

INCUBATOR FEASIBILITY STUDY

PREPARED FOR THE CITY
OF BECKER, MINNESOTA

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EXECUTIVE SUMMARY

This report examines the feasibility of a proposed business incubator facility in Becker, Minnesota. Becker, facing an impending energy transition with the slated closure of the Sherburne County Generating Station (Sherco), sought a study that determined community interest in an incubator, potential focus areas for the facility, and a financial feasibility assessment. This report provides an overview of all these components, along with recommendations for funding mechanisms, management and business plans and recommendations, and best practices from other incubators.

Northspan conducted extensive engagement on the incubator concept including a community survey, focus groups, and one-on-one interviews with potential partners. Participants were broadly supportive of the incubator concept and saw it as a vehicle to advance a variety of community goals. Later, its consultants convened a roundtable with potential funders and partners to review initial ballpark financial figures and input from the earlier rounds of engagement. This effort yielded strong support from community partners for programming and the development of a broader entrepreneurial ecosystem, though it did not reveal any organizations eager to provide operational support or management of a facility.

A research phase also presented a viable case for an incubator in Becker. An assessment of local demography and economic indicators showed general strength, including population growth, a skilled workforce, and inward migration of new residents from the Twin Cities and St. Cloud areas. Sherburne County has economic clusters in industries that correlate with scalable industries that could benefit from space to experiment and grow, and a national innovation index shows a seeming opportunity for incubation. While existing buildings in Becker face some limitations as incubator sites, the city has ample available land that suits incubator building needs, and new construction better aligns with available funding sources and avoids the budgetary surprises that can arise in a renovation process.

The financial feasibility assessment developed a potential floor plan for a facility and then used construction cost estimating tools to project the cost of building an incubator in Becker. While an operational incubator can break even without subsidy, as proposed in this concept, it has relatively limited capacity for debt service. Therefore, a successful incubator is contingent on obtaining grant funding for the vast majority of the construction phase. Several grant resources, including some that include specific set-asides for communities undergoing energy transitions, could cover much or all this gap. Should the City of Becker elect to proceed with the facility, the next steps will involve confirmation of facility design and detailed engineering work to expand on the construction estimates provided in this report, followed by coordination of grant applications necessary to move toward the construction phase.

A subsequent section of the report provides an incubator management plan, including recommended structure, tenant intake process, staffing, marketing, and evaluation for the facility. As the City of Becker has stated that it would prefer not to be the long-term operator of the incubator, this report includes a series of considerations that could affect its potential transition to a nonprofit entity once it has reached a stable state of operations.

Ultimately, the incubator concept can succeed with substantial grant funding for the construction phase. Becker is situated in a growing region with strong manufacturing, technology, and logistics industries, and the energy

transition under way at Sherco creates an opportunity to advance a narrative of innovation and adaptability in the face of a great challenge. A strong network of entrepreneurial resources is also available in the area, and there is little need to develop programming from scratch. Once constructed, incubator success is contingent on simplicity in design, delivery of resources, and process for tenants. While the process will take significant commitment from Becker and coordination with partners, the community is positioned for incubator success.

ACKNOWLEDGEMENTS

Northspan would like to extend special thanks to Tamara Lowney, President of the Itasca Economic Development Corporation and operator of The Forge incubator in Grand Rapids; Miles Seppelt, Economic Development Director of the City of Hutchinson and operator of the Hutchinson Enterprise Center; and Mille Lacs Corporate Ventures, the operator of the Tribal Economy Business Incubator facilities in Onamia and Hinckley.

INTRODUCTION

The City of Becker and Sherburne County are undergoing significant economic changes that present both challenges and opportunities for growth. Positioned between the expanding Twin Cities and St. Cloud metropolitan areas, Becker has experienced steady population increases and rising incomes, supported by strong manufacturing and construction sectors. However, the planned closure of the Sherco power plant, a major local employer, underscores the need for economic diversification and resilience. As the region transitions away from coal-based power generation, opportunities have emerged to attract innovative sectors like renewable energy, robotics, and advanced manufacturing. With its strategic location, skilled workforce, and growing population, Becker is well-positioned to embrace new industries, support entrepreneurship, and strengthen its economic foundation to ensure long-term community vitality and sustainability.

To address these dynamics, Becker has prioritized initiatives that support economic resilience, including the potential development of a business incubator. The incubator represents an opportunity to catalyze local entrepreneurship, expand workforce training, and attract innovative industries like renewable energy, robotics, and advanced manufacturing. This report synthesizes demographic and economic trends to provide actionable insights and outlines the feasibility of an incubator facility that aligns with Becker's goals of sustainable growth, community empowerment, and long-term economic vitality.

MARKET RESEARCH

This portion of the report summarizes available demographic and economic data for the City of Becker and Sherburne County. It seeks to provide an overview of trends to inform regional needs and provide key insights to assist with direction in assessing the market potential and inform the potential feasibility of a business incubator facility in the community.

A NOTE ON DATA ACCURACY

While the US Census offers the most comprehensive data available for understanding the demographics of American communities, its methods have inherent shortcomings. In addition to longstanding issues with a lower response rate, particularly among certain groups, the 2020 Census saw the introduction of a concept named

“Differential Privacy,” in which the Census Bureau deliberately altered some data—particularly in small, rural areas—to help protect the identities of Census-takers. While required by law to preserve such protections, these decisions have implications for data quality, particularly in rural areas. Northspan presents this data with recognition of these challenges.

DEMOGRAPHIC ANALYSIS

This analysis provides an overview of available demographic information for the City of Becker and Sherburne County. The following section summarizes relevant data and offers insights on information relevant to a proposed business incubator facility, including total population, racial and ethnic composition, age, household income, poverty levels, and housing market trends.

POPULATION

The City of Becker has shown robust growth over the past decade, outpacing the state of Minnesota, and Sherburne County grew at an even faster rate. As a county on the edges of the growing Minneapolis-St. Paul metropolitan area, this trend is likely to continue. The county has also enjoyed some development on its western end as the St. Cloud area grows, and Becker’s location between these two metros positions it to experience population growth from multiple directions. Projections in the Comprehensive Plan suggest a population between 5,900 and 6,700 by 2050, a range that would roughly maintain Becker’s growth trajectory over the past decade.

FIGURE 1: TOTAL POPULATION

	2012	2022	Pct. Change
City of Becker	4,519	4,897	8.4%
Sherburne County	88,558	97,820	10.5%
Minnesota	5,313,081	5,695,292	7.2%

Source: American Community Survey via Social Explorer, 2012 and 2022.

RACE AND ETHNICITY

The racial and ethnic composition of the City of Becker is overwhelmingly white, and populations of people of color are so small that apparent changes within them (e.g., the seeming significant drop in the Hispanic population) are subject to data noise created by a small sample size. Nevertheless, the context provided by the county data does suggest the area is growing somewhat more diverse over time, with large percentage increases for most racial and ethnic groups, even if absolute numbers remain small. As with population growth, these trends appear likely to continue, increasing the potential need for culturally responsive training and curriculum.

FIGURE 2: POPULATION BY RACE AND ETHNICITY

	City of Becker					Sherburne County				
	2012	2012 Pct.	2022	2022 Pct.	Pct. Change	2012	2012 Pct.	2022	2022 Pct.	Pct. Change
White Alone	4,385	97.0%	4,670	95.4%	6.5%	83,767	94.6%	86,929	88.9%	3.8%
BIPOC	49	1.1%	63	1.3%	22.2%	3,339	3.8%	6,230	6.4%	46.4%
Two or More Races	85	1.9%	164	3.4%	92.9%	1,452	1.6%	4,661	4.8%	221.0%
Hispanic or Latino	110	2.4%	54	1.1%	-50.9%	1,935	2.2%	2,918	3.0%	50.8%

Source: American Community Survey via Social Explorer, 2012 and 2022.

AGE

Like most communities across the United States, Becker's population is aging. Population growth in the decade of the 2000s (53.7%) outpaced its growth in the 2010s (37.4%), a somewhat predictable trend as that larger cohort from the 2000s has aged and likely seen most of its children move out of the Under 18 category. As with many communities with limited higher education options and limited rental housing stock, both Becker and Sherburne County have smaller populations in the 18-25 age cohort, though these numbers stabilize in the 25-34 age cohort as young families move into the county in pursuit of quality housing and the space offered by an exurban environment.

FIGURE 3: POPULATION BY AGE RANGE

	City of Becker					Sherburne County				
	2012	2012 Pct.	2022	2022 Pct.	Pct. Change	2012	2012 Pct.	2022	2022 Pct.	Pct.
Under 18	1,668	36.9%	1,331	27.2%	-20.2%	25,639	29.0%	25,375	25.9%	-1.0%
18-34	1,299	28.7%	1,213	24.8%	-6.6%	19,727	22.3%	21,013	21.5%	6.5%
35-64	1,307	28.9%	1,746	35.7%	33.6%	35,749	40.4%	40,013	40.9%	11.9%
65+	245	5.4%	607	12.4%	147.8%	7,443	8.4%	11,419	11.7%	53.4%

Source: American Community Survey via Social Explorer, 2012 and 2022.

MEDIAN INCOME

The City of Becker's median household income is somewhat higher than that of the state of Minnesota, though it does lag incomes in Sherburne County. (Sherburne County has the sixth-highest median income of Minnesota's 87 counties, trailing only five suburban counties that surround the Twin Cities on its western, southern, and eastern sides.) The cumulative inflation rate over this period was 27.5%, allowing real incomes to grow in both the city and the county even with the significant inflationary effects of 2020-2022.

FIGURE 4: MEDIAN HOUSEHOLD INCOME

	2012	2022	Pct. Change
City of Becker	\$67,111	\$87,432	30.3%
Sherburne County	\$72,041	\$99,431	38.0%
Minnesota	\$59,126	\$84,313	42.6%

Source: American Community Survey via Social Explorer, 2012 and 2022.

Becker's median household income nestles in the middle of a list of surrounding communities. It lags behind those that are more fully in the Metro area, while it is higher than most places north of the Highway 10 corridor. These communities have generally enjoyed rising incomes and population growth as development expands outward from the Metro, but Becker stands to benefit from efforts to make it a more distinct destination within a relatively high-income area.

FIGURE 5: MEDIAN HOUSEHOLD INCOME IN NEIGHBORING COMMUNITIES

City	Median HH Income
Rogers	\$154,611
St. Michael	\$123,318
Otsego	\$122,420
Albertville	\$107,316
Clear Lake	\$105,724
Big Lake	\$100,188
Elk River	\$95,597
Becker	\$87,432
Buffalo	\$81,868
Monticello	\$80,290
Zimmerman	\$79,720
Sartell	\$74,177
Clearwater	\$72,411
Foley	\$71,576
Sauk Rapids	\$66,442
St. Cloud	\$58,910
Princeton	\$48,951

Source: American Community Survey via Social Explorer, 2022.

POVERTY LEVELS

The poverty rates in both Becker and Sherburne County are lower than state figures, though they are drifting in opposite directions. Across the county, poverty has fallen over the past decade, while it ticked upward in the city. Even as overall wealth has increased, the community has seen a slight uptick in those struggling the most. New employment opportunities from emerging businesses could help address some of these concerns.

FIGURE 6: NUMBER OF RESIDENTS LIVING IN POVERTY

	2012 Total	2012 Pct.	2022 Total	2022 Pct.	Pct. Change
City of Becker	258	5.7%	314	6.4%	21.7%
Sherburne County	6,907	8.0%	5,570	5.8%	-19.4%
Minnesota	582,335	11.2%	516,284	9.3%	-11.3%

Source: American Community Survey via Social Explorer, 2012 and 2022.

HOUSING MARKET

Both the City of Becker and Sherburne County experienced an increase in total housing units from 2012 to 2022, potentially driven by new development projects and indicating an overall growing demand for housing. Notably, Becker saw a significant 44.6% increase in owner-occupied housing and a 38.8% decrease in renter-occupied units during this time period, which suggests both a growing preference for homeownership and a relatively stable residential base.

FIGURE 7: TOTAL HOUSING, OWNER-OCCUPIED, AND RENTER-OCCUPIED UNITS

	2012 Total Units	2022 Total Units	Pct. Change Units	2012 Pct. Owner-Occupied	2022 Pct. Owner-Occupied	Pct. Change Owner-Occupied Units	2012 Pct. Renter-Occupied	2022 Pct. Renter-Occupied	Pct. Change Renter-Occupied Units
City of Becker	1,529	1,883	23.2%	74.1%	87.1%	44.6%	25.9%	12.9%	-38.8%
Sherburne County	32,381	36,034	11.3%	82.0%	83.4%	16.6%	18.0%	16.7%	6.1%

Source: American Community Survey via Social Explorer, 2012 and 2022.

From 2012 to 2022, Becker saw a 31.1% increase in median home values, while Sherburne County experienced a comparatively more significant increase of 51%. Conversely, during this time, the median gross rent and rent as a percentage of income in Becker dropped slightly, indicating both improved rental affordability and economic dynamics geared more strongly toward an increase in the value of owner-occupied housing.

FIGURE 8: HOME VALUES, GROSS RENT, AND RENT AS A PERCENT OF INCOME

	2012 Median Home Value	2022 Median Home Value	Pct. Change Home Value	2012 Median Gross Rent	2022 Median Gross Rent	Pct. Change Gross Rent	Rent as Pct. of Income 2012	Rent as Pct. of Income 2022
City of Becker	\$178,600	\$234,100	31.1%	\$879	\$846	-3.8%	29.9%	26.1%
Sherburne County	\$202,600	\$306,000	51.0%	\$860	\$1,166	35.6%	31.5%	27.2%

Source: American Community Survey via Social Explorer, 2012 and 2022.

Supplementary data from Minnesota Realtors, a trade group for residential real estate professionals, shows a tight but stabilizing housing market. The median sales price in June 2024 in the five-county Region 7W was \$350,000, which is essentially identical to the price from the previous June and shows a 1.5% increase over the year-to-date median sales price of \$340,000. New listings are up somewhat in 2024 when compared to the same time period in 2023, though pending sales are down somewhat. Sherburne County showed similar trends, with new listings up somewhat but sales failing to keep pace, and a somewhat larger increase in median price both in comparison to 2023 figures and over the year to date. The ability to maintain an adequate, attainable housing stock is vital to supporting entrepreneurs who are beginning their journeys in business.

FIGURE 9: 7W – CENTRAL REGION HOUSING MARKET LISTINGS, SALES, AND INVENTORY

Key Metrics	June			Year to Date		
	2023	2024	Percent Change	Thru 6-2023	Thru 6-2024	Percent Change
New Listings	881	814	-7.6%	4,114	4,359	+6.0%
Pending Sales	647	547	-15.5%	2,858	2,781	-2.7%
Closed Sales	679	583	-14.1%	2,456	2,501	+1.8%
Median Sales Price*	\$349,950	\$350,000	+0.0%	\$335,000	\$340,000	+1.5%
Percent of Original List Price Received*	100.5%	99.6%	-0.9%	99.0%	98.4%	-0.6%
Days on Market Until Sale	29	28	-3.4%	40	41	+2.5%
Months Supply of Inventory	2.5	2.8	+12.0%	--	--	--

Source: Minnesota Realtors, 2024.

FIGURE 10: SHERBURNE COUNTY HOUSING MARKET LISTINGS, SALES, AND INVENTORY

	June			Year to Date		
Key Metrics	2023	2024	Percent Change	Thru 6-2023	Thru 6-2024	Percent Change
New Listings	210	180	-14.3%	947	1,010	+6.7%
Pending Sales	146	133	-8.9%	640	604	-5.6%
Closed Sales	144	121	-16.0%	553	526	-4.9%
Median Sales Price*	\$349,900	\$365,000	+4.3%	\$350,000	\$365,000	+4.3%
Percent of Original List Price Received*	100.8%	99.3%	-1.5%	99.6%	99.2%	-0.4%
Days on Market Until Sale	26	30	+15.4%	40	34	-15.0%
Months Supply of Inventory	2.4	2.8	+16.7%	--	--	--

Source: Minnesota Realtors, 2024.

ECONOMIC ANALYSIS

This report explores economic trends in Sherburne County and Minnesota from 2013 to 2023, highlighting key sectors and comparing regional and statewide shifts. (It uses the county as the primary unit of analysis due to the inherent interconnections between cities and data suppression challenges in smaller communities.) The following provides an overview of employment data across industry sectors, as well as location quotients and shift-share and economic base analyses relating to various industry sectors across the county. Additionally, this analysis examines the county's year-to-year migration data, commuter patterns of workers, and innovation index rating scores that all provide some insight into its potential entrepreneurial base.

EMPLOYMENT TRENDS

Over the past decade, Sherburne County has experienced notable shifts in its employment landscape. The data reveal significant changes in various industries, illustrating the evolving economic landscape and the different impacts on local and state employment. The Manufacturing sector saw a significant increase, with employment rising from 3,155 jobs (12.6% of total employment) in 2013 to 4,124 jobs (14.9% of total employment) in 2023, marking a 30.7% increase in the number of jobs. Conversely, Health Care and Social Assistance witnessed a decline, dropping from 4,497 jobs (17.9%) to 3,581 jobs (13.0%), a decrease of 19.6%. The Retail Trade sector remained relatively stable, with a slight increase from 3,228 jobs (12.9%) to 3,494 jobs (12.7%).

Statewide, Minnesota's employment trends show different patterns. Manufacturing employment increased slightly from 307,224 jobs (11.4%) in 2013 to 325,814 jobs (11.2%) in 2023. Health Care and Social Assistance, a major sector, saw a notable increase from 446,773 jobs (16.6%) to 511,376 jobs (17.6%). Retail Trade experienced a slight decline, from 286,942 jobs (10.7%) to 283,766 jobs (9.8%).

Sherburne County's employment landscape has seen growth in Manufacturing, Construction, and Accommodation and Food Services, while experiencing a decline in Health Care and Social Assistance. Minnesota's broader trends show growth in Health Care, Manufacturing, and Construction, with slight declines in Retail Trade and Educational Services. These trends reflect regional economic dynamics and the varying impacts of broader economic conditions on local employment sectors.

FIGURE 11: EMPLOYMENT NUMBERS BY INDUSTRY SECTOR

	Sherburne County				Minnesota			
	2013	Pct. of Total	2023	Pct. of Total	2013	Pct. of Total	2023	Pct. of Total
Manufacturing	3,155	12.6%	4,124	14.9%	307,224	11.4%	325,814	11.2%
Health Care & Social Assistance	4,497	17.9%	3,581	13.0%	446,773	16.6%	511,376	17.6%
Retail Trade	3,228	12.9%	3,494	12.7%	286,942	10.7%	283,766	9.8%
Educational Services	2,626	10.5%	2,701	9.8%	218,394	8.1%	229,922	7.9%
Accommodation & Food Services	1,880	7.5%	2,500	9.1%	216,983	8.1%	226,144	7.8%
Construction	1,773	7.1%	2,491	9.0%	107,364	4.0%	142,943	4.9%
Public Administration	1,566	6.2%	1,834	6.6%	123,822	4.6%	137,297	4.7%
Transportation and Warehousing	1,000	4.0%	1,210	4.4%	93,333	3.5%	114,523	3.9%
Administrative Services	987	3.9%	1,092	4.0%	134,696	5.0%	130,291	4.5%
Other Services	917	3.7%	1,063	3.9%	85,433	3.2%	90,302	3.1%
Professional Services	475	1.9%	571	2.1%	136,755	5.1%	168,038	5.8%
Finance and Insurance	358	1.4%	364	1.3%	139,907	5.2%	140,804	4.8%
Arts, Entertainment & Recreation	295	1.2%	345	1.2%	49,008	1.8%	51,939	1.8%

Real Estate and Rental & Leasing	117	0.5%	149	0.5%	39,758	1.5%	35,456	1.2%
Information	150	0.6%	67	0.2%	57,033	2.1%	48,232	1.7%
Other	2,035	8.1%	2,017	7.3%	248,745	9.2%	266,417	9.2%
Total	25,059	-	27,603	-		-	2,903,264	-

Source: Minnesota Department of Employment and Economic Development, 2013 and 2023.

LOCATION QUOTIENTS AND SHIFT-SHARE ANALYSIS

This report provides a brief overview of the Sherburne County economic base. It begins by calculating the location quotient (LQ) of each major industry group. A location quotient shows the relative concentration of employment in an industry relative to a larger comparison area. This analysis compares Sherburne County to the entire state of Minnesota. Location quotients over 1 indicate a relative strength and concentration of employment in an industry, while those under 1 show a relative lack of employment.

A shift-share analysis is a method that subsequently analyzes how a county's location quotients have changed over time. Such an assessment of Sherburne County shows that real estate, manufacturing, and accommodation and food services have grown at the fastest rate relative to Minnesota over the past decade. These trends make intuitive sense given the strength of the manufacturing corridor in the region, along with the higher-than-average population growth driving the real estate market and demand for restaurant options.

FIGURE 12: LOCATION QUOTIENT AND SHIFT-SHARE PERCENTAGE BY INDUSTRY

	2013 LQ	2023 LQ	Shift-Share
Construction	1.77	1.83	3.3%
Public Administration	1.36	1.40	3.4%
Manufacturing	1.10	1.33	20.7%
Retail Trade	1.21	1.30	7.2%
Other Services	1.15	1.24	7.4%
Educational Services	1.29	1.24	-4.4%
Accommodation & Food Services	0.93	1.16	24.9%
Transportation and Warehousing	1.15	1.11	-3.5%
Administrative Services	0.79	0.88	12.0%
Health Care & Social Assistance	1.08	0.74	-31.9%
Arts, Entertainment & Recreation	0.65	0.70	8.0%
Real Estate and Rental & Leasing	0.32	0.44	39.8%
Professional Services	0.37	0.36	-4.2%
Finance and Insurance	0.27	0.27	-1.1%
Information	0.28	0.15	-48.3%

Source: Minnesota Department of Employment and Economic Development, 2013 and 2023.

ECONOMIC BASE ANALYSIS

Identification of location quotients and their trends allows for an economic base analysis that sorts major industry clusters into four categories:

Economic Base: Industries with high and growing location quotients

Transforming: Industries with high, but declining, location quotients

Emerging: Industries with low, but growing, location quotients

Declining: Industries with low and declining location quotients

Sherburne County's economic base reflects the strong manufacturing corridor between the Twin Cities and St. Cloud. The relative strength and concentration of its construction industry stems from significant growth in the region, both in residential and commercial development. The area's strength in retail and some emerging service jobs is a further reflection of growth, though other white-collar industries are not an immediate strength of the area, likely due to centralizing trends in some of these industries.

The Utilities industry does not register in the Minnesota Department of Employment and Economic Development (DEED) statistics, likely due to data suppression because utility employment in the county is dominated by a single employer, Xcel Energy. Given Xcel's gradual closure of units at the Sherburne County Generating Station (Sherco) in Becker and plans to retire it fully by the end of the decade, utilities would almost certainly fit in the "Transforming" quadrant.

FIGURE 13: INDUSTRY CLUSTER ECONOMIC BASE ANALYSIS

Transforming	Economic Base
Transportation & Warehousing	Construction
Educational Services	Manufacturing
Utilities (imputed)	Retail Trade
	Other Services
	Public Administration
Declining	Emerging
Information	Real Estate and Rental & Leasing
Finance & Insurance	Administrative Services
Professional Services	Accommodation & Food Services
Health Care & Social Assistance	

Source: Minnesota Department of Employment and Economic Development, 2013 and 2023.

This economic base analysis provides guidance on industries that may be worth future focus for economic development activities. The "economic base" industries are likely to be reliable portions of the area economy into

the future, and several of them, most notably manufacturing, could benefit from an incubator. Industries in the “transforming” section suggest there are skillsets in these areas that may be underutilized as job opportunities shrink, creating space for people to try their hands at new businesses. The “emerging” industries, though fairly limited in their incubation potential outside of food services, are growth areas that could be cultivated for further growth. The declining industries are generally not likely to be good fits for future economic development work.

MIGRATION DATA

Data from the Internal Revenue Service (IRS) shows Sherburne County enjoys steady inward migration from other locations recently and has added an average of just under 1,000 residents per year via migration. This movement is primarily attributable to Minnesotans entering the county from elsewhere in the state, as the county tends to lose people to other states. This tendency is in line with other state trends, as Minnesota’s net migration compared to other states has tended to be negative over the past five years.¹ Nonetheless, the additions from elsewhere in the state are more than enough to counter these losses to other states.

FIGURE 14: SHERBURNE COUNTY YEAR-TO-YEAR NET MIGRATION

	Total Migration	Within MN	Outside MN
2017-2018	855	762	93
2018-2019	961	1,030	-69
2019-2020	1,052	1,159	-107
2020-2021	947	1,040	-93
2021-2022	974	1,128	-154
Average	958	1,024	-66

Source: Internal Revenue Service, 2023.

County migration data from the IRS shows that most new Sherburne County residents come from the Twin Cities Metro. Hennepin and Anoka Counties are by far the largest sources of growth, indicating that most new residents are coming from nearby places in the north or west metro, though residents also come from Ramsey County as well. It also enjoys positive growth from some suburban ring counties such as Dakota and Washington, plus some in-migration from Stearns County to the northwest. Migration trends when compared to neighboring Wright County, which is at a similar stage of development, are basically flat, though trending in a negative direction; Isanti County, meanwhile, is a regular destination as well. The most common destination for outmigration is Mille Lacs County, suggesting further northward expansion, and Becker County also loses some to points further north such as Crow Wing and St. Louis Counties, which potentially reflects moves to lakefront properties or more deeply rural settings.

FIGURE 15: SHERBURNE COUNTY YEAR-TO-YEAR MIGRATION BY COUNTY

	Anoka	Benton	Crow Wing	Dakota	Hennepin	Isanti	Mille Lacs	Morrison	Ramsey	St. Louis	Stearns	Washington	Wright
2017-2018	372	16	-34	24	383	-84	-25	-9	89	-4	-13	34	22
2018-2019	510	25	-21	23	389	-15	-66	-5	69	-12	-30	28	119
2019-2020	632	-65	-76	81	553	-71	-89	7	135	-6	91	24	44
2020-2021	573	-95	-59	116	780	-35	-166	7	130	-50	163	24	-150
2021-2022	566	-1	-21	N/A	566	-36	-102	N/A	59	-30	28	29	-39
Avg.	531	-24	-42	61	534	-48	-90	0	96	-20	48	28	-1

Source: Internal Revenue Service, 2023.

WORK TRAVEL

Both the City of Becker and Sherburne County are commuter-heavy communities, and these data points are consistent with most communities on the edge of large metropolitan areas and underscore the interconnectedness of the area's economy. Just one in five employed county residents works in the county, and the figures are even more extreme for the City of Becker, where only 14% of residents work within its boundaries. Becker does pull in more workers relative to its size than most neighboring communities, however: while Sherburne County sees nearly three workers commute out of the county for every one worker who enters, the ratio in Becker is much closer to even. The planned closure of the Sherco power plant's coal-fired units, however, is a variable that could threaten to upend these statistics, as this major employer is a significant factor in pulling workers into the community.

FIGURE 16: COMMUTER PATTERNS

	City of Becker Total	City of Becker Pct.	Sherburne County Total	Sherburne County Pct.
Live and Work in Location	382	14.0%	10,369	20.2%
Live Inside Location but Work Outside	2,343	86.0%	41,065	79.8%
Live Outside Location but Work Inside	1,946	883.6%	15,202	59.5%

Source: US Census OnTheMap, 2021.

INNOVATION INDEX

StatsAmerica 2.0, a tool supported by the federal Economic Development Administration (EDA) for the assessment of local innovation capacity, ranks Sherburne County 231st out of 3,110 counties in the nation, placing it in the top decile of U.S. counties.² The county scores particularly well in the innovation output category of economic well-being, a proxy for the standard of living in the county that aligns with data on its income and poverty rates.

Sherburne County also scores strongly on the innovation input index category of human capital and knowledge creation, as well as its output of employment and productivity, with high subindex scores in educational attainment, including high school graduation and associate degrees, and patent technology diffusion. Despite lacking a business incubator in the county, the county scores well for business incubator spillovers, measuring the economic benefits of those facilities even if they are some distance away in other counties. It lags somewhat in STEM (science, technology, engineering, and math) skills and in GDP growth per worker, suggesting the economy may have reached a plateau in these areas.

Sherburne County scores lowest in the business profile index category measuring foreign direct investment attractiveness, connectivity, dynamic industry, and proprietorship; however, its business profile is still slightly above the national county median overall. Establishment formation, establishment dynamics, and overall business creation continue at a healthy rate, but jobs attributed to this growth remain relatively low, and few of them are businesses that export (i.e., sell products or services outside the county). The county rates highly in venture capital potential, suggesting a latent market, even as the proprietorship rate (i.e., self-employment) is low.

FIGURE 17: INNOVATION INDEX RATINGS BY CATEGORY

	Sherburne County Index Rating	National Median Index Rating
Headline Index	107.3	84.3
Economic Well-Being (Output)	133.0	109.7
Human Capital and Knowledge Creation (Input)	130.2	90.1
Employment and Productivity (Output)	117.0	98.4
Business Dynamics (Input)	87.1	50.7
Business Profile (Input)	77.0	73.9

Source: StatsAmerica 2.0, 2024.

The StatsAmerica data suggests significant potential benefits for an incubator in Becker. Sherburne County has the human capital and employment base that would thrive with an incubator, but the area lacks the infrastructure that would support economic growth. Local business formation is strong but would benefit from greater scalability and preparation for investment from outside capital. An incubator could provide the resources necessary to move some entrepreneurs toward sustainable, innovative business creation.

MARKET RESEARCH CONCLUSIONS

A review of demographic and economic data in and around the City of Becker suggests a strong economic base facing some unique headwinds. The community enjoys population growth and is surrounded by similarly expanding, affluent exurban communities in the Twin Cities and St. Cloud metropolitan areas. It is attracting residents from the Twin Cities and seeing a slow increase in diversity, and its housing market is robust but not nearly as expensive as some neighboring communities. The human capital available in the area is strong and shows no signs of weakening, and industries such as manufacturing and construction that could benefit from an incubator space are particularly strong in Sherburne County and surrounding areas.

Becker does face some challenges, however. Like many communities, its population is aging, and the looming end of coal operations at the Sherco power plant will have a significant effect on the city's tax base and employment. These challenges underscore the need to cultivate the economic dynamism of the community, lest Becker simply become a bedroom community or reliant on the attraction and retention of outside businesses that may lack a local stake. Overall, this analysis suggests an incubator facility in the community would be built on fertile ground for new business formation and can help diversify and strengthen local control over the economy.

ALIGNMENT WITH CITY, COUNTY, AND REGIONAL STRATEGIES AND GOALS

To further understand the local context, Northspan analyzed numerous reports, studies, and plans that had been completed for the City of Becker, Sherburne County, and surrounding areas in the recent past. The review of these relevant documents serves to assess their alignment with the development of a proposed business incubator facility, as well as how the incubator may further support the existing strategies and goals of the City of Becker, Sherburne County, regional partners, and add potential value to the community. Demonstrating this alignment is an important portion of many applications for funding.

At the regional level, the 2023-2027 Region 7W Comprehensive Economic Development Strategy (CEDS) highlights strengths such as educational partnerships and opportunities in public-private collaboration, entrepreneurship, and minority business support. Key strategies include driving innovation through programs like ILT Academy and Launch MN, expanding access to venture capital, and offering mentorship and grant education for entrepreneurs. The incubator aligns well with these goals, providing a platform to support emerging businesses and leveraging regional assets to enhance the entrepreneurial ecosystem.

Locally, Sherburne County's Economic Development Authority (EDA) and its Business Lab, along with the FastLane94 program, provide support for entrepreneurs, complementing the incubator's mission. The City of Becker's 2040 Comprehensive Plan underscores economic diversification, land-use efficiency, and small business support, aligning with the incubator's objectives to offer scalable solutions for startups.

Becker's unique industrial infrastructure, including Class I railroad access, positions the city as a hub for economic opportunity. By integrating regional strategies, local resources, and streamlined development processes, the proposed

incubator is poised to bolster the region's entrepreneurial ecosystem and drive long-term economic growth.

2023-2027 REGION 7W COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) PLAN

Minnesota Region 7W, which consists of Benton, Sherburne, Stearns, and Wright Counties, completed its most recent Comprehensive Economic Development Strategy (CEDS) in 2022. A CEDS is a regional strategy that helps align economic development goals and provides a common understanding that serves as the foundation for the pursuit of outside funding, including opportunities from the federal Economic Development Administration (EDA).

The regional CEDS outlined numerous strengths, opportunities, and strategies that align with the proposed incubator. One key strength is the presence of educational facilities that can serve as valuable partners. The incubator can leverage public-private partnerships to enhance skill development and support entrepreneurship, including minority-owned businesses. Repurposing industrial sites is another opportunity that could theoretically align with the incubator, though a review of sites for this report did not identify an obvious opportunity in Becker.

Strength:

- Educational facilities (potential partner).

Opportunities:

- Public-private partnerships for skill development.
- Supporting entrepreneurship.
- Support for minority-owned businesses.
- Re-use of industrial site.

Six strategies directly apply to the incubator, focusing on fostering entrepreneurship through programs such as ILT Academy, gBETA, Launch MN, and Enterprise Academy. Efforts will include growing angel and venture capital investments, developing local business mentorship programs, and connecting immigrant entrepreneurs to resources. The region seeks to expand education on grant and funding opportunities, along with K-12 business startup courses.

Entrepreneurship Strategy:

- Identify, create, and promote programs, activities, and policies fostering innovation and for entrepreneurship (e.g., ILT Academy, gBETA, Launch MN, Enterprise Academy).
- Identify and grow angel and venture capital investments.
- Develop a local business mentorship program.
- Work with immigrant entrepreneurs to connect them to existing local resources.
- Educate entrepreneurs on different grant and funding opportunities available.
- Expand K-12 availability to business startup courses to support entrepreneurship (e.g., DECA, Junior Achievement, Central Minnesota Creating Entrepreneurial Opportunities (CEO) program).

Labor force strategies identified in the CEDS include certification training programs and regional planning activities, while educational strategies will focus on brain gain programs and secondary education satellite facilities. An incubator in Becker could serve as just such a facility with programming in partnership with a local community college such as St. Cloud Community and Technical College, which has expressed initial interest in partnership.

Labor Force Strategy:

- Certification training programs.
- Collaborative planning activities with regional partners.

Education and Skills Strategy:

- Brain gain programs for people ages 25-54, secondary education satellite facilities.
- Business growth goals prioritize assisting startups, facilitating small to medium-sized business lending, and providing comprehensive support services. The first business growth goal is to assist business start-ups in finding services and support they require. All these efforts are in direct alignment with services offered by an incubator.

Business Growth Strategy:

- Coordinate small business partnerships to facilitate small to medium sized business lending.
- Funding for SBDCs.
- Support for small businesses with training, market research, financial assistance, strategic planning, and other assistance.
- Succession planning.
- Networks of incubator, co-working, and proof of concept and maker spaces.
- Support for immigrant business startups.
- Leveraging clusters.

In addition, arts and culture initiatives will connect artists to business resources and develop creative clusters, fostering a vibrant and innovative community environment. While not the primary focus of the incubator concept as advanced in this report, there is potential alignment for some innovative manufacturing work, and spillover effects for design and marketing of products created in an incubator. There will also be opportunities to rethink the incubator concept if demand for other uses surges in the future.

Arts and Culture Strategy:

- Connect artists to business and financing resources.
- Develop clusters around creative work.

BECKER 2040 COMPREHENSIVE PLAN

The City of Becker formally adopted its Becker 2040 Comprehensive Plan in 2021. The plan seeks to guide future land use and economic growth in the community and articulates a range of strategies the city will pursue to achieve these outcomes. Any new incubator facility can and should fit within the parameters of the comprehensive plan, which provides guidance for how the community envisions its future growth.

Numerous portions of the plan are in alignment with the proposed incubator, including:

- **Economic Development City-Wide Goal 1**, which includes maintaining and expanding relationship with businesses in the city to support retention and expansion efforts.
- **Economic Development City-Wide Goal 2**, seeking to provide efficient development processes to support evolving demands from retail, offices, and other businesses.

- **Economic Development City-Wide Goal 3**, which aims to communicate Becker’s advantageous market and economic position through marketing and outreach.
- **Economic Development City-Wide Goal 4**, speaks to a desire to diversify the economy to provide necessary and desirable goods and services to residents.
- **Economic Development Commercial Goal 2**, pertaining to exploring and pursuing new market opportunities in the hospitality and service sector.

Depending on the location chosen for the potential incubator, the project could meet additional goals, including:

- **Economic Development Business Park Goals 1-3**, that highlight quality service in the park and foster a sense of place specific to the Business Park that is cohesive with Becker’s identity could likewise help to guide an incubator project in the Business Park.
- **Land Use Goals 1-4**, which seek to guide development toward central locations, support the First Street corridor in the center of the city, cultivate a sense of place, and leverage existing industrial infrastructure.
- **Land Use Action 4.2** notes the unique economic opportunity presented by the end of coal operations at the Sherco site.
- **Land Use Action 4.4** discusses compatible industrial strategies for the business park.
- **Land Use Action 4.5** emphasizes business commitment to community.

A community engagement process guided the creation of the Becker 2040 Comprehensive Plan and outlined several desired avenues for business growth in the city. Through the process, city residents identified a need for more personal and professional services, including hair care, finance and insurance, and health care specialists. There was also a perceived need for office space for small business owners, perhaps in a condominium arrangement, that would allow them to launch and scale operations in the community.

Similarly, the Comprehensive Plan’s economic development technical memo developed by Janna King identifies multi-tenant spaces as a market for the Becker Business Park, noting their strength for small businesses and start-ups and bays of approximately 7,500 square feet. This insight came from an industrial sector focus group completed as part of the process.

The plan’s analysis articulates the community’s niche in daily goods and services. With many big box stores choosing to locate along the I-94 corridor in nearby Monticello, major stores would require significant population growth to consider opening locations in Becker. This allows the community to focus instead on supporting smaller-scale operations and entrepreneurs who could grow the local economy.

Becker’s industrial area is “exceptional” given its size, and a major source of economic opportunity for larger industrial customers. It also has Class I railroad access, with a Burlington Northern Santa Fe (BNSF) line that passes directly through the community and a rare existing siding that provides access to industrial land. The preservation of this economic asset stands to serve as a significant benefit to the community.

The efficient development processes in the Comprehensive Plan identify speedy and transparent development review processes as a priority (Economic Development Actions 2.2 and 2.3). A flexible zoning regime that allows businesses to scale up efficiently would further benefit start-up businesses in Becker.

SHERBURNE COUNTY ECONOMIC DEVELOPMENT AUTHORITY (EDA) INITIATIVES

Supporting entrepreneurship is built into the mission statement of the Sherburne County Economic Development Authority (EDA). The county facilitates semi-annual reviews of the region's CEDS alternative and performs several duties that help advance it, such as maintaining an inventory of available land.

Additionally, the Sherburne County Business Lab hosts an online portal that allows entrepreneurs to obtain no-cost, one-on-one business consulting and coaching. With support from the Rural Ideas Network, the Business Lab provides resources at all stages of business life and provides additional resources and opportunities for peer learning. The EDA will also work to highlight new and expanding businesses and connect entrepreneurs with its own financial resources such as its revolving loan fund. These connections and opportunities for capital could directly assist incubator tenants.

FASTLANE94

FastLane94, a key component of the statewide Launch Minnesota program, is dedicated to transforming business ideas into thriving realities across the West Central Minnesota region, including the City of Becker and Sherburne County. As part of a statewide initiative to boost startup growth and innovation, FastLane94 offers a comprehensive suite of resources including technical assistance, one-on-one mentoring, financial guidance, and specialized training. The program is designed to support entrepreneurs at every stage, from initial concept to successful launch, by connecting them with essential resources and financing options. Through its extensive network and the Launch Minnesota Startup and Small Business Calendar, FastLane94 fosters entrepreneurial growth and strengthens the regional startup ecosystem.

CONCLUSIONS

Analysis provided in this report underscores the strategic connectivity between the proposed business incubator with regional and county-level development plans, reinforcing its potential value to the community. The alignment with Minnesota Region 7W's Comprehensive Economic Development Strategy (CEDS) highlights a robust foundation for the incubator, noting strengths in local educational facilities and public-private partnerships. The CEDS emphasizes key strategies such as supporting entrepreneurship and minority-owned businesses and developing local business mentorship programs, all of which resonate strongly with the proposed incubator's mission. The focus on creating programs for innovation, expanding funding opportunities, and leveraging regional resources aligns with the incubator's goals to support and nurture emerging businesses, particularly those in need of tailored guidance and resources.

At the county and city levels, this report demonstrates solid local backing for the incubator concept. Sherburne County's Economic Development Authority (EDA) and its Business Lab, and FastLane94, provide support to entrepreneurs, reflecting a strong foundation for further development through the incubator. The City of Becker's Comprehensive Plan further reinforces this support by identifying goals related to economic diversification, commercial expansion, and efficient land use, all of which can be advanced through the incubator. The plan's emphasis on multi-tenant spaces and small business support aligns with the incubator's objective to offer scalable solutions for local entrepreneurs. By leveraging Becker's unique industrial advantages and adhering to streamlined development processes, the proposed incubator stands poised to bolster the region's entrepreneurial ecosystem and contribute to long-term economic growth.

COMMUNITY ENGAGEMENT

Throughout the summer and fall of 2024, Northspan conducted extensive community outreach to gauge interest, assess potential partnerships, and research existing resources. These efforts included a community survey, which captured input from a broad audience, two focus groups that facilitated collaborative discussions, fourteen individual interviews offering in-depth perspectives from key stakeholders, and a roundtable to explore financial opportunities and partnerships. The feedback gathered through these activities provided meaningful insights into community needs, priorities, and challenges, helping to shape a clearer understanding of the intent and feasibility of the proposed business incubator. This process ensured the analysis was both comprehensive and grounded in the community's vision for its future.

KEY STAKEHOLDER SURVEY

The City of Becker, in collaboration with Sherburne County, has engaged with Northspan to conduct a market analysis and feasibility study exploring the potential for developing a business incubator aimed at supporting economic growth and business development in the region.

As part of the market analysis component, a survey was distributed to key stakeholders throughout the area to gather valuable insights and feedback on the proposed business incubator.

Survey objectives included:

- Assessing the current business environment and overall economic health of the Sherburne County area.
- Determining the need and demand for a business incubation facility.
- Identifying the market potential for various business and industry sectors.
- Aiding in the development of a mission and vision for the proposed business incubator.

The survey was administered via SurveyMonkey and was open from July 12, 2024, through July 26, 2024. One participant also completed a paper copy of the survey, which was submitted via email and included in the final summary. A total of 83 respondents completed the survey, exceeding the goal of 50 responses outlined in the initial project proposal. Responses are reported anonymously and in aggregate with no identifying information attached.

KEY TAKEAWAYS

- **High Demand for Workforce Development and Commercial Space:** The survey highlighted workforce recruitment, training opportunities, and access to viable commercial space as the top challenges for businesses in Sherburne County. Addressing these issues could significantly enhance the local business environment and entrepreneurial ecosystem.
- **Support for a Business Incubator:** Most respondents expressed a need for a business incubator, particularly to support sectors such as retail, food services, IT, and childcare. This demonstrates strong community interest in a facility that can provide resources, mentorship, and infrastructure to create local business growth.
- **Broad Benefits Anticipated from the Incubator:** Respondents anticipate that a business incubator would bring notable benefits, including increased local entrepreneurship, better support for startups, and enhanced access to services. Many see the incubator as a way to drive economic growth, retain businesses in the area, and strengthen the community's economic resilience. For a full summary of the survey, see Appendix A.

FOCUS GROUP SUMMARY

As part of the initial market analysis phase of the project, Northspan conducted two in-person focus groups with identified stakeholders and community members to gather valuable feedback about the proposed incubator. The focus groups were held at the Becker Community Center, and included participants from DEED, local businesses, and community members. While small in size, the focus groups provided some key takeaways, including an emphasis on:

- **Regional Attraction and Effective Marketing:** The incubator’s potential to position Becker as a central hub for entrepreneurial growth and innovation by drawing individuals from the surrounding region was noted, as was the need for effective marketing strategies to increase awareness of the incubator and maximize its appeal.
- **Community Spaces and Identity:** Participants emphasized the importance of developing cohesive community spaces, such as a main street or city center, to serve as gathering places and strengthen community identity. They noted the incubator could help establish or support local businesses that contribute to these dynamic areas.
- **Comprehensive Support for Local Entrepreneurs:** Enthusiasm was expressed regarding the incubator’s potential to offer robust technical assistance and resource navigation as well as networking, collaborative learning opportunities, and community events to aid local entrepreneurs in starting or expanding their operations.

For a summary of the focus groups, see Appendix B.

STAKEHOLDER INTERVIEWS

As part of the second phase of the project’s feasibility study, Northspan staff conducted a series of one-hour virtual interviews with deeply invested local stakeholders to assess community and business support for the incubator project.

A total of 14 local stakeholder interviews were conducted via Zoom between August 12 and August 27, 2024. Interviewees were identified via targeted outreach to individuals involved in local economic development and business sectors, as well as participants who expressed interest in interviews through the Key Stakeholder survey conducted by Northspan in July 2024 as part of the project’s initial market analysis phase.

KEY TAKEAWAYS

- **Flexible and Affordable Workspaces:** Participants discussed the need for the incubator to provide a variety of workspaces that support businesses of all types and sizes, including access to affordable commercial spaces and flexible working environments that cater to entrepreneurs interested in scaling their businesses.
- **Educational Partnerships:** Participants commented on the potential to collaborate with the local public school system, including utilizing programs like robotics and DECA, to encourage interest in entrepreneurship among youth, provide access to resources, and promote opportunities for career pathways and workforce development.
- **Strategic and Sustainable Development:** The need for a clear strategic vision and well-thought-out

sustainability plan for the incubator was highlighted, emphasizing strong partnerships, careful planning, informed decision-making, and effective risk management to ensure its success.

- **Addressing Local Service Needs:** Participants noted the potential for the incubator to help launch businesses that fill current gaps in the community and underscored the need for flexibility to allow the incubator to meet the changing needs of the region, as trends shift.

For a full summary of the interviews, see Appendix C.

FUNDER/PARTNER ROUNDTABLE

In the third phase of the feasibility study, Northspan facilitated a roundtable discussion with regional stakeholders including representatives from the Initiative Foundation, Department of Employment and Economic Development, State of Minnesota, County of Sherburne, and Economic Development Authority. The goal of the roundtable discussion was to engage key stakeholders, funders, and potential partners in a collaborative discussion about the feasibility, purpose, and implementation of the proposed business incubator.

- **Feasible Business Incubator Focus Areas:** Participants identified renewable energy, advanced manufacturing, robotics, and technology/software development as the most viable focus areas for the business incubator. Becker's transition from coal to solar energy and the presence of robotics expertise in local schools were highlighted as significant opportunities to leverage.
- **Challenges and Concerns:** While the group expressed enthusiasm for the incubator concept, they flagged artisan manufacturing, commercial kitchens, and healthcare as less feasible due to financial or operational challenges. Concerns were raised about the sustainability of certain models and the need to safeguard entrepreneurs from debt.
- **Community and Stakeholder Support:** The roundtable emphasized strong community support for the incubator and highlighted potential partnerships with local and regional stakeholders, such as the Initiative Foundation, private investors, and state agencies. Participants stressed the importance of designing a flexible, future-proof space that could adapt to evolving needs while ensuring accountability and long-term sustainability.

For a full summary of the roundtable, see Appendix D.

ENGAGEMENT PROCESS CONCLUSIONS

The community engagement process carried out by Northspan in 2024 underscored both the interest and the potential for a business incubator to support economic growth and entrepreneurship in Becker and the surrounding region. The survey, focus groups, interviews, and funder/partner roundtable offered diverse perspectives from residents, business owners, educators, and regional stakeholders, all of whom contributed to a detailed understanding of community priorities, challenges, and opportunities. These efforts established a clear foundation for moving forward with the proposed incubator while emphasizing the importance of aligning it with local needs and strategic goals.

INCUBATOR CONCEPT FEASIBILITY

This portion of the report provides an overview of the concept of a business incubator and different areas of focus. It gains perspective from other incubators, particularly those in comparably sized Minnesota communities, and applies insights from these models to demand in the Becker area to determine practices that may be most suited to Becker. With this concept in mind, it then explores potential sites and buildings in Becker that could host an incubator facility.

CONCEPT BACKGROUND

According to the International Business Innovation Association (InBIA), a trade group for incubator managers, business incubators provide connections for entrepreneurs to mentorship, partnerships, investors, and a broader ecosystem that are essential to their growth. Interest in incubators has surged around the country as communities recognize the untapped potential of local entrepreneurs and the vitality of local, tailored supports to help them succeed. Incubators build on existing skillsets and support existing residents, rather than relying on pursuit of business relocation or expansion projects that can be zero-sum and costly to communities in their reliance on incentives. An incubator concept relies on a comparatively small start-up investment for a facility and subsequent commitment to the creation of a support network to encourage organic, local growth.

To explore possible incubator concepts for Becker, Northspan reviewed eleven different incubators. Most of these selected comparison examples are in rural Minnesota communities, though the research effort included several in other states that offered unique concepts. These eleven incubators provided context on common governance structures, facility sizes, programming offered, and targeted sectors or industries for each facility. A complete matrix of these example incubators is available in Appendix E.

INCUBATOR AREAS OF FOCUS

Based on the results of the engagement phases and background research, Northspan drafted a list of nine possible incubator concepts. While not mutually exclusive, these concepts helped guide the creation of the proposed incubator mission by honing its scope. They also drive factors such as facility size, need for any equipment purchases, utility capacity required, and any additional regulations that may be in play. Northspan brought these nine concepts to the funder and partner roundtable event for discussion, and through these efforts, four sectors rose to the top as major areas of focus. Another two showed some potential, while three were generally de-emphasized by participants. This section of the report outlines each of these areas of potential focus and why they were, or were not, identified as areas to pursue for the Becker incubator.

AREAS OF FOCUS WITH GREATEST POTENTIAL

Renewable Energy and Clean Technology

- **Why:** With Becker's transition from a coal-powered economy and growing interest in renewable energy, clean tech presents a high-potential area. Clean tech incubators can attract businesses working on solar, wind, battery storage, and energy efficiency technologies.
- **Incubator Use:** Access to labs for R&D, partnerships with renewable energy companies, and funding from clean energy grants or impact investors.
- **Reasons emphasized:** Direct tie-in to energy transition in Becker and broader narrative; synergies with major solar investment in community; reflects skillset of area workforce

Advanced Manufacturing and Robotics

- Why: Becker's manufacturing base and strategic location near major transportation routes support advanced manufacturing. The shift toward Industry 4.0 (integration of intelligent digital technologies into manufacturing and industrial processes) has made robotics, 3D printing, and automation important, particularly for small and medium manufacturers looking to modernize.
- Incubator Use: Facilities with space for prototyping, workshops on lean manufacturing, partnerships with nearby technical schools, and advanced machinery for shared tenant use.
- Reasons emphasized: Aligns with major piece of local economic base; area of growth and collaboration with higher education, such as local robotics teams; well-suited for an incubator building

Technology and Software Development

- Why: As more businesses embrace digital transformation, the demand for custom software, cloud solutions, and app development continues to grow. An incubator focused on software could help Becker attract tech talent and encourage startups that offer high-growth potential without needing significant physical infrastructure.
- Incubator Use: High-speed internet, coding workshops, collaboration spaces, access to cloud computing resources, and networking with tech investors.
- Reasons emphasized: Directly related to advanced manufacturing and robotics focus area; well-suited for an incubator building; related to strengths in local economy, including major investments in data centers in Becker

Logistics and Supply Chain Innovations

- Why: Located near transportation networks, Becker has a logistical advantage for supply chain-related innovations. As supply chain resilience becomes a priority, companies working on logistics technology, fleet management, and last-mile delivery solutions are increasingly relevant.
- Incubator Use: Warehousing and test spaces, partnerships with logistics firms, access to technology for tracking and managing supply chains, and connectivity with distribution centers and freight companies.
- Reasons emphasized: Significant sector in local economy; workshop participants identified potential incubator use through "co-packing," a concept in which smaller businesses collaborate in an incubator-type space to address their needs

ADDITIONAL AREAS OF FOCUS WITH SOME POTENTIAL

Artisan Manufacturing and Specialty Goods

- Why: Artisan and small-scale manufacturing, particularly in furniture, textiles, and specialty foods, aligns with Becker's small-town appeal and could attract entrepreneurs interested in handcrafted, sustainable products. This sector supports local craftsmanship and caters to the growing market for high-quality, locally produced goods.
- Incubator Use: Flexible workspaces, commercial kitchen, shared manufacturing equipment, networking opportunities with retail and online marketplaces, and local workshops on craftsmanship and e-commerce.
- Reasons for potential emphasis: Good fit for an incubator facility; reflects community desire for locally made goods
- Reasons for potential de-emphasis: Commercial kitchen can limit other uses; up-front investment cost for shared manufacturing equipment; mixed views on relevance to local economy

Construction and Green Building Technology

- Why: With ongoing urbanization and a focus on sustainable building materials, green construction technologies, modular housing, and energy-efficient design are in demand. Becker's incubator could support startups that innovate in building materials, construction methods, and sustainable infrastructure, aligning with future growth in both residential and commercial construction.
- Incubator Use: Workshop spaces with tools for prototyping, partnerships with construction companies, collaborations with engineering and architectural firms, and training in sustainable building practices.
- Reasons for potential emphasis: Potential synergies with local residential and commercial growth; good fit for incubator facility
- Reasons for potential de-emphasis: Limited demand in community engagement; may require substantial space for production and storage of products

FOCUS AREAS WITH MORE LIMITED POTENTIAL

Agritech and Sustainable Food Production

- Why: Becker's proximity to agricultural regions makes agritech an appealing sector. There's growing demand for sustainable agriculture, precision farming, and food processing technology, making this sector ideal for an incubator focused on agribusiness innovations.
- Incubator Use: Access to experimental plots or labs for soil testing and hydroponics, mentorship from agribusiness experts, and partnerships with local farms.
- Reasons for de-emphasis: Challenge of colocation of any food-related businesses with other manufacturing uses due to regulatory requirements; not a major point of discussion in community engagement.

Healthcare and Wellness Technology

- Why: With a rising focus on telehealth, aging populations, and rural health challenges, healthcare tech presents significant growth potential. Becker could support businesses in health-related technology, from telemedicine to wellness apps, which can also benefit the local community's health services.
- Incubator Use: Partnerships with regional healthcare providers, access to health tech mentors, HIPAA-compliant data handling resources, and connectivity to venture funding for health technology.
- Reason for de-emphasis: Not identified as an area of major economic strength, though still a plausible tie-in through technology-related efforts.

Tourism and Outdoor Recreation

- Why: Becker's natural surroundings offer opportunities in tourism and outdoor recreation. Businesses focused on eco-tourism, outdoor equipment, or digital platforms for booking outdoor experiences could appeal to local and visiting customers alike.
- Incubator Use: Networking with tourism agencies, access to facilities for equipment testing and rentals, marketing support for travel and tourism, and partnerships with local parks and recreational areas.
- Reasons for de-emphasis: Not a major point of emphasis in discussions; not the best suited area of focus for scalable businesses in need of physical space.

Based on these insights on potential models, Northspan recommends a manufacturing-oriented incubator space that has adequate power and internet capacity to support technology-focused businesses. A flexible workspace

that leaves equipment purchase and leasehold improvements to lessees will also suit the needs of logistics and supply-chain oriented businesses and perhaps support the operations of other tenants. An incubator designed in this manner will meet the apparent local demand and best align with Becker area skillsets, economic growth potential, and available support resources.

POTENTIAL LOCATIONS

Northspan, which has managed a program dedicated to cataloguing real estate and supporting site selection since 1988, undertook a review of sites and buildings in Becker to identify the best possible properties for the incubator. This search reviewed all commercial buildings on the market during the duration of the development of this report and all available commercial parcels, both public and private. These efforts yielded a list of three buildings, three private lots, and eight public lots inside the Becker city limits. A complete list of these properties, including some notes on them, is available in Appendix F.

The three buildings identified in this location search faced limitations. An industrial building at 13981 Industry Avenue, while in adequate condition, offered a fixed footprint with limited flexibility or opportunity for expansion. The building is also currently fully leased, meaning its repurposing as an incubator would displace current tenants doing business in Becker. The second, the site of a lumber company located at 12575 Oak View Avenue, is a large property with substantially more space, numerous freestanding buildings, and a much higher price than the other two possible existing buildings. The number and type of buildings on this property, while intriguing for some of the options presented, are prohibitive for a start-up operation; the purchase of a complex property and likely need for renovations also make financial modeling difficult without extensive review of the property.

The building identified as the most attractive option by both City of Becker staff and Northspan was 14995 Industrial Avenue Southeast, an 11,400 square foot industrial building with a large laydown area and a solar array on the property. While it faced some of the inherent challenges for an existing building, it is in good condition and appeared appropriately suited for an incubator. The building, however, went to auction during the period of this study, and as of December 2024 the seller has received auction bids, and the property is listed as pending sale. Northspan therefore did not proceed with further analysis on this property.

The challenges associated with existing buildings in Becker led Northspan to focus on sites for new construction. While new construction limits the potential for the incubator to address some desires for adaptive reuse and potential strengthening of the downtown core of the community that emerged from the engagement process, it does allow Becker and its partners to design a building that directly suits the incubator's needs. New construction is also typically well-suited for grant opportunities that can fund incubator development, as some grant programs explicitly target the necessary infrastructure for the property, and the challenges encountered in existing building renovation can be harder to anticipate when applying for funding.

The three private lots identified in the research, while large enough, faced some limitations. Two are zoned residential, and while there was some mild discussion in the engagement process about the possibility of mixed-use development, such complex projects do not align with likely incubator funding sources and could prove logistically difficult in a variety of other ways, particularly for a facility involving industrial uses. Moreover, the need to acquire

a site and maneuver initial lack of site control appeared unnecessary when there were several adequate properties with public control.

This led to the consideration of series of public lots for new incubator construction. Eight lots in the Becker Industrial Park fit the general criteria for an incubator facility, but one was eliminated due to a difficult shape and two more were removed from the list due to proximity existing businesses whose may have future interests in the property. Northspan presented the remaining five sites City of Becker staff, along with some notes on location and possible wetland concerns. From these five sites, City staff identified parcel 60-00488-0125, a 4.9-acre lot at the corner of US Highway 10 and Liberty Lane SE, as its preferred lot.

Figure 18: Site identified for construction of new incubator in Becker, Minnesota



The identified lot has numerous benefits. Its public control removes any need for a transaction to secure it. At nearly five acres, it has adequate space for building construction and possible expansions. Neighboring parcel 60-

00486-0010, a triangular lot located to the southwest of the identified lot, is also available for possible expansion, parking, or laydown area, if necessary. Its location at the entrance to the industrial park provides strong visibility and immediate access from a thoroughfare through the city; though it does not directly address community input desirous of a stronger downtown core, its location is still accessible from the town center and could still help establish a community identity. An incubator at the entrance to an industrial area helps draw attention to the activity in the industrial park and the potential it represents to the community, inviting people across Highway 10 to see the growth opportunities in the area and its presence as an engine for the community instead of a mysterious area tucked away from everything else.

OPERATIONAL AND POTENTIAL FUNDING PARTNERS

This section includes a list of potential partners in the incubator project. While none have explicitly committed to helping fund the project, many can provide substantial assistance to its success through programming and referrals.

1. Local and Regional Economic Development Organizations:

- [Sherburne County Economic Development Authority \(EDA\)](#): Focused on expanding the commercial and industrial tax base within the county and supporting affordable housing initiatives.
- [Greater St. Cloud Area Development Corporation](#): Provides resources and networking opportunities to foster regional economic growth in the St. Cloud area.
- [Initiative Foundation](#): Supports regional economic development, provides grants, and offers business assistance programs to strengthen local economies. Hosts the Enterprise Academy entrepreneur training cohort for Central Minnesota.
- [ILT Academy](#): A business that provides virtual training courses to underestimated entrepreneurs in underserved communities and a frequent partner of the statewide Launch Minnesota program.
- [Central Minnesota Jobs and Training Services](#): Provides career guidance, training, and job placement across Central Minnesota.
- [Central Mississippi River Regional Planning Partnership](#): A group that seeks to guide collaborative economic development in the Cities of Becker, Big Lake, Monticello, and surrounding townships through a shared vision.

2. Statewide Economic Development Agencies:

- [Launch Minnesota](#): A statewide program accelerating startup growth and positioning Minnesota as a national leader in innovation.
- [FastLane94](#): The regional affiliate of Launch Minnesota that includes Sherburne County, the St. Cloud area, and West Central Minnesota. Powered by the Greater St. Cloud Area Development Corporation (see above).
- [Minnesota Department of Employment and Economic Development \(DEED\)](#): Provides resources for business growth and workforce development and also includes an [Energy Transition Office](#) for communities affected by shifts in energy generation.

3. Educational Institutions:

- [University of Minnesota's Venture Center](#): Facilitates the launch of startups based on university research, offering resources and mentorship.

- [St. Cloud State University](#): Provides research capabilities, mentorship, and potential partnerships for student-led innovations.
- [St. Cloud Community and Technical College](#): Offers technical support, training, and a skilled workforce pipeline.
- [Becker School District ISD 726](#): A potential partner for workforce training, youth entrepreneurship programs, and community education initiatives.

4. Business Networks:

- [Becker Chamber of Commerce](#): A vital local partner for networking, outreach, and community engagement in the business ecosystem.
- [Minnesota Chamber of Commerce](#): Offers advocacy and resources for businesses across the state.
- [Central Minnesota Manufacturers Association](#): An education and advocacy group that supports manufacturers in the greater St. Cloud area.
- [Enterprise Minnesota](#): A statewide group that provides support to drive growth and innovation in local manufacturing.
- [International Business Innovation Association \(InBIA\)](#): An international association of incubators, accelerators, and entrepreneurship centers that other incubator managers have cited as a wealth of information to support their work.

5. Financial Institutions and Investment Groups:

- **Local Banks and Credit Unions**: Provide loans, financial services, and investment options to support local startups.
- **Venture Capital Firms**: such as [Granite Partners](#), [Split Rock Partners](#), and [Arthur Ventures](#), which invest in early-stage companies in Minnesota.
- **Non-Traditional Lending Partners**: Groups such as [Minnesota Business Finance Corporation](#) and [Amplio](#) provide SBA 504 tools for businesses across Minnesota.

6. Nonprofits and Community Organizations:

- [Small Business Development Center \(SBDC\)](#): A national network with a branch in St. Cloud, the SBDC offers no-cost, confidential consulting and training services to small businesses and startups, assisting with business planning, financial analysis, marketing strategies, and access to capital. Partnering with the SBDC can provide incubator tenants with direct access to experienced business consultants and valuable resources.
- [Minnesota Economic Development Foundation \(MNEDF\)](#): A private nonprofit corporation dedicated to building stronger Minnesota communities through economic development outreach, education, training, and research initiatives. Associated with the Economic Development Association of Minnesota.
- [Tri-CAP](#): Federally designated community action program covering Sherburne County that provides services to low- and moderate-income residents.
- [Metropolitan Economic Development Association \(MEDA\)](#): Business accelerator providing services to BIPOC-owned businesses in Minnesota.

7. Government Agencies:

- [US Small Business Administration \(SBA\)](#): Offers programs to support small business growth, including funding and mentorship.
- [US Economic Development Administration \(EDA\)](#): Provides economic development assistance to communities

and regional entities through programs that fund infrastructure, economic adjustment planning, and other initiatives to grow and diversify local economies. Dedicated funding streams for coal communities.

- **City and County Government:** Can provide support through funding, policy, and infrastructure development.

8. Utility and Energy Partners:

- Xcel Energy: As a major regional employer and utility provider, Xcel Energy can support energy-related projects and provide expertise in sustainability, efficiency, and infrastructure planning for startups, especially those focused on clean technology.

FINANCIAL FEASIBILITY

This section of the report outlines the financial feasibility of the construction of a concept for an incubator facility in Becker, Minnesota. It provides the building concept and outlines costs for both construction and operation, including a discussion of major considerations that may affect costs and revenues. It proceeds to highlight major funding opportunities that could assist with the project, particularly in the construction phase where there is clear alignment between several specific opportunities and this project.

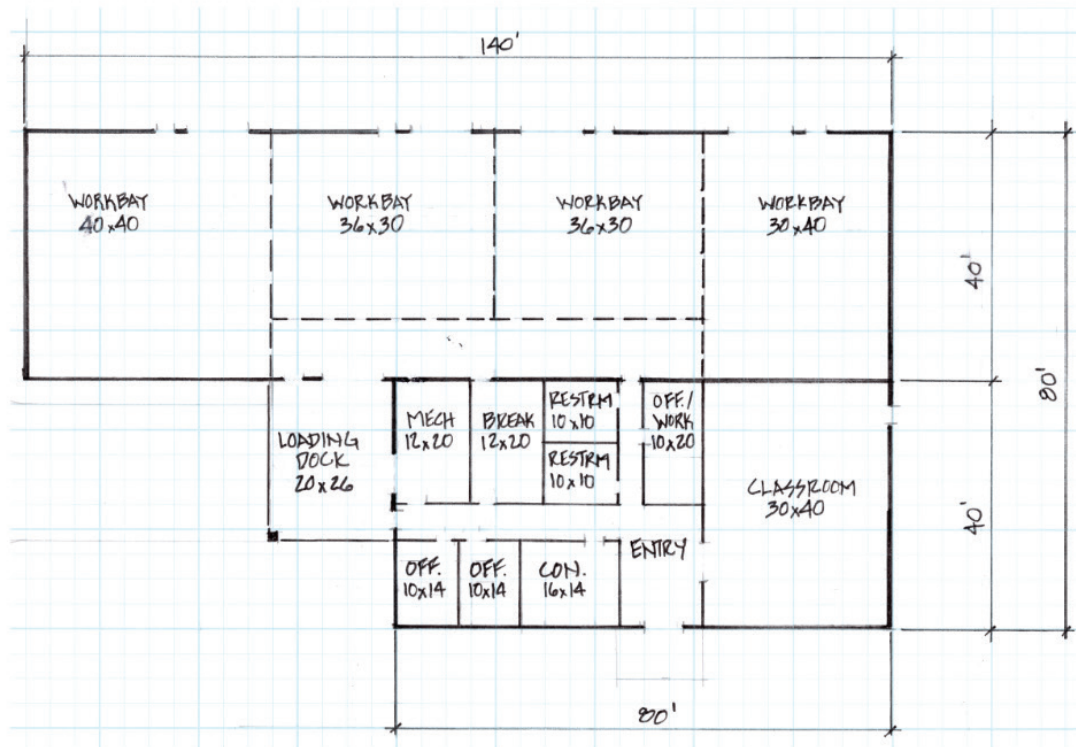
Throughout the data-gathering stage of this feasibility study, feedback has indicated the need for flexibility to shift focus based on local entrepreneurial interests. An industrial-style shell building is proposed, offering scalable space for diverse business types at a lower cost and enabling adjacent uses. While more complex options such as a commercial kitchen was considered, the complexity of regulatory requirements for food-related activities and the limited agricultural production potential around Becker led Northspan to deprioritize this option. Feedback from other incubator managers underscored the importance of simplicity in design so that Becker is not boxed in to certain long-term uses for the facility.

This building concept also avoids the inclusion of specific industrial equipment. While some incubators have invested in such features as welding equipment and CNC machines, the engagement process did not yield clear demand for any specific amenities in Becker. Should demand emerge, particularly through partnerships with area schools or other organizations that will reliably use them over a longer period of time, the incubator manager could pursue additional grant opportunities to support the purchase of such equipment.

DEVELOPMENT AND CONSTRUCTION

Northspan developed a preliminary building concept to determine development, design and construction costs. The concept building is 8,800 square feet, featuring four industrial areas with flexible work bays and office space. It has been designed to be scalable, with opportunities to add additional workspace on either end of the building, if the demand exists. The associated costs shown correspond to the building concept shown below and included at a larger scale in Appendix G. Cost estimates are derived from RSMeans 2024 construction cost data for small industrial buildings, with adjustments for area factors in the St. Cloud market.

Figure 19: Draft incubator floor plan



SITE DEVELOPMENT

These costs allow the development site to be ready for vertical construction and are estimated at \$1,457,000. They include site work like excavation, stormwater management, utilities connection, sidewalks, pavement, lighting and landscaping. This estimation includes an assumption of a greenspace area, parking, and public access on the 4.9-acre site.

Site Preparation – \$54,500.00

Preparation of the site for development includes earthwork and trenching and fill with assorted materials depending on the requirements of the site.

Utilities – \$273,000.00

This estimate includes design and connections to the building and along the site to gas, water, sewer, and electric.

Pavement – \$514,100.00

This includes the roadway construction, including materials under the road and with pavement thickness for heavy industrial traffic. The estimate also includes the pavement area for the parking lot, with base materials.

Stormwater Management – \$305,200.00

Stormwater estimates include potential site work and draining, as well as storm sewer connections.

Sidewalks – \$55,600.00

Costs associated include site work, design, and pouring of material for each of the sidewalks and access points.

Lighting – \$108,100.00

Lighting includes all outdoor fixtures and installation in the parking area, public areas and access points.

Landscaping – \$146,500.00

Estimation for landscaping is based on an assumption of at least 18% greenspace on the 4.9 acre site. This landscaping assists with drainage and provides shade protection of the asphalt surfaces.

CONSTRUCTION AND DESIGN

Construction costs include all estimates for the vertical construction of the building, estimated at \$1,910,400. They include foundation work, exterior and interior walls, roof, HVAC and plumbing, fire protection, fixtures and other miscellaneous construction costs and a 10% contingency.

We have estimated at least \$94,200, or 7%, in design costs for working with an architectural firm for the project. We recommend soliciting at least three proposals with criteria that includes experience with a background in mixed-use or smaller industrial design.

Foundation and Structure: The substructure includes the wall foundation and slab-on-grade foundation. The foundation has been divided into industrial (5,600 sq ft) and non-industrial use (3,200 sq. ft).

TOTAL: \$230,300.00**Wall Foundation – \$87,100.00**

The wall foundation consists of a 6-foot deep, 16-inch-thick concrete wall. The construction of the wall foundation includes excavation, the placement of steel rebar for reinforcement, and the pouring of concrete to form the wall structure. The cost for this portion of the foundation is \$87,100.00.

Slab on Grade (Heavy Industrial) – \$118,200.00

The 6-inch thick, heavy industrial reinforced concrete slab is designed to support heavy loads and high traffic areas, such as those found in manufacturing, warehouse, or other industrial buildings. The estimated cost for the heavy industrial slab-on-grade is \$118,200.00 and covers the workshop area of the building. This foundation will be used for the heavy industrial areas of the building, or 5,600 sq ft of the building.

Slab on Grade (Non-Industrial) – \$25,000.00

The 4-inch thick, non-industrial concrete slab is designed for the office portion of the building. It is constructed with standard concrete and reinforcement. The estimated cost for this non-industrial slab-on-grade is \$25,000.00 for the 3,200 square-foot office and entry area.

Exterior: The exterior costs include walls, windows, doors, and overhead/bay doors. Exterior costs are estimated at \$112,900 and accounts for all materials, labor, and overhead costs necessary to complete the exterior construction.

TOTAL: \$112,900

Exterior Walls – Reinforced Concrete Block Wall – \$14,100.00

The exterior walls of the building are constructed using reinforced concrete block, chosen for its strength, durability, and excellent weather resistance. Concrete block walls provide a solid structural base for the building and ensure the protection of the interior spaces from external elements. The installation involves setting the concrete blocks, reinforcing them with steel rebar, and applying mortar to bind the blocks. Finishing treatments, such as paint or sealants, will be applied to protect the structure and enhance its appearance. The total cost for the reinforced concrete block exterior walls is \$14,100.00.

Windows (10) – Steel, Double-Hung Insulated Glass – \$26,400.00

The building will feature steel-framed, double-hung windows with insulated glass. Each window measures 3'4" X 5'6" and is designed to meet industrial standards. The total cost for the 10 windows is \$26,400.00, covering the windows, frames, installation, and necessary sealants to ensure proper weatherproofing.

Exterior Overhead Doors (6) – Steel, Rolling, Electric Operated – \$35,500.00

The building will include six exterior bay overhead doors, each 12' X 12' in size. These steel, rolling, electrically operated doors are standard for industrial buildings, providing secure and efficient access for vehicles or large equipment. The total cost for the 6 exterior overhead doors is \$35,500.00, including installation.

Exterior Doors (8) – Steel, Hollow Metal with Frame – \$36,900.00

The building will also feature eight exterior doors constructed from steel, hollow metal with frames. Each door measures 4' X 7'. The total cost for the 8 exterior doors is \$36,900.00, covering the doors, frames, installation, and necessary hardware.

Roof: Estimates were gathered to represent the construction of a mixed-use industrial and office use, materials and fire protection. The total cost for the roof system includes the labor, materials, steel joists and decking for both the industrial and office sections, as well as the metal panel roof covering with composite insulation.

TOTAL: \$166,100

Steel Joists & Deck on Bearing Walls – Industrial Section – \$52,000.00

For the industrial section of the building, the roof structure includes steel joists and decking supported by bearing walls. The steel joists are designed to span 40 feet and carry a 61 PSF (pounds per square foot) load, which accounts for the heavier loads expected in industrial areas. These joists are designed to provide the necessary support for the roof covering, while the decking acts as a substrate for the roof covering material. The cost estimate of \$52,000.00 includes the fabrication, delivery, and installation of the steel joists, deck, and any necessary reinforcement or connections to the bearing walls to ensure structural stability under industrial load conditions.

Steel Joists & Deck on Bearing Walls – Office Section – \$27,100.00

The roof system for the office section of the building also utilizes steel joists and decking but is designed for lighter loads. The joists are similarly sized with a 40-foot span, but they are designed for a lower 40 PSF load, which is typical for office spaces that do not require the same heavy-duty load capacity as industrial sections. The steel joists and deck provide the support framework for the roof covering in this area. The estimated cost for this component is \$27,100.00, which includes the material, installation, and connection to the bearing walls.

Roof Covering – Metal Panel Roof with PerliteEPS Composite Insulation – \$87,000.00

The roof covering for the entire building is designed with a metal panel roofing system. This roof type offers durability and lower maintenance over time. Under the metal panels, PerliteEPS composite insulation is used. This composite insulation is energy efficient to reduce heating and cooling costs. The estimated cost for the roof covering, including the metal panels and insulation, is \$87,000.00.

Interior: The interior section of the building includes essential elements such as interior walls, partitions, doors, and wall finishes. This estimate accounts for all necessary materials and labor.

TOTAL: \$117,900

Interior Walls – 5/8" Drywall with Metal Stud Framing – \$17,300.00

The interior walls are constructed with 5/8" drywall mounted on metal stud framing. The \$17,300.00 cost includes the materials for the drywall and metal studs, as well as the labor for installation, taping, finishing, and ensuring that the walls meet the necessary building code requirements.

Workbay Partitions – Folding Accordion, Vinyl Covered Acoustical Industrial – \$42,400.00

The building includes workbay partitions made of folding accordion-style panels, which are vinyl covered and feature acoustical insulation. These partitions are ideal for creating flexible, movable workspaces within industrial areas, allowing for quick reconfiguration of spaces as needed. The partitions are constructed to a 4 pound per SF standard, which provides the necessary acoustic attenuation to minimize noise transfer between work areas. These panels are designed to be durable and withstand the wear and tear typical in industrial environments. The total cost for the workbay partitions is \$42,400.00, which includes the panels, hardware, and installation.

Interior Doors (11) – Single Leaf, Hollow Core, Lauan – \$9,300.00

The building will feature 11 interior doors, each 3' X 7' in size. These doors are single leaf, hollow core, and constructed from lauan wood. The total cost for the 11 interior doors is \$9,300.00, which covers the doors, hardware (hinges, handles, and locks), and installation.

Wall Finishes – Painting on Drywall (Primer & 2 Coats) – \$4,100.00

The interior drywall will be finished with primer followed by two coats of paint to ensure a clean, uniform, and durable surface. The cost of \$4,100.00 includes the paint, primer, and labor for application.

Window Treatments – \$7,500.00

The building will feature aluminum blinds as window treatments. These blinds are a practical and durable solution for controlling light and maintaining privacy in the building. The total cost of \$7,500.00 covers the purchase and installation of aluminum blinds throughout the facility.

Tile and Carpet – \$9,400.00

Estimates for nylon, fusion bonded carpet and tile for the office use areas of the building, including the kitchen, office space, entryway and bathrooms.

Ceiling Finishes – \$27,900.000

Finishes include an acoustical suspended ceiling, with $\frac{5}{8}$ " fiberglass board each 24" X 48".

Plumbing: The plumbing system for the building includes key components such as bathroom fixtures, water heaters, kitchen sinks, and extensive piping throughout the facility. The total cost for the plumbing system, including the two-fixture bathroom, water heater, kitchen sink, and extensive piping, is \$83,600.00. This estimate covers all materials, labor, and overhead associated with the installation.

TOTAL: 83,600

Two Fixture Bathrooms (2) – \$8,400.00

These two bathrooms feature one-wall plumbing, where the fixtures (toilet and sink) will be installed along a single wall to share a common plumbing wall for water supply and drainage lines. The total cost of \$8,400.00 covers the installation of the plumbing system for the bathrooms, including the water supply and drainage connections for the fixtures, as well as any required materials and labor.

Water Heater – \$16,200.00

The building will be equipped with a gas-fired commercial water heater. The selected water heater has a 200 MBH input capacity to meet the heating needs for the building's plumbing system and a 192 GPH (gallons per hour) output. This system is ideal for commercial applications. The cost of \$16,200.00 includes the purchase and installation of the water heater, including venting, gas connections, and any required adjustments.

Kitchen Sink and Plumbing– \$2,400.00

The kitchen sink includes a stainless steel, double-bowl sink with trim and countertop. The installation includes the sink, countertop, necessary plumbing connections for water supply and drainage, as well as any associated trim and finishing touches to complete the installation. The total cost for the kitchen sink is \$2,400.00, covering both materials and labor.

Piping – \$56,600.00

The plumbing system will require extensive piping for water supply and drainage. This includes approximately 500 feet of 3-inch diameter PVC DWV (drain, waste, and vent) pipe and 500 feet of 6-inch diameter PVC DWV pipe. The cost of \$56,600.00 includes the purchase and installation of all necessary piping, fittings, and connections, as well as labor for trenching, placement, and integration into the building's plumbing system.

HVAC System: The HVAC construction and system to support a mixed-use industrial building is estimated at \$224,400.00.

HVAC System – \$224,400.00

The HVAC system for the building includes a multi-zone gas heating and electric cooling unit, designed to provide efficient climate control for various areas of the facility. This system consists of terminal units and package units that operate together to distribute heating and cooling across the building based on the specific requirements of each zone. The total cost of \$224,400.00 includes the purchase and installation of the HVAC units, ductwork, and any necessary components to ensure proper airflow and temperature control throughout the building.

Fire Protection: Estimates include the fire detection system, suppression system, and sprinkler system with connections through wet standpipe risers.

TOTAL: \$150,000.00

Fire Detection System – \$25,000.00

The building plan includes a non-addressable fire detection system with 25 detectors. These detectors are placed throughout the building to detect smoke or heat, triggering the fire alarm system. The non-addressable system is designed to activate the system without pinpointing a specific location, but it provides sufficient coverage for the entire building. The total cost estimate of \$25,000.00 includes the installation of the detectors, as well as the wiring and integration with the building's fire alarm system.

Fire Suppression Activation (12) – \$3,400.00

The building will be equipped with 12 manual pull stations as part of the fire suppression system. These pull stations are installed at strategic locations throughout the building and provide a manual means of activating the fire alarm and suppression systems in the event of an emergency. The estimate of \$3,400.00 includes the purchase and installation of the manual pull stations, along with the necessary wiring and connections to the fire alarm system.

Sprinkler System – \$105,900.00

The building will be equipped with a multicycle on-off sprinkler system designed for industrial hazard conditions. This system is activated automatically in the event of a fire and is designed to protect the building by suppressing or controlling the spread of flames. The on-off multicycle system includes multiple cycles of water discharge, ensuring effective fire suppression. It is suitable for environments where a moderate level of fire risk is present, such as commercial or industrial buildings with controlled hazards. The cost of \$105,900.00 includes the installation of the sprinkler heads, piping, valves, and the necessary components to ensure the system is fully operational and meets safety standards.

Wet Standpipe Risers – \$15,700.00

In addition to the sprinkler system, the building will feature wet standpipe risers. These are essential for providing a water supply to the sprinkler system and fire hoses in the event of an emergency. The Class 1 steel standpipe risers are designed to provide access to water for both the fire department and building occupants to control or extinguish a fire. The total cost of \$15,700.00 includes the materials and installation of the steel risers, valves, and any necessary

connections to the water supply.

Electrical: The electrical system for the building includes a range of components, from the overhead service to receptacles, switches, and lighting fixtures. This estimate covers all materials, labor, and installation necessary to provide reliable power throughout the building for a mixed-industrial use.

TOTAL: \$258,300.00

Overhead Electrical Service – \$98,400.00

The overhead electrical service includes the installation of a 2000 amp service with a ground fault switchboard. This service is designed to handle the building's power requirements for a building of this size and scale, providing sufficient electrical capacity for both lighting and heavy equipment. The total cost covers the installation of the overhead electrical service, including all necessary hardware, wiring, and labor.

Electrical Service/Distribution – \$25,300.00

The building's electrical distribution system includes panelboards, NEHB, 4-wire system, operating at 480 volts. The panelboards distribute electrical power to various parts of the building, while the safety switches are integrated to ensure the protection of the building's circuits and to allow for safe operation and maintenance of the electrical system. The 4-wire system is typically used for higher-voltage industrial or commercial applications, making it ideal for the building's mixed-use areas. The total cost for the electrical service and distribution system is \$25,300.00, covering all necessary components and installation.

Receptacles by Wattage - Commercial – \$9,500.00

The building's commercial areas include receptacles designed to handle a standard commercial power load. The receptacles are installed at a rate of 2.5 per 1,000 square feet, each designed to handle 0.3 watts per square foot. These receptacles are crucial for powering office equipment, lighting, and other electrical devices in the commercial areas. The total cost of \$9,500.00 includes the purchase and installation of all required receptacles, transformers, and associated electrical work.

Receptacles by Wattage - Industrial – \$45,200.00

The industrial areas of the building will require more robust electrical infrastructure, including receptacles installed at a rate of 20 per 1,000 square feet. These receptacles are designed to handle 2.4 watts per square foot, accommodating the high-power needs of industrial equipment and machinery. The total cost of \$45,200.00 covers the installation of the receptacles, transformers, and all associated electrical components for the industrial areas.

Wall Switches - Commercial – \$2,600.00

The commercial areas will be equipped with wall switches installed at a rate of 2.5 switches per 1,000 square feet. The total cost of \$2,600.00 covers the purchase, installation, and wiring of all the wall switches in the commercial areas.

Wall Switches - Industrial Area – \$6,500.00

The industrial area will also have wall switches, but with higher power capacity. These switches are rated for 3 watts and are designed to manage the lighting and equipment in the industrial spaces. The industrial areas often require more powerful switches due to the heavier electrical loads. The total cost of \$6,500.00 includes the installation of

these switches, as well as all necessary wiring and connections to support their operation.

Fluorescent Fixtures – \$70,800.00

These fluorescent fixtures will deliver 2 watts per square foot of lighting, with a total of 10 fixtures at 40 watts per 1,000 square feet. Fluorescent lights were chosen for their energy efficiency and long lifespan and brightness for industrial environments. The total cost of \$70,800.00 includes the purchase and installation of the fluorescent fixtures, as well as necessary wiring, ballast, and all related components for the lighting system.

Loading Docks: The costs for the loading dock, including construction, are below. The electronic doors were included previously under the exterior costs.

TOTAL: \$1,900.00

Dock Board – \$1,600.00

The dock board is designed to facilitate safe and efficient loading and unloading of goods. With a 16,000 lb. capacity, it is built to support heavy loads during the loading process.

Dock Bumpers – \$300.00

The loading dock will be equipped with rubber bumpers, designed to protect the building structure and vehicles during loading and unloading operations. These bumpers are 6 inches thick and provide a durable cushion to prevent damage to the dock or delivery vehicles.

OPERATING FINANCIAL ESTIMATES

This section describes the methodology and details of potential revenue sources for the Becker Business Incubator project. Projecting revenue for this enterprise is based on multiple assumptions, including the income from the incubator space, utility consumption, building maintenance, staff, and other overhead. As those assumptions may change, this overview covers expected costs and revenue based on similar mixed-use or incubator spaces and other best practice methods as a starting point for future operating decisions. Revenues are also a product of marketing or outreach efforts executed by the organization and assume a full use of the building, with each area rented at projected capacity levels.

Revenues are split out by rent and CAM (Common Area Maintenance) reimbursement. The common area expenses pay for such things as property taxes, insurance, janitorial, building maintenance, supplies, grounds maintenance, snow removal, and waste disposal.

LEASABLE OFFICE SPACE

With two leasable office spaces onsite a total of \$2,800 may be generated per year assuming a 10% vacancy rate. This is based on the function of the square footage times the rent plus the square footage times the CAM. At five dollars per square foot for rent, plus six dollars per square foot, the annual per square foot cost for the business using the space will be \$11 per square foot, below market rate for the area. Utility usage for these offices are expected to be minimal, and covered in these costs.

INDUSTRIAL MANUFACTURING RENT

The more significant source of ongoing revenue for the incubator space will be the industrial space(s), generating \$49,150 per year with a 10% vacancy rate. The base rent and CAM rates are the same as the office space, five and six dollars respectively. This is slightly below other industrial spaces for rent in the area. As the utility needs of the tenants are unknown, and could be expected to fluctuate drastically, the utility costs above the existing building costs are to be paid by the tenant(s) in this scenario.

CONFERENCE ROOM/COMMUNITY CLASSROOM RENTAL

Another revenue source can be to rent the conference room and/or large classroom for daily or hourly rates. For the purpose of this feasibility study, Northspan assumed a \$100 per day rental for the classroom and a \$50 per day rental of the conference room. These rates are well below market rates for the area. Both of these rentals are assumed to have 50% occupancy of the 260 business days throughout a normal year. These rooms could be rented by tenants of the office and/or industrial spaces, local businesses, and associations. This revenue source is expected to be nominal and would not have a significant impact on the end financial result, but with cost estimates currently in place, this revenue source is necessary for the facility to meet projected expenses.

GRANT ESCALATOR PAYBACK REVENUE

Another revenue option, which also may be a benefit for the industrial tenants of the facility, is a “grant escalator payback.” This concept is borrowed and modified from the Hutchinson Enterprise Center as a way to help prepare businesses to move from the incubator space and save for future downpayment or rental costs closer to market rates. This would add one dollar to the square foot rental of the industrial space for each year the business operates from the incubator after the first year (zero the first year). When the business is ready to move out of the incubator space, they would get a percentage of that money back in a lump sum payment to help them pay for a new space within the Becker city limits. Based on Becker’s economic development goals, there are other criteria that could direct what uses the payout would be for, including equipment, building purchase, etc. The remaining portion of the grant escalator payback would be kept by Becker to assist with building upgrades, equipment replacement, or other capital costs.

This grant escalator option is not included in the five-year projections as a part of this report, but an example of an industrial tenant is below. In the example found in Exhibit 9 under Appendix H, the business receives 75% of what they paid at the end of five years. The remaining 25% is retained by the incubator facility. Northspan suggests this option only be executed if operating and/or CAM expenses are reduced, giving the ability to reduce the square foot base and/or CAM rental charges.

EXPENSE NARRATIVE

Expenses can be controlled by the organization and are therefore more predictable than revenues. We have outlined the following major expenses, including debt service, property taxes, and maintenance fees.

DEBT SERVICE

The largest ongoing cost is the debt service at 28% of projected revenues as shown on Exhibit 6 in Appendix

H. Debt service is a function of the amount of money borrowed to complete the project, the terms of the debt including the length of time and interest rate charged. In this project example, total capital costs are roughly \$4.4 million. With the understanding that a vast majority of that will be paid for by grants and other sources, the assumption is made that 7.5%, or roughly \$330,000 of the initial project will be financed. Exploring non-traditional and gap lenders who assist in community projects, the interest rate may come in at 4%, which is 3.75% below the current prime interest rate. At a term of 30 years, the annual debt service payment would be just below \$20,000 per year. The calculations for this financing example can be found in Exhibit 2 of Appendix H. If initial funding is not secured, the debt service will be higher, putting additional strain on the enterprise. Without grant funding, the project revenue will not meet the expenses outlined in the project.

PROPERTY TAXES

Much of the building will not be taxed whether it is operated by the city or a nonprofit, but space used by for-profit businesses will be taxed. This estimated number was derived from the current county tax rate, compared to the Hutchinson Enterprise Center's estimated tax payments, and adjusted for building size. If the taxes are able to be reduced, the charge to the tenants can also be reduced providing a more attractive option for entrepreneurs.

MANAGEMENT AND OTHER FEES

Management fees or basic operating expenses such as janitorial services, ongoing security monitoring, and general upkeep necessary to keep the incubator functional. These costs are estimated to be \$500 per month and reflected as 8.4% of revenues in the example shown. This is another expense item that could be reduced if the right partnerships are established with commitments to take on these services.

Snow removal also comes in at 8.4% of revenues in this example and is a necessary annual expense. It will be important to secure reliable snow removal service as businesses will need year-round access to their stations and shipping opportunities.

Advertising costs are highly discretionary but an important function of the enterprise as it is a major factor in revenue generation. In this analysis, advertising costs are kept at an average of \$200/month, at least for the first years of operation.

The assumptions that we have made show the incubator facility showing a small profit, basically breaking even, in year one.

PROJECT FUNDING OPPORTUNITIES

The following funding sources appear most relevant to the City of Becker as it seeks to support the incubator concept, especially as it addresses start-up costs associated with the project.

EDA PUBLIC WORKS AND ECONOMIC ADJUSTMENT ASSISTANCE (PWEAA)

The PWEAA funding opportunity from the federal Economic Development Administration (EDA) appears ideally suited to support an incubator in Becker. The program, which supports public economic development projects that support economic diversification and community resilience through economic shocks. "Creation or expansion of

business incubator and accelerator facilities” is an explicit intended use for the program, and as a designated coal community, Becker is automatically eligible for funding. Under special need requirements, EDA can fund up to 80 percent of a project, meaning this funding source could be layered with the Community Energy Transition Grant Program outlined below to cover up to 100% of construction. The program has a rolling deadline and a range in awards from \$600,000 to \$5 million, with an average of \$1.4 million in recent years. EDA anticipates awards in the upcoming year to be of a similar size. For more information, see <https://www.eda.gov/funding/funding-opportunities/category?category=266289>.

Assistance to Coal Communities Special Need Distress Criteria

For future closures of coal plants, federal EDA deems communities eligible for funding if they meet Special Need distress criteria outlined in the Notice of Funding Opportunity (NOFO). An official notice of planned plant closure is a key piece of this application, and this documentation should be supported by additional evidence from federal data sources. This could include data on wages for employees in the utility sector to document the impact of both past and future projected job losses. State data could supplement and provide additional details, and Sherburne County data on expected tax base impact would further bolster the case for funding.

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT (DEED) COMMUNITY ENERGY TRANSITION GRANT PROGRAM

In 2021, Minnesota created an Energy Transition Office (ETO) within the Department of Employment and Economic Development (DEED), which has since worked directly with energy transition communities such as Becker to prepare for energy transitions. It includes a dedicated grant program provides grants of up to \$1 million with no match requirement, with a total pool of \$4.75 million for fiscal years 2024 and 2025. It can fund capital costs for infrastructure; while it would not fund incubator construction itself under the current guidelines, it could fund engineering, infrastructure development, and site work, which are a substantial portion of the overall construction budget. As an energy transition community, Becker is one of a handful of communities in Minnesota eligible for this funding pool. It can apply to this pool once a year and has already been successful in accessing funding for both infrastructure and feasibility work. For more information, see <https://mn.gov/deed/programs-services/energy-transition/>.

MINNESOTA DEED INNOVATIVE BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE (IBDPI)

The DEED IBDPI grant program is an alternative funding method available for public infrastructure. While somewhat less attractive than the Community Energy Transition Grant Program, as it is a competitive statewide program and requires a 1-to-1 match, it could fund similar infrastructure needs if an application for Energy Transition funds is unsuccessful or insufficient to cover infrastructure needs. IBDPI includes “innovative business incubator” among its targeted types of development. It does not have an explicit funding limit and could perhaps be layered atop other funding sources so long as the non-state match requirement is met. For more information, see <https://mn.gov/deed/government/financial-assistance/business-funding/innovative/>.

EDA BUILD TO SCALE

A more complex possible funding source is Build to Scale (B2S), a federal EDA program that supports regional innovation initiatives for technology-based economic development. This grant cannot be used for construction, but it could conceivably support programming and seek to build capacity for a broader innovation ecosystem. A

successful application would likely rely on collaboration among numerous regional partners and could create unique opportunities to boost the services offered by an incubator in Becker. Build to Scale typically has an annual deadline for applications in the fall. In fiscal year 2024, EDA expects to make 40 to 50 awards, with a range from a few hundred thousand dollars to \$5 million. For more information, see <https://www.eda.gov/funding/programs/build-to-scale>.

LOCAL AND REGIONAL SOURCES

Numerous local and regional organizations, including the Initiative Foundation and local community foundations, are potential funders of the project. While these sources are unlikely to substantially fund construction, they could further refine project feasibility or address up-front costs that support larger grant applications such as pre-engineering work. Given related foundation offerings such as Enterprise Academy, these foundations may be most valuable as longer-term partners to support innovative programming and potential collaborations with area educational institutions. The Initiative Foundation is currently revising grant guidelines, with new funding applications likely available in early 2025. Similarly, while financial contributions may be limited or nonexistent, entities such as the Sherburne County EDA could offer in-kind support to provide services, some of which may be eligible as match funding for additional grant support.

CITY FUNDING

While the City of Becker has limited financial tools to support the incubator at its disposal, one potential option is the creation of a Tax Increment Financing (TIF) district for the property. While the building itself, as a public (and, eventually, nonprofit) property, would not generate property tax, a TIF district would allow the city to collect property tax from the space leased by for-profit incubator tenants. This model has been successfully used by the Hutchinson EDA to help support its incubator. The City of Becker can also provide in-kind maintenance and staffing services, particularly in the early years of the incubator when it is in its start-up phase and run by the city.

INCUBATOR MANAGEMENT PLAN

This portion of the report details guidance and recommendations for management of incubator operations. It includes a mission, board structure, selection criteria, a staffing plan, programming, a marketing plan, and incubator evaluation. It concludes with some considerations on the city's stated desire to eventually transition ownership to a nonprofit entity.

TERMINOLOGY

Incubator manager: The entity charged with overseeing incubator operations and entering into contractual agreements with all incubator tenants. This plan attempts to write the standards broadly so that they can apply to both the Becker Economic Development Authority as the operator in the early years and a future nonprofit manager, but specific standards and requirements may shift based on the type of entity managing the incubator.

Tenant: Refers to an entrepreneur or business that has signed a lease for use of a portion of the incubator space. In the period prior to the signing of a contract ("intake process"), these entities are "prospective tenants."

Graduation: The process by which a tenant moves out of the incubator and continues business operations at a new location.

PROPOSED MISSION

Based on feedback from participants in the engagement sessions, Northspan proposes the following mission for the incubator:

The Becker Incubator provides an affordable point of entry for entrepreneurs in manufacturing and logistics to begin scaling their businesses and receive vital services to help them learn and grow.

OPERATIONAL STRUCTURE

In researching similar projects, Northspan evaluated the operational structures available for the business incubator, considering both centralized and decentralized options.

A centralized operational structure for a business incubator involves one primary organization overseeing all management aspects, from resource allocation to service delivery. This streamlined approach ensures uniformity and efficiency, with a clear chain of command that allows for quick decision-making and a cohesive vision. Typically managed by an entity like a nonprofit, municipality, or educational institution, the centralized model enables a focused, mission-driven environment that supports entrepreneurs while ensuring accountability and consistent programming. Representatives from partnerships like educational facilities, local businesses, and economic development agencies can be recruited to form a board of directors to guide the vision of the nonprofit and provide additional support.

In contrast, a decentralized operational structure distributes management across multiple organizations, such as local businesses, nonprofits, and educational institutions. Each partner contributes unique expertise and resources, creating a diverse support network for entrepreneurs. This model encourages broad community involvement and shared responsibility, often leading to enriched service offerings through combined efforts. However, it may introduce complexities in coordination and decision-making, as differing priorities among partners can impact service consistency and program efficiency.

Northspan recommends a centralized operational model, leveraging the City of Becker's economic development capabilities for an initial phase, then transitioning to a nonprofit entity for sustained management. This structure allows a single organization to handle all services, policies, and resources, promoting efficiency and uniform service delivery. This structure enhances accountability by having one entity responsible for managing finances, programming, and facility operations, positioning the incubator for long-term stability. With the City's oversight during the startup phase, this centralized model balances operational efficiency with adaptability, ensuring the incubator's success in meeting evolving community demands.

INCUBATOR BOARD

Northspan recommends the creation of a board to guide the incubator's operations. The board will be charged with overseeing the establishment of the tenant management process, including the application, approval, signing of a tenant agreement, and ensuring tenant compliance. The board will have the authority to enter into contractual relationships with tenants, contractors, consultants, and other entities that may provide services for the facility and its tenants. Staff who manage the incubator will report to the board, and the board will hold final authority on decisions

regarding the incubator's operation.

The board's bylaws should outline its size, meeting frequency, expectations, and plan in the event of the dissolution of the incubator. It will assume all fiduciary responsibility for the incubator and work to ensure it maintains accurate finances that build toward long-term sustainability.

In the early years, when it is a function of the city, the Economic Development Authority could fill this function; when it transitions to nonprofit status, a nonprofit board will assume the role. Regardless, Northspan recommends broad representation on a board of 5-9 members. Representation on the board could include:

- Local business owners
- Successful entrepreneurs
- Representation from large local businesses
- Technical assistance providers
- Financial expertise
- Representatives from the city and county

TENANT MANAGEMENT

Northspan recommends that the City of Becker maintain a short list of selection criteria to ensure applicants are good fits for its space. In the interest of business friendliness and in keeping with the broad scope of the incubator building outlined in this feasibility study, we recommend a relatively simple application and selection process that does not create unnecessary barriers to access. A draft set of criteria drawn from examples of other incubators is reproduced here.

DRAFT SELECTION CRITERIA

- Applicant fits within the business uses established by incubator management
- Submission of a business plan that has been reviewed by SBDC that demonstrates potential for scalability (i.e., a business that is likely to outgrow the incubator space if successful) or requirement that the business is working with an SBDC consultant
- Preference for participants in or graduates of programs such as ILT Academy, Enterprise Academy, or similar start-up business programming
- Applicant submits required application (template provided in this report)
- Business does not engage in activities that are not in keeping with the incubator's broader mission to support economic prosperity in the region or may face legal barriers to its operation. A typical list of businesses uses prohibited from accessing publicly supported funding or facilities includes:
 - » A non-profit organization
 - » A business manufacturing, distributing, selling, or conducting activities related to sexually explicit materials
 - » A business that derives income from passive investments without operational ties to operating businesses
 - » A business whose activities are primarily focused on speculative activities that develop profits from fluctuations in price rather than through the normal course of trade (e.g., investment properties)
 - » A business that earns more than half of its annual net revenue from lending activities (e.g., banks, investors, financial advisors, etc.)
 - » A business engaged in multilevel marketing, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants (e.g., sales of cosmetics, activewear, candles/oils,

nutritional products, etc.

- » A business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted
- » A business engaged in gambling enterprises, unless the business earns less than 50% of its annual net revenue from lottery sales.
- Interview with or presentation to incubator staff
- Approval from EDA/nonprofit board
- Acknowledgment that the incubator will collect data on its tenants, including jobs created, gross sales, and other data points as requested

APPROVAL PROCESS

Northspan recommends a three-step approval process:

1. Submission of a basic application outlining business name, principal, business plan, and goals for incubator use
2. Screening meeting with incubator staff to meet with prospective tenants to determine needs, potential benefits from use of the incubator, and receptiveness to receiving coaching and support services available to incubator users
3. A presentation to the board governing the incubator (either the Becker EDA or a nonprofit entity set up to manage the facility) for board approval of the overall concept

TENANT AGREEMENTS

All incubator tenants should sign a Master Relationship Agreement and a Tenant Lease with the incubator manager that clearly establishes terms of incubator use, manager obligations, and expectations of the tenant. Samples of both documents are available in Appendices I and J for the City of Becker to use and adapt as necessary. These samples have been adapted from examples from other incubators and updated to reflect potential management by both the City of Becker and a nonprofit. Some funding sources secured for the incubator may require additional recitals to comply with terms of funding. City of Becker legal counsel should review the agreements before they are used.

CLIENT GRADUATION POLICY

The proposed incubator should operate on a short-term lease over a fixed timeframe of three to four years. While extenuating circumstances may lead to renegotiation of leases, a predictable timeline will help businesses understand expectations of them and help filter potential tenants for those who can realistically scale up in an established timeframe.

Northspan recommends the inclusion of a lease cost escalator for incubator tenants of one dollar per year. This added cost serves as an incentive for businesses to find their own spaces and creates an additional revenue opportunity to support operations. An incentive policy that returns one half of escalated costs to the tenant upon graduation should the tenant continue its operations at another location in the City of Becker provides further overall benefits through retained businesses and tax generation. Should the incubator achieve a stronger financial position over time, this incentive could be increased to include the entirety of the lease escalator. This model has been successfully used in other incubators, including the Hutchinson Enterprise Center in Hutchinson, Minnesota.

STAFFING PLAN

In the concept presented in this feasibility study, staffing for the incubator is a fairly straightforward proposition that

Northspan anticipates being limited to approximately .1-.2 FTE. This portion of the project would be provided in-kind by city staff while owned by the EDA, but it would require funding if and when it shifts to a nonprofit model. The EDA may find it helpful to include staffing costs as in-kind financial support for some funding applications; the budget in this report does not do so in order to support cash flow.

The following items could be included in a job description or consultant scope as the city seeks or designates an individual to manage its operations:

- Management of incubator funding, including grant reporting and seeking new sources of operating or programmatic revenue
- Management of tenant intake process, including application, initial screening meeting, and presentation of possible tenants to the EDA/nonprofit board for approval
- Management of tenant leases and classroom/office rental
- Regular, proactive check-ins with tenants to maintain strong relationships, address any issues, recommend potential services, and discuss tenant graduation options
- Ensure tenant compliance with terms of leases, including reporting requirements
- Coordination with partner organizations for space use
- Monitor overall incubator maintenance, upkeep, and curb appeal

In this proposed staffing structure, the incubator manager is not responsible for providing direct services to tenants. Rather, the manager provides a space for entrepreneurs to grow and connects them to resources that can assist them.

PROGRAMMING

In order to cash flow, the incubator concept outlined in this report relies on outside partners to provide programming. The building concept includes several offices that supporting services such as SBDC consultants, Initiative Foundation Enterprise Academy staff and consultants, and ILT Academy could use for no cost. Area K-12 schools and colleges also expressed real interest in facility use, and while this could prove a fruitful connection to provide additional programming, conversations in this feasibility phase did not move beyond general interest.

Most fundamentally, incubator tenants will need strong business plans that provide a roadmap for graduation within the timeframe of their lease. Based on the intake conversation, leases should clearly outline expected support for tenants. Identifying which support is necessary will require proactive coordination with partners that can provide these services, whether directly or in coordination with others, with the incubator manager. The incubator manager should develop a clear flowchart or decision-making method that details when to refer businesses to specific partners.

MARKETING PLAN

While advertising for the facility should not be a capital-intensive effort, Northspan does recommend an effort to create a brand for the facility. This branding could adopt City of Becker guidelines in the short term, but if the city proceeds with its plan to spin off the facility, the initial creation of a distinct brand may be more desirable.

Recruitment of tenants should include the following strategies:

1. Website. While the City of Becker EDA could host the incubator's web presence initially, the plan to eventually create a nonprofit incentivizes the development of a stand-alone website for the facility. This website should have distinct branding and offer clear instructions on the benefits of the incubator and how to access it. Northspan recommends the Hutchinson EDA's website as a clean, straightforward example of how to advertise incubator opportunities: <https://hutchinsoneda.com/enterprise/>
2. Connections from partners. Partner organizations are likely to be major referral resources. Examples include:
 - Sherburne County
 - Becker Chamber of Commerce
 - Small Business Development Center
 - ILT Academy
 - Initiative Foundation
 - Minnesota Department of Employment and Economic Development
 - Launch Minnesota
 - Local schools and colleges
 - Local financial institutions
 - Business consultants and resources
3. Word-of-mouth connections. Presentations and connections to area business groups, chambers of commerce, community groups, students, and partners in economic development are likely to be a leading source of referrals.
4. Basic advertising piece. Northspan recommends the creation of a basic advertising piece that can be used in both a print and digital format to succinctly share the opportunity afforded by the incubator and provide contact information for anyone interested in it.
5. Earned media. Press releases, spots with local media, and creative marketing are affordable ways to generate momentum and interest around a project. Becker's status as an energy transition community increases opportunities for the incubator to fit into a broader narrative about community transition and new economic opportunity.

COMPETITION

There are no existing incubator spaces in the greater St. Cloud or northwest Twin Cities metropolitan areas; the nearest options are an incubator in Hutchinson and one at Pine Technical and Community College.

Other incubator operators also noted the collaborative nature of incubator work and that many have shared management plans and details with one another. Incubator operators are all part of a collective effort to encourage entrepreneurship, which is not a zero-sum game, and many incubators have distinctly different areas of focus.

EVALUATION

Northspan strongly recommends that the Becker incubator establish evaluation criteria to ensure the facility is serving its intended purpose. Examples include:

1. Business growth
 - Number of participating businesses
 - Number of graduating businesses
 - Number of businesses accessing educational resources and completing additional training while using the incubator (e.g., SBDC, Enterprise Academy, ILT Academy, additional services provided by local partners)
 - Number of businesses accessing local lending resources to support operations and expansion
 - Business survival rate (e.g., lasting longer than 5 years)
2. Community impact
 - Jobs created by participating and graduated businesses
 - Wages of jobs created by participating and graduated businesses
 - Business-to-business sales with other local businesses
 - Gross sales by business
 - Number and frequency of non-tenants using incubator spaces (e.g., renting conference room)
3. Incubator cost-effectiveness
 - Cost per business assisted
 - Cost per job created
 - Taxes generated by graduated businesses

While there are myriad potential indicators, Northspan recommends selecting three to four clear metrics to track. Homing in on very specific metrics will simplify tenant reporting and management data tracking, building trust between both parties and leaving both confident that they are meeting their respective goals.

TRANSITION TO NONPROFIT STATUS

As noted elsewhere in the report, the City of Becker prefers to guide the incubator in its early years of operation, but it does not intend to be its long-term operator. Instead, it seeks to create a nonprofit that will handle ongoing management efforts.

Creation of a nonprofit will raise operating costs for the facility. The nonprofit entity would need to carry its own insurance policies, and it may lose other efficiencies that the city could provide such as snow removal, grounds maintenance, and general building maintenance that could be provided by existing city staff. Any plan to move to a nonprofit model would also need to ensure compliance with any grant funding the project has received; while Northspan does not anticipate this being a significant barrier for the major funding sources identified in this report, it nonetheless requires careful attention.

Staffing of a nonprofit is perhaps the most significant long-term question. Discussions with other incubator managers suggest that tenant intake, relationship management, and data tracking is a small portion of a full-time position; this budget, based on data from other incubator operators, suggests these tasks amount to about .1-.2 FTE. The nonprofit could therefore post a part-time position or, perhaps more likely given the limited number of hours and expertise required, hire a consultant to guide these operations. It could also contract with the Becker EDA to continue providing some services.

Some comparison incubators do have full-time staff; however, these staff are involved in a more extensive provision

of services, including teaching classes on incubator-owned equipment or providing SBDC services. With no obvious sources of ongoing operating funds to support this position, the budget presented in this report does not include such services. Pursuit of a Build to Scale (B2S) federal EDA grant or comparable multi-year operating grant could lay the foundation for a full-time position to manage and provide programming, and it could also to apply for or solicit additional funding that could create a sustainable position.

Should the City of Becker choose to proceed with its stated desire to transition management to a nonprofit, Northspan recommends that this shift happen at year five or later. According to current cash flow projections, year 5 is the first in which the incubator nets more than \$10,000 in income, providing some cushion to absorb increased costs. For ease of transition, this shift should happen at the end of the City's fiscal year, and efforts to set up the nonprofit and its board, create its articles of incorporation and bylaws, and a hiring or contracting process for management should precede the transition. Northspan recommends beginning this nonprofit creation process one year before the anticipated transition date.

Northspan also recommends the creation of a new, standalone nonprofit to manage the incubator rather than seeking an existing organization to assume its operation. While broadly supportive, none of the partners engaged in this feasibility process expressed an interest in managing the incubator themselves. The creation of a new nonprofit also allows the City of Becker and invested partners to guide its operating structure and ensure that it stays true to its initial intent. By creating a board that includes city staff, elected or appointed officials, and representatives of partner organizations, incubator supporters can maximize community benefit and avoid any unexpected changes or uncertainties about the entity's future.

CONCLUSIONS AND RECOMMENDATIONS

By way of conclusion to this report, Northspan provides a series of closing thoughts and recommendations to guide the path forward for the proposed incubator in Becker.

1. Becker is well-positioned to host an incubator focused on advanced manufacturing, green energy, innovative technology, and logistics. The strengths of the economy in and around Becker align well with incubator facilities, as they represent scalable businesses that require physical space for testing, scaling, and growth. The community has generally strong underlying demographic and economic factors that suggest it can be a source of strong business growth. Moreover, some data suggests untapped entrepreneurial potential in the Becker area.

2. A successful incubator requires major outside investment, most likely in the form of a federal EDA grant targeted to communities undergoing energy transitions. While the incubator can cash flow once constructed, it will struggle to carry any significant debt service. Grant funding, fortunately, is available for communities such as Becker, and if the community can get all, or nearly all, of the construction cost covered by grants, it will be able to build the facility and operate it with leases that are as friendly as possible for tenants.

3. Keep the concept simple. This report does not recommend a particularly complex buildout, specialized equipment, or the development of specific programming or curriculum for the incubator. The building should be designed with maximum flexibility in mind, with a design that allows tenants to build out their own spaces in ways that suit their needs. A straightforward design allows the building to be reused by future tenants or even a different owner, should the facility ever sell. Rather than investing in equipment with uncertain value to not-yet-

identified tenants, the facility should offer basic space and connect business owners with resources that might help finance equipment purchases. And rather than reinvent the wheel, the incubator should tap into a robust network of supporting organizations that already provide many resources to entrepreneurs in Sherburne County.

4. Do not transition to a nonprofit model until the incubator achieves a level of financial stability. Moving away from public ownership will increase incubator costs, and while it may remain in the city's long-term interest to transition the incubator to a nonprofit model, this project is not a short-term investment. Between the time necessary to secure grant funding, the construction phase, several years of scaling operations, and the subsequent need to set up the nonprofit, it will likely take 7-10 years before a transition can take place. Becker will need to be as committed to the concept as a public entity can be for it to succeed.

APPENDICES

- Appendix A: Survey Summary
- Appendix B: Focus Groups Summary
- Appendix C: Interview Summary
- Appendix D: Partner and Funder Roundtable Summary
- Appendix E: Matrix of Comparison Incubators
- Appendix F: Potential Incubator Properties
- Appendix G: Draft Incubator Floor Plan
- Appendix H: Financial Information
- Appendix I: Sample Master Relationship Agreement
- Appendix J: Sample Tenant Lease
- Appendix K: Business PlanBusiness growth
- Appendix L: Responses to EDA Questions

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR

KEY STAKEHOLDER SURVEY SUMMARY



OVERVIEW

The City of Becker, in collaboration with Sherburne County, has engaged with Northspan to conduct a market analysis and feasibility study exploring the potential for developing a business incubator aimed at supporting economic growth and business development in the region.

As part of the market analysis component, a survey was distributed to key stakeholders throughout the area to gather valuable insights and feedback on the proposed business incubator.

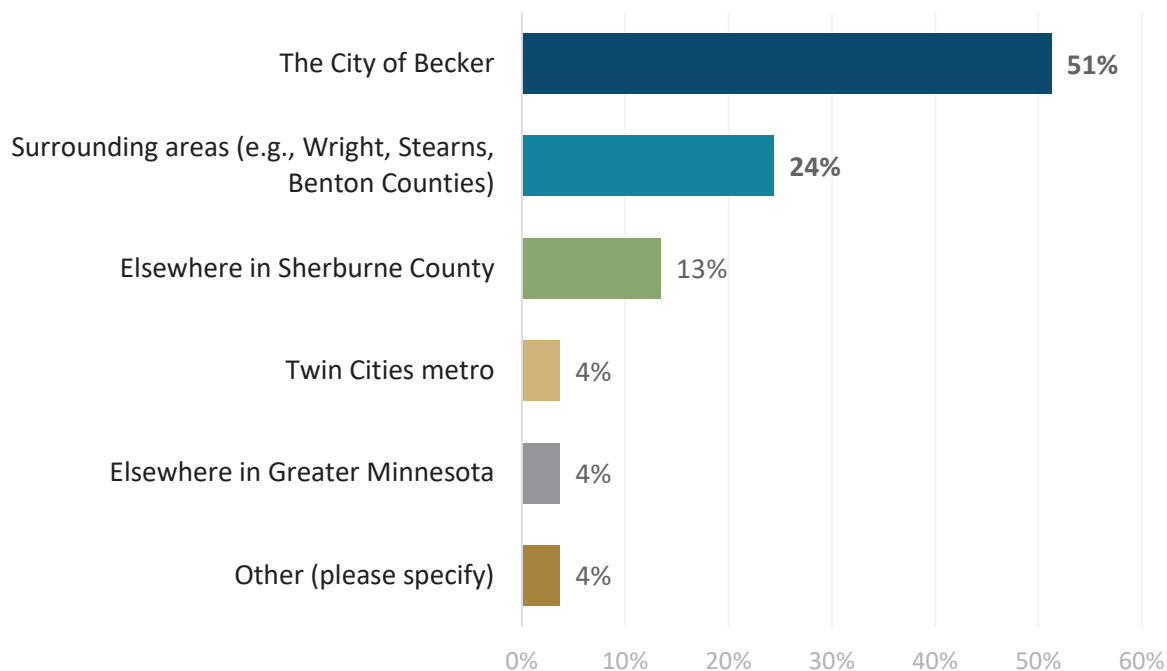
Survey objectives included:

- Assessing the current business environment and overall economic health of the Sherburne County area.
- Determining the need and demand for a business incubation facility.
- Identifying the market potential for various business and industry sectors.
- Aiding in the development of a mission and vision for the proposed business incubator.

The survey was administered via SurveyMonkey and was open from July 12, 2024, through July 26, 2024. A total of 82 respondents completed the survey, exceeding the goal of 50 responses outlined in the initial project proposal. Responses are reported anonymously and in aggregate with no identifying information attached.

BACKGROUND INFORMATION

1. Where do you primarily work or operate?



Respondents who did not primarily work or operate within the list of provided location and selected “Other” specified that they were a **stay-at-home parent**, **retired**, or **worked virtually**.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR

KEY STAKEHOLDER SURVEY SUMMARY



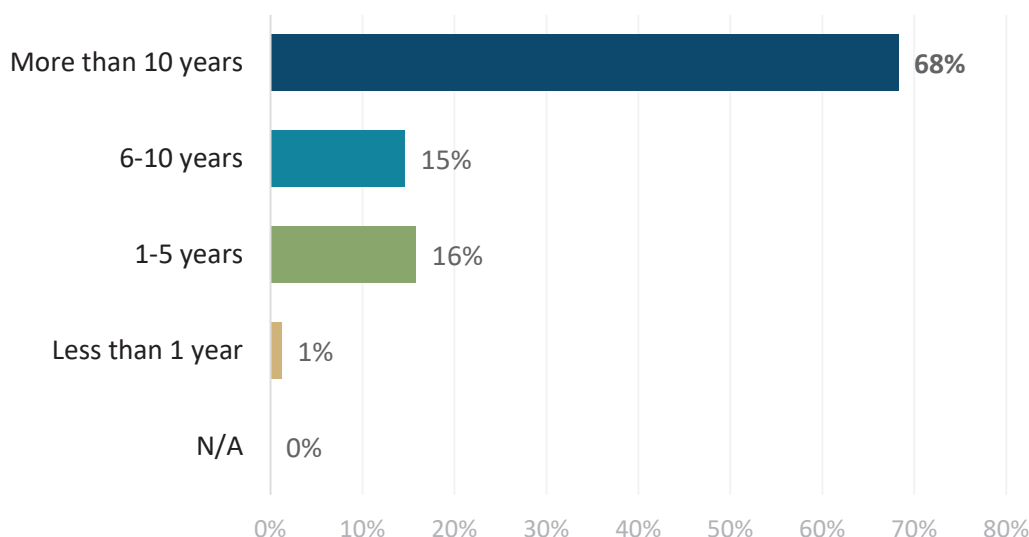
2. Which of the following best describes your affiliation within the Sherburne County area?

Participants were instructed to select all that apply.

Resident	31%
Business owner	28%
Government employee (e.g., city staff, county official)	14%
Entrepreneur or aspiring entrepreneur	10%
Educator/school district employee	8%
Civic leader (e.g., community organizer, nonprofit organization representative, foundations supporting entrepreneurs)	6%
Economic development professional (e.g., EDA representative, Chamber of Commerce)	5%
Financial institution representative	5%
Academic/researcher	5%
Business manager or employee	5%
Developer (e.g., real estate, infrastructure)	4%
Elected official (e.g., City, County, Township, or Tribal leader)	3%
Healthcare employee	3%
Other (please specify)	3%

Participants whose affiliation did not fit within the above categories and selected “Other” specified that they worked in **manufacturing** or were a **farmer/landowner** in the area.

3. How long have you been a part of or associated with the Sherburne County area?

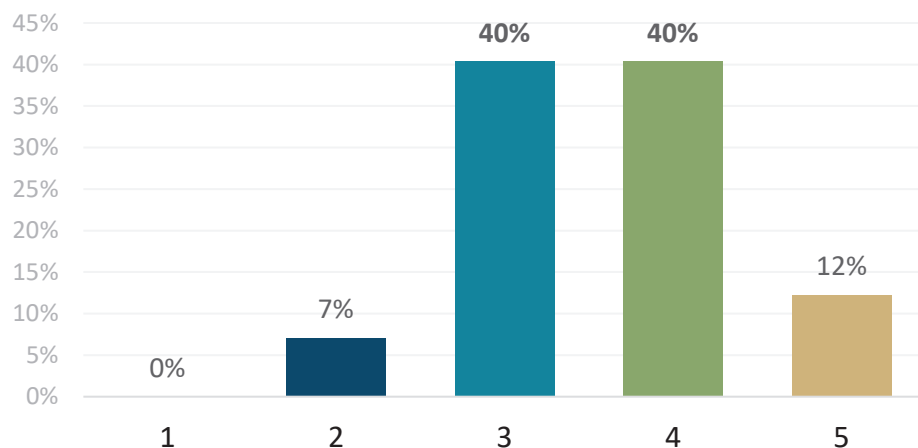


THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR KEY STAKEHOLDER SURVEY SUMMARY



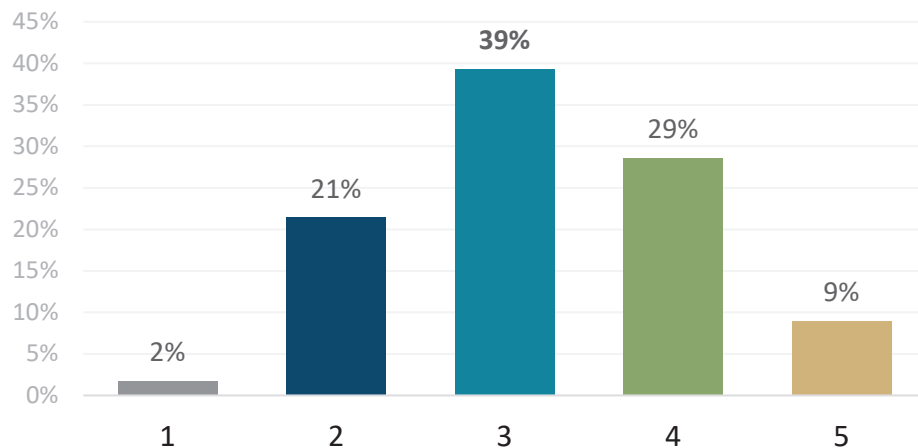
CURRENT ECONOMIC & BUSINESS ENVIRONMENT

4. How would you rate the overall economic health of the Sherburne County area on a scale of 1 (*very poor*) to 5 (*very healthy*)?



Overall
Economic Health
Avg. Rating:
3.58

5. How would you rate the current business and entrepreneurial environment in the Sherburne County area on a scale of 1 (*very negative*) to 5 (*very positive*)?



Business and
Entrepreneurial
Environment
Avg. Rating:
3.21

6. What do you feel are the top 3 challenges faced by businesses and entrepreneurs in the Sherburne County area?

Participants were instructed to select up to 3 responses.

Workforce recruitment and retention	50%
Skilled workforce development and employee training opportunities	43%
Access to viable commercial space	39%
Access to capital or investment opportunities	36%
Marketing, branding, or advertising	29%

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR

KEY STAKEHOLDER SURVEY SUMMARY



Technical assistance and support services (e.g., business plan assistance, business coaching, financial literacy training, etc.)	21%
Physical infrastructure (e.g., broadband, utilities, roads)	16%
Technology (e.g., e-commerce, digital literacy)	11%
Other (please specify)	11%

Top 3 Business and Entrepreneurial Challenges:



7. Please rate the strength of the following business or industry sectors' current presence in the Sherburne County area on a scale of 1 (*absent or very weak*) to 5 (*very strong*):

Participants were given the option to select "I'm not sure" for business or industry sectors that they were unfamiliar with, which was calculated in the weighted averages shown below.

Agriculture & Food Production	4.02
Construction & Licensed Skilled Trades	3.79
Financial Services	3.64
Manufacturing	3.64
Healthcare & Wellness	3.52
Community Services & Nonprofits	3.18
Restaurants & Food Services	3.15
Professional Services (e.g., Accounting, Legal, Marketing)	3.11
Educational & Childcare Services	3.10
Engineering	2.89
Transportation & Warehousing	2.88
Sales, Retail, & Consumer Goods	2.60
Computers, Information Technology, & Data Management	2.59
Arts, Entertainment, & Recreation	2.49
Hospitality & Tourism	2.12
Air Transportation & Aviation	2.07
Scientific Research & Development	1.88

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR KEY STAKEHOLDER SURVEY SUMMARY



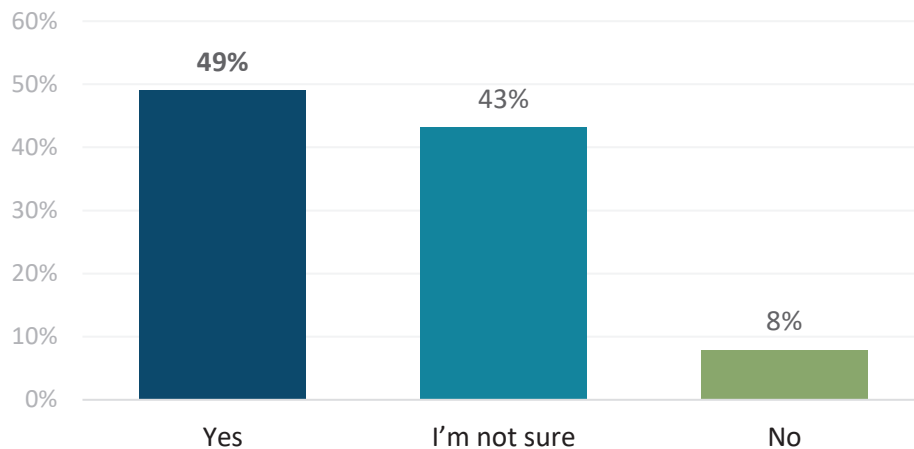
8. Please provide any additional comments you may have regarding the current economic and business environment in the Sherburne County area.

Additional comments included:

- Becker has a strong and active Chamber of Commerce that will be vital to the success of this endeavor, as well as potential partnerships with ILT Academy and other entrepreneurial programs.
- The Post Office potentially moving out of Becker is an issue for new and existing businesses.
- Hutchinson has an incubator that could be a good model for Becker.
- Increasing the connection of the school to businesses should be addressed, there are limited options for vocational programs and not much opportunity for kids to explore different local careers.
- The solar farm going up is very positive.
- Becker has too many rules, regulations, and expectations of businesses, driving them to nearby towns.
- City councils are making decisions without truly considering the consequences for current residents.
- Highway 10 is becoming one long business district from Elk River to St. Cloud.
- We need a better variety of businesses and to clean up existing eyesores e.g., The Dollar Store, dog groomer.

BUSINESS INCUBATOR POTENTIAL

9. Do you believe the Sherburne County area has a need for a business incubation facility?



10. What are the top 3 business or industry sectors in the Sherburne County area that you feel would benefit most from a business incubator?

Participants were instructed to select up to 3 responses.

Sales, Retail, & Consumer Goods	41%
Restaurants & Food Services	33%
Educational & Childcare Services	31%
Computers, Information Technology, & Data Management	29%

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR

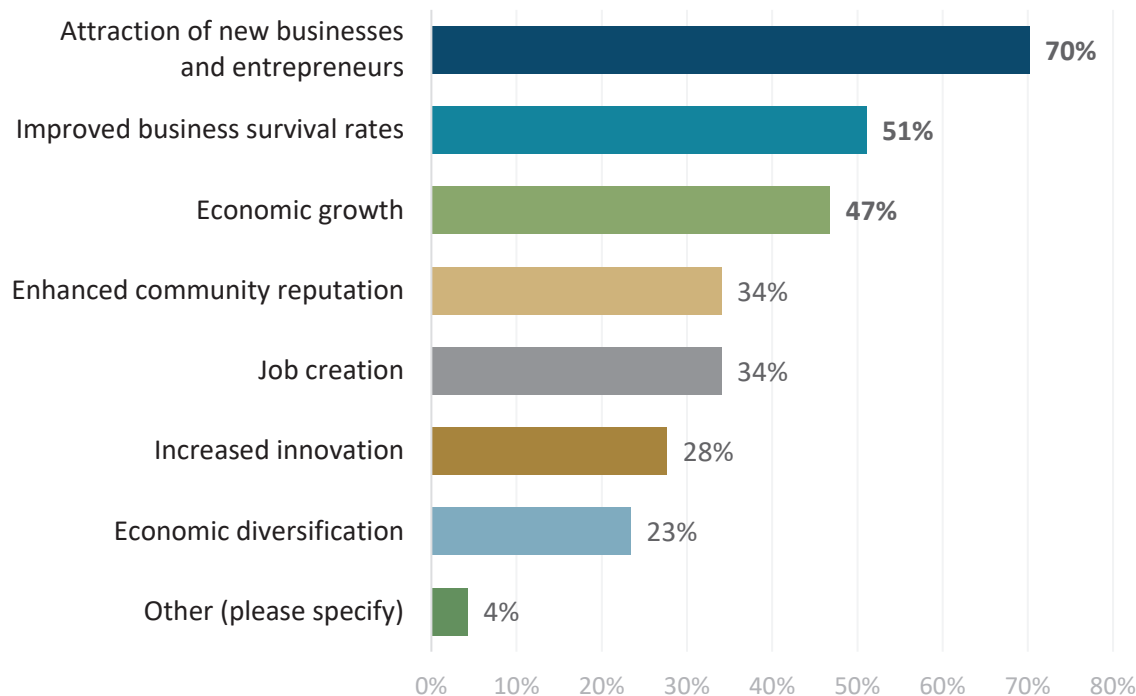
KEY STAKEHOLDER SURVEY SUMMARY



Manufacturing	24%
Hospitality & Tourism	20%
Community Services & Nonprofits	18%
Healthcare & Wellness	16%
Professional Services (e.g., Accounting, Legal, Marketing)	14%
Engineering	10%
Agriculture & Food Production	8%
Scientific Research & Development	8%
Financial Services	6%
Construction & Licensed Skilled Trades	6%
Air Transportation & Aviation	4%
Transportation & Warehousing	4%
Arts, Entertainment, & Recreation	0%
Other (please specify)	0%

11. What are the top 3 overall benefits you anticipate a business incubation facility would bring to the Sherburne County area?

Participants were instructed to select up to 3 responses.



Participants who selected the “Other” option specified benefits such as **keeping entrepreneurs in the area** as they develop and **helping existing businesses grow**.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR KEY STAKEHOLDER SURVEY SUMMARY



12. Please provide any additional comments you may have regarding the potential development of a business incubator in the Sherburne County area.

Additional comments included:

- I just think it's a fantastic idea.
- We need more options... I drive to Monticello or Big Lake for needs that can't be met in Becker.
- Pick industries that draw skilled workers and/or higher income.
- We need to clean up the old empty buildings and add new life to them.
- Not sure it's needed, it sounds like someone has tax (others) dollars to spend.
- Start a solar panel industry manufacturing right in town.
- With the right supports and goal posts, this could be very beneficial to the community.

BUSINESS INCUBATOR MISSION & VISION

13. What are your hopes or aspirations for a business incubator in the Sherburne County area?

Common themes (in approximate order of frequency) included:

- Practical resources to help businesses start and grow.
- Ample mentorship opportunities.
- Business attraction and retention.
- Ability to meet community needs at a local level.
- Empowering aspiring entrepreneurs to pursue their ideas.
- Long-term economic growth and sustainability.
- Increased community presence and visibility.
- Development of diverse, innovative new businesses.

14. How would things be different if your hopes or aspirations for a business incubator in the Sherburne County area came true?

Common themes (in approximate order of frequency) included:

- Increased interest in entrepreneurship and small businesses.
- Widespread economic development e.g. increased population, higher revenue, and business retention.
- Enhanced local services and decreased reliance on neighboring communities.
- Greater visibility and marketability of the area.
- Stronger community engagement and working toward shared goals.
- Higher quality of life and increased options for residents.
- Improved employment opportunities and job variety.
- More innovation and willingness to try new ideas.

**THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR
KEY STAKEHOLDER SURVEY SUMMARY**



15. What do you want to see in place in 5-10 years as a result of the proposed business incubation facility in the Sherburne County area?

Participants were instructed to enter 3-5 responses each. Responses were then clustered based on their overall theme into the following high-level categories displayed below:

1. Diverse Business
Landscape

2. Thriving Local
Economy

3. Collaborative
Learning
Opportunities

4. Vibrant
Community
Identity

5. Comprehensive
Business
Resources

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR FOCUS GROUPS SUMMARY



OVERVIEW

The City of Becker, in collaboration with Sherburne County, has contracted with Northspan to assess the feasibility of a developing business incubator project aimed at supporting regional economic growth and business development. As part of the initial market analysis phase of the project, Northspan conducted two in-person focus groups with identified stakeholders and community members to gather valuable feedback on the proposed incubator.

The focus groups took place at the Becker Community Center. The first session was held on the evening of July 31, 2024, and the second session was held on the morning of August 1, 2024. The first focus group drew two attendees: a representative from the Energy Transition Office at the Minnesota Department of Employment and Economic Development (DEED) and an active community member of the City of Becker with extensive finance experience. Three participants attended the second session, including a business development representative from the Greater St. Cloud Development Corporation (GSDC) and two business owners. The smaller group sizes allowed for in-depth discussions and yielded several key insights.

The agenda for the focus groups included a welcome and introductions facilitated by Northspan staff, followed by a review of the business incubator project goals led by Nicole Smude, Economic Development Coordinator for the City of Becker. Northspan staff then provided an overview of the results of the business incubator key stakeholder survey conducted from July 12, 2024, through July 26, 2024. Focus group participants were given time to individually review a survey summary handout before engaging in a focused conversation to discuss the findings and provide additional feedback on the proposed incubator. The sessions concluded with a brief overview of the next steps in the project.

FOCUSED CONVERSATION SUMMARY

Participants were asked a series of questions during the focused conversation to identify key takeaways from the survey, concerns or excitements about the project, how the incubator might benefit the community, potential implementation challenges, and what they believe the incubator should offer to the community.

What caught your attention across the survey responses? Where do you see a lot of agreement or crossover?

The first focus group noted that survey respondents mentioned the need for specific services and stores, such as a pharmacy, indicating a gap in essential services in the community. There was significant agreement on the potential for partnerships with the public school system to provide mentoring, apprenticeship, internships, and pipeline activities, which could enrich educational experiences and support workforce development. Participants commented on opportunities to utilize the school system's strengths, including a robust robotics team and growing participation in its DECA program, to get youth interested in entrepreneurship and provide them with resources. The idea that Becker needs a main street or city center emerged multiple times, with the incubator seen as a prime opportunity to create a more vibrant identity and cohesive community 'vibe'. The lumberyard was frequently mentioned as a potential site for the incubator, along with city-owned lots in the industrial park, pointing to a popular consensus on utilizing existing spaces for community and economic growth.

What caught the attention of the second focus group was the clear need for affordable commercial space, as renting is currently very expensive, making it challenging for new businesses to establish themselves. Focus group

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participants were surprised by the top three industry sectors identified as most likely to benefit from an incubator—retail, restaurants, and child care and education—expecting instead that manufacturing and technology would have ranked higher. Additionally, there was significant curiosity about the incubator's potential to attract not only Becker residents but also individuals throughout the area, indicating a broader regional interest and the possibility of the incubator serving as a central hub for entrepreneurial growth beyond just the immediate community.

Can you share any concerns or excitements you have about the project?

In the first focus group, participants expressed excitement about the project's potential to attract and retain young adults in their 20s and 30s. Participants also noted opportunities to encourage entrepreneurship among older individuals to further the creation of a dynamic and diverse entrepreneurial ecosystem. The flexibility of the incubator was noted as crucial, as was the need to be prepared for the possibility of attracting large companies like DigiKey or Medtronic, which could bring substantial economic growth to the City of Becker and Sherburne County area. Moreover, the group noted a significant opportunity to support local innovators in scaling up their operations, helping them transition from working in their homes or garages into more expansive manufacturing spaces. The focus group noted that this project not only has the potential to invigorate the local economy but also to create a supportive environment where businesses of all sizes can thrive and contribute to the community's development.

Participants of the second focus group expressed concerns about the idea of the project moving too quickly without a solid plan for sustainability, emphasizing the importance of a carefully thought-out approach and solid partnerships. They shared that the incubator has the potential to put Becker on the map, transforming it from a drive-through community into a destination, and stressed the need for strong marketing and promotion to ensure its success. Flexibility was highlighted again, as the incubator must be able to adapt to the changing needs of the community. Concerns about insurance and liability were raised, suggesting a need for thorough risk management planning. Participants also recommended identifying potential users, such as entrepreneurs, small businesses, and schools, and consulting with existing businesses to understand their needs and preferences. This underscores the importance of comprehensive planning and community engagement to ensure the project's long-term viability and success.

What do you think are the main benefits the business incubator could bring to our community?

The first focus group participants noted that creating a business incubator can help create a vibrant, synergistic energy in Becker and support a thriving entrepreneurial environment. By offering mentorship and support from experts and facilitating access to valuable resources like Small Business Development Centers (SBDC), ILT Academy, and SCORE, the incubator could significantly enhance the success of local startups and small businesses. One main benefit mentioned was the potential to retain young talent, encouraging them to stay and grow in the community. The incubator could attract individuals from surrounding areas, further boosting local commerce and innovation. As a versatile space, it could also serve as a community hub and a catalyst for creating additional gathering spaces, providing opportunities for residents to support one another and cultivate a strong sense of community.

The second focus group discussed benefits the business incubator could bring to our community including providing coworking space, which would offer flexible and affordable working environments for freelancers, remote workers, and startups. It would also serve as a central gathering place for the community, encouraging connections and

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FOCUS GROUPS SUMMARY



collaboration among residents. By offering resources for entrepreneurs and small businesses, such as mentorship, training, and networking opportunities, the incubator would help local ventures thrive. Having a business navigator on site would provide crucial guidance and support to business owners navigating the complexities of starting and growing their enterprises. Moreover, the incubator would generate increased foot traffic, benefiting existing businesses like coffee shops, grocery stores, and gas stations, thereby stimulating the local economy and enhancing the overall vibrancy of the community.

What challenges or barriers do you foresee in implementing the business incubator?

Participants of the first focus group highlighted the availability of financial opportunities, particularly in relation to Becker's status as an energy transition community, and showed a strong interest in leveraging these supports; however, they voiced potential concerns about the difficulties of obtaining federal grants and viable matching funds. The focus group also noted a need to be aware of existing resources and not "recreating the wheel" in order to help prevent or overcome implementation barriers. Additionally, participants shared that getting young people interested in the incubator and ensuring that any resultant businesses meet community needs could be a challenge.

In the second focus group, one challenge noted in implementing the incubator was a lack of public transportation, which could limit access for some community members. Participants also noted that the incubator must consider hours of operation and potentially offer extended hours, opening in the evening and early morning to accommodate individuals who have jobs or other responsibilities during the day. Additionally, participants commented that Becker's location in between the larger and generally higher-paying Twin Cities and St. Cloud metropolitan areas could be a potential challenge; however, it was also noted at other points that the city's location may be an advantage, as it is well placed to draw individuals throughout the region. A need for early wins was expressed, highlighting that it is crucial to have well-publicized initial successes to gain traction and increase awareness and engagement levels.

What do you want to make sure the business incubator will offer the community?

During the first focus group session, participants emphasized that the business incubator should help to create a sense of community, noting that people are what contribute to a community's vibrancy, as well as the desire for it to result in more gathering spaces. The need to harness older individuals' wealth of knowledge and facilitate its transfer to younger entrepreneurs and business owners was also highlighted. The group commented on intergenerational mentorship opportunities and expressed that older residents can provide access to resources and build valuable connections. Additionally, participants shared that the business incubator could serve as a springboard for people to ideate and develop business concepts, helping to encourage a spirit of creativity and innovation in the community.

Feedback from the second focus group session indicated that to ensure the business incubator effectively supports the community, it should provide robust technical assistance for entrepreneurs and small businesses, helping them navigate challenges and optimize their operations. Offering internships and mentorship programs will be crucial for connecting emerging entrepreneurs with experienced professionals and providing valuable hands-on learning opportunities. Additionally, participants shared a desire for the incubator to host community programming that brings people together, such as workshops, networking events, and educational sessions, in order to create a collaborative and engaged entrepreneurial and business environment that benefits all members of the community.

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KEY TAKEAWAYS

- **Community Spaces and Identity:** Participants emphasized the importance of developing cohesive community spaces, such as a main street or city center, to serve as gathering places and strengthen community identity. They noted the incubator could help establish or support local businesses that contribute to these dynamic areas.
- **Comprehensive Support for Local Entrepreneurs:** Enthusiasm was expressed regarding the incubator's potential to offer robust technical assistance and resource navigation as well as networking, collaborative learning opportunities, and community events to aid local entrepreneurs in starting or expanding their operations.
- **Flexible and Affordable Workspaces:** Participants discussed the need for the incubator to provide a variety of workspaces that support businesses of all types and sizes, including access to affordable commercial spaces and flexible coworking environments that cater to freelancers, remote workers, and startups.
- **Mentorship and Knowledge Sharing:** Focus group participants highlighted the importance of facilitating the transfer of knowledge from older community members to younger entrepreneurs through intergenerational mentorships, as well as opportunities for established experts and business owners to provide valuable guidance.
- **Regional Attraction and Effective Marketing:** The incubator's potential to position Becker as a central hub for entrepreneurial growth and innovation by drawing individuals from the surrounding region was noted, as was the need for effective marketing strategies to increase awareness of the incubator and maximize its appeal.
- **Educational Partnerships:** Participants commented on the potential to collaborate with the local public school system, including utilizing programs like robotics and DECA, to encourage interest in entrepreneurship among youth, provide access to resources, and promote opportunities for career pathways and workforce development.
- **Strategic and Sustainable Development:** The need for a clear strategic vision and well-thought-out sustainability plan for the incubator was highlighted, emphasizing strong partnerships, careful planning, informed decision-making, and effective risk management to ensure its success.
- **Addressing Local Service Needs:** Participants noted the potential for the incubator to help launch businesses, such as a pharmacy, that fill current gaps in the community and allow residents to meet their vital needs locally.

RECOMMENDATIONS

- **Ongoing Community Engagement:** Continue to organize meetings and workshops with key community stakeholders and potential partners, including business owners, educators, and community leaders, to gather further information on current and emerging needs and challenges while promoting support and collaboration.
- **Establish Pilot Programs:** Design and initiate pilot programs testing various aspects of the incubator, such as mentorship schemas, coworking spaces, and technical assistance workshops, to provide valuable data on what works best for the community and help refine the incubator model before full-scale implementation.
- **Secure Initial Funding and Resources:** Identify and pursue available funding from government grants, including those that capitalize on Becker's unique status as an energy transition community, as well as opportunities from

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private investors and community foundations. Secure resources needed for the early stages of the incubator, including physical space, equipment, and staffing, to ensure a strong foundation for the project.

- **Develop a Comprehensive Marketing and Outreach Plan:** Create a detailed strategy for marketing and outreach to promote the incubator within the community and surrounding regions. Highlight the benefits of the incubator, including success stories from pilot programs, to generate interest among potential participants or partners.
- **Consider Flexibility:** Design the incubator concept and infrastructure to be adaptable, such as incorporating a mix of coworking spaces, affordable commercial units, and manufacturing space. Emphasizing flexibility will allow the incubator to accommodate various business types and sizes, helping to attract a diverse range of entrepreneurs.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY

OVERVIEW

The City of Becker, in collaboration with Sherburne County, has engaged Northspan to assess the feasibility of a proposed business incubator project aimed at supporting regional economic growth and business development. As part of the project's second-phase feasibility study, Northspan staff conducted a series of one-hour virtual interviews with local stakeholders to assess community and business support for the incubator project.

A total of 14 local stakeholder interviews were conducted via Zoom between August 12 and August 27, 2024. Interviewees were identified via targeted outreach to individuals involved in local economic development and business sectors, as well as participants who expressed interest in interviews through the Key Stakeholder survey conducted by Northspan in July 2024 as part of the project's initial market analysis phase.

The interview questions were designed to cover a range of topics, including the interviewees' professional affiliation, roles, and background in the community, an assessment of the current overall entrepreneurial and business development ecosystem in Becker and Sherburne County, and an exploration of various aspects of the proposed incubator project. These aspects included but were not limited to potential businesses and industries who may be interested in utilizing an incubator space, considerations and suggestions for potential locations, success metrics, and identifying potential community partnerships.

INDIVIDUAL ROLES AND BACKGROUND

"What organization are you with?"

The individuals interviewed were affiliated with a variety of community stakeholder organizations and groups, including representatives from Becker Public Schools (x3), Xcel Energy (x2), Sherburne County Bank, the Becker City Council, and a member of the Becker Economic Development Authority (EDA) board, who also works as an independent marketing consultant and business/entrepreneurial coach. Additional interview participants included a small business owner in Becker, retired professionals (x2), a remote worker for Falcon National Bank, a Community Development professional with a deep knowledge of the City of Becker, and a representative from the Minnesota Department of Employment and Economic Development (DEED) Energy Transition Office.

"Do you live or work in Becker/Sherburne County?"

Response	Count	Percent
Lives in Becker/Sherburne County	6	43%
Works in Becker/Sherburne County	4	29%
Both lives and works in Becker/Sherburne County	2	14%
Neither lives nor works in Becker/Sherburne County	2	14%

The interview participants who live, but do not work, in Becker or Sherburne County indicated they work in areas including Isanti and the Twin Cities metro. Those who work, but do not live, in Becker or Sherburne County, shared that they currently live in Sauk Rapids, Big Lake, and St. Paul, with one noting they are a former Becker resident and another stating they are considering moving to Becker. The two participants who neither live nor work in Becker or Sherburne County noted that they live and work nearby in closely surrounding areas such as St. Cloud.

"Please provide some background on your role in the community."

The local stakeholders interviewed shared a diverse range of backgrounds. Many stated they are generally very involved in the Becker community, which includes multiple long-term residents of 20+ years. Multiple participants are members of the Becker Chamber of Commerce, and several have an entrepreneurial or small business

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background, including two current small business owners, an individual whose family has a local business, and someone with ideas for a business to address childcare needs. Many are engaged in volunteerism and community projects, including involvement with the wildlife refuge, Education Foundation, Childcare Solutions Taskforce, community education, and assistance in planning the community center. Several participants also have a role in helping to guide Becker through the energy transition at the Sherco power plant. One relatively new resident also shared they've had a hard time connecting to the community outside of their involvement with the church.

ENTREPRENEURIAL AND BUSINESS DEVELOPMENT ECOSYSTEM

"How would you describe the current ecosystem for entrepreneurs?"

Interviewees held mixed views on the current entrepreneurial ecosystem. Several described it as being overall strong, while others felt it is "emerging" or that entrepreneurial support is limited. Many participants highlighted the resources available through the city, county, Chamber of Commerce, and regional organizations like the Greater St. Cloud Development Corporation (GSDC); however, some felt these resources are not always well-communicated or easy for entrepreneurs to access. Becker's central location was seen as an advantage by some, though challenges related to being in a rural area were also mentioned, including competition with larger metro areas. Overall, there is a sense that Becker has significant entrepreneurial potential, but there may currently be unmet needs in terms of access to resources and broader community awareness.

Comments included:

- There needs to be more resources for entrepreneurs to get started and awareness of what is available in the community. Skilled labor is a challenge, as is support for training employees.
- Better than in the past, the current city staff and Chamber of Commerce are very involved. There are many people who would be good mentors. The county has access to financial resources. Generally, resources exist, but you need to actively search for them. Lots of demand and unmet needs from local consumers.
- There are a lot of people in Becker with many skills and a lot of confidence to do things... A lot of side hustles. I don't see a lot of people making a business out of their hobbies and skills, though.

"What is the interest level in this community around entrepreneur development?"

Responses to this question revealed a generally positive but varied level of perceived interest in entrepreneurship within the Becker community. Several participants noted a growing shift from traditional career paths and an increasing interest in being their own boss, either through side hustles or a small business. A few interviewees also highlighted the impact of the pandemic in fostering more entrepreneurial spirit. Some felt there is moderate interest but that starting a business may not be a high priority for certain individuals, while others indicated that people might support local entrepreneurs but may be less willing to put in the effort required to launch a business. Several respondents observed that would-be entrepreneurs require significant guidance and support to turn their skills and side projects into fully-fledged businesses.

Comments included:

- Again, most businesses have been around for 20+ years, but newer ones like Dueling Brews have been doing well and drawing attention. There's interest out there.
- Fairly strong. The tide is shifting away from "traditional" career paths and 4-year degrees. More people (both younger and older) want to be their own boss. A lot of people have side hustles or are looking to fill needs in the community.
- Mid-level. There's some, but it's not extremely high. Starting a business or becoming an entrepreneur doesn't always occur to people or isn't high on their list of priorities.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR

IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY



“What resources do you think are currently lacking for entrepreneurs in this community?”

Many interview participants noted that while resources such as financial support, educational opportunities, and networking exist if you know where to look, one of the biggest challenges for entrepreneurs is general lack of awareness. Resources were seen as being scattered, and difficult to navigate, especially for newcomers. Financial resources such as low-interest loans and venture capital were seen as particularly difficult to access, and a perceived lack of education and guidance on basic business skills, such as business plan development, was also noted. Participants also stated a need for stronger networking and mentorship opportunities, as well as coordination to connect entrepreneurs to physical resources such as manufacturing equipment and commercial space.

Comments included:

- There are resources in St. Cloud, but not in the area. We need more coaching to get people started. Leads on equipment for manufacturing. Tax help, reliable coaching.
- The resources are there, but there's a general lack of awareness and coordination. People need help networking, getting connected to mentors, and navigating the existing resources.
- The EDA admin staff does a good job finding funds/grants, but accessing venture capital is new territory. Limited physical space. General lack of education on what entrepreneurialism entails and all the things entrepreneurs need to consider.

“What are the benefits of building an entrepreneur ecosystem in this community?”

Multiple participants stated that building up the entrepreneurial ecosystem could keep money local, boost the tax base, and reduce the need for residents to travel to larger cities like St. Cloud for goods and services. Many felt that supporting local entrepreneurs would strengthen the community overall by fostering partnerships, creating jobs, and helping small businesses thrive. Some emphasized that it could attract new residents and businesses, energize the downtown area, and help retain younger residents, as well serving to enhance Becker's identity, align with the energy transition, and foster a deeper sense of ownership and connection among community members.

Comments included:

- Entrepreneurs are a pillar of community that help build up pretty much every other area of the community. It helps people feel supported, enables them to be successful, and encourages strong partnerships. Could also help bring more small businesses to create a more cohesive downtown area.
- Becker is in a good spot for growth. More local businesses could help keep money local and increase the tax base. It could also help people meet their needs without having to go to St. Cloud or other cities as much.
- New businesses build vibrancy. It encourages people to want to live here and new residents can further contribute to the entrepreneurial ecosystem.

“What are the challenges of building an entrepreneur ecosystem in this community?”

Interviewees highlighted several challenges, including once again reiterating the overall lack of awareness regarding entrepreneurial resources. Several people brought up skepticism or resistance to change, particularly among long-term residents, which could make it difficult to generate buy-in. The pull of talent and resources from nearby larger communities like St. Cloud and Elk River were also seen as a challenge, along with small-town constraints such as limited accessible commercial space and concerns about the capacity and budget necessary to build the ecosystem. Some felt that white-collar or service-based entrepreneurs can face particular challenges, and that there is a need for more shared workspaces and spaces that can accommodate a wider range of business types.

Comments included:

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY



- Getting people interested in entrepreneurship and getting them to actually use resources like an incubator.
- Smaller businesses can have higher price points which might deter people. Also the level of dedication entrepreneurship requires - it's not just a job, it's a lifestyle.
- Finding the right person/people to help you navigate, especially for newer residents. There's an overall lack of awareness about entrepreneurship opportunities. There's also not a lot of empty commercial space available.

"How do you believe a business incubator could address these challenges?"

Many participants felt that an incubator could raise overall entrepreneurial awareness and improve access to resources and funding. Many felt that it could help educate the community, build trust, and create stronger partnerships with the city, Chamber of Commerce, and other stakeholders. Providing affordable spaces for startups to move out of their homes or garages was also seen as a critical solution. Several interviewees emphasized the incubator's potential to serve as a hub for coaching, mentorship, educational programs, and business networking, with a particular focus on younger adults and high school students to retain local talent. It was also noted that the incubator could help establish partnerships with higher education institutions and larger neighboring communities to further enhance resource capacity and support for new businesses.

Comments included:

- Educating the community about the incubator could help build trust. Strong partnerships with the city and Chamber would also help with community support. Creating awareness about the benefits, preferably with data-driven evidence, would go a long way too.
- Could help build partnerships, including taking advantage of interest from higher ed. and getting big-name support to get community members interested. Partnering (instead of competing) with other nearby communities with a larger tax base (e.g., Big Lake) could help with resources and capacity.
- Connecting people to mentors would be huge. Helping people access or find physical space for their businesses. Giving people the "shove" they need to turn an idea into something more.

PROPOSED BUSINESS INCUBATOR PROJECT

"What are the specific types of businesses/industries that you think would be interested in a business incubator?"

While some interviewees were unsure which specific businesses or industries would have the most interest, several key themes emerged. Manufacturing and technology were frequently mentioned, including robotics, data centers, and opportunities for ventures related to renewable energy and Sherco byproducts, along with the potential for school partnerships and pathways. Several participants expressed hopes that an incubator would create more businesses that serve as community gathering places or help fill current gaps, such as a pharmacy and other retail stores that allow people meet basic needs without having to travel to nearby communities. Others noted an opportunity to attract entrepreneurs currently working from their home or garage to help them scale their business.

Comments included:

- Manufacturing and industry, foster growth and innovation for people working out of their garages, the community will know what they need. Provide the steps that people need to move up.
- Hopefully more local retail that helps people meet their basic needs -- not just gift shops and such.
- Former industry workers (e.g., Sherco employees) might have ideas for manufacturing/technology-based businesses that fulfill unmet needs and niches in the community based on their experiences. There are lots of opportunities as an energy transition community. Also opportunities for entrepreneurs that support families and kids and offer activities and things to do besides just the community center.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY



“What kind of support services would be most beneficial to include in the incubator?”

Participants strongly emphasized mentorship, workshops, peer group discussions, and networking opportunities to help entrepreneurs connect with the right people. Business plan creation and review, along with general guidelines for starting a business, were also frequently mentioned, as well as access to low-interest loans and shared spaces for early-stage businesses. Many highlighted functional support services such as tax advice, accounting, IT, and marketing, along with digital and financial literacy training, high-level guidance on navigating financial, legal, and operational resources, and helping entrepreneurs set realistic goals and success metrics.

Comments included:

- Mentorship, resource navigation, just having someone to run things by and receive expert advice on things like business plans, finances, etc.
- Access to low-interest loans, access to space for first and second-stage businesses, education, mentorship, networking opportunities to build connectedness.
- Shared services, advice to starting a business, financial support, information about the local regulations. Real, local mentorship.

“What potential barriers do you foresee in the implementation and sustainability of a business incubator here?”

Several interview participants noted that while implementation of a business incubator might be manageable, long-term sustainability could be more challenging. Raising awareness and getting people to utilize the space were cited as potential barriers, and many emphasized the need for consistent promotion, securing initial buy-in through early "wins," and sharing success stories to generate momentum. Some respondents expressed concerns about Becker's small population and whether there would be enough demand to support new businesses in the long term, while others worried about the potential for competition with existing businesses. Concerns about costs to the city and securing sustainable, ongoing funding were frequently mentioned, as well as the need for strong champions at the city and council level to help guide the project and attract anchor businesses.

Comments included:

- Creating initial excitement and buy-in from potential entrepreneurs. It would need some early results or "wins" with businesses that meet the community's needs. Sustainable funding could also be a potential barrier.
- Existing businesses might view new businesses as competition. This could also make it hard to match entrepreneurs with mentors who are actually willing to help.
- Space potentially not being filled due to not enough promotion and people not knowing about it. It would need to have consistent and regular offerings that are well-publicized.

“What considerations related to location and accessibility are important for the success of a business incubator?”

Participants stressed the importance of a centrally located business incubator, ideally near main roads and K-12 schools for convenience and visibility. Some participants highlighted transportation access, particularly due to the lack of public transportation, as well as road construction and accessibility from outside of Becker. Many emphasized affordability and the need for sufficient space, parking, and infrastructure depending on the type of businesses involved. Disability access, safety, and eco-friendliness were also seen as important factors for the location.

Comments included:

- It should be found on or near a main thoroughfare - people value convenience above all else. ADA accessibility is important. The carbon footprint and eco-friendliness should also be considered.
- Just that it's centrally located, convenient to get to, and has access to amenities nearby.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY



“Are there any specific locations or existing facilities that you think would be a good fit for a business incubator?”

Most interviewees were unsure of specific locations or facilities that might be suitable for a business incubator. However, some mentioned the industrial park as a potential option due to available space and truck traffic. The potential option of establishing office spaces in larger, underutilized facilities such as Becker Furniture World, or exploring smaller vacancies in existing buildings, was also suggested by several participants.

Comments included:

- Becker Furniture World is in a visible location and isn't using the space to its full potential - maybe partnering with them to use it for office/light industrial space. Frontage road has potential. A lot of older business owners are also looking to retire and may be selling their buildings in the next few years.
- This is hard in Becker, there's not a lot of space available that I know of.
- Becker Furniture World has open office spaces. There may also be smaller open spaces in the former Chamber building, the Patriot building, and Dueling Brews has an open storefront.

“How can we ensure that the incubator is inclusive and supports a diverse range of entrepreneurs?”

Several participants highlighted the importance of considering various kinds of diversity beyond race or ethnicity, such as gender, age, and disability status. While a few individuals noted that Becker does not have high amounts of diversity, some also felt that the community strives to create an inclusive, welcoming environment. Multiple interviewees suggested targeted outreach and marketing to underrepresented groups, as well as connecting with or looking at examples from DEI-focused organizations. Several noted that it would be necessary to consider the specific needs of marginalized groups, including providing affordable space.

Comments included:

- Consider the gender/age/racial/cultural diversity of the surrounding areas, not just Becker. Look at examples and potentially connect with other organizations with strong DEI-based marketing (e.g., United Way, Boys and Girls Club, Big Brother/Big Sister programs) to get the word out to underserved people, especially younger folks.
- It would take a lot of effort, Becker is mostly a white, Republican community. Racial, gender, and industry diversity would have to be actively worked at and invested in, and someone would need to be responsible and accountable. Would also need "anchor" businesses that appeal to diverse groups.
- Considering all the different types of diversity there are, supporting women-owned businesses, addressing income disparities with affordable spaces, and encouraging seniors and older folks to start businesses that build on ideas they've been dreaming of.

“What metrics or indicators would you use to measure the success of the business incubator?”

Interview participants suggested a range of metrics to measure the proposed incubator's success, with many focusing on the number of participants, the growth and longevity of incubated businesses, and how many remain operational after 1, 3, or 5 years. Additional metrics included job creation, full-time equivalent (FTE) positions, and the number of mentorship or coaching sessions held. Others highlighted recruitment and retention rates, community awareness and buy-in, and tracking the success stories or immediate wins of incubated businesses. Some also recommended using financial metrics and assessing how well the incubator meets community needs. For retail businesses, factors like foot traffic, online engagement, and social media presence were mentioned as useful indicators.

Comments included:

- Whether people are aware of the incubator and can describe it, referral rates, the number of applicants, and potentially creating metrics to score the quality of applicants and their ideas. Also entrepreneur success rates, time to market, and financial growth.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY



- The success of the businesses themselves is highly relative to their type - for example, retail is different than manufacturing. For the incubator, financials would be a good metric, and whether they give enough time for businesses to succeed (3 years is around the norm). Goal setting would be important.
- Number of participants, success rate of incubated businesses 3/5/10 years down the road, employment figures and number of jobs added in the community.

“How would the community be different if an incubator were successful?”

Interviewees felt that a successful business incubator would lead to overall economic growth and diversification in Becker. Many noted that it could attract new residents, businesses, and workers and increase local employment opportunities. The incubator could also help fill current gaps in local services, allowing people to shop and meet their needs without leaving the community. Several participants believed it would create a more vibrant, welcoming atmosphere, encouraging a positive mindset and making Becker more than just a bedroom community. Others suggested it would inspire innovation, support cultural development, and help the community transition beyond its historical reliance on Sherco and manufacturing. Expanded networking and stronger community connections were also mentioned as potential outcomes of a successful incubator.

Comments included:

- General expansion, branching out, and being more welcome to change and new folks/ideas. It would help spark hope and excitement about the future of Becker after Sherco closes and maybe help fill some employment gaps. More overall positive mindsets.
- More money would be circulated into the local economy and people would be able to shop locally instead of in neighboring towns. There would be more options for employment and the community reputation would grow.
- Could draw more residents, businesses, and workers to the community and just contribute to overall growth.

“Would you or your organization be interested in partnering with or supporting the business incubator? If yes, what kind of resources might you be able to provide?”

Some participants were unsure or unable to offer support due to limited capacity or conflicts of interest. However, several expressed that they or their organization would be interested in partnering with or supporting the business incubator. Sherburne County Bank and the Becker Chamber of Commerce are open to exploring partnerships, while Xcel Energy showed interest in supporting community wellbeing through the incubator.

Becker Public Schools also stated interest in collaborating, especially if it helps students gain skills, explore career paths, and engage with community. Another school employee showed enthusiasm for offering mentorship and training opportunities, particularly in connecting students with business owners and providing life skills for students with disabilities. One participant, a marketing consultant and business coach, mentioned having a wide network of contacts in the metro area that could provide resources and toolkits. The Energy Transition Office representative also indicated that DEED could offer various forms of supportive resources.

Comments included:

- Sherburne County Bank and the Chamber would be interested in exploring potential partnerships or support.
- [I have] a wide network of contacts and connections in the metro area and beyond (e.g., Ecolab, St. Thomas, Techstars) that could be leveraged for support or resources like toolkits.
- Becker Public Schools would be very interested in partnering with or supporting the incubator, especially if it helps students grow, get involved in the community, and spark an interest in starting a business or finding a career path.

THE CITY OF BECKER / SHERBURNE COUNTY BUSINESS INCUBATOR IDENTIFIED LOCAL STAKEHOLDER INTERVIEWS SUMMARY



“Can you think of any other organizations, businesses, institutions, or potential partners in the area that might be interested in supporting the business incubator?”

Interview participants mentioned several potential partners who may be interested in supporting the business incubator and could be beneficial to reach out to. Many suggested the Chamber of Commerce would be a critical partner due to its strong community relationships and networks. For potential financial and advisory support, participants mentioned entities such as the Greater St. Cloud Development Corporation (GSDC), the St. Cloud Small Business Development Center (SBDC), SCORE, Initiative Foundation, Central Minnesota Community Foundation (CMCF), as well as any local banks with Small Business Administration (SBA) funding.

Suggestions for potential educational partnerships included Becker’s K-12 public school district, as well as regional higher education institutions like St. Cloud Technical and Community College (SCTCC) and the Rasmussen University St. Cloud campus. Participants also encouraged exploring potential industrial and manufacturing partnerships, including existing local businesses such as Potter Trucking, Edling Farms, Hubbard Electric, MPI Machining, and regional organizations such as the Central Minnesota Manufacturers Association (CMMA) and Enterprise Minnesota.

Comments included:

- The Chamber of Commerce is at its peak and should definitely be involved. Potter Trucking and other businesses in the industrial park might also be interested in some kind of partnership/support. Edling Farms, the biggest player in local agriculture, could also be a valuable partner depending on the direction the incubator takes.
- Greater St. Cloud Development Corporation, Central Minnesota Community Foundation, Initiative Foundation, K-12 schools, higher ed (especially tech. schools), and existing business owners would be good to have at the table.
- Initiative Foundation, local and regional higher education, electric company, gas provider, K12 system, Central Minnesota Manufacturers Association, Enterprise Minnesota, Business Development through DEED.

“Is there anything else you’d like to add during our time together?”

Overall, interviewees expressed excitement and optimism about the potential impact of a business incubator in Becker. Many felt it would help the community grow by providing opportunities and encouragement for new entrepreneurs. Some emphasized that Becker is at a pivotal moment and the incubator could be key to future success, especially given the city’s energy transition. There were also suggestions to ensure the incubator benefits both retail and manufacturing sectors, with the potential to spur cultural and entertainment options over time. A few respondents mentioned concerns about possible resistance from existing business owners and noted the need for city-level champions to navigate political dynamics, especially given the 2024 election cycle. Connecting with the K-12 system was once again reiterated as a valuable opportunity, as well.

Comments included:

- This project is exciting and could help set Becker up for a successful future. It’s a great opportunity to get people and kids more involved in the community and gives families a reason to stay and enjoy living here. There’s a lot of good talent and support available. An incubator could help people to dream big.
- Be aware of historical data and potential backlash from existing business owners who have a scarcity mindset. Some might be resentful due to previous encounters with the city and that new entrepreneurs are receiving help when they didn’t, or they might be scared the incubator will create direct competition that will drive them out of business. It’s important to connect with current business owners to reassure them. Overall, the incubator is a great idea and I support it. There’s a lot of potential, especially with Becker as an energy transition community - even if they’re somewhat late in getting the ball rolling.
- Would personally prefer if the business incubator resulted in more local retail, but if it supports manufacturing or other “tier one” businesses that could indirectly result in more retail options and eventually more cultural and entertainment options as well.

PARTNER AND FUNDER ROUNDTABLE SUMMARY



On Wednesday, November 13th, Northspan facilitated a roundtable discussion with regional stakeholders including representatives from the Initiative Foundation, Department of Employment and Economic Development, State of Minnesota, County of Sherburne, and Economic Development Authority.

Karl Schuettler opened the meeting by describing the Business Incubator and Market Feasibility project and invited participants to introduce themselves. Ali Bilden Camps presented a comprehensive analysis of recent survey findings, focus group insights, and interview results. She also shared examples of comparison incubators and operational models. The group engaged in a brief discussion, exploring key feedback from the data and offering additional perspectives to refine the project's direction.

Next, Schuettler provided a high-level overview of cost estimates for the business incubator and answered questions from the group.

Bilden Camps opened the next discussion with a handout detailing possible uses for the business incubator. She asked participants to spend a few minutes reading through the document and facilitated a discussion regarding thoughts and ideas related to the intent of the business incubator via the following questions.

Which ideas do you think are most feasible?

Participants noted the following uses as most feasible:

- Renewable Energy and Clean Technology
 - The group acknowledged Becker's ongoing transition away from a coal-powered economy and noted that the large solar panel farm located near the city may provide an opportunity for entrepreneurs.
 - Members of the group also mentioned several large data centers being considered for the region, which may provide additional opportunities for entrepreneurial innovation.
- Advanced Manufacturing and Robotics
 - Several members of the group noted that existence of a robust robotics team in the local school district. They recommended partnering with the ISD___ to explore uses of the incubator space regarding supporting and expanding the robotics program.
 - Participants also noted the regional employer, Central McGowan, as a possible partner for promoting robotics and animation entrepreneurship.
- Technology and Software Development

PARTNER AND FUNDER ROUNDTABLE SUMMARY



- Participants highlighted the potential for innovation in software development and coding, recommending that the business incubator space be designed to meet the demands of high-tech industries. This includes advanced climate control systems, high-capacity power infrastructure, and robust high-speed internet connectivity.
- Artisan Manufacturing and Specialty Goods
 - Participants discussed the need for a makerspace with public facing retail opportunities but agreed that the financial feasibility of this type of incubator would be difficult to maintain due to the need for low rent and revolving tenants.
 - Participants discussed the idea of a commercial kitchen but agreed that the burdens outweighed the benefits regarding financing the project and maintaining standards necessary for use.
- Logistics and Supply Chain Innovations
 - Participants noted the location of the business incubator would be crucial regarding creating opportunities for entrepreneurs in this category. They discussed the possibility of a location near US-10, which would allow for easier access to a major corridor running south to the Minneapolis/St. Paul metro and north to St. Cloud.
 - The group explored the concept of a co-packing operation in St. Cloud and discussed how implementing a similar initiative could present a valuable opportunity for the business incubator.
 - Other ideas for this category included warehousing, test spaces, and supply chain support due to Becker's central location on US-10.

Which ideas do not seem feasible?

- Artisan Manufacturing and Specialty Goods
 - Participants discussed the need for a makerspace with public facing retail opportunities but agreed that the financial feasibility of this type of incubator would be difficult to maintain due to the need for low rent and revolving tenants.
 - Participants discussed the idea of a commercial kitchen but agreed that the burdens outweighed the benefits regarding financing the project and maintaining standards necessary for use.
- Healthcare and Wellness Technology

PARTNER AND FUNDER ROUNDTABLE SUMMARY



- While there are healthcare needs in and around Becker, most notably a pharmacy, the group did not think the business incubator would be the appropriate vehicle for fulfilling those needs.
- Agritech and Sustainable Food Production
 - Participants noted that designing a business incubator around agriculture was too narrow a focus.
- Tourism and Outdoor Recreation
 - Participants noted the lack of a need for additional support or innovation in this area.

Other takeaways:

- During the discussion regarding intent, participants noted that there was not a need for a co-working space or individual offices, as they did not believe people would use the incubator for that purpose.
- The group concluded that a dedicated space for supporting entrepreneurs and small businesses would be a valuable addition to the business incubator. Participants aligned with survey, interview, and focus group feedback emphasizing the need for targeted assistance in foundational business skills, including financial management, tax preparation, marketing strategies, and other essential support services.
- Child care was identified as a need in the region, and the group discussed the possibility of adding a child care center to the business incubator as either a stand-alone business that would be open to the public, and/or a facility supported by local businesses via purchased slots.

Next, Schuettler and Bilden Camps asked the group to review a list of possible partners and identify any additional individuals, organizations, businesses that should be included. In addition to the partners listed, the group identified the following:

- Private donors and local philanthropists
- Community-minded individuals interested in growth
- Business owners
- Private investors
- Angel investors
- Greater MSP
- Data Centers
- Chamber of Commerce
- Central Minnesota Jobs and Training Center



PARTNER AND FUNDER ROUNDTABLE SUMMARY

- Department of Commerce
- Minnesota Pollution Control Agency (MPCA)
- Large foundations of large companies – Target, TechStars
- BNSF Foundation
- Great River Energy (GRE)
- Agriculture Utilization Research Institute (AURI)
- Department of Agriculture
- CentraCare
- Arvig- fiber provider in Becker
- St Cloud State University

Next, Schuettler asked a series of questions regarding support for the business incubator project:

Where do you see your organization fitting into this project?

1. Representatives from the County and the Economic Development Authority (EDA) expressed a vested interest and noted their ability to support future grants for increased funding.
2. Representatives from the Initiative Foundation detailed their existing support for entrepreneurs and small businesses via providing lending and microlending, business loans, and support entrepreneurs through technical assistance with business coaches in all areas. They work throughout 14 counties with consultants and structured small business classes. Additionally, their representative who represents Clean Energy and Resilience would be available to help get grant funding for communities.
3. Participants noted that the Department of Commerce, Federal EDA, Office of Energy Transition, private investors, and local philanthropists may be possible funding sources.

What excites you about this concept? Answers included:

- There seems to be a lot of community support
- It would be nice for Becker to be known for something other than Sherco and Excel. It would be nice to have a hub.
- Springboard for bigger and better things.
- Becker is in a unique position for this project.



POTENTIAL BECKER INCUBATOR PROPERTIES																
Type	Address	City	Broker	SqFt	Size	Sale	Lease /Sft	Year Built	Loading Dock	Power	Zoning	Parcel Number(s)	Current Taxes	Floor	Notes	
Commercial	1331 Industrial Ave	Becker	Matt Agmon, NW Real Estate LLC	1,280 office space	49 AC	\$899,000		1995	1 Dock		Industrial Park (I-PK)	60-00414-0240	\$9,100,000		1331 Exchange - Current tenant for 1,280 sq ft of warehouse space would like to continue lease which can provide an additional 11,111 sq ft of work space	
				6,870 warehouse (1,800 rented)					Four (4) - OH Doors: Two (2) 14'x14' One (1) 18'x18'	Solar Panels Included 39.42 MW (DC) 33.3 MW (AC)						
				11,400 Total												
				594 sq ft Office/Break room on main floor												
Commercial	14995 Industrial Ave	Becker	William Lango, LFC Marketing Services	594 sq ft on the second floor	48 AC	\$799,000			Two (2) - Dock Doors: One (1) 18'x8' One (1) 12'x10'	3 phase power 600V, 400 MHP	Industrial Park (I-PK)	60-00414-0210	\$27,574.00		Commercial Real Estate Auction Well-located, industrial, 11,111 sq ft of work space	
				Over 47,000 total combines sq ft storage												
Commercial	12575 Oak View Ave	Becker	Ben Coppertina, Rice Properties	594 sq ft on the second floor	82 AC	Unleased (\$2.5 Million)		1987/2012	Multiple Drive-in		Community Commercial (C-COM)	60-00406-0430			Commercial Real Estate Auction Well-located, industrial, 11,111 sq ft of work space	
				Over 47,000 total combines sq ft storage												
Private Lots	1000 Commerce Ave 1182 1st Street SE	Becker	Mara Bueh, The Broker Companies	-	60 AC	\$200,000		-			Residential Multi-Family (R-3)	60-00006-0410	\$1,260,000		Planned for Single Family, would have to be integrated into the plan. Housing for residential use is not a stretch but not entirely realistic	
				1182 1st Street SE	67 AC	\$270,000		-			Highway Services Commercial (C-HWY)	60-00604-0105				
Public Lots	3000 Linn & 30th Ave	Becker	Brian Pentak, CBRE		8.1 AC	\$860,000		-			Residential Single Family (R-1)	60-00471-0030	\$1,690,000		8 publicly owned lots identified in the industrial park, 1 currently used to store 2 commercial vehicles	
				Industrial Blvd & Sherburne Ave SE	6.81 AC	\$270,000 (EHV)		-			Industrial Park (I-PK)	60-00880-0205				
Public Lots	TBD Liberty Lane SE TBD Sibley & Sherburne Ave SE TBD Sibley & Sherburne Ave SE TBD Sherburne Ave SE (P2)	Becker	TBD		4.93 AC	\$270,100 (EHV)		-			Industrial Park (I-PK)	60-00888-0125			At Liberty Lane entrance to industrial park	
					2.04 AC	\$170,000 (EHV)		-			Industrial Park (I-PK)	60-00443-0020			Looks well from aerial	
					13.68 AC	\$555,000 (EHV)		-			Industrial Park (I-PK)	60-00501-0120			Larger parcel for campus concept	
								-								

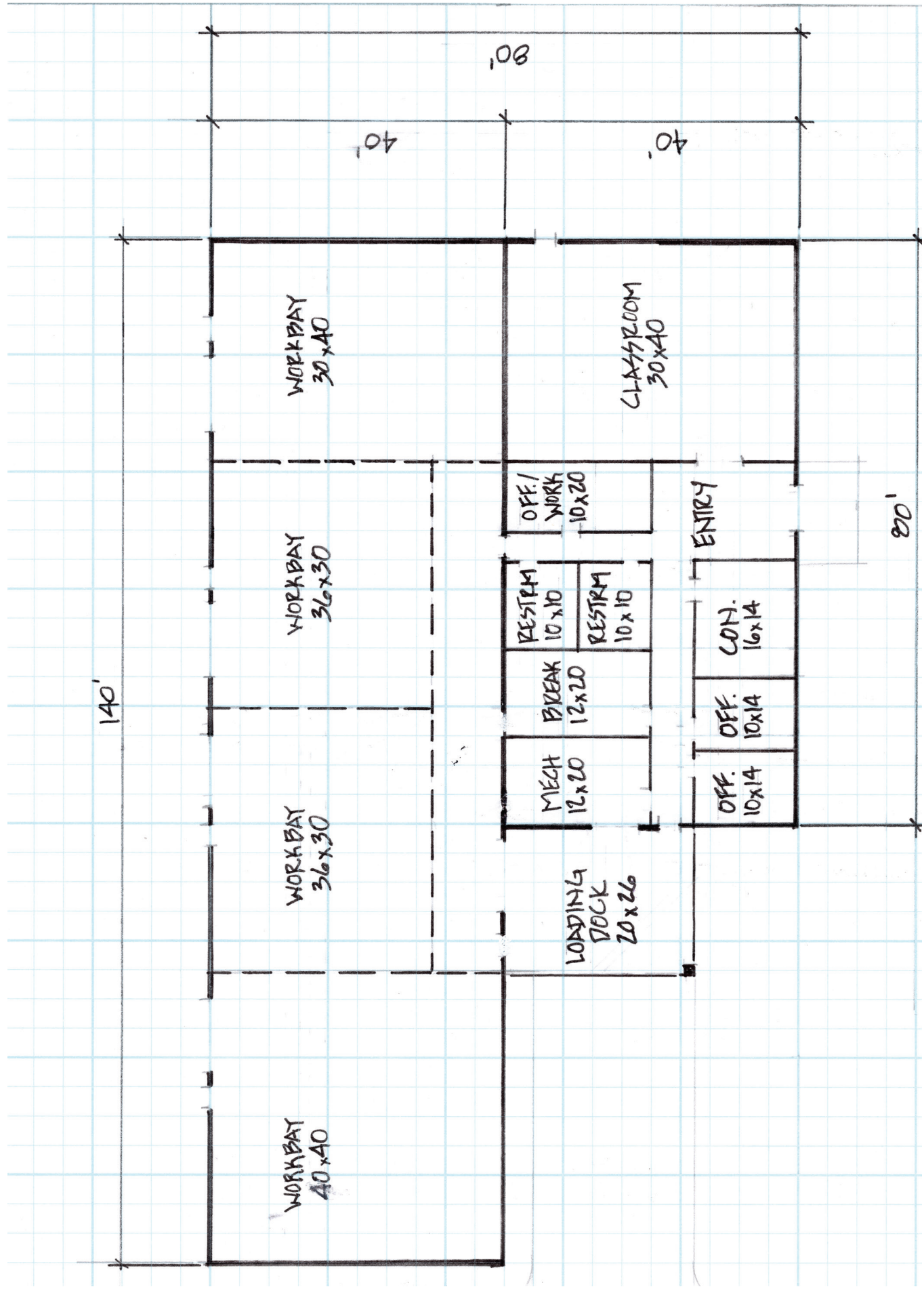


Exhibit 1
Construction & Up-Front Cost Detail

Construction Costs Detail	Cumulative Costs
Substructure/Foundation	\$ 230,300.00
Exterior Enclosure	\$ 112,900.00
Roof	\$ 166,100.00
Interiors	\$ 110,400.00
Plumbing	\$ 83,600.00
HVAC	\$ 224,400.00
Fire Protection	\$ 150,000.00
Electrical W/ Fixtures	\$ 258,300.00
Loading Dock & Other	\$ 9,400.00
Building Contingency (10%)	\$ 134,500.00
General Requirements (10%)	\$ 134,500.00
Overhead (5%)	\$ 67,300.00
Contractor Profit (10%)	\$ 134,500.00
Architectural & Engineering (7%)	\$ 94,200.00
Total Building	\$ 1,910,400.00
Site Development	
Site Preparation	\$ 54,500.00
Utilities	\$ 273,000.00
Pavement	\$ 514,100.00
Stormwater Management	\$ 305,200.00
Sidewalks	\$ 55,600.00
Lighting	\$ 108,100.00
Landscaping	\$ 146,500.00
Site Improvements	\$ 1,457,000.00
Total Building & Site Improvements	\$ 3,367,400.00
Other up-front costs	
Industrial equipment	\$ 1,000,000.00
Desks, Chairs, Filing cabinets	\$ 15,000.00
Monitors, keyboards, mice, copier	\$ 5,000.00
Refrigerator, microwave, stove, dishwasher	\$ 5,000.00
Projector, TV's, etc.	\$ 2,000.00
Total Other Costs	\$ 1,027,000.00
Grand Total up front Costs	\$ 4,394,400.00

Exhibit 2
Annual Financing Calculation

Construction costs	\$	3,367,400.00
Other & Equipment costs	\$	1,027,000.00
Total capital costs	\$	4,394,400.00

Equity and Financing	%	Investment
Grants & Equity investment	92.5%	\$ 4,064,820.00
Financing	7.5%	\$ 329,580.00

Financing Assumptions

Interest rate	4.0%
Term (years)	30

Annual Debt Service

Calculated	\$	19,059.64
Rounded	\$	20,000.00

Exhibit 3
Year 1 Income Detail

Office Space	Rent	CAM	Total	% of Total Income
Office 1	\$ 650.00	\$ 750.00	\$ 1,400.00	2.0%
Office 2	\$ 650.00	\$ 750.00	\$ 1,400.00	2.0%
Classroom	\$ 13,000.00	\$ -	\$ 13,000.00	18.2%
Conference Room	\$ 6,500.00	\$ -	\$ 6,500.00	9.1%
Total Office	\$ 20,800.00	\$ 1,500.00	\$ 22,300.00	31.2%

Industrial Space	Rent	CAM	Total	% of Total Income
Bay1	\$ 7,200.00	\$ 8,650.00	\$ 15,850.00	22.2%
Bay2	\$ 4,850.00	\$ 5,850.00	\$ 10,700.00	15.0%
Bay3	\$ 4,850.00	\$ 5,850.00	\$ 10,700.00	15.0%
Bay4	\$ 5,400.00	\$ 6,500.00	\$ 11,900.00	16.7%
Total Industrial	\$ 22,300.00	\$ 26,850.00	\$ 49,150.00	68.8%

Total Income	\$ 43,100.00	\$ 28,350.00	\$ 71,450.00	100.0%
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% of Total Income	60.3%	39.7%		
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Exhibit 4
Tenant Rental Rates

	Per SQFT Rent		Per SQFT CAM		Total Per SQFT Cost for Tenant
Office Space	\$	5.00	\$	6.00	\$ 11.00
Industrial Space	\$	5.00	\$	6.00	\$ 11.00

Exhibit 5
Year 1 Expense Detail

Operating Expenses	Amount	Percentage of Total Expenses
Advertising costs	\$ 2,400.00	3.4%
Water and sewer	\$ 2,000.00	2.8%
Internet	\$ 2,850.00	4.0%
Electricity	\$ 4,000.00	5.6%
Gas	\$ 1,000.00	1.4%
Taxes and licenses	\$ 600.00	0.8%
Legal fees	\$ 1,200.00	1.7%
Credit card fees	\$ 1,000.00	1.4%
Accounting fees	\$ 4,800.00	6.7%
Debt Service	\$ 20,000.00	28.1%
Bad Debt	\$ 650.00	0.9%
Total Operating Cost	\$ 40,500.00	56.9%
Common Area Expenses (CAM)		
Property taxes	\$ 10,000.00	14.1%
Insurance	\$ 2,500.00	3.5%
Management fees	\$ 6,000.00	8.4%
Repairs and maintenance	\$ 2,400.00	3.4%
Supplies	\$ 750.00	1.1%
Grounds maintenance	\$ 900.00	1.3%
Snow removal	\$ 6,000.00	8.4%
Waste disposal	\$ 2,100.00	3.0%
Total CAM	\$ 30,650.00	43.1%
Total Expenses	\$ 71,150.00	100.0%

Exhibit 6
Year 1 Profit and Loss Detail (Common Sized)

Office Space	Total	% of Total Income
Office 1	\$ 1,400.00	2.0%
Office 2	\$ 1,400.00	2.0%
Classroom	\$ 13,000.00	18.2%
Conference Room	\$ 6,500.00	9.1%
Total Office	\$ 22,300.00	31.2%
Industrial Space	Total	
Bay1	\$ 15,850.00	22.2%
Bay2	\$ 10,700.00	15.0%
Bay3	\$ 10,700.00	15.0%
Bay4	\$ 11,900.00	16.7%
Total Industrial	\$ 49,150.00	68.8%
Total Income	\$ 71,450.00	100.0%
Operating Expenses		
Advertising costs	\$ 2,400.00	3.4%
Water and sewer	\$ 2,000.00	2.8%
Internet	\$ 2,850.00	4.0%
Electricity	\$ 4,000.00	5.6%
Gas	\$ 1,000.00	1.4%
Taxes and licenses	\$ 600.00	0.8%
Legal fees	\$ 1,200.00	1.7%
Credit card fees	\$ 1,000.00	1.4%
Accounting fees	\$ 4,800.00	6.7%
Debt Service	\$ 20,000.00	28.0%
Bad Debt	\$ 650.00	0.9%
Total Operating Cost	\$ 40,500.00	56.7%
Common Area Expenses (CAM)		
Property taxes	\$ 10,000.00	14.0%
Insurance	\$ 2,500.00	3.5%
Management fees	\$ 6,000.00	8.4%
Repairs and maintenance	\$ 2,400.00	3.4%
Supplies	\$ 750.00	1.0%
Grounds maintenance	\$ 900.00	1.3%
Snow removal	\$ 6,000.00	8.4%
Waste disposal	\$ 2,100.00	2.9%
Total CAM	\$ 30,650.00	42.9%
Total Expenses	\$ 71,150.00	99.6%
Net Income	\$ 300.00	0.4%

Exhibit 7
Year 1 Profit & Loss (Summary)

Gross Income	\$ 71,450.00
Operating Exp.	\$ 40,500.00
CAM Exp.	\$ 30,650.00
Total Expense	\$ 71,150.00
Net Operating Income:	\$ 300.00

Exhibit 8
Five Year Projection

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	\$ 71,450.00	\$ 73,200.00	\$ 75,000.00	\$ 76,900.00	\$ 78,800.00
Operating Exp.	\$ 40,500.00	\$ 41,300.00	\$ 42,100.00	\$ 42,900.00	\$ 43,800.00
CAM Exp.	\$ 30,650.00	\$ 31,300.00	\$ 31,900.00	\$ 32,500.00	\$ 33,200.00
Total Expense	\$ 71,150.00	\$ 72,600.00	\$ 74,000.00	\$ 75,400.00	\$ 77,000.00
Net Operating Income:	\$ 300.00	\$ 600.00	\$ 1,000.00	\$ 1,500.00	\$ 1,800.00

* 2.5% Income growth - Based on current inflation

** 2% Expense growth

Exhibit 9
Grant Escalator - Example

	YR 1		YR 2		YR 3		YR 4		YR 5		Total at the end of 5 years
Grant Annual Escalator	\$ -	\$	1.00	\$	2.00	\$	3.00	\$	4.00		
40X40 Work bay (1600 SQFT) additional annual payment	\$ -	\$	1,600.00	\$	3,200.00	\$	4,800.00	\$	6,400.00	\$	16,000.00
75% Cash Grant upon "Graduation"	\$ -	\$	1,200.00	\$	2,400.00	\$	3,600.00	\$	4,800.00	\$	12,000.00
25% Incubator retention	\$ -	\$	400.00	\$	800.00	\$	1,200.00	\$	1,600.00	\$	4,000.00

Becker Incubator**SAMPLE MASTER RELATIONSHIP AGREEMENT**

This Master Relationship Agreement ("Master Relationship Agreement") dated as of [DATE], is entered into by and between [TENANT NAME] ("Tenant"), and the City of Becker ("Manager").

RECITALS

- A. Manager operates a business Incubator known as the [INCUBATOR NAME] ("Incubator"). One of the primary objectives of Incubator is to provide an affordable point of entry for entrepreneurs in manufacturing and logistics, like Tenant, to begin scaling their businesses and receive vital services to help them learn and grow.
- B. Manager's objective is to combine ongoing business education and a low-cost environment in order to maximize the chances of business success for the Tenant.
- C. Tenant desires to enter the program at the Incubator facilities and to take part in the services and offerings made available by and through Incubator.
- D. Tenant acknowledges that residency in the Incubator is temporary, for a period that may be [TIMEFRAME] in duration.
- E. This Master Relationship Agreement, together with the other agreements, rules and policies referred to in Section 1 below, will (i) govern the business relationship between Manager and Tenant and (ii) set forth the terms and conditions for Tenant's use of the facilities and services provided by and through the Incubator.

AGREEMENT

In consideration of the recitals and mutual covenants set forth in this Master Relationship Agreement, Manager and Tenant agree as follows:

1. **Other Tenant Documents.** Together with this Master Relationship Agreement, the following documents will define the business relationship between Manager and Tenant:
 - a. **Lease Agreement.** Contemporaneously with the execution of this Master Relationship Agreement, Manager and Tenant shall enter into the Lease Agreement attached to this Master Relationship Agreement as [Exhibit A]. The Lease Agreement will govern the landlord/tenant relationship between Manager and Tenant, including but not limited to the size of the space leased by Tenant, rental rates, infrastructure, associated services and related matters.
 - b. **Tenant Handbook and Building Manual.** Tenant agrees to follow and abide by the Tenant Handbook and Building Manual [OR OTHER OFFICIAL NAME] attached to this Master Relationship Agreement as [Exhibit B]. The Tenant

Handbook and Building Manual are important for safety reasons, as well as for promoting the efficient use and maintenance of Incubator's facilities.

- c. **Nondisclosure Agreement.** Contemporaneously with the execution of this Master Relationship Agreement, Manager and Tenant shall enter into the Nondisclosure Agreement attached to this Master Relationship Agreement as [Exhibit C]. The Nondisclosure Agreement details the Manager's commitment to keep certain Tenant information confidential to the maximum extent permitted by law.

Tenant acknowledges that the foregoing descriptions of the supplemental documents are only brief summaries. Tenant represents and warrants that it has carefully read and understands each of the attached supplemental documents (together with this Master Relationship Agreement, the "Tenant Documents").

2. **Education Requirement.** A fundamental piece of a business's success is the continued growth and education of its principals, and a willingness to learn is a vital piece of entrepreneurship. Recognizing the strong data supporting the case for business education as vital to success, Manager has created an education requirement to support incubator tenants.

A member of Tenant's senior management team shall be required to meet with Incubator's management on a regular basis (schedule to be determined jointly by Manager and Tenant) to discuss, Tenant's progress on its business plan, product development, and other matters relating to Tenant's business. The Manager anticipates offering occasional seminars at Incubator facilities on topics relating to entrepreneurship and business. A member of Tenant's senior management team shall make best efforts to attend these seminars.

In addition, Tenant is required to complete and document for the Manager 12 hours of business coaching, mentoring, or continuing education per calendar year with an advisor from the Small Business Development Center, Initiative Foundation, accredited college or university, or other source chosen by the Tenant and approved by the Manager. The Manager shall have the right to waive this requirement

3. **Reporting Requirements.** Because the goal of the Manager is to facilitate the success of the Tenant, certain financial information is required to assess the Tenant's progress in executing its business plan, evaluate the financial health of the Tenant, and guide the delivery of business incubation program technical assistance services.

Subject to the terms following this sentence, Tenant agrees to provide such profit & loss statements and balance sheets as may reasonably be requested by Manager, to ensure compliance with the terms of this Lease and such governmental programs as provide subsidies hereunder. Tenant shall redact any and all personal identifiers

to protect the identity of individual employees; and, Tenant may further edit such information to preclude disclosure of proprietary information and sensitive financial data. After the Manager inspects said documents, they will be returned to the Tenant. The Manager will not keep said Tenant documents on file. This information shall be used solely for the purpose of pooling program economic impact data in an anonymous fashion, or to assist Tenant through the delivery of business incubation program technical assistance services. Manager agrees to keep all such information confidential to the maximum extent allowed by law.

[INCLUDE ANY ADDITIONAL REQUIREMENTS THAT MAY EMERGE FROM FUNDING PARTNERS]

During the term of the Lease, and subject to the protections above, Tenant agrees to report job [REPORTING CRITERIA].

4. Representations and Warranties. Tenant represents and warrants to Manager as follows:

- a. Tenant is a [corporation/limited liability company] duly organized and validly existing under the laws of the State of [STATE].
- b. All corporate action on the part of Tenant and, as applicable, its officers, directors, managers and owners, necessary for the authorization, execution and delivery of this Master Relationship Agreement and the other Tenant Documents and the performance of all obligations of Tenant under this Master Relationship Agreement and the other Tenant Documents has been taken. This Master Relationship Agreement and the other Tenant Documents constitute valid and legally binding obligations of Tenant enforceable in accordance with their terms. The execution, delivery, and performance of this Master Relationship Agreement and the other Tenant Documents will not result in any violation of, be in conflict with, or constitute a default under, (i) any provision of Tenant's organizational documents or (ii) any material contract, obligation, or commitment to which Tenant is a party or by which Tenant is bound.
- c. Tenant has provided Manager with all of the information that Manager has requested in connection with the business relationship contemplated by this Master Relationship Agreement and the other Tenant Documents. All of the information provided to Manager in all applications, documents, marketing materials, or through interviews or otherwise is true and does not fail to state any fact that would make such information misleading as of the date of this Master Relationship Agreement.

5. Confidential Information

- a. The Manager and Tenant shall enter into a Nondisclosure Agreement to govern the use of confidential information. This is attached to this Master Relationship Agreement as [Exhibit C].

- b. The Manager agrees that Confidential Information (as defined below and in the Nondisclosure Agreement) shall be kept strictly confidential to the maximum extent allowed by law and that the Manager shall not furnish or divulge Confidential Information to any individual or entity without the prior written consent of the Tenant.
- c. For purposes of this Master Relationship Agreement, the term "Confidential Information" means any and all confidential or proprietary information concerning the Disclosing Party including, without limitation, confidential studies, data, calculations, patents, patent applications, copyrights, trademarks, trade names, service marks, service names, "know-how," customer or prospect lists, details of client or customer contracts, pricing policies, sales techniques, operational methods, marketing plans or strategies, products and formulae, product development techniques or plans, business acquisition plans, computer programs (including source of object codes), processes, research or technical data, improvements, or other intellectual property of the Tenant. The term "Confidential Information" does not include information that (i) is or becomes generally available to the public other than as a result of disclosure by the Manager or its representatives, or (ii) is or becomes available to the Manager on non-confidential basis from a source other than the Tenant, which source is lawfully in possession of such information.
- d. Notwithstanding the foregoing, it is understood that Manager will, on behalf of Tenant, need some latitude to communicate with potential strategic partners, advisors and others in the course of providing services to Tenant through Incubator. Unless otherwise specifically requested in writing by Tenant, Manager and its agents shall be permitted to communicate Confidential Information regarding Tenant with these individuals or entities, always provided that Manager first obtains their agreement, in writing, to maintain the confidentiality of any Confidential Information communicated to it by Manager.
- e. Notwithstanding any other provision of this Section, Manager shall be permitted to use Tenant's name and generally describe Tenant's business in marketing materials, news releases, articles, speeches, and other promotional opportunities.
- f. Each party agrees that money damages would be both incalculable and an insufficient remedy for any breach of the terms of this Section 6 and that, in addition to all other remedies available, the Tenant shall be entitled to equitable relief, including temporary and permanent injunctive relief in the event of any such breach.

6. Termination

- a. Manager and Tenant may terminate this Master Relationship Agreement at any time by mutual agreement.

- b. Either party may terminate this Master Relationship Agreement in the event the other party (i) breaches any of the terms and conditions of this Master Relationship Agreement and (ii) fails to cure completely such breach within thirty (30) calendar days.
 - c. Manager may terminate this Master Relationship Agreement immediately and without notice if any of the representations and warranties set forth in Section 4 were false or misleading in a material respect as of the date of this Master Relationship Agreement.
 - d. Sections 5, 7, 9, 11 and 12 (and Section 13 with respect to the foregoing) of this Master Relationship Agreement shall survive the termination of this Master Relationship Agreement for any reason.
- 7. **Independent Advisors.** As described in Incubator's Support Services and Resources Policy, Tenant may receive business and technical consulting services from local business professionals, students and/or faculty from a University, and others (collectively, "Independent Advisors"). These Independent Advisors are not employees or agents of Manager and they will not be bound by this Master Relationship Agreement (including Section 5 hereof) or the other Tenant Documents. Tenant acknowledges and agrees that Manager shall not be held liable for the acts or omissions of these Independent Advisors.
- 8. **No Guarantee of Results.** Tenant acknowledges and agrees that Manager cannot guarantee that Tenant's business will succeed. Manager makes no representation as to the commercial utility of its recommendations or that the use of such recommendations will not infringe on any intellectual property rights of others. Tenant shall be solely responsible for making all decisions and taking actions related to its business, including compliance with all applicable laws and regulations, and Tenant hereby waives and covenants not to sue Manager or its employees, agents, contractors, or other representatives for any claim related to such matters.
- 9. **Independent Contractor Status.** Neither party is, nor shall be deemed to be, an employee, agent, partner, or legal representative of the other party for any purpose. Neither party shall be entitled to enter into any contracts in the name of, or on behalf of, the other party, nor shall either party be entitled to pledge the credit of the other party in any way or hold itself out as having the authority to do so.
- 10. **Insurance.** Tenant shall maintain insurance in such types and amounts customary for and necessary to protect and insure against the type of risks involved with the type of business operated by Tenant, including but not limited to, as applicable, general property and casualty, worker's compensation, directors and officers, and product liability insurance, with the Manager being named as an additional insured. Tenant shall provide Manager with a certificate of insurance for all insurance coverage maintained by Tenant.

11. **Indemnification.** Tenant shall defend, indemnify, and hold harmless Manager and its employees, agents, and representatives from and against any and all liability, loss, damage, action, claim, or expense suffered or incurred by Manager or its employees, agents, and representatives (including attorneys' fees and costs) that result from or arise out of any breach by Tenant of the Tenant Documents. The indemnification rights contained in this Master Relationship Agreement are in addition to all other rights that may be available to Manager or its employees, agents and representatives at law, in equity or otherwise. This Section shall survive any termination of this Master Relationship Agreement.

12. **Limitation of Liability.** Neither party shall be liable to the other for indirect, incidental, consequential or special damages, including but not limited to lost profits arising from or relating to any breach of this Master Relationship Agreement, regardless of any notice of the possibility of such damages. Nothing in this Section is intended to limit or restrict the indemnification rights or obligations of either party.

13. General

- a. **Execution in Counterparts.** For the convenience of the parties, this Master Relationship Agreement may be executed in two or more counterparts, in the original or by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same document.
- b. **Notices.** All notices that are required or may be given pursuant to the terms of this Master Relationship Agreement shall be in writing and shall be sufficient in all respects if given in writing and personally delivered emailed, or mailed by registered or certified mail postage prepaid as follows:

If to Manager:
[ADDRESS]

If to Tenant:
[ADDRESS]

or to such other address as either party shall have designated by notice in writing to the other.

- c. **No Third-Party Rights.** None of the provisions of this Master Relationship Agreement or any of the other Tenant Documents shall be for the benefit of or enforceable by any third party, including, without limitation, any creditor of either party.
- d. **Waivers.** The waiver by either party of a breach of any provision of this Master Relationship Agreement shall not operate or be construed as a waiver of any other provision, or of any further breach of the provision so waived or of any other provision, of this Master Relationship Agreement. No extension of time

for the performance of any obligation or act under this Master Relationship Agreement shall be deemed an extension of time for the performance of any other obligation or act.

- e. **Entire Agreement/Amendments.** This Master Relationship Agreement, together with the other Tenant Documents, constitutes the entire agreement between the parties with respect to the subject matter covered and supersedes all prior agreements and understandings, oral and written, among the parties with respect to the covered subject matter. This Master Relationship Agreement may not be amended, modified, or changed in any respect without the written consent of the parties.
- f. **Severability.** Whenever possible, each provision of this Master Relationship Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Master Relationship Agreement shall be unenforceable or invalid under applicable law, such provision shall be ineffective only to the extent of such unenforceability or invalidity, and the remaining provisions of this Master Relationship Agreement shall continue to be binding and in full force and effect.
- g. **Applicable Law.** This Master Relationship Agreement and the other Tenant Documents and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of Minnesota.
- h. **Binding Effect.** This Master Relationship Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns.
- i. **Expenses.** Each party shall bear all expenses incurred by it in connection with the negotiation and preparation of this Master Relationship Agreement and the other Tenant Documents.
- j. **Joint Drafting/Interpretation.** Both parties acknowledge and agree that this Master Relationship Agreement and the other Tenant Documents have been jointly prepared by the parties and their respective legal counsel and will not be strictly construed against either party.
- k. **Advisors Consulted.** Each party hereby acknowledges and agrees that it (a) has read this Master Relationship Agreement and the other Tenant Documents in their entireties prior to executing this Master Relationship Agreement, (b) understands the provisions and effects of this Master Relationship Agreement and the other Tenant Documents, and (c) has consulted with such attorneys, accountants, and other financial advisors as each has deemed appropriate in connection with its execution of this Master Relationship Agreement.

IN WITNESS WHEREOF, this Master Relationship Agreement has been executed by the parties as of the date first above written.

Dated: _____

Dated: _____



[MANAGER]

[TENANT]

By: [NAME]

Title: _____

By: [NAME]

Title: _____

Becker Incubator

SAMPLE TENANT LEASE AGREEMENT

Tenant Business Name	
Tenant Business Contact	
Address	
City	
State	
ZIP	
Rental Space	
Sq. Ft. Leased	
Lease Start Date	
Lease End Date	
Rent per Sq. Ft.	
Total Annual Rent	

This lease agreement, made [DATE] between [TENANT] (“Tenant”) and the **City of Becker**, 12060 Sherburne Ave., Becker, MN 55308 (“Manager”). The Manager and Tenant agree to the following terms:

1. **Tenant Space.** The Manager agrees to lease to Tenant and Tenant agrees to lease from the Manager [INSERT SQUARE FOOTAGE] square feet (“Tenant Space”) of the Becker Incubator (“Facility”) located at [INCUBATOR ADDRESS]. The tenant space is shown on the attachment marked Exhibit A to this lease.
2. **Term.** Tenant agrees to lease Tenant Space from the Manager for a term of [TIME PERIOD] months, commencing on [START DATE] (“Commencement Date”) and ending [END DATE] (“Expiration Date”). Additional terms may be negotiated between the Manager and Tenant.
3. **Rent.** Tenant agrees to pay without further demand to the Manager and its offices in Becker, MN, or at such other place as the Manager may from time to time in writing designate, Base Rent and Additional Rent in the amounts shown in this section on the first day of each month during the term established in this lease agreement. All rent payments received shall first be applied to any past due rents.
 - a. **Base Rent.** Tenant shall pay the Manager a rental rate of \$[RATE PER S/F] per square foot annually for the Initial Term in monthly installments equaling

1/12 (one twelfth) of the annual rent (the “Base Rent”). Such monthly Base Rent payments are payable in advance and shall be made on or before the first day of each month.

- b. **Common Area Maintenance (CAM).** Tenant shall pay the Manager, at the same time and in the same manner as the Base Rent, \$[RATE PER S/F] per square foot annually for the Initial Term in monthly installments equaling 1/12 (one twelfth) of the annual amount, an additional amount for the Tenant’s proportional share of the property taxes, basic garbage service, snow removal, grounds maintenance, and building insurance, an amount referred to as “Common Area Maintenance” or “CAM”. The CAM is subject to annual adjustment during January of each calendar year by the Manager to reflect changes in the costs that make up the CAM. Upon request by the Tenant, the Manager shall provide documentation supporting the need for changes to the CAM.
- c. **Escalator.** Commencing with year two (2) of the Lease, Tenant shall pay to the Manager, at the same time and in the same manner as the Base Rent, an additional rent (“Escalator”) annually for the Initial Term, in monthly installments equaling 1/12 of the annual amount, as follows:

[INSERT TABLE SHOWING ESCALATOR PER YEAR]

The Manager shall hold the Escalator in an interest-bearing escrow account. If, at the end of the lease, the Tenant leases, purchases, or builds a building within the city limits of the City of Becker, the Manager shall return [PERCENTAGE] of the Escalator rents to the Tenant.

- d. **Late Payment.** If Tenant fails to pay the Base Rent and Additional Rent by the tenth (10th) day of the month for which such Base Rent and Additional Rent is due, Tenant shall pay a late payment fee of ten (10%) of the total amount due.
4. **Security Deposit.** The Tenant is further required to deposit with the Manager a Security Deposit in the amount of one month's rent. The Security Deposit shall be held by Manager, without liability for interest, as security for the faithful performances by Tenant of all of the terms, covenants, and conditions of this Lease by said Tenant to be kept and performed during the term hereof, it being expressly agreed that such deposit is not an advance rental deposit or a measure of Manager’s damages. If, at any time during the term of this Lease, any of the Rent herein reserved shall be overdue and unpaid, or any other sum payable by Tenant to Manager hereunder shall be overdue and unpaid, then Manager may, at the option of Manager, appropriate and apply any portion of the Security Deposit to the payment of any such overdue Rent or another sum. In the event of the failure of Tenant to keep and perform any of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant, then Manager at its option may

appropriate and apply the entire Security Deposit, or so much thereof as may be necessary, to compensate Manager for loss or damage sustained or suffered by Manager due to such breach on the part of the Tenant. Should Tenant comply with all said terms, covenants, and conditions and promptly pay all of the Rent herein provided for as it falls due, and all other sums payable by Tenant at the end of the term of this Lease, the Security Deposit shall be returned in full to Tenant at the end of the term of this Lease, or upon the earlier termination of this Lease.

5. **Additional Services.** The Manager shall provide the following services to the Tenant:
 - a. **Centralized Office Facilities.** The Manager shall provide access to common areas (“Offices”), including scheduled access to conference rooms, access to shared restrooms and break room facilities, a centralized mailbox, including a mailbox for the Teant, and access to an office work room and equipment.
 - b. **Building Services.** The Manager shall provide the Tenant Space and Facility with snow removal, lawn care, grounds maintenance and basic garbage service. In addition, the Manager will provide janitorial services, supply and maintenance for the Offices.
6. **Manager Personal Property.** Manager is providing personal property and/or equipment in the Leased Premises (“Manager Assets”) for use by Tenants. Tenant hereby understands and agrees that Tenant may, in its sole discretion, add, modify, remove, repair, and/or alter Manager Assets at any time and without any liability for loss of use or potential damages to Tenant’s business operations. Manager Assets shall remain the property of Manager and Tenant shall not alter, damage, remove, modify, encumber or repair any of Manager Assets without the express written consent of the Manager.

Tenant shall have the right to use Manager Assets during the Term; however, said use is subject to Manager’s right to revoke Tenant’s ability to access Manager Assets, at its sole discretion. All Manager Assets in the Leased Premises are available on a first-come, first-serve basis with other co-lessees.

7. **Utilities and Maintenance Fees.** Tenant shall be solely responsible for and promptly pay for electricity, heat, telephone, internet, water and sewer charges and all other utilities serving the Tenant Space.
8. **Policies, Procedures, Rules, and Regulations.** Becker Incubator policies, procedures, rules, and regulations, contained in the [NAME OF MANUAL] are hereby made a part of this Lease and are incorporated herein by reference. Tenant agrees to abide with and observe all policies, procedures, rules and regulations, amendments thereto and supplements thereof. Tenant’s failure to keep and observe said policies, procedures, rules, and regulations shall constitute a breach of the terms of this Lease. Manager reserves the right from time to time to amend or supplement said

policies, procedures, rules, regulations and to adopt and promulgate additional policies, procedures, rules, regulations applicable to the Becker Incubator. Manager shall provide to Tenant written notice of any amendments or modifications to policies, procedures, rules, and regulations which shall be effective with respect to Tenant thirty (30) days after such notice has been given.

9. **Use of Tenant Space.** The Tenant Space shall be used by the Tenant solely as office and production space and for such additional uses as may be customary and incidental to the business of Tenant. All uses of Tenant Space shall be in accordance with all applicable municipal and zoning ordinances and any and all other applicable rules and regulations of any duly constituted authority governing such uses.

Tenant will have full access to and use of the Tenant Space, and the right to use and access all common areas within the Becker Incubator on an “as available” basis, subject to the Manager’s [NAME OF MANUAL]. Tenant will not have access to any other areas within the Becker Incubator, including but not limited to the space of other Tenants and any spaces reserved by the Manager for its own use.

Manager shall not use or occupy the Manager Space for any unlawful purpose and will conform to and obey all present and future laws, ordinances and all rules, regulations, requirements and orders of all governmental authorities or agencies, respecting the use and occupation of the Manager Space including, without limitation, all environmental laws regarding underground storage tanks, pollution, and hazardous wastes.

Tenant agrees, upon reasonable notice, to permit Manager to enter the Tenant Space from time to time for the purposes of inspection, protection, preservation, repair, or restoration of the Tenant Space. The officers or agents of Manager may so enter the Tenant Space upon reasonable notice without being liable to any prosecution, claim or cause of action for damages by reason of such entry and without in any way affecting the obligations of this Lease; provided only that Manager use reasonable care in making such entry. Manager reserves the right to market and exhibit the Tenant Space to prospective Tenant during the last 180 days of the Lease Term.

10. **Quiet Possession.** Manager represents and warrants that it has full right and authority to enter into this Lease. Manager covenants that if and so long as Tenant pays the rent required by this Lease and performs and observes all of the covenants, conditions, rules, and regulations hereof, Tenant shall peaceable and quietly enjoy the Tenant Space for the Lease Term, subject, however, to the terms, covenants, and provisions of this Lease.

11. Surrender of Tenant Space. Tenant will, at the termination of this Lease by lapse of time or otherwise, yield up immediate possession of the Tenant Space with all improvements located thereon (except as may otherwise be provided in this Lease) and surrender the Tenant Space to Manager in good condition and repair, reasonable wear and tear excepted, clean and with all debris removed.

12. Improvements, Alterations, and Signs. Tenant shall not make alterations or improvements in, or erect exterior signage upon or to the Tenant Space or Building without the prior written approval of the Manager and any necessary planning, building, or zoning approvals by the City of Becker.

Upon termination of the Lease, at the sole discretion of the Manager, all improvements (excepting those agreed to in writing prior to Lease signing by the Manager and the Tenant) made by the Tenant in the Tenant Space shall become the property of the Manager.

If the Manager elects to not retain the improvements made by the Tenant in the Tenant Space, Tenant shall be responsible to return the Tenant Space to its original state prior to Lease Expiration and vacating the Tenant Space.

13. Maintenance and Repairs.

- a. **Tenant's Maintenance Responsibilities.** Tenant shall, at its expense, maintain the Tenant Space (including the interior walls, ceilings, doors, floor coverings, and fixtures) in good repair and condition the same as existed as of the Commencement Date, reasonable wear and tear and damage from fire and other insured casualty excepted. Tenant agrees not to and shall not overload the electrical, water, and/or plumbing facilities and keep the Tenant Space free from waste or nuisance. Tenant shall be responsible for maintenance of entrances, electrical, and plumbing systems. Tenant shall repair, at its own expense, any damage to the Tenant Space caused by the willful acts or negligence of Tenant, its officers, contractors, licensees, agents, employees, guests, invitees, or visitors. Tenant agrees to furnish, at its expense, all lamps, bulbs, tubes, starters, and ballasts in connection with the lighting of the Tenant Space.
- b. **Manager's Maintenance Responsibilities.** Except for those maintenance responsibilities of Tenant, Manager shall, at its expense, maintain the entire Facility including, but not limited to, the foundations, outer walls, roof, gutters and down spouts, and exterior windows and doors.

14. Insurance. Tenant agrees to keep and maintain during the entire term of this Lease and any extension thereof or holding over thereunder comprehensive liability insurance on the Tenant Space covered hereunder, including the parking and other common areas, insuring Manager and Tenant against liability for personal and bodily

injury, death, and property damage (including water) with limits not less than \$2,000,000 in aggregate and \$1,500,000 per occurrence.

Tenant is responsible for procuring and maintaining casualty insurance on Tenant's personal property, business assets, equipment and leasehold improvements.

Tenant shall not carry any stock of goods or do anything on or about the Tenant Space which will in any way impair or invalidate the obligation of any policy of insurance on or in reference to the Tenant Space or the Building.

A copy of these policies must be provided to the Manager prior to occupancy.

15. **Termination.** Manager and Tenant may terminate the Lease at any time by mutual agreement.

16. **Quarterly Reporting Requirements.** Each quarter, Tenant shall provide [SELECTED EVALUATION CRITERIA] to the Manager.

After the Manager inspects said documents, they will be returned to the Tenant. The Manager will not keep said Tenant documents on file.

Quarterly reporting information shall be used solely for the purpose of pooling program economic impact data in an anonymous fashion; to assist the Tenant through the delivery of business incubation program technical assistance services; and to ensure compliance with the terms of this Lease.

This provision shall remain in effect for a period of five years beyond the date of lease expiration. Manager agrees to keep all such information confidential to the maximum extent allowed by law.

During the term of the Lease, Tenant agrees to report job [EVALUATION CRITERIA].

17. **Education Requirement.** Tenant is required to complete and document 12 hours of business coaching, mentoring, or continuing education per calendar year with an advisor from the Small Business Development Center, Initiative Foundation, accredited college or university course, or other source chosen by the Tenant and approved by the Manager. Failure to complete the requirement constitutes an event of Default. The Manager shall have the right to waive this requirement.
18. **Indemnification.** Tenant shall defend, indemnify, and hold harmless Manager from and against any and all liability, losses, damages, costs, or expenses, including attorney's fees, arising from any act, omission, or negligence of Tenant or its affiliate companies, officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors in or about the Tenant Space.

Manager shall defend, indemnify and hold harmless Tenant, its directors, officers, and employees from and against any and all liability, losses, damages, costs or expenses, including attorney's fees, arising from any act, omission or negligence of Manager or its contractors, licensees, agents, servants, employees, guests, invitees, or visitors in or about the Tenant Space.

- 19. Assignment and Subletting.** Tenant shall not assign this Lease or sublet the Tenant Space, or any part thereof, or in any other manner transfer this Lease, leasehold or the Tenant Space, without the prior written consent of Manager, which consent may be withheld for any reason or no reason.

No lease assignment shall relieve Tenant of primary liability to Manager hereunder, unless Manager so agrees in writing. Manager shall continue to make all payments due under the Lease directly to Manager, even if the Tenant Space is sublet or assigned. All subleases or assignments must be approved by Manager and its attorney and Tenant shall promptly provide Manager with a conformed copy of such approved sublease or assignment. Consent by Manager to any subletting or assignment shall not constitute a consent by Manager to any subsequent assignment or subletting.

20. Tenant Default

- a. Definition of Default: Each of the following events, or "Events of Default," shall be a default hereunder by Tenant and a breach of this Lease:
 - i. If Tenant shall materially violate any covenant or agreement providing for the payment of rent or other amounts due under the terms of this Lease, and such violation shall continue for ten (10) days after the due date.
 - ii. If Tenant shall assign, transfer, encumber, sublet, or permit the use of the Tenant Space by others except in a manner permitted herein.
 - iii. If Tenant shall be adjudicated as bankrupt whether voluntarily or involuntarily, or makes any general assignment for the benefit of creditors under any Insolvency, Receivership, or Bankruptcy Act.
 - iv. If a Receiver or trustee shall be appointed for, or to take possession of, all or a substantial part of the property of Tenant or any part of Tenant's leasehold interest
 - v. If the Tenant Space is abandoned by Tenant. Tenant's failure to occupy and operate its business on the Tenant Space for thirty (30) consecutive calendar days may, at the option of the Manager, be deemed an abandonment, unless the rent has been paid in full during the period of absence.
 - vi. If there be any attachment, execution, or other judicial seizure of all or a substantial part of the assets of Tenant or Tenant's leasehold, where

such an attachment, execution or seizure is not discharged within thirty (30) days.

- vii. If the estate of Tenant be transferred or passed to, or devolve upon, any other person or corporation by operation of law or by assignment of Tenant other than allowed herein.
 - viii. If Tenant shall be in default of fulfilling any other covenants, conditions, and requirements of this Lease and such default shall continue for thirty (30) days after written notice thereof from Manager to Tenant and Tenant has not commenced to cure such default within such thirty (30) days and is diligently pursuing the remedies or steps necessary to cure or correct such default, but in no event more than ninety (90) days.
- b. In the event of such Default:
- i. Manager has the right to enter upon the Tenant Space and again have, repossess, and enjoy the same as if this Lease has not been made, and thereupon this Lease shall terminate without prejudice; however, the Manager retains the right to recover from Tenant all rent and other sums unpaid up to the time of such re-entry. In the event of any such default and re-entry, Manager shall have the right to re-let the Tenant Space for the remainder of the then existing term for the highest rent then obtainable, and to recover from Tenant the difference between the rent provided by this Lease and the amount obtained by such re-letting, less the costs and expenses reasonably incurred by Manager in such re-letting.
 - ii. Any equipment, tools, supplies or products left in the Tenant Space by the Tenant for thirty (30) consecutive calendar days may, at the option of the Manager, be deemed abandoned property and liquidated in any manner deemed appropriate by the Manager, unless the rent has been paid in full during the period of absence.
 - iii. Exercise any other remedy allowed by law or equity, including acceleration of rental payments remaining for the balance of the term of this Lease.
 - iv. In the event of a breach of this Lease by Tenant, whether abated or not, Manager shall recover from Tenant reasonable and necessary attorney's fees and costs incurred by Manager in enforcing its rights under this Lease.
 - v. All rights and remedies of Manager under this Lease shall be cumulative and none shall exclude any other right to remedy at law. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion thereof arises. No waiver by Manager of performance by Tenant shall be considered a continuing waiver or shall preclude Manager from exercising its rights in the event of a subsequent default.

21. **Manager Default.** If Manager shall fail to perform any of its obligations under this Lease and such default shall continue for more than thirty (30) days after receipt by Manager of written notice from Tenant specifying the default (or) if such default cannot be cured or corrected within that time, then such additional time as may be necessary if Tenant has commenced to cure such default within such thirty (30) days and is diligently pursuing the remedies or steps necessary to cure or correct such default, but in no event more than ninety (90) days), then Tenant may, at its option, but shall not be obligated to, cure such default. Manager shall reimburse Tenant the reasonable costs incurred by Tenant in curing Manager's default as aforesaid within thirty (30) days after receipt of Tenant's statement itemizing such costs, including, if any, reasonable attorney fees, in reasonable detail and evidence of payment thereof. Any rights under this Section shall be cumulative and shall not limit Tenant's rights at law or in equity.

22. **Notices.** Any notice permitted or required to be given under the terms of this Lease shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been duly given if delivered by hand or if mailed by registered or certified mail, postage prepaid, return receipt requested, or by a nationally recognized overnight delivery service to the following address:

[MANAGER ADDRESS]

[TENANT ADDRESS]

Either party may designate a different address or recipient for purposes hereof by notice to the other party in the manner provided in this Section. Tenant shall designate a contact person in Tenant's organization whom Manager may contact regarding the Lease. Tenant may designate a new contact person or persons at any time by giving notice to Manager in writing.

23. **Casualty**

- a. If the Tenant Space is destroyed or damaged by fire or other casualty covered by insurance as required to be maintained by Manager, then (unless this Lease is terminated as hereinafter provided) Manager shall proceed to repair or restore the Tenant Space to the condition which Manager furnished improvements to Tenant upon the commencement of the Term. If Manager repairs or restores the Tenant Space as provided herein, then Tenant shall repair and restore its leasehold improvements, furnishings, furniture, and equipment to at least a condition equal to that prior to their damage. Notwithstanding any provision in this section to the contrary, neither Manager nor Tenant shall be required to spend more than the amount of insurance proceeds either or both parties receive for such damage or destruction.

- b. If the Tenant Space or any part thereof shall be rendered untenable by any destruction or damage, except where such damage is caused by Tenant, then a pro rata portion of the rent based upon the number of square feet of area in the Tenant Space which are untenable shall be abated or if the untenable portion effectively prevents Tenant from using the Tenant Space for its stated purpose then all of the rent shall be abated until the Tenant Space or such part thereof shall have been put in tenable condition. If, however, any destruction or damage to the Tenant Space is so extensive that Manager is unable to render complete restoration within 120 days, or is not covered by Manager's all-risk policy, Manager or Tenant may terminate this Lease (effective as of the date of destruction or damage) by written notice to the other party given within 120 days from the date of casualty.
24. **Parking.** Tenant and Tenant's employees, customers, agents, and invitees shall have the nonexclusive right to use any parking areas located adjacent to Tenant's leased space.
25. **Severability.** If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall be valid and enforced to the full extent permitted by law.
26. **Governing Law.** This Lease shall be governed by, enforced and construed under the laws and regulations of the State of Minnesota.
27. **Interpretation.** The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision. Whenever the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders. Any captions appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections or paragraphs of this Lease nor in any way affect this Lease.
28. **Successors and Assigns.** Each of the covenants, provisions, terms, and agreements of this Lease shall inure to the benefit of and be binding upon the respective heirs, executors, and administrators, successors, and assigns of Manager and Tenant.
29. **Entire Agreement.** This Lease constitutes the entire agreement between Manager and Tenant and shall supersede all previous communications, understandings, and representations, whether oral or written. Amendments hereto shall not be valid unless in writing and signed by both parties.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first written above.

Dated: _____

Dated: _____

[MANAGER]

[TENANT]

By: [NAME]

By: [NAME]

Title: _____

Title: _____

INTRODUCTION

This document contains a business plan for a proposed business incubator in Becker, Minnesota. It contains portions of a larger feasibility study that have been adapted and rearranged to comprise the business plan.

The City of Becker and Sherburne County are undergoing significant economic changes that present both challenges and opportunities for growth. Positioned between the expanding Twin Cities and St. Cloud metropolitan areas, Becker has experienced steady population increases and rising incomes, supported by strong manufacturing and construction sectors. However, the planned closure of the Sherco power plant, a major local employer, underscores the need for economic diversification and resilience. As the region transitions away from coal-based power generation, opportunities have emerged to attract innovative sectors like renewable energy, robotics, and advanced manufacturing. With its strategic location, skilled workforce, and growing population, Becker is well-positioned to embrace new industries, support entrepreneurship, and strengthen its economic foundation to ensure long-term community vitality and sustainability.

To address these dynamics, Becker has prioritized initiatives that support economic resilience, including the potential development of a business incubator. The incubator represents an opportunity to catalyze local entrepreneurship, expand workforce training, and attract innovative industries like renewable energy, robotics, and advanced manufacturing. This document contains a business plan that summarizes the case for the incubator.

INCUBATOR BACKGROUND AND CONCEPT

According to the International Business Innovation Association (InBIA), a trade group for incubator managers, business incubators provide connections for entrepreneurs to mentorship, partnerships, investors, and a broader ecosystem that are essential to their growth. Interest in incubators has surged around the country as communities recognize the untapped potential of local entrepreneurs and the vitality of local, tailored supports to help them succeed. Incubators build on existing skillsets and support existing residents, rather than relying on pursuit of business relocation or expansion projects that can be zero-sum and costly to communities in their reliance on incentives. An incubator concept relies on a comparatively small start-up investment for a facility and subsequent commitment to the creation of a support network to encourage organic, local growth.

MISSION

The Becker Incubator provides an affordable point of entry for entrepreneurs in manufacturing and logistics to begin scaling their businesses and receive vital services to help them learn and grow.

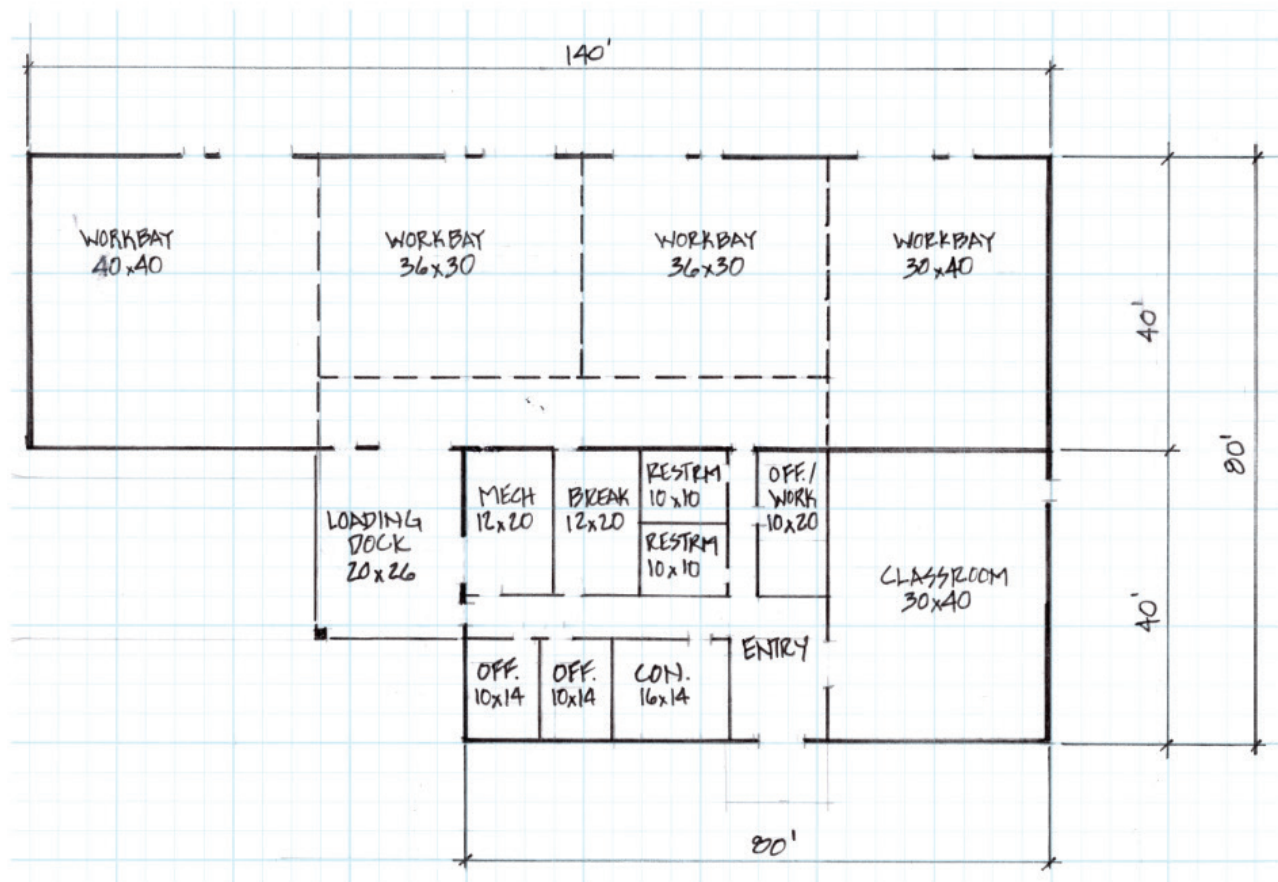
BUILDING CONCEPT

There were relatively few existing buildings in Becker suited to host an incubator, and the building deemed most viable went to auction during the research phase of this project. This left several sites, which consultants and city staff evaluated before selecting parcel 60-00488-0125, a 4.9-acre lot at the corner of US Highway 10 and Liberty Lane SE, as its preferred lot.

FIGURE 1: SITE IDENTIFIED FOR CONSTRUCTION OF NEW INCUBATOR IN BECKER, MINNESOTA

The identified lot has numerous benefits. Its public control removes any need for a transaction to secure it. At nearly five acres, it has adequate space for building construction and possible expansions. Neighboring parcel 60-00486-0010, a triangular lot located to the southwest of the identified lot, is also available for possible expansion, parking, or laydown area, if necessary. Its location at the entrance to the industrial park provides strong visibility and immediate access from a thoroughfare through the city; though it does not directly address community input desirous of a stronger downtown core, its location is still accessible from the town center and could still help establish a community identity. An incubator at the entrance to an industrial area helps draw attention to the activity in the industrial park and the potential it represents to the community, inviting people across Highway 10 to see the growth opportunities in the area and its presence as an engine for the community instead of a mysterious area tucked away from everything else.

A feasibility study completed by Northspan developed a preliminary building concept to determine development, design and construction costs. The concept building is 8,800 square feet, featuring four industrial areas with flexible work bays and office space. The associated costs shown correspond to the building concept shown below. Cost estimates are derived from RSMeans 2024 construction cost data for small industrial buildings, with adjustments for area factors in the St. Cloud market.

FIGURE 2: DRAFT INCUBATOR FLOOR PLAN


INCUBATOR FOCUS

Development of this business plan included research on nine potential incubator concepts. Of these, four related areas of focus emerged as those with the highest potential in Becker. These areas include:

RENEWABLE ENERGY AND CLEAN TECHNOLOGY

- **Why:** With Becker's transition from a coal-powered economy and growing interest in renewable energy, clean tech presents a high-potential area. Clean tech incubators can attract businesses working on solar, wind, battery storage, and energy efficiency technologies.
- **Incubator Use:** Access to labs for R&D, partnerships with renewable energy companies, and funding from clean energy grants or impact investors.
- **Reasons emphasized:** Direct tie-in to energy transition in Becker and broader narrative; synergies with major solar investment in community; reflects skillset of area workforce

ADVANCED MANUFACTURING AND ROBOTICS

- **Why:** Becker's manufacturing base and strategic location near major transportation routes support advanced manufacturing. The shift toward Industry 4.0 (integration of intelligent digital technologies into manufacturing and industrial processes) has made robotics, 3D printing, and automation important, particularly for small and

medium manufacturers looking to modernize.

- Incubator Use: Facilities with space for prototyping, workshops on lean manufacturing, partnerships with nearby technical schools, and advanced machinery for shared tenant use.
- Reasons emphasized: Aligns with major piece of local economic base; area of growth and collaboration with higher education, such as local robotics teams; well-suited for an incubator building

TECHNOLOGY AND SOFTWARE DEVELOPMENT

- Why: As more businesses embrace digital transformation, the demand for custom software, cloud solutions, and app development continues to grow. An incubator focused on software could help Becker attract tech talent and encourage startups that offer high-growth potential without needing significant physical infrastructure.
- Incubator Use: High-speed internet, coding workshops, collaboration spaces, access to cloud computing resources, and networking with tech investors.
- Reasons emphasized: Directly related to advanced manufacturing and robotics focus area; well-suited for an incubator building; related to strengths in local economy, including major investments in data centers in Becker

LOGISTICS AND SUPPLY CHAIN INNOVATIONS

- Why: Located near transportation networks, Becker has a logistical advantage for supply chain-related innovations. As supply chain resilience becomes a priority, companies working on logistics technology, fleet management, and last-mile delivery solutions are increasingly relevant.
- Incubator Use: Warehousing and test spaces, partnerships with logistics firms, access to technology for tracking and managing supply chains, and connectivity with distribution centers and freight companies.
- Reasons emphasized: Significant sector in local economy; workshop participants identified potential incubator use through “co-packing,” a concept in which smaller businesses collaborate in an incubator-type space to address their needs

MARKET ANALYSIS

A review of demographic and economic data in and around the City of Becker suggests a strong economic base facing some unique headwinds. The community enjoys population growth and is surrounded by similarly expanding, affluent exurban communities in the Twin Cities and St. Cloud metropolitan areas. It is attracting residents from the Twin Cities and seeing a slow increase in diversity, and its housing market is robust but not nearly as expensive as some neighboring communities. The human capital available in the area is strong and shows no signs of weakening, and industries such as manufacturing and construction that could benefit from an incubator space are particularly strong in Sherburne County and surrounding areas.

Becker does face some challenges, however. Like many communities, its population is aging, and the looming end of coal operations at the Sherco power plant will have a significant effect on the city’s tax base and employment. These challenges underscore the need to cultivate the economic dynamism of the community, lest Becker simply become a bedroom community or reliant on the attraction and retention of outside businesses that may lack a local stake. Overall, this analysis suggests an incubator facility in the community would be built on fertile ground for new business formation and can help diversify and strengthen local control over the economy. A thorough review of supporting demographic and economic data is available in the feasibility study completed by Northspan.

A community engagement process for the incubator completed as part of the feasibility study underscored both the interest and the potential for a business incubator to support economic growth and entrepreneurship in Becker and the surrounding region. A survey, focus groups, interviews, and funder/partner roundtable offered diverse perspectives from residents, business owners, educators, and regional stakeholders, all of whom contributed to a detailed understanding of community priorities, challenges, and opportunities. These efforts established a clear foundation for moving forward with the proposed incubator while emphasizing the importance of aligning it with local needs and strategic goals.

MARKETING PLAN

While advertising for the facility should not be a capital-intensive effort, but will include an effort to create a brand for the facility. This branding may adopt City of Becker guidelines in the short term, but if the city proceeds with its plan to move the facility to nonprofit management, the initial creation of a distinct brand may be more desirable.

1. Recruitment of tenants should include the following strategies:
2. Website. While the City of Becker EDA could host the incubator's web presence initially, the plan to eventually create a nonprofit incentivizes the development of a stand-alone website for the facility. This website should have distinct branding and offer clear instructions on the benefits of the incubator and how to access it. Northspan recommends the Hutchinson EDA's website as a clean, straightforward example of how to advertise incubator opportunities: <https://hutchinsoneda.com/enterprise/>
 - Connections from partners. Partner organizations are likely to be major referral resources. Examples include:
 - Sherburne County
 - Becker Chamber of Commerce
 - Small Business Development Center
 - ILT Academy
 - Initiative Foundation
 - Minnesota Department of Employment and Economic Development
 - Launch Minnesota
 - Local schools and colleges
 - Local financial institutions
 - Business consultants and resources
3. Word-of-mouth connections. Presentations and connections to area business groups, chambers of commerce, community groups, students, and partners in economic development are likely to be a leading source of referrals.
4. Basic advertising piece. Northspan recommends the creation of a basic advertising piece that can be used in both a print and digital format to succinctly share the opportunity afforded by the incubator and provide contact information for anyone interested in it.
5. Earned media. Press releases, spots with local media, and creative marketing are affordable ways to generate momentum and interest around a project. Becker's status as an energy transition community increases opportunities for the incubator to fit into a broader narrative about community transition and new economic opportunity.

COMPETITION

There are no existing incubator spaces in the greater St. Cloud or northwest Twin Cities metropolitan areas; the nearest options are an incubator in Hutchinson and one at Pine Technical and Community College.

Other incubator operators also noted the collaborative nature of incubator work and that many have shared management plans and details with one another. Incubator operators are all part of a collective effort to encourage entrepreneurship, which is not a zero-sum game, and many incubators have distinctly different areas of focus.

FINANCIAL FEASIBILITY

This section of the business plan outlines the financial feasibility of the construction of a concept for an incubator facility in Becker, Minnesota. It provides the building concept and outlines costs for both construction and operation, including a discussion of major considerations that may affect costs and revenues. It proceeds to highlight major funding opportunities that could assist with the project, particularly in the construction phase where there is clear alignment between several specific opportunities and this project.

Site development costs allow the development site to be ready for vertical construction and are estimated at \$1,457,000. They include site work like excavation, stormwater management, utilities connection, sidewalks, pavement, lighting and landscaping. This estimation includes an assumption of a greenspace area, parking, and public access on the 4.9-acre site.

Construction costs include all estimates for the vertical construction of the building, estimated at \$1,910,400. They include foundation work, exterior and interior walls, roof, HVAC and plumbing, fire protection, fixtures and other miscellaneous construction costs and a 10% contingency.

We have estimated at least \$94,200, or 7%, in design costs for working with an architectural firm for the project. The City will solicit at least three proposals with criteria that includes experience with a background in mixed-use or smaller industrial design.

Construction & Up-Front Cost Detail

Construction Costs Detail	Cumulative Costs
Substructure/Foundation	\$ 230,300.00
Exterior Enclosure	\$ 112,900.00
Roof	\$ 166,100.00
Interiors	\$ 110,400.00
Plumbing	\$ 83,600.00
HVAC	\$ 224,400.00
Fire Protection	\$ 150,000.00
Electrical W/ Fixtures	\$ 258,300.00
Loading Dock & Other	\$ 9,400.00
Building Contingency (10%)	\$ 134,500.00
General Requirements (10%)	\$ 134,500.00
Overhead (5%)	\$ 67,300.00
Contractor Profit (10%)	\$ 134,500.00
Architectural & Engineering (7%)	\$ 94,200.00
Total Building	\$ 1,910,400.00
Site Development	
Site Preparation	\$ 54,500.00
Utilities	\$ 273,000.00
Pavement	\$ 514,100.00
Stormwater Management	\$ 305,200.00
Sidewalks	\$ 55,600.00
Lighting	\$ 108,100.00
Landscaping	\$ 146,500.00
Site Improvements	\$ 1,457,000.00
Total Building & Site Improvements	\$ 3,367,400.00
Other up-front costs	
Industrial equipment	\$ 1,000,000.00
Desks, Chairs, Filing cabinets	\$ 15,000.00
Monitors, keyboards, mice, copier	\$ 5,000.00
Refrigerator, microwave, stove, dishwasher	\$ 5,000.00
Projector, TV's, etc.	\$ 2,000.00
Total Other Costs	\$ 1,027,000.00
Grand Total up front Costs	\$ 4,394,400.00

Projecting revenue for this enterprise is based on multiple assumptions, including the income from the incubator space, utility consumption, building maintenance, staff, and other overhead. As those assumptions may change, this overview covers expected costs and revenue based on similar mixed-use or incubator spaces and other best practice methods as a starting point for future operating decisions. Revenues are also a product of marketing or outreach efforts executed by the organization and assume a full use of the building, with each area rented at projected capacity levels.

Revenues are split out by rent and CAM (Common Area Maintenance) reimbursement. The common area expenses pay for such things as property taxes, insurance, janitorial, building maintenance, supplies, grounds maintenance, snow removal, and waste disposal.

Year 1 Income Detail

Office Space	Rent	CAM	Total	% of Total Income
Office 1	\$ 650.00	\$ 750.00	\$ 1,400.00	2.0%
Office 2	\$ 650.00	\$ 750.00	\$ 1,400.00	2.0%
Classroom	\$ 13,000.00	\$ -	\$ 13,000.00	18.2%
Conference Room	\$ 6,500.00	\$ -	\$ 6,500.00	9.1%
Total Office	\$ 20,800.00	\$ 1,500.00	\$ 22,300.00	31.2%
Industrial Space	Rent	CAM	Total	% of Total Income
Bay1	\$ 7,200.00	\$ 8,650.00	\$ 15,850.00	22.2%
Bay2	\$ 4,850.00	\$ 5,850.00	\$ 10,700.00	15.0%
Bay3	\$ 4,850.00	\$ 5,850.00	\$ 10,700.00	15.0%
Bay4	\$ 5,400.00	\$ 6,500.00	\$ 11,900.00	16.7%
Total Industrial	\$ 22,300.00	\$ 26,850.00	\$ 49,150.00	68.8%
Total Income	\$ 43,100.00	\$ 28,350.00	\$ 71,450.00	100.0%
% of Total Income	60.3%	39.7%		

Major expenses include debt service, property taxes, and maintenance fees.

Year 1 Expense Detail

Operating Expenses	Amount	Percentage of Total Expenses
Advertising costs	\$ 2,400.00	3.4%
Water and sewer	\$ 2,000.00	2.8%
Internet	\$ 2,850.00	4.0%
Electricity	\$ 4,000.00	5.6%
Gas	\$ 1,000.00	1.4%
Taxes and licenses	\$ 600.00	0.8%
Legal fees	\$ 1,200.00	1.7%
Credit card fees	\$ 1,000.00	1.4%
Accounting fees	\$ 4,800.00	6.7%
Debt Service	\$ 20,000.00	28.1%
Bad Debt	\$ 650.00	0.9%
Total Operating Cost	\$ 40,500.00	56.9%
Common Area Expenses (CAM)		
Property taxes	\$ 10,000.00	14.1%
Insurance	\$ 2,500.00	3.5%
Management fees	\$ 6,000.00	8.4%
Repairs and maintenance	\$ 2,400.00	3.4%
Supplies	\$ 750.00	1.1%
Grounds maintenance	\$ 900.00	1.3%
Snow removal	\$ 6,000.00	8.4%
Waste disposal	\$ 2,100.00	3.0%
Total CAM	\$ 30,650.00	43.1%
Total Expenses	\$ 71,150.00	100.0%

The assumptions that we have made show the incubator facility showing a small profit, basically breaking even, in year one. The substantial debt service expense could be reduced by securing grant funding for the facility; this variable could make the difference between narrow profit and the income necessary to eventually move the facility toward nonprofit status.

Year 1 Profit & Loss (Summary)

Gross Income	\$ 71,450.00
Operating Exp.	\$ 40,500.00
CAM Exp.	\$ 30,650.00
Total Expense	\$ 71,150.00
Net Operating Income:	\$ 300.00

Five-year revenue projections show a steady increase in net operating income, largely through inflation-based income growth.

Five Year Projection					
	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	\$ 71,450.00	\$ 73,200.00	\$ 75,000.00	\$ 76,900.00	\$ 78,800.00
Operating Exp.	\$ 40,500.00	\$ 41,300.00	\$ 42,100.00	\$ 42,900.00	\$ 43,800.00
CAM Exp.	\$ 30,650.00	\$ 31,300.00	\$ 31,900.00	\$ 32,500.00	\$ 33,200.00
Total Expense	\$ 71,150.00	\$ 72,600.00	\$ 74,000.00	\$ 75,400.00	\$ 77,000.00
Net Operating Income:	\$ 300.00	\$ 600.00	\$ 1,000.00	\$ 1,500.00	\$ 1,800.00

* 2.5% Income growth - Based on current inflation

** 2% Expense growth

PROJECT FUNDING OPPORTUNITIES

The following funding sources appear most relevant to the City of Becker as it seeks to support the incubator concept, especially as it addresses start-up costs associated with the project. Analysis provided in the feasibility study underscores the strategic connectivity between the proposed business incubator with regional and county-level development plans, reinforcing its potential value to the community and alignment with funding criteria for many federal and state grants. If the community can get all, or nearly all, of the construction cost covered by grants, it will be able to build the facility and operate it with leases that are as friendly as possible for tenants, providing higher quality service with lower lease rates and increasing the possibility of successful incubation.

EDA PUBLIC WORKS AND ECONOMIC ADJUSTMENT ASSISTANCE (PWEAA)

The PWEAA funding opportunity from the federal Economic Development Administration (EDA) appears ideally suited to support an incubator in Becker. The program, which supports public economic development projects that support economic diversification and community resilience through economic shocks. "Creation or expansion of business incubator and accelerator facilities" is an explicit intended use for the program, and as a designated coal community, Becker is automatically eligible for funding. Under special need requirements, EDA can fund up to 80 percent of a project, meaning this funding source could be layered with the Community Energy Transition Grant Program outlined below to cover up to 100% of construction. The program has a rolling deadline and a range in awards from \$600,000 to \$5 million, with an average of \$1.4 million in recent years. EDA anticipates awards in the upcoming year to be of a similar size. For more information, see <https://www.eda.gov/funding/funding-opportunities/category?category=266289>

Assistance to Coal Communities Special Need Distress Criteria

For future closures of coal plants, federal EDA deems communities eligible for funding if they meet Special Need

distress criteria outlined in the Notice of Funding Opportunity (NOFO). An official notice of planned plant closure is a key piece of this application, and this documentation should be supported by additional evidence from federal data sources. This could include data on wages for employees in the utility sector to document the impact of both past and future projected job losses. State data could supplement and provide additional details, and Sherburne County data on expected tax base impact would further bolster the case for funding.

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT (DEED) COMMUNITY ENERGY TRANSITION GRANT PROGRAM

In 2021, Minnesota created an Energy Transition Office (ETO) within the Department of Employment and Economic Development (DEED), which has since worked directly with energy transition communities such as Becker to prepare for energy transitions. It includes a dedicated grant program provides grants of up to \$1 million with no match requirement, with a total pool of \$4.75 million for fiscal years 2024 and 2025. It can fund capital costs for infrastructure; while it would not fund incubator construction itself under the current guidelines, it could fund engineering, infrastructure development, and site work, which are a substantial portion of the overall construction budget. As an energy transition community, Becker is one of a handful of communities in Minnesota eligible for this funding pool. It can apply to this pool once a year and has already been successful in accessing funding for both infrastructure and feasibility work. For more information, see <https://mn.gov/deed/programs-services/energy-transition/>.

MINNESOTA DEED INNOVATIVE BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE (IBDPI)

The DEED IBDPI grant program is an alternative funding method available for public infrastructure. While somewhat less attractive than the Community Energy Transition Grant Program, as it is a competitive statewide program and requires a 1-to-1 match, it could fund similar infrastructure needs if an application for Energy Transition funds is unsuccessful or insufficient to cover infrastructure needs. IBDPI includes “innovative business incubator” among its targeted types of development. It does not have an explicit funding limit and could perhaps be layered atop other funding sources so long as the non-state match requirement is met. For more information, see <https://mn.gov/deed/government/financial-assistance/business-funding/innovative/>.

EDA BUILD TO SCALE

A more complex possible funding source is Build to Scale (B2S), a federal EDA program that supports regional innovation initiatives for technology-based economic development. This grant cannot be used for construction, but it could conceivably support programming and seek to build capacity for a broader innovation ecosystem. A successful application would likely rely on collaboration among numerous regional partners and could create unique opportunities to boost the services offered by an incubator in Becker. Build to Scale typically has an annual deadline for applications in the fall. In fiscal year 2024, EDA expects to make 40 to 50 awards, with a range from a few hundred thousand dollars to \$5 million. For more information, see <https://www.eda.gov/funding/programs/build-to-scale>.

LOCAL AND REGIONAL SOURCES

Numerous local and regional organizations, including the Initiative Foundation and local community foundations, are potential funders of the project. While these sources are unlikely to substantially fund construction, they

could further refine project feasibility or address up-front costs that support larger grant applications such as pre-engineering work. Given related foundation offerings such as Enterprise Academy, these foundations may be most valuable as longer-term partners to support innovative programming and potential collaborations with area educational institutions. The Initiative Foundation is currently revising grant guidelines, with new funding applications likely available in early 2025. Similarly, while financial contributions may be limited or nonexistent, entities such as the Sherburne County EDA could offer in-kind support to provide services, some of which may be eligible as match funding for additional grant support.

CITY FUNDING

While the City of Becker has limited financial tools to support the incubator at its disposal, one potential option is the creation of a Tax Increment Financing (TIF) district for the property. While the building itself, as a public (and, eventually, nonprofit) property, would not generate property tax, a TIF district would allow the city to collect property tax from the space leased by for-profit incubator tenants. This model has been successfully used by the Hutchinson EDA to help support its incubator. The City of Becker can also provide in-kind maintenance and staffing services, particularly in the early years of the incubator when it is in its start-up phase and run by the city.

OPERATIONS PLAN

Successful operation of an incubator requires clear, predictable policies for tenant selection, oversight, and eventual graduation.

SELECTION PROCESS

The Becker incubator will maintain a short list of selection criteria to ensure applicants are good fits for its space. In the interest of business friendliness and in keeping with the broad scope of the incubator building outlined in this feasibility study, we recommend a relatively simple application and selection process that does not create unnecessary barriers to access.

The incubator will have a three-step approval process:

1. Submission of a basic application outlining business name, principal, business plan, and goals for incubator use
2. Screening meeting with incubator staff to meet with prospective tenants to determine needs, potential benefits from use of the incubator, and receptiveness to receiving coaching and support services available to incubator users
3. A presentation to the board governing the incubator (either the Becker EDA or a nonprofit entity set up to manage the facility) for board approval of the overall concept

TENANT AGREEMENTS

All incubator tenants should sign a Master Relationship Agreement and a Tenant Lease with the incubator manager that clearly establishes terms of incubator use, manager obligations, and expectations of the tenant.

CLIENT GRADUATION POLICY

The proposed incubator should operate on a short-term lease over a fixed timeframe of three to four years. While extenuating circumstances may lead to renegotiation of leases, a predictable timeline will help businesses understand expectations of them and help filter potential tenants for those who can realistically scale up in an established timeframe.

STAFFING

In the concept presented in this business plan, staffing for the incubator is a fairly straightforward proposition that Northspan anticipates being limited to approximately .1-.2 FTE. This portion of the project would be provided in-kind by city staff while owned by the EDA, but it would require funding if and when it shifts to a nonprofit model. The EDA may find it helpful to include staffing costs as in-kind financial support for some funding applications; the budget in this report does not do so in order to support cash flow.

PROGRAMMING

In order to cash flow, the incubator concept outlined in this business relies on outside partners to provide programming. The building concept includes several offices that supporting services such as SBDC consultants, Initiative Foundation Enterprise Academy staff and consultants, and ILT Academy could use for no cost. Area K-12 schools and colleges also expressed real interest in facility use, and while this could prove a fruitful connection to provide additional programming, conversations in this feasibility phase did not move beyond general interest.

Most fundamentally, incubator tenants will need strong business plans that provide a roadmap for graduation within the timeframe of their lease. Based on the intake conversation, leases should clearly outline expected support for tenants. Identifying which support is necessary will require proactive coordination with partners that can provide these services, whether directly or in coordination with others, with the incubator manager. The incubator manager should develop a clear flowchart or decision-making method that details when to refer businesses to specific partners.

MANAGEMENT PLAN

The incubator will be governed by a board of directors. When operated by the city, this board could be the Becker EDA or a standalone entity. The board will be charged with overseeing the establishment of the tenant management process, including the application, approval, signing of a tenant agreement, and ensuring tenant compliance. The board will have the authority to enter into contractual relationships with tenants, contractors, consultants, and other entities that may provide services for the facility and its tenants. Staff who manage the incubator will report to the board, and the board will hold final authority on decisions regarding the incubator's operation.

The board's bylaws should outline its size, meeting frequency, expectations, and plan in the event of the dissolution of the incubator. It will assume all fiduciary responsibility for the incubator and work to ensure it maintains accurate finances that build toward long-term sustainability.

- Representation on the board could include:
- Local business owners
- Successful entrepreneurs
- Representation from large local businesses
- Technical assistance providers
- Financial expertise
- Representatives from the city and county

MOVE TO NONPROFIT MODEL

The City of Becker has indicated its intent to move a nonprofit operating model after completing the start-up phase.

Creation of a nonprofit will raise operating costs for the facility. The nonprofit entity would need to carry its own insurance policies, and it may lose other efficiencies that the city could provide such as snow removal, grounds maintenance, and general building maintenance that could be provided by existing city staff. Any plan to move to a nonprofit model would also need to ensure compliance with any grant funding the project has received; while Northspan does not anticipate this being a significant barrier for the major funding sources identified in this report, it nonetheless requires careful attention.

Staffing of a nonprofit is perhaps the most significant long-term question. Discussions with other incubator managers suggest that tenant intake, relationship management, and data tracking is a small portion of a full-time position; this budget, based on data from other incubator operators, suggests these tasks amount to about .1-.2 FTE. The nonprofit could therefore post a part-time position or, perhaps more likely given the limited number of hours and expertise required, hire a consultant to guide these operations. It could also contract with the Becker EDA to continue providing some services.

Some comparison incubators do have full-time staff; however, these staff are involved in a more extensive provision of services, including teaching classes on incubator-owned equipment or providing SBDC services. With no obvious sources of ongoing operating funds to support this position, the budget presented in this report does not include such services.

The shift to a nonprofit model will likely happen at year five or later. According to current cash flow projections, year 5 is the first in which the incubator nets more than \$10,000 in income, providing some cushion to absorb increased costs. For ease of transition, this shift should happen at the end of the City's fiscal year, and efforts to set up the nonprofit and its board, create its articles of incorporation and bylaws, and a hiring or contracting process for management should precede the transition. The nonprofit creation process should begin one year before the anticipated transition date.

The creation of a new nonprofit allows the City of Becker and invested partners to guide its operating structure and ensure that it stays true to its initial intent. By creating a board that includes city staff, elected or appointed officials, and representatives of partner organizations, incubator supporters can maximize community benefit and avoid any unexpected changes or uncertainties about the entity's future.

Exhibit 10
Monthly Membership & Pay as you go Income Model

Monthly Membership		Includes access to conference room & classroom		
		Days per month		
Office Membership Level		Office	Conference Room	Classroom
\$	265.00	5	1	1
\$	530.00	10	2	2
\$	1,060.00	20	4	4

Pay as you go:	Cost per day:	Cost per week (5 days)
Office	\$ 30.00	\$ 125.00
Conference Room	\$ 65.00	
Classroom	\$ 75.00	

Exhibit 11
Year 1 Income Detail - Membership Model

Membership Options	Monthly	Annual	% of Total Income
Office Membership	\$ 1,855.00	\$ 22,260.00	29.2%
PaYG Office	\$ 125.00	\$ 1,500.00	2.0%
PaYG Conference Room	\$ 130.00	\$ 1,560.00	2.0%
PaYG Classroom	\$ 150.00	\$ 1,800.00	2.4%
Membership	\$ 2,260.00	\$ 27,120.00	35.6%

Industrial Space	Monthly Rent	Annual	% of Total Income
Bay1	\$ 8,650.00	\$ 15,850.00	20.8%
Bay2	\$ 5,850.00	\$ 10,700.00	14.0%
Bay3	\$ 5,850.00	\$ 10,700.00	14.0%
Bay4	\$ 6,500.00	\$ 11,900.00	15.6%
Total Industrial	\$ 26,850.00	\$ 49,150.00	64.4%

Total Income	\$ 29,110.00	\$ 76,270.00	100.0%
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At a Becker Economic Development Authority meeting on December 9, EDA members and staff posed several questions to Northspan based on a draft report. Northspan's responses to these questions are included in this addendum to the report.

1. Details surrounding Hutchinson's TIF use for the incubator and how it was structured.

The Hutchinson TIF district was created to fund site work related to the construction of the facility. It borrowed funds from another City of Hutchinson TIF district to provide up-front funding for these costs, with the intent to pay this funding back over time through tax revenue collected on for-profit tenant usage of the facility. This experience has not been without its challenges. The following text comes from pages 22-23 of the Hutchinson Enterprise Center business plan, with mild edits for clarity:

The TIF District was established to offset the cost for site work and soil corrections needed when the facility was built. A loan of \$137,500 at 4% for 9 years was advanced from the SHOPKO TIF District to cover those costs, to be repaid plus interest from expected TIF revenue (which itself comes from property taxes paid on the Enterprise Center from our for-profit tenants).

TIF 4-17, the Enterprise Center TIF District, has underperformed. This is due primarily to the valuation of the building being lower than expected.

By the end of 2022, with half of the life of the TIF District elapsed, a total of \$50,654 in TIF payments had been received. TIF should be generated for the next four years, so it is conceivable that another \$50,000 or so of tax increment could yet be generated. The TIF District will expire in 2026.

Pooling of Tax Increment from other economic development TIF Districts (e.g. Warrior, Rite-Way and / or RD Machine) could be utilized to make up the difference owed to the SHOPKO Fund.

Hutchinson's experience suggests that, should Becker pursue a TIF district to fund any infrastructure at the site, it should make a conservative estimate of the building value (i.e., a figure below the cost of construction) to avoid a similar pitfall of too low a building valuation.

As noted elsewhere in the report, Becker's eligibility for energy transition grant funding for site work could potentially spare some or all the need to provide TIF funds for this portion of the project. Generally, Northspan recommends that Becker pursue grant funding first, and only rely on the TIF option if it fails to secure adequate grants or encounters a funding gap due to escalating construction costs due to challenges with grant timelines.

2. Was the Hutchinson incubator in town before the loss of 3M or after?

The 3M plant in Hutchinson remains operational, though it has had periodic major layoff events. It laid off 1,500 people across its operations in 2014-2015;¹ while exact numbers for Hutchinson are unavailable, this round of layoffs certainly affected the community and preceded the launch of the community's incubator. A subsequent round of layoffs in 2023

¹ Dee DePass, "3M to Lay off 1,500 Workers Worldwide," *The Minnesota Star Tribune*, 22 October 2015.

<https://www.startribune.com/3m-to-lay-off-1-500-workers-worldwide/335798641>.

eliminated 180 jobs in Hutchinson.² Another business in Hutchinson, Hutchinson Technology, appears multiple times in DEED mass layoff event data, with a large round of cuts in 2010-2011³ and an additional 90 jobs eliminated 2020.⁴ Regular challenges with manufacturing job losses were among the motivating factors for the incubator's creation.

3. Using a membership fee structure versus a per room reservation and how that might impact the numbers.

Membership pricing models are often used for co-working spaces and there are several examples in Minnesota in association with the Launch Minnesota state program. Membership models work in co-working spaces because there are more options to provide users greater flexibility on when and how they use the space.

The membership model can be as simple or as complex as the operators want or need it to be to satisfy users of the space. For example, the Heartland Lakes Development Commission located in Park Rapids has "pay as you go," "monthly," and "Corporate Access" plans, all with a fun aviation theme. This works well because there are ample rentable spaces for members to use, meaning less time needs to be spent on scheduling and making sure that certain spaces are available.

For this project, with that concept building presented, Northspan has developed a membership model to consider. The main source of office revenue could include a monthly (or annual) fee that members would pay, based on the number of days each space would be used for. For example, if a business only needed an office space for a quarter of the month, "Level 1" would be most appropriate. That business would have access to an office space five days per month, and one day per month in both the conference room and the classroom. If that business needed an additional day in the office space, they would then be charged the daily "Pay as you go" (PaYG) rate of \$30 in addition to their monthly membership. If there is demand within the community for this sort of model, it could prove a more efficient way to lease the classroom and conference room spaces. This presented pricing structure creates roughly the same amount of revenue as the previously presented square foot rental model.

A membership model would also include other amenities like basic office supplies, peer support or mentoring, and support programs. Printing can be charged for on a per page basis. This income is de-minimis and is not included in income assumptions, which are available in Exhibit 10 attached to this appendix.

4. How do other incubators run by City's tow the line of providing resources through the incubator to small businesses / individuals while also not making other companies feel like the City is being selective in helping one company over another.

The incubators with which Northspan has spoken have not encountered this concern in their communities. Nevertheless, there are several steps an incubator could take to limit potential worries about perceived favoritism or unfair practices.

² Minnesota Department of Employment and Economic Development Dislocated Worker Program, 2024. <https://mn.gov/deed/programs-services/dislocated-worker/dislocated-worker/news/>.

³ <https://www.manufacturing.net/labor/news/13067741/hutchinson-technology-cutting-1380-jobs?>

⁴ Minnesota Department of Employment and Economic Development Dislocated Worker Program, 2024. <https://mn.gov/deed/programs-services/dislocated-worker/dislocated-worker/news/>.

Many incubators make room for the needs of existing businesses in their communities and allow them to use the facility if doing so could help them scale up their operations. For example, a business may want to pilot a new product that requires extra space without the cost of investing in a new facility; if the pilot proves successful, the existing business can then feel confident in the expense necessary to complete the expansion. This offering allows all businesses to take advantage of the building's offerings, not just those in the earliest stage.

This report's recommendation that the Becker incubator rely on existing support services instead of creating its own distinct programming for its tenants further helps limit any claim of favoritism or unfair advantages. Existing businesses in the community are welcome to use the same resources that are available to incubator tenants such as SBDC consultants, the Initiative Foundation's Enterprise Academy, and other local business consultants. Existing businesses may even use the incubator building to meet with these resources, if appropriate.

The incubator's proposed manufacturing focus also blunts some of this concern. Hutchinson Enterprise Center goes so far as to build in an expectation that the products of the businesses it selects "must be something that is ultimately exported from the community." This helps ensure that the facility is cultivating access to new markets instead of poaching existing local ones, bringing in outside wealth and limiting competition from within a bounded local market. This is a foundational concept within economic cluster theory, which explains how value-added exports create new wealth and are the fundamental drivers of economic growth.

Avoiding industries that have some limits on their scalability relative to population, such as restaurants and personal service-based industries, helps make sure the businesses that are incubated are not in direct competition with local businesses for scarce customers. A focus on advanced manufacturing and technology can also help limit concerns, as this lessens the chance that an incubator tenant is working with existing technology that would make it a direct competitor with a local business. If this is a particular concern locally, the incubator could go one step further to enshrine the need for some sort of value-added production for incubator tenants, thereby ensuring the tenants are not simply using their temporarily low rent to undercut existing local businesses.

Fundamentally, the creation of an incubator is an attempt to remove a barrier to business. Just as a unit of government's decision to remove an onerous regulation does not entitle existing businesses to compensation for past lost revenue due to the regulation, creating an incubator may give new businesses certain advantages as they start to grow. Leaders who are committed to local economic competitiveness should embrace the fact that they have created opportunities for new growth rather than locking in a status quo that, through increased capital and real estate costs and the complexity of resource access, tends to only grow more and more difficult for the newest businesses.

5. Examples of successful government started incubators that moved to completely non-profit run facilities.

Extensive Northspan research on incubators across the country found no examples of incubators that moved from public to nonprofit sector management. Searches of identified comparison incubators and lists from existing networks yielded no obvious matches. Additional AI-assisted searches for examples yielded results that appeared promising, but upon further research and fact checking did not ultimately produce any true comparisons. Many nonprofit incubators have received substantial startup support from government entities, but they were almost always formed as nonprofits from the start. Many also have public-facing images that understandably prioritize

helping businesses and say little about the nuts and bolts of their governance structures; while it possible that comparisons exist, identifying them would require extensive direct outreach.

With its twin desires to create an incubator and not run it, Becker is in a unique position. Most incubators have emerged organically from community energy, or as specific government initiatives that the public sector has then owned. Northspan believes the concept of a public sector-led startup and ultimate transition to a nonprofit can be successful, as outlined in the feasibility study. Because the concept uses the city to manage operations in the startup stage, it does run some inherent risk of leaving the city on the hook for the incubator if it fails to achieve the revenue necessary to make the transition. The recommendation of a newly constructed industrial building with few distinct features is in part a hedge against this possibility, as it would leave the city with an attractive property for potential sale should the incubator concept fail to generate enough revenue for long-term nonprofit sustainability.

