782)
(16,236)	(16,642)	(17,058)	(17,484)	(17,921)	(18,369)	(18,828)	(19,299)	(19,782)
(409,372)	(419,606)	(430,096)	(440,849)	(451,870)	(463,167)	(474,746)	(486,614)	(498,780)
29,247	30,823	32,464	34,172	35,949	37,799	39,723	41,725	43,808
0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
(199,053)	(168,230)	(135,767)	(101,595)	(65,646)	(27,847)	11,876	53,601	97,409

Entrepreneurship Market Plaza

Reserves Balance

[Budgeting for reserves ensures the incubator has money to manage unexpected tenant turnover and operational challenges.]

Reserve Type	2022	2023	2024	2025	2026	2027	2028
Replacement Reserves	\$ 14,000	\$ 14,350	\$ 14,709	\$ 15,076	\$ 15,453	\$ 15,840	\$ 16,236
Operating Expenses Reserves	\$ 14,000	\$ 14,350	\$ 14,709	\$ 15,076	\$ 15,453	\$ 15,840	\$ 16,236
Reserves Total	\$ 28,000	\$ 28,700	\$ 29,418	\$ 30,153	\$ 30,907	\$ 31,679	\$ 32,471
Reserves Cumulative	\$ 28,000	\$ 56,700	\$ 86,118	\$ 116,270	\$ 147,177	\$ 178,857	\$ 211,328

2029	2030	2031	2032	2033	2034	2035	2036	2037
\$ 16,642	\$ 17,058	\$ 17,484	\$ 17,921	\$ 18,369	\$ 18,828	\$ 19,299	\$ 19,782	\$ 20,276
\$ 16,642	\$ 17,058	\$ 17,484	\$ 17,921	\$ 18,369	\$ 18,828	\$ 19,299	\$ 19,782	\$ 20,276
\$ 33,283	\$ 34,115	\$ 34,968	\$ 35,842	\$ 36,738	\$ 37,657	\$ 38,598	\$ 39,563	\$ 40,552
\$ 244,611	\$ 278,727	\$ 313,695	\$ 349,537	\$ 386,275	\$ 423,932	\$ 462,531	\$ 502,094	\$ 542,646