





**CITY OF LOVELAND**  
**ECONOMIC DEVELOPMENT OFFICE**  
 Civic Center • 500 East Third • Loveland, Colorado 80537  
 (970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

**AGENDA ITEM:** 1  
**MEETING DATE:** 3/12/2013  
**TO:** City Council  
**FROM:** Betsey Hale, Economic Development Director  
**PRESENTER:** Betsey Hale, Economic Development Director  
 Doug Rutledge and other Community Business Leaders

**TITLE:**

Stone Soup Accelerator: A Community Led Economic Development Project

**RECOMMENDED CITY COUNCIL ACTION:**

City Council will be asked to direct staff on the City's role and partnership on a business accelerator to be located at the Rocky Mountain Center for Innovation and Technology (RMCIT)

**DESCRIPTION:**

Members of the Loveland Development Fund will present to City Council a proposal to create a technology accelerator at the RMCIT. The accelerator will assist technology companies in the technology readiness stages of 4-7 which are often referred to as second stage companies. This facility is not intended to be an incubator for startup companies.

**BUDGET IMPACT:**

Members of the Loveland Development Fund Board are requesting City Council consider a contribution of \$150,000 annually for five years. The purposes of the funds are to provide resources for hiring the accelerator manager and other office operating expenses for this position. The manager will be a City of Loveland employee in the Economic Development Department.

**SUMMARY:**

For over 50 years the former HP/Agilent Technologies Campus was the primary economic engine in Loveland. With the closure of the campus in 2005, the community lost over 3,500 jobs, \$145,000,000 in payroll annually and over \$1.3 million in annual sales tax revenue. Since 2007, City Councils have made the redevelopment of the campus a top priority. In 2011, City Council took the bold step of purchasing the property to begin the redevelopment and reestablishment of the property as the principle economic driver for Loveland. In late 2011, Cumberland and Western Resources purchased the property and rebranded the campus the Rocky Mountain Center for Innovation and Technology (RMCIT).

In March of 2012, the Loveland City Council adopted the City's economic development strategic plan. The first goal is to "Make Loveland the heart of Innovation and Creativity in Colorado." The primary action step recommended by the business leaders who crafted the strategy is to focus on the redevelopment of the former HP/Agilent Technologies campus. City Council Priority 2.1 for 2013 is to identify the role of the City and support the development of a business accelerator at the RMCIT.

Members of the Loveland Development Fund Board are leading the effort to build a technology accelerator which will strengthen Loveland's economy and return the campus to its former prominence. Business leaders will present a proposal to council which will include information related to the program's leadership, budget, acceleration concept, and staffing request. Support for the Stone Soup Accelerator, as it is called by the community leaders, is consistent with City Council policy and priority. Staff is seeking council consideration and direction for the City's role in this program.

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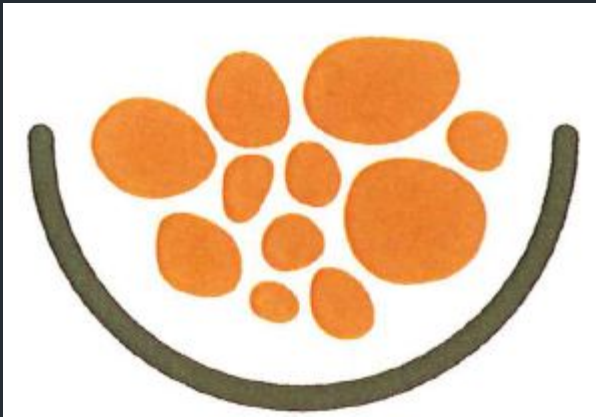
**REVIEWED BY CITY MANAGER:**



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**LIST OF ATTACHMENTS:**

Stone Soup Presentation Slides



# Stone Soup

A Community Supported Business Accelerator



## General Concept

- A community supported business accelerator program operated in conjunction with the *Rocky Mountain Center for Innovation and Technology*.



## “Business Accelerator”

- A program whose aim is to shorten the growth period between the end of the “startup” phase and becoming a viable, profitable business.
- Some companies won’t succeed -time to failure will also be shortened.



## Purpose

- The purpose of the Stone Soup program is to be an economic development engine for the Loveland community by providing facilities and support for client companies with potential for job generation in Loveland.



## Client Company Qualifications

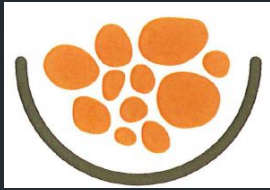
- High potential for growth





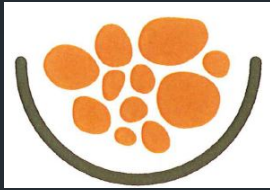
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- **High potential for job creation in the Loveland area**



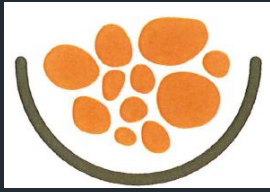
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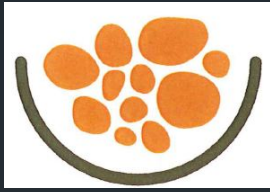
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- A need for “plug and play” space with room for expansion
- **A desire to locate in an environment of innovation, collaboration and entrepreneurship**



## What's In a Name?

- The old folk tale of “Stone Soup” is story of collaboration and community.
- Moral: The entire community benefits when everyone pitches in.



## Operation

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- A full-time *Director* will manage the program.
- A Stone Soup *Advisory Board* will monitor the operation of the program, advise the Director, and report to the Loveland Development Fund.



## Collaboration

- The Stone Soup program will operate in close collaboration with other organizations involved advancing the economic welfare of our region.

NCEDC

City of Loveland

LCBD

Loveland Chamber of Commerce

RMI

Cumberland & Western

CSU

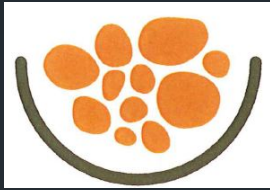
NASA

And many others.....



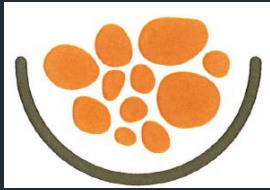
## A Community Supported Program

- More than 20 community volunteers are currently working to develop the Stone Soup Business Plan and raise operating resources through cash and in-kind contributions from local businesses and individuals.



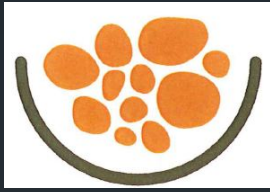
## A Community Supported Program

- The Stone Soup Advisory Board will be a diverse all-volunteer group of interested community members.



## A Community Supported Program

- The new Loveland Development Fund will be modeled after the former Loveland Development Fund.
  - Started in 1958, Dissolved in 2005
  - It was supported and funded by Loveland Business Leaders, members of City Council and the Chamber of Commerce.



## A Community Supported Program

- The former Loveland Development Fund was responsible for bringing many businesses to our community:
  - Hewlett Packard
  - Woodward
  - Walmart Distribution Center
  - Johnson Publishing
  - Goldco
  - and others



## A Community Supported Program

- The Loveland Development Fund will be governed by a 9-member volunteer Board of Directors.





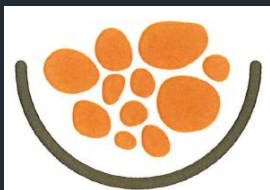
# Measuring Performance

- Annual Benchmarking
  - Comparison of Stone Soup client companies performance against performance of non-client companies and published statistics for new firms.



# Measuring Performance

- Client Satisfaction
  - Annual survey of Client companies to determine satisfaction with the Stone Soup program.



## Expense Categories

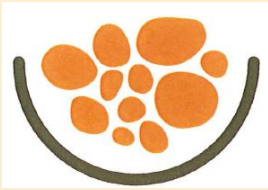
- Improvements to Client spaces
- Equipment and Furniture
- Lease payments to C&W
- Director Salary & Benefits
- Operating Expenses



## Funding Sources

- Cash and In-kind funding from the community through the Loveland Development Fund
- Rental income from Client Companies
- In-kind funding from Cumberland & Western
- Funding of the Director position by the City of Loveland during 5-year startup period.

Stone Soup Accelerator		Draft Operating Budget (cash basis)					
3/5/2013		2013	2014	2015	2016	2017	5 Year Total
Cash Balance, Beginning		\$ -	\$ 64,125	\$ 87,125	\$ 72,900	\$ 84,190	
<b>Income</b>							
Loveland Development Fund		\$ 250,000	\$ 200,000	\$ 150,000	\$ 100,000	\$ 50,000	700,000
Grants		\$ 100,000	\$ 100,000	\$ 50,000	\$ -	\$ -	250,000
Client leases		\$ 26,250	\$ 175,000	\$ 315,000	\$ 437,500	\$ 490,000	953,750
City Contribution		\$ 75,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	525,000
In-Kind Materials and Services		\$ 55,000	\$ 35,000	\$ 17,500	\$ -	\$ -	107,500
<b>Total Income</b>		<b>\$ 506,250</b>	<b>\$ 660,000</b>	<b>\$ 682,500</b>	<b>\$ 687,500</b>	<b>\$ 690,000</b>	<b>2,536,250</b>
<b>Expenses</b>							
<b>Capital Expenses</b>							
Common Space Improvements		\$ 25,000	\$ -	\$ -	\$ -	\$ -	25,000
Model Space Construction		\$ 40,000	\$ -	\$ -	\$ -	\$ -	40,000
Tenant Space Improvement		\$ 187,500	\$ 262,500	\$ 275,625	\$ 217,055	\$ -	942,680
Common Equipment		\$ 50,000	\$ 50,000	\$ 25,000	\$ -	\$ -	125,000
Furniture & Fixtures		\$ 10,000	\$ 5,000	\$ 2,500	\$ -	\$ -	17,500
<b>Capital Expenses Subtotal</b>		<b>\$ 312,500</b>	<b>\$ 317,500</b>	<b>\$ 303,125</b>	<b>\$ 217,055</b>	<b>\$ -</b>	<b>1,150,180</b>
<b>Operating Expenses</b>							
C&W lease		\$ 13,125	\$ 87,500	\$ 157,500	\$ 218,750	\$ 245,000	476,875
Director Salary, benefits and expenses		\$ 75,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	525,000
Program Operating Costs		\$ 41,500	\$ 82,000	\$ 86,100	\$ 90,405	\$ 94,925	\$ 300,005
<b>Operating Expenses Subtotal</b>		<b>\$ 129,625</b>	<b>\$ 319,500</b>	<b>\$ 393,600</b>	<b>\$ 459,155</b>	<b>\$ 489,925</b>	<b>1,301,880</b>
<b>Total Expenses</b>		<b>\$ 442,125</b>	<b>\$ 637,000</b>	<b>\$ 696,725</b>	<b>\$ 676,210</b>	<b>\$ 489,925</b>	<b>2,452,060</b>
<b>Annual Cash Flow</b>		<b>\$ 64,125</b>	<b>\$ 23,000</b>	<b>\$ (14,225)</b>	<b>\$ 11,290</b>	<b>\$ 200,075</b>	
<b>Cash Balance, Ending</b>		<b>\$ 64,125</b>	<b>\$ 87,125</b>	<b>\$ 72,900</b>	<b>\$ 84,190</b>	<b>\$ 284,265</b>	



# Implementation Schedule

FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
ORGANIZE LDF					
	FUNDRAISING	FUNDRAISING	FUNDRAISING		
	BUSINESS PLAN DEVELOPMENT	FINALIZE BUSINESS PLAN			
	FACILITIES PLANNING	FACILITIES PLANNING	FACILITIES PLANNING	CLIENT SPACE IMPROVEMENTS	
	CLIENT NEGOTIATIONS	CLIENT NEGOTIATIONS	CLIENT NEGOTIATIONS	FINALIZE CLIENT LEASE	
			HIRE DIRECTOR	DIRECTOR BEGINS WORK	
					1ST CLIENT MOVE-IN