

BUSINESS OVERVIEW

RIGHT:
Elevation
Drawing of the
Ravalli
Entrepreneurship
Center



Center

Two contiguous parcels of land in Hamilton will be acquired for the REC. One parcel is four acres and the other will be at least two and possibly four acres. This is a tremendous asset as land price inflation has become acute in Ravalli County. The acquisition of land far below market value provides an equity match of approximately \$1 million that can be used for a variety of funding options, thereby securing the future for this project. The Center will provide premium leased office space that includes a conference room, copy and print facility, top quality Information Technology (IT) and phone infrastructure, storage and a cafeteria may also be part of the complex. Wet and dry labs will have specialized improvements such as enhanced electrical service, gas lines, stainless steel ventilation, acid neutralizing drains, and enhanced bench space. The Center will have in-house business services, as well as access to a menu of outside service contractors and contact opportunities.

Services

Business services will be provided by on site staff: the Facility Director and the Executive Director of the RCEDA. RCEDA has an established track record in aiding entrepreneurship and business development in Ravalli County. In the last year the RCEDA assisted with the creation of 55 jobs, brought \$642,250 in Federal and State Grant funds to Ravalli County, provided loans from its Revolving Loan Fund to four local businesses, and is currently working on four large projects totaling over \$20 million dollars (Foster, 2007).

Services that the RCEDA and future REC will provide include business coaching, strategic planning, financial record keeping and books, marketing, cash flow analysis, and relevant market information. The REC will also provide clients with introductions and networking opportunities for capitalization and customers, as well as information on state and federal programs. Associated academic institutions can be used for further training and a potential pool for workforce recruitment.

Business Approach

The RCEDA's approach of Economic Gardening is best exemplified by a market research program that will be instituted through the operation of the REC. The plan is to provide access to business and market information through high end software and database subscriptions. Custom business and market research helps enterprises make better decisions about basic feasibility and market opportunities thereby saving much needed working capital that will not be expended on trial and error.

Adding to the information resource available to local REC clients, the RCEDA took the lead in establishing a Business Expansion and Retention (BEAR) Program in Ravalli County. BEAR works by using local volunteers to mentor and gather data through one-on-one fact finding sessions with area businesses. The information is entered into a data base which enables the team to run many reports comparing client businesses with peers locally and statewide. The volunteer team then compares the data with a particular firm's goals and recommends the resources to help the businesses achieve those goals.

The Business Approach uses the Economic Gardening Model to grow businesses from local resources rather than an approach that relies on attracting existing businesses from outside the region.

The REC will also be a conduit for statewide support from a very successful government procurement program called PTAC (Procurement Technical Assistant Center). PTAC's job is to help area businesses bid on government contracts and research procurement opportunities.

The market research information, BEAR, and PTAC programs are a natural fit for local entrepreneurs and businesses, directly improving operational productivity. Greater productivity leads to wealth creation which makes it possible for businesses to provide better paying jobs and makes for a stronger overall business community.

Associate Professor Helen Hasan, Activity Theory Usability Laboratory, School of Economics and Information Systems, University of Wollongong, New South Wales, Australia (Changed quote to modify "organizations" to American spelling)

What is Economic Gardening?

- *"Economic gardening"* is self-generated creative approach to regional community development.
- It is a long-term strategy for local economic and social development to grow and sustain a community.
- Economic gardening works by creating a more fertile environment to support and encourage initiatives of local businesses and other organizations, rather than buy-in industry from outside.
- The result is the creation of additional jobs and services for the community as well as a dramatic rise in morale.
- By growing their own enterprises, rather than searching for solutions from outside, local regions are spurred on to become a more prosperous and fulfilled community.



Rental Rates are comparable to rates for above average to premium office space in the Hamilton area. Premium Office Space has a very high occupancy rate in the Hamilton Marketplace.

Lease Rates, Entrepreneurship Center			
	Rate	Per	Occupancy Rate
Standard Tenant	\$ 1.45	sq ft/month	85%
Anchor Tenant	\$ 1.67	sq ft/month	85%
Wet Lab	\$ 2.17	sq ft/month	50%
Dry Lab	\$ 2.00	sq ft/month	50%

Virtual Tenants	
Average Lease	\$ 18.55 per sq ft/yr
Average Space	311.5 sq ft
Average Lease	\$ 5,778.33 per year
1/3 of Ave. Lease	\$ 1,926.11
# Leasees	3
Total	\$ 5,778.33

Revenue

The Hamilton area office space rents for an average of 80¢ per sq. ft. per month. The market for office space in the Hamilton area is two-tiered. There is an abundance of lower quality office space that tends to drive down the lease rates because of lower occupancy. Higher end office space, however, has an occupancy rate of 95% and rents for 60% more than than the average rental rate. (See Attachment 5 for Rental Survey).

The proposed lease rate of \$1.45 per sq. ft. per month for standard tenants is equal to the rate the Montana Technology Enterprise Center (MonTEC) charges in Missoula. Quality of REC space for technology - based businesses and access to educational business resources more than justifies the rental rates.

This is higher than the low-market rate average, but less than the rate charged by a local, privately operated facility which provides top quality space

similar to that which will be provided by the Center and has 95% occupancy. We conservatively project an occupancy rate of 85%.

The REC expects that GSK will have offices on site as an anchor tenant to support the knowledge-based mission. This will provide some financial stability to the project. Anchor tenants will be charged \$1.67 per sq ft/month. The lease price for the wet and dry labs is commensurate with highly specialized office space (e.g. dental offices).

The REC will also encourage virtual tenancy, wherein all the services of the REC are available to non-tenants. The cost for this service is calculated at one third of the average lease which is \$1926.11 per year and projects three virtual tenants per year.