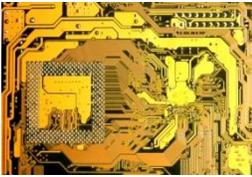


Business Plan for the Proposed Southeast Ohio Center for Business and Innovation



Prepared for:
Opportunity Appalachia



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1 Introduction

This document presents a business plan for the proposed Southeast Ohio Center for Business and Innovation, to be located in the Village of Byesville, in Guernsey County, OH, which will serve not only the Byesville and Guernsey County, but also provide a resources for the wider region. The plan represents the final output from a planning process led by the Byesville Village Administrator, with financial support from Opportunity Appalachia.

The intended beneficiaries of the Center are the inhabitants of Byesville, Guernsey County, and the wider region, including those counties that are immediate neighbors of Guernsey County.

The Center will be established in an existing building – the current Byesville Elementary School, which will become available at the end of the 2023-2024 school year when construction of a new school at a different site will be complete. Ownership of the building will then be transferred to the Village of Byesville after which the Village will take responsibility for its renovation and all subsequent management issues, serving as the conduit for grant and other funding as necessary.

The Center is also located in a Federal Opportunity Zone.

This plan comprises the following sections:

- Strategy – summarizing at a high level, the plan for the Center.
- Market – describing the intended market for the resources of the Center in terms of different populations that might make use of its facilities and services, and their specific needs.
- Products and Services – describing what resources the Center will make available to meet the needs of its intended clients.
- Operational Model – describing at a high level, the essential components of the how the Center will function.
- Organization and Management – describing the operational resources and management plan for the Center, including the management of key partnerships that will be involved in establishing the Center and supporting it in the longer term.
- Sales and Marketing – describing how the Center will be promoted to its intended target populations, how ongoing awareness of the current and future market demand will be maintained.
- Financial Analysis

2 Strategy

The strategy for the proposed Center is to fulfil a role as a venue that offers a variety of different resources to the community on a flexible basis.

The resources to be offered are relevant to different identified needs in the community and can be considered fit into to four categories or themes:

- Commerce – with a particular focus on economic development and entrepreneurship
- Culture – supporting regional community activities.
- Health – resources to support community health.
- Technology – resources for technical education and training.

The physical space within the Center will be configured so as to meet these needs and relevant services will be provided either directly by the Center or outsourced to appropriate providers.

The potential market for each category of resources is discussed in the following section.

3 Market

The market for the Center is essentially a regional one, encompassing the population of the Village of Byesville, and in principle, the populations of Guernsey County and its regional neighbors. The market segments relevant to each of the four themes are as follows:

Commerce

- Regional residents who are, or may become, interested in creating a new business. While there should be no restrictions on what kinds of business regional entrepreneurs would wish to pursue through the Center, the majority are likely to be in the retail sector (retail is the second largest sector for nonemployer businesses in Guernsey County after Construction and the largest sector for employers).
- Existing business owners who would like to expand their business in some manner. There should again be no restrictions on the businesses supported by the Center based on their industry sector. There is nonetheless a strong emphasis on retail in Byesville.
- Based on current trends in working patterns, there may also be scope to provide resources relevant to hybrid workers (i.e., those that work in an office for part of the week, and from home or another location for the rest of the week). This was a trend that was in evidence in many locations prior to the Covid-19 pandemic but was massively accelerated by it. Although it is unwise to predict too far into the future, it appears that hybrid working has become a preferred option for many companies and workers, as described for example, in a recent report from McKinsey and Co. (www.mckinsey.com)

- At present there is a shortage of retail space in Byesville, following the implementation of a successful program in Byesville (Project Phoenix) commencing in 2018, the purpose of which was to “cultivate an environment that improves the quality of life, encourages business, and positively impacts our community, culture, and economic well-being”. This has led to the available retail space being leased almost in its entirety. This should drive the creation of new retail space within the Village, but the proposed Center can also play a role, providing small retail space within which entrepreneurs can pilot their business after having worked with advisors made available through the Center to develop viable plans, prior to them occupying regular retail space in the Village.
- While retail is the largest business sector in Byesville by number of establishments, manufacturing provides a significant majority of the employment, and there may be an opportunity for the Center to support entrepreneurs seeking to create advanced manufacturing companies.

These companies utilize a variety of non-traditional manufacturing techniques incorporating computer-controlled systems that are linked to computer-based design systems, and in some cases, into the ERP systems of their customers. There are also online platforms such as Xometry (www.xometry.com) which leverage smaller companies to provide some of its production capacity. In this way, advanced manufacturing companies within the region could serve as suppliers to these larger companies.

Given its location and structural characteristics, it is unlikely that the proposed Center would be able to provide space for manufacturing, but it could provide support services to entrepreneurs to help them plan manufacturing businesses, and in the long term, could expand into other space more suitable for manufacturing startups.

The precise mix of these different potential market segments will likely vary over time.

Culture

In this context culture relates to the provision of resources for the wider community and would include organizations that host activities that are intended to be to the benefit of the regional population including, for example, theatrical productions, musical performances, dances, exhibitions, club meetings and events, seasonal events, and other similar community activities for which there is no suitable space in Byesville at present.

The Elementary School building includes a gym offering a single large space including a stage, and it is envisaged that this will be the location where cultural activities are hosted. This does not however preclude the Center organizing activities in other locations where appropriate.

Health

It is intended that the Center will provide community health resources, and discussions have been held with a provider regarding the creation of a small health center in the building. These organizations may fulfil the role of anchor tenants for the Center, being able to commit to multi-year tenancy agreements and providing a sustainable revenue stream to the Center.

Another area that will be examined is the provision of day care for clients of the Center. This is a topic that has arisen with increasing frequency in the context of being a barrier to people obtaining work and also those wishing to become entrepreneurs.

Education and Technology

In the present context, this relates to organizations that provide educational and training resources for county students. This could include tutoring and guidance for students, or for example, provide training on, and access to, technologies such as 3D-printing and computer-based design. Initial discussions have been held with a potential provider that is interested in creating a STEM Center that could include these kinds of resources. As with the potential health center, this organization would serve as an anchor tenant.

4 Products and Services

The Center will offer a variety of products and services to its various target market segments. These fall into two broad categories:

- Physical space from which organizations and individuals (including hybrid workers) can operate a business in some form. This will include:
 - Space for anchor tenants that will be leased on a long-term, multi-year basis. This could take the form of an entire floor of the Center, a significant part of a floor, or single unit on a given floor.
 - Flexible space such as coworking space that can be used by individual entrepreneurs, hybrid workers, and other short-term users on a daily basis.
 - Small retail space units that can be rented on a month-to-month basis by entrepreneurs while testing a business model, or while waiting or suitable commercial retail space to become available elsewhere within the region.
 - Office space for the use of partner organizations such as the SBDC, SCORE, and others who are providing assistance to Center clients. This space may be shared by several organizations and may be provided free of charge where these partners have no mechanism by which they can sign leases or pay rent.
 - Restaurant space available for lease by entrepreneurs wishing to operate a restaurant in Byesville. At present, this space is the school canteen, which includes a kitchen.
- Physical space that can be rented on a flexible basis for community events and activities. The space currently used for the school gym is ideally suited for this purpose.
- Support services for entrepreneurs. This will include those services offered by existing providers such as the SBDC and SCORE, but could also include business round tables, training programs, speaker series, office hours sessions run by attorneys and accounting firms that have a presence in the region, exhibitions to showcase Center clients and other similar activities.

5 Operational Model

The operational model for the Center is one that combines what is essentially the role of a landlord, leasing space on a variety of terms to different kinds of clients, and a business incubator manager (now often referred to as an ecosystem manager) whose role is to identify needs among its clients and facilitate access to resources that can address them.

The landlord role will include providing the kinds of routine maintenance and associated services that would typically be expected in rented office space, while the ecosystem manager role will involve proactively supporting clients by anticipating needs, promoting their businesses, being a reliable information source for business-related matters, proactively making introductions, and other similar activities.

All clients or users of the Center will be expected to pay for the resources and services that they make use of. This is addressed in detail in the financial model, but for the anchor tenants this will be based on traditional monthly rent payments while for other users, payment may be on a daily basis (such as for coworking), or on an as-used basis, as would be the case, for example for one-off community events.

6 Organization and Management

In the first instance, the renovation and initial operation of the Center will be under the direction of the Byesville Village Administrator who will coordinate and manage the process of renovating the building. Once the building is operational there will be a need for a manager (or Director) who will plan and coordinate all services and resources made available to entrepreneurs and startup companies that make use of the Center, and the routine operation of the facilities as a whole, including those rented to anchor tenants. This individual will be critical to the success of the entire initiative and should be carefully selected to ensure that they possess an appropriate mix of skills and abilities.

The Director will also be responsible for maintaining relationships with all of the partners who participate in the operations of the Center and / or facilitate resources required for the Centers ongoing operation.

7 Sales and Marketing

In the context of an initiative such as the Center, Marketing must be viewed in a broad sense with a strong emphasis on maintaining awareness of the needs of its target clients and ensuring that the facilities and services offered are aligned with them. It must also encompass the promotion of the Center, not only to prospective clients, but also to current and prospective partners, including funding agencies. This will require maintaining a flow of information to these groups concerning the Center's activities and successes.

The sales role will involve agreeing terms with potential clients and welcoming them to the Center. Terms should not generally be negotiable, but some flexibility may be beneficial around introductory rates and other elements of the day-to-day operations of the Center.

8 Financial Model and Proformas

Based on the information developed in the preceding stages of the work program, a financial model has been developed for the Center for a five-year period. This is shown in Appendix 2, with additional detail and explanatory material being provided here.

The financial model comprises a summary section presented as a Profit and Loss statement with additional supporting information providing an explanation of the assumptions made for the revenue projections and the assumptions regarding the use of the space in the building. References to specific areas within the building reflect those used in the floor plan provided in Appendix 1.

8.1 Space Usage and Rental Revenue

For the purposes of the projections separate rental rates have been used for different types of client, ranging from \$0.75 per sq. ft per month for entrepreneurs planning or starting their business, to \$1.25 per sq. ft. per month for anchor tenants. These are believed to be broadly consistent with current existing rental rates in Byesville.

The allocation of space within the building is not intended to be definitive as the precise space requirements of the prospective anchor tenants are not yet known and detailed plans for the renovation of the space have still to be developed.

The plan assumes six different types of space, as follows:

- 1) Office space. This is assumed to be generic office space with no additional internal partitioning. This is consistent with many contemporary office facilities and provides a high degree of flexibility. An increasing number of business incubators are being created or redesigned to have an open-plan layout as this not only allows for flexibility but encourages the kind of interaction and experience sharing that incubators aim to foster among their clients.

Small meeting rooms are also necessary when the space is essentially open plan. No separate meeting rooms are included in the plan at present⁴, but it is assumed that those would be created out of one or more of the designated office spaces.

- 2) Co-working space. This has become a mainstay of business incubation programs as it allows a high degree of flexibility for the Center clients, and in the contemporary business environment in which work is undertaken exclusively on computers and many resources are utilized on an outsourced basis.

- 3) Retail space. This is intended to provide space in which entrepreneurs developing retail businesses can set up and test their business model with a low level of risk. It is assumed that movable partitioning systems can be used to subdivide the space, if necessary, which again provides a high degree of flexibility.
- 4) Restaurant. It is intended to reuse the existing school canteen space which has access from the main part of the building and also has direct access from outside. This could be run as a regular commercial restaurant, open to the users of the building and the general public. It is probable that the operation of the restaurant would be outsourced, ideally to a business operated by an entrepreneur from within the region.

The idea of shared commercial kitchens has become popular in the context of supporting entrepreneurs in recent years (and some have been operating successfully for more than a decade). This can be a real asset for food entrepreneurs, particularly if it is impractical or inconsistent with health and safety regulations for them to start a business from home. The existing canteen space could be used for this purpose, but experience has shown that the level of usage of such facilities is often much less than initially anticipated, and meeting health and safety requirements and ensuring that the facility is properly maintained can be expensive. This can be further complicated if users are making products that meet specific dietary requirements such as being nut or gluten free, for which shared resources can be impractical.

- 5) Event space. The existing gym and stage that are accessed through floor one will be used for this purpose. This space will be retained essentially in its current form.
- 6) Anchor tenant space. Based on initial broad estimates provided, it is assumed that the proposed STEM center would occupy all of Floor 2, and that the proposed Health Center would occupy part of Floor 1.

The space for the restaurant and the anchor tenants is assumed to be rented on a standard lease, on a per sq. ft basis. The lease term for the anchor tenants is expected to be multi-year, but it may be beneficial if the lease for the restaurant were to be on a shorter-term basis, at least in the first instance, to provide flexibility in the Center's early years of operation.

The coworking space is expected to be made available on a per-use basis, and as such would be expected over a year to generate an amount of revenue to equivalent to what would be achieved if the space were leased as a whole. There are many different pricing models for coworking space, and it a degree of experimentation will be necessary to establish the best model, but the contribution from the co-working space to the overall revenue is sufficiently small that this is unlikely to present a risk to the viability of the initiative as a whole.

8.2 Revenue from Services

There is a very wide range of services that can potentially be offered to support entrepreneurs at different stages of the development of their businesses and it will be for the Director of the Center to determine the best mix for the population of clients that it has at any given point in time.

For the purposes of the financial model, three different types of services are included:

- Training Programs
- Events
- Networking activities

These are again intended to be illustrative rather than definitive at this stage but are typical of the kinds of services offered by incubators.

Training for entrepreneurs can be provided in a number of different ways, but it is common for there to be programs that are time-limited and often cohort-based that take entrepreneurs through the fundamentals of researching a potential business model and starting the business if the outcome of the research is positive. The financial model assumes that there would be 10 entrepreneurs per year who would be interested in participating in a program of this kind (which would be typical for a small incubator), and that a fee of \$100 per participant would be payable (this is again in line with similar activities in existing incubators).

Events can include a very wide range of activities, but these might typically include hosting an 'entrepreneurship week' to promote entrepreneurship within the community, which could include a business plan competition or other activities. Another common type of event is one that celebrates regional entrepreneurs and promotes their individual businesses through some form of exhibition. Most events of these kinds are able to attract sponsorship from established regional companies and the financial model assumes that \$5,000 of revenue (including sponsorship) could be generated from such activities.

Networking activities are very valuable to entrepreneurs as they provide an opportunity to connect with potential partners, funding sources, suppliers, and other resources. These can take a variety of forms from relatively informal get-togethers to more structured activities such as invitation-only facilitated monthly roundtables in which entrepreneurs can share experience and learn from each other in a confidential environment. The financial model assumes a small number of events such as roundtables with an annual participation fee of \$100 and ten participants per year, which is consistent with the anticipated scale of the Center's activities.

Another activity that would be very valuable is for the Center to host an ongoing series of speakers on topics of relevant to entrepreneurs. The potential range of topics is virtually endless and can span the full range of responsibilities that entrepreneurs have including specific subjects within marketing, product development, financial management, legal matters, human resources, managing suppliers, sales, among many other areas. The financial model assumes ten speakers per year, with an average of fifteen attendees paying an attendance fee of \$10 per event.

8.3 Non-Revenue Funding Sources for Operational Activities

No organizations that provide support to entrepreneurs and early-stage companies are able to operate on funding generated from their clients alone, and with very few exceptions in which unusual circumstances apply, they rely on non-revenue sources of funding such as grants, sponsorships, naming rights, and other donations to cover their operating costs.

The financial model for the Center includes relatively small contributions from both grants and sponsorship. It will be the responsibility of the Director to pursue these, but it is expected that there will be assistance from partners in respect of identifying and applying for grant funding from state and regional public sector organizations.

These sources of funding are important beyond their direct financial value as they serve to demonstrate that the Center is considered to be of value by other organizations and individuals and provide opportunities to engage with a wider community of practice relevant to the Center.

8.4 Operating Costs

The costs for the Center are expected to essentially fall into three categories:

- Staff costs
- Facilities costs
- Routine operational costs

As with most organizations, staff costs are one of the largest, if not the largest single cost item for projects of this kind. In the present case it is assumed that a single person with appropriate skills and experience will be able to manage the Center in the capacity of Director, planning and coordinating its resources and activities, and also taking responsibility for the anchor tenants. The salary shown for this role shown in the proformas is believed to be consistent with regional norms.

It is possible that the Director may reach a point where some additional administrative support would be necessary, although this role would be unlikely to be a full-time position. No costs are included for the role in the financial model as it is not anticipated that this would be a requirement in the first instance, and it is probable that the costs could be covered by revenues activity in the Center reaches a level where it becomes necessary.

The routine operational costs are based on experience from other locations and provide an allowance for marketing expenses and travel costs that would enable the Director to create collateral materials and undertake some travel relevant to their role. There is an allowance for legal and other professional services which are not expected to be frequent or on a large scale, and for the Center to be a member of relevant state and national organizations and for the Director to undertake relevant training and professional development activities.

The facilities costs cover typical items and are shown at levels believed to be appropriate to Byesville.

8.5 Net Surplus / Deficit

The model shows a net surplus or deficit for each year on the basis that the Center will not be run on a for-profit basis.

As can be seen from Appendix 2, the model shows a small surplus in each year, which provides for the accumulation of a small reserve over time, assuming the given level of grant and loan funding. Building a reserve for projects of this kind is important as it allows the Center to cover unexpected expenses and also to respond to new opportunities that may arise.

In the event that the interest rate were as high as 6%, the additional debt service would eradicate the surplus and create an annual deficit of \$10,608.84. This is relatively small compared to the overall revenue for the Center and it appears reasonable to assume that this could be offset by a relatively modest increase in the rental rates shown in the proforma.

8.6 Renovation Costs

Based on information provided by the Village of Byesville, it is assumed that a total of \$6,858,000 can be raised in the form of grants to match the estimated renovation costs detailed in the proforma:

Appalachian Community Grant - \$4.0million

ARC Power grant - \$2.5 million

Other government grants - \$358,000

Total grant funding = \$6.858 million

In the event that there was a shortfall in the target amount of grant funding it is likely that private financing could be obtained, although this would be a last resort. For the purposes of illustration, the proforma provides a series of estimates for the cost of a loan of \$1.858 million assuming different loan terms and interest rates. At present interest rates are relatively high compared to those that have applied in the last ten years, and the Treasury is aggressively targeting a base interest rate of 2%, which could translate into typical commercial loan rates of the order of 4%, based on the relatively low loan to value ratio that would apply for the Center building based on the figures above. The proforma suggests that repayments on a loan of this scale could be made without leading to a deficit. The fact that the Center is located in a Qualified Federal Opportunity Zone also suggests that a range of sources of low-cost capital could be attracted.

Appendix 1: The Elementary School Building

The main building comprises three floors, one of which is partially below ground level (referred to here as the basement level). This section of the building contains all of the administrative offices, classrooms, and restrooms. The footprint of the main building is approximately 6,700 sq. ft.

The rear section of the building has only two floors, one of which is at the basement level, which houses the cafeteria, and kindergarten area. There is also what appears to be an addition at the basement level which houses the kitchen for the cafeteria. The upper floor of the rear section of the building houses an auditorium with a stage. The height of this floor is greater than the height of the first floor in the main building [confirm that the floor is also lower than the first floor in the main part of the building]. The footprint of the rear section of the building is approximately 3,650 sq. ft.

The furnace and other mechanical equipment occupy approximately 2,345 sq. ft. (26% of the total available floor area in the basement level), with girl's and boys' restrooms together occupying a further 1,325 sq. ft. of space).

Each floor of the main part of the building has a large corridor / circulation space of approximately 1,100 sq. ft. which leads to a stairway at each end of the building each of which provides access to a ground-level door, via a landing on the stairway which is mid-way between the basement and first floor levels.

Other than the corridor / circulation space, the restrooms, and the furnace / machine rooms, the basement level of the main part of the building has approximately 2,340 of space, currently used for office, classroom, and storage space.

Aside from the corridor / circulation space, the first floor of the main building has approximately 3,060 sq. ft. of space, currently used allocated for classrooms. There is also a small restroom and a large area (1,780 sq. ft. that connects to the auditorium).

Aside from the corridor / circulation space, the second floor of the building provides 4,710 sq. ft. of space which is used for classrooms and study space plus a small restroom.

The total amount of space not used for restrooms, mechanical equipment, or corridor / circulation space is approximately 18,460 sq. ft. The children's restrooms and mechanical equipment on the basement level use a further 3,675 sq. ft., and the hallways another 3,300 sq. ft. giving a total area of 25,435 sq. ft. The discrepancy between this figure and the floor area calculated from the basic building footprint is due to space taken up by stairwells, the front entrance, etc.

Appendix 2: Financial Model

Byesville Elementary School Incubator
Proforma Financial Analysis

	Base	Year 1 2026	Year 2 2027	Year 3 2027	Year 4 2028	Year 5 2029	%
Revenue							
Facilities Revenue							
STEM Hub							
1. Educational Service Center	\$48,042	\$48,042	\$48,042	\$48,042	\$48,042	\$48,042	
	\$48,042	\$48,042	\$48,042	\$48,042	\$48,042	\$48,042	
Health Center							
1. Muskingham Valley Health Center	\$18,003	\$18,003	\$18,003	\$18,003	\$18,003	\$18,003	
	\$18,003	\$18,003	\$18,003	\$18,003	\$18,003	\$18,003	
Office Space							
1. Coworking space / Meeting Rooms	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	
2. Individual offices	\$12,936	\$12,936	\$12,936	\$12,936	\$12,936	\$12,936	
	\$20,736	\$20,736	\$20,736	\$20,736	\$20,736	\$20,736	
Retail							
1. Open plan retail space	\$22,140	\$22,140	\$22,140	\$22,140	\$22,140	\$22,140	
	\$22,140	\$22,140	\$22,140	\$22,140	\$22,140	\$22,140	
Community							
1. Gym / theater	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	
2. Restaurant	\$29,340	\$29,340	\$29,340	\$29,340	\$29,340	\$29,340	
	\$37,740	\$37,740	\$37,740	\$37,740	\$37,740	\$37,740	
Common Area Fees	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	
Subtotal Facilities	\$173,661	\$173,661	\$173,661	\$173,661	\$173,661	\$173,661	81.9%

Byesville Elementary School Incubator
Proforma Financial Analysis

	Base	Year 1 2026	Year 2 2027	Year 3 2027	Year 4 2028	Year 5 2029	%
Services Revenue							
Training programs							
1. Entrepreneurship training	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Events							
1. Business exhibition, entrepreneurship week	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Networking							
1. Entrepreneur round table	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
2. Speaker series	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	
	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	
Subtotal Services	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	4.0%
Non-revenue Funds							
Non-revenue Funds							
1. Program grants	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
2. Sponsorship	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
Subtotal Non-revenue	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	14.1%
Total Revenue	\$212,161	\$212,161	\$212,161	\$212,161	\$212,161	\$212,161	100.0%

100.0%

Byesville Elementary School Incubator
Proforma Financial Analysis

	Base	Year 1 2026	Year 2 2027	Year 3 2027	Year 4 2028	Year 5 2029	%
Costs							
Staff Costs							
1. Facility Coordinator	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
Subtotal Staff Costs	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	40.5%
Facilities Costs							
1. Insurance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	6.8%
2. Building Care - Cleaning, Shoveling	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	1.7%
3. Building Maintenance - Mechanical, etc.	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	16.9%
4. Security Alarm (ADT, Door Access, Cameras)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	0.7%
5. Building Utilities - Gas, Electric, Water, etc.	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	13.5%
6. Internet connectivity	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	0.7%
7. Taxes	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	0.7%
Subtotal Facilities Costs	\$60,500	\$60,500	\$60,500	\$60,500	\$60,500	\$60,500	40.9%
Operations							
1. Office Expense	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	3.4%
2.. Marketing	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
3. Legal and Professional Services	\$1,500	\$1,500	\$1,500	\$1,650	\$1,725	\$1,800	1.2%
4. Telecoms	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
5. Travel	\$2,500	\$2,500	\$2,500	\$2,750	\$2,875	\$3,000	2.0%
6. Professional Membership Fees / Subscriptions	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	1.0%
7. Training / Continuing Prof. Development	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	1.7%
Subtotal Operations Costs	\$23,000	\$23,000	\$23,000	\$25,300	\$26,450	\$27,600	18.6%
Total Costs	\$143,500	\$143,500	\$143,500	\$145,800	\$146,950	\$148,100	100%
Net Surplus / (Deficit)	\$68,661	\$68,661	\$68,661	\$66,361	\$65,211	\$64,061	
Cumulative		\$68,661	\$137,322	\$203,683	\$268,894	\$332,955	

Detail: Facilities Revenue

Rental rates per month:

Anchor tenants	\$0.85
Incubator clients	\$0.60
Office space	\$0.70
Restaurant space	\$0.75

Basement

Office Space

Rental rate per sq. ft.	\$8.40
Space	Basement
Units	B1, B2, B3, Storage
Area / sq. ft.	1,540
Common area allocation	0
Rent per annum	\$12,936

Co-working Space

Rental rate per user / day.	\$5.00
Space	Basement
Units	B4
Average Users	6
Common area allocation	0
Rent per annum	\$7,800

Restaurant

Rental rate per sq. ft.	\$9.00
Floor	Basement
Units	B5, B6, B7, Cafe, Kitchen
Area / sq. ft.	3,260
Common area allocation	0
Rent per annum	\$29,340

Byesville Elementary School
Revenue Analysis

Floor 1

Health Center

Rental rate per sq. ft. per year	\$10.20
Floor	Floor 1
Units	1B, 1D, 1F
Area / sq. ft.	1,765
Common area allocation	0
Rent per annum	\$18,003

Event Space

Floor	Floor 1
Area / sq. ft.	3,310
Rental per day	\$350
Days per year	24
	\$8,400

Retail Space

Rental rate per sq. ft. per month	\$7.20
Floor	Floor 1
Units	1A, 1C, 1E
Area	3,075
Common area allocation	0
Rent per annum	\$22,140

Floor 2

STEM Hub

Rental rate per sq. ft. per month	\$10.20
Floor	Floor 2
Units	All
Area / sq. ft.	4,710
Common area allocation	0
Rent per annum	\$48,042

Total rented floor area **17,666**

Common Area Fees

Common area	7,500
Charge per square foot	0.3
	\$27,000

Total rental income	\$146,661	<i>Check</i>	\$146,661
Common area fees	\$27,000		\$27,000
Total facilities revenue	\$173,661		\$173,661

Byesville Elementary School
Revenue Analysis

Detail: Services Revenue

Training Programs

Fee per participant	\$100
Participants per year	10
Revenue per annum	\$1,000

Events

Events per year	2
Fees / sponsorship per event	\$2,500
Revenue per annum	\$5,000

Networking

Entrepreneur round table	
Fee per participant	\$100
Participants per year	10
Revenue per annum	\$1,000

Speaker series

Speakers per year	10
Average attendees	15
Fee per event per participant	\$10
Revenue per annum	\$1,500

Total services revenue **\$8,500**

Detail: Total Revenue

Rent	\$173,661
Services	\$8,500
Total	\$182,161

Space Allocation

Basement

<u>Unit</u>	<u>sq. ft.</u>	<u>Use</u>	<u>sq. ft.</u>
B1	485	Office	
B2	455	Office	
B3	325	Office	
Storage	275	Office	1,540
B4	800	Coworking	800
B5	255	Restaurant	
B6	520	Restaurant	
B7	520	Restaurant	
Café	1,310	Restaurant	
Kitchen	655	Restaurant	3,260
Total	5,600		5,600

Floor 1

<u>Unit</u>	<u>sq. ft.</u>	<u>Use</u>	<u>sq. ft.</u>
1A	645	Retail	
1C	1,780	Retail	
1E	650	Retail	3,075
1B	780	Health Center	
1D	185	Health Center	
1F	800	Health Cente	1,765
Auditorium	2,600	Events	
Stage	710	Events	3,310
Total	8,150		8,150

Floor 2

<u>Unit</u>	<u>sq. ft.</u>	<u>Use</u>	<u>sq. ft.</u>
2A	645		
2B	780		
2C	1,050		
2d	455		
2E	350		
2F	780		
2G	650		
	4,710		
Total	18,460		

Overview

Exterior

- 1 New handicap accessible parking stalls on the west side of the building off of Wills Street.
- 2 Construct a handicap accessible exterior ramp to access the existing cafeteria level.
New steps to a public entrance into the lower level are to be included.
- 3 Address drainage issues along the west wall.
- 4 Install new roof membrane and coverboard over the existing roof system

Interior

- 1 Gut entire building, removing all building interior finishes and electrical / mechanical systems down to the load bearing elements.
- 2 Construct a new entrance lobby and (3) stop elevator to provide access to all building levels with the exception of the existing cafeteria under the gymnasium.
- 3 Install new kitchen equipment and appliances in the lower level.
- 4 Construct new handicap accessible men's and women's restrooms.
- 5 Replace existing doors and hardware as required.
- 6 Install new flooring throughout
- 7 Paint all walls
- 8 New suspended ceilings throughout.
- 9 New VRF or packaged HVAC units.
- 10 Upgrade electrical service.
- 11 Install new lighting, communications, and security system.

Costs

Demolition	\$414,000
General Trades Plumbing	\$2,778,000
Plumbing	\$200,000
HVAC	\$829,000
Electrical / Technology	\$1,300,000
	\$5,521,000
Project Contingency	\$550,000
Furnishings & loose equipment allowance	\$300,000
Design and Engineering Fee allowance	\$475,000
Permits, fees, special inspections etc.	\$12,000
	\$1,337,000
Total	\$6,858,000

Appendix 3: Example private funding calculations

Funding required	\$1,858,000
Origination fee	1%
	\$18,580
Total funds	\$1,876,580

Annual interest rate	4%
-----------------------------	-----------

Loan term / years	30	
Principal and Interest (monthly)	\$8,959.08	\$107,508.96
Interest only	\$6,225.27	

Loan term / years	25	
Principal and Interest (monthly)	\$9,905.28	\$118,863.36
Interest only	\$6,225.27	

Loan term / years	20	
Principal and Interest (monthly)	\$11,371.71	\$136,460.52
Interest only	\$9,382.90	

Annual interest rate	5%
-----------------------------	-----------

Loan term / years	30	
Principal and Interest (monthly)	\$9,974.15	\$119,689.80
Interest only	\$7,741.67	

Loan term / years	25	
Principal and Interest (monthly)	\$10,861.68	\$130,340.16
Interest only	\$7,741.67	

Loan term / years	20	
Principal and Interest (monthly)	\$12,261.98	\$147,143.76
Interest only	\$9,382.90	

Annual interest rate	6%
-----------------------------	-----------

Loan term / years	30	
Principal and Interest (monthly)	\$11,251.05	\$135,012.60
Interest only	\$9,382.90	

Loan term / years	25	
Principal and Interest (monthly)	\$12,090.83	\$145,089.96
Interest only	\$9,382.90	

Loan term / years	20	
Principal and Interest (monthly)	\$13,444.40	\$161,332.80
Interest only	\$9,382.90	

Annual interest rate	8%
-----------------------------	-----------

Loan term / years	30	
Principal and Interest (monthly)	\$13,769.68	\$165,236.16
Interest only	\$12,510.53	

Loan term / years	25	
Principal and Interest (monthly)	\$14,483.75	\$173,805.00
Interest only	\$12,510.53	

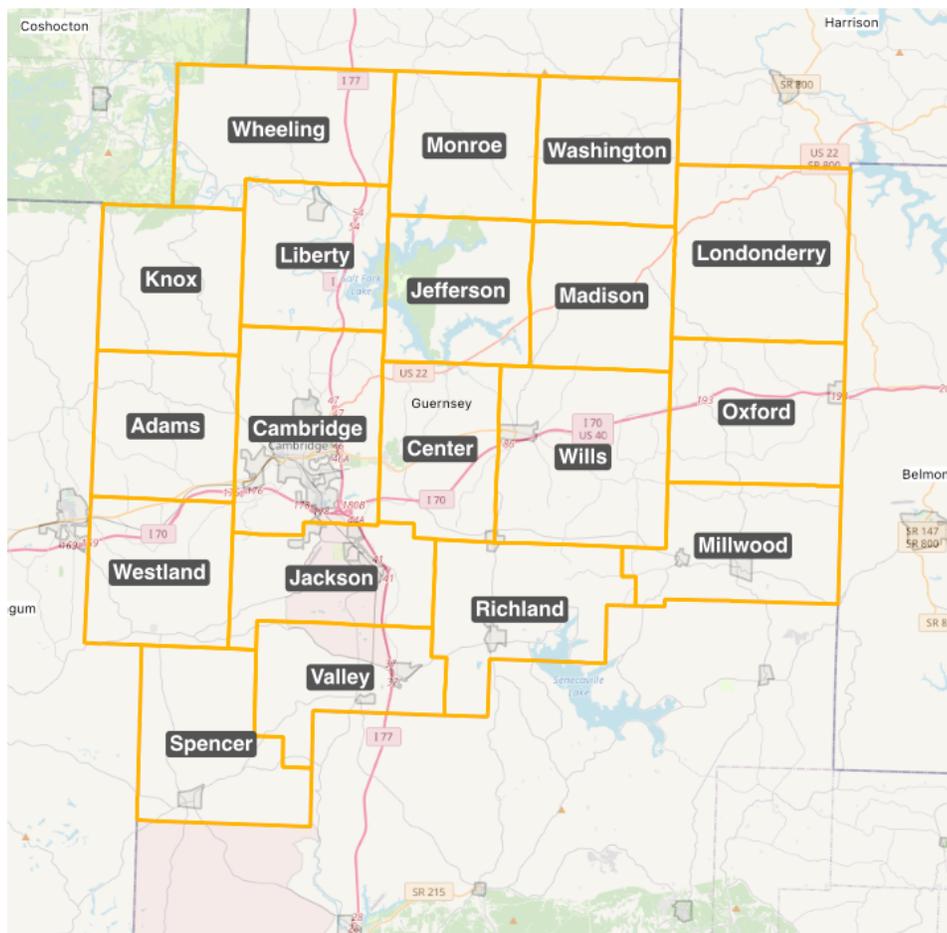
Loan term / years	20	
Principal and Interest (monthly)	\$15,696.47	\$188,357.64
Interest only	\$12,510.53	

Note:

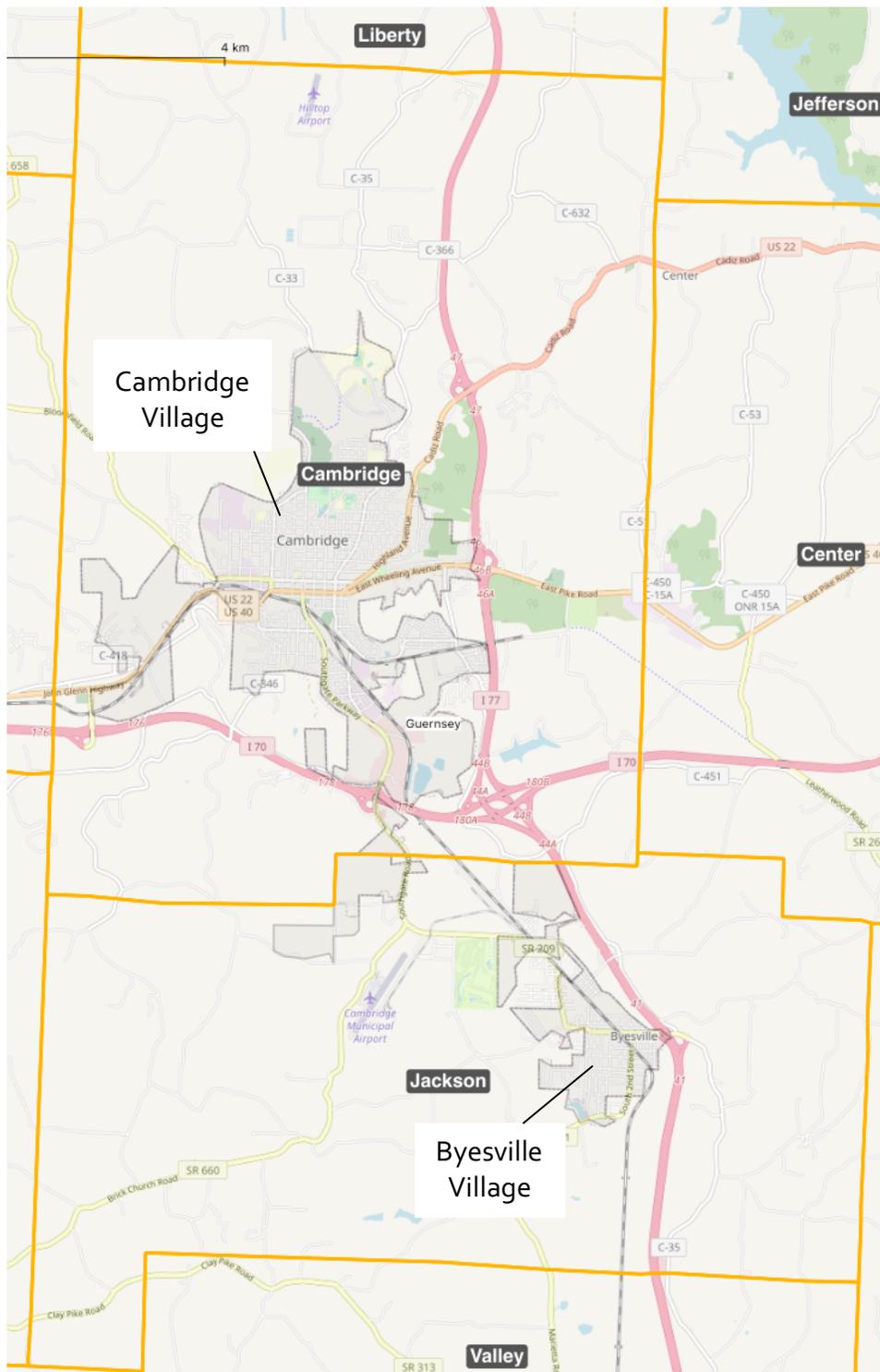
Loan figures derived using www.mortgagecalculator.org/calcs/commercial

Appendix 3: Economic and Demographic Data

Byesville is an incorporated municipality within Guernsey County, OH and is located within unincorporated Jackson Township (Guernsey County includes a total of nineteen townships as show on the map below):

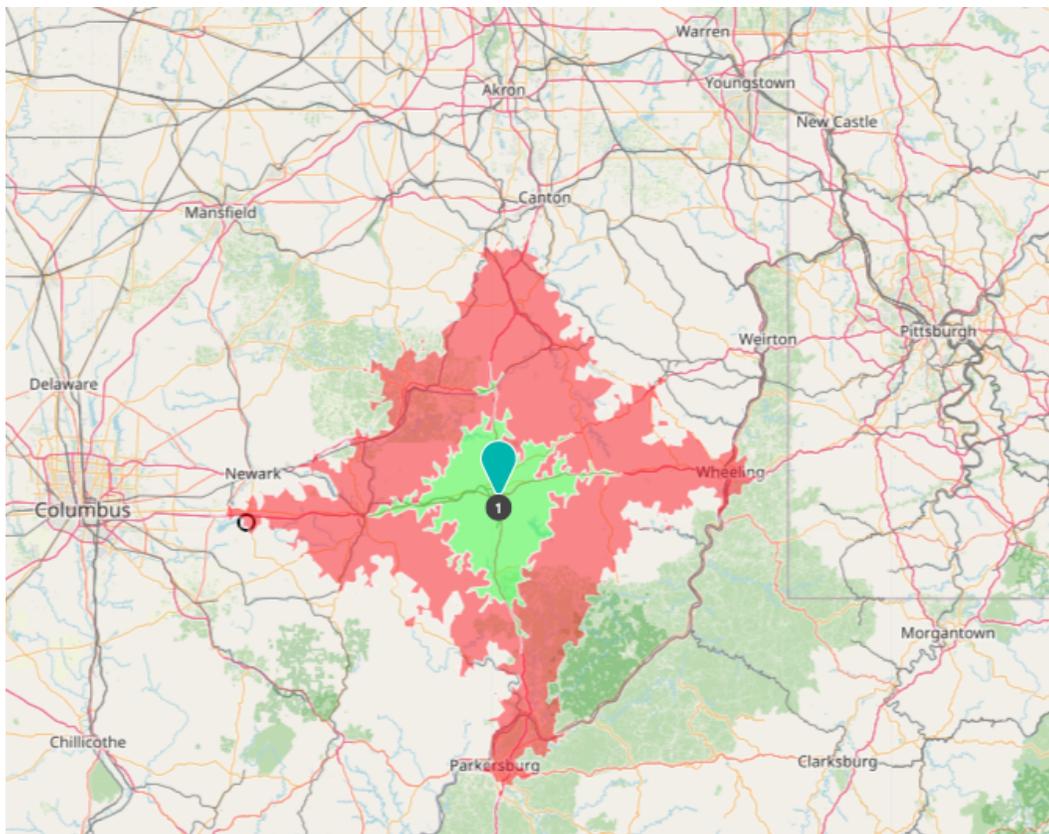


Byesville is located four miles south of the I-70/I-77 interchange, with direct access to both interstate, as shown on the following map:



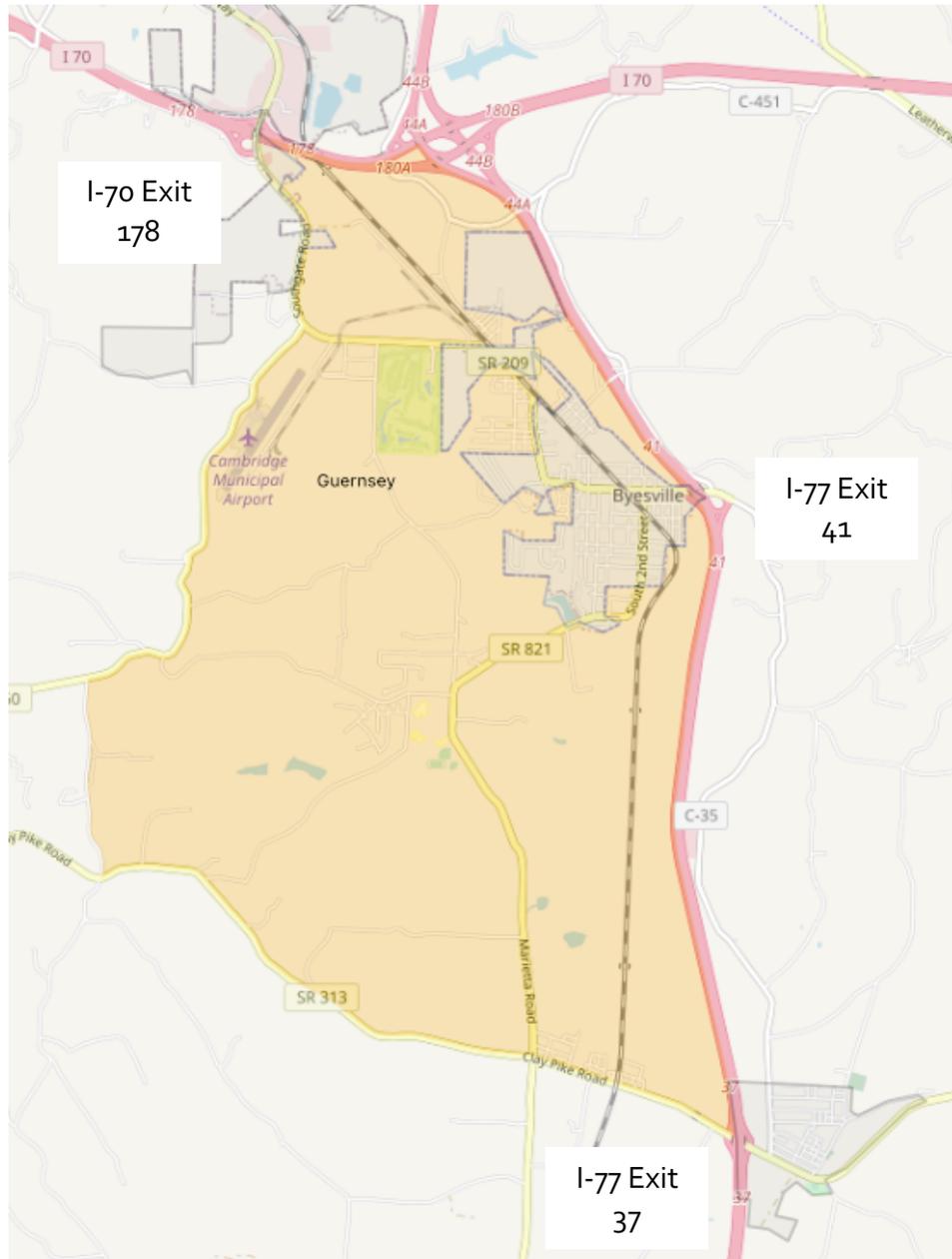
Map of the Cambridge-Byesville Area

The map below shows the distance that can be travelled from Byesville in 30 minutes (green shading) and one hour (red shading), illustrating the ease of access to other locations. Columbus, Akron, Cleveland, Pittsburgh, and Charleston WV are within a two-hour drive.



In addition to transportation infrastructure Byesville has a modern water plant with significant unused capacity and access to power from a new 1,875 MW gas-fired power plant located approximately four miles south of Byesville, which is fed directly by the Rockies Express pipeline. The power station is in the final stages of construction by Caithness Energy and when complete will generate sufficient electricity to power one million homes.

Guernsey County has one Federally designated Qualified Opportunity Zone, shown shaded yellow on the map below. Byesville is located entirely within the Opportunity Zone, which also includes Cambridge Municipal Airport. There is direct access into the Opportunity Zone through Byesville via I-77 exit 41, and via I-70 exit 178, as shown in the following map:

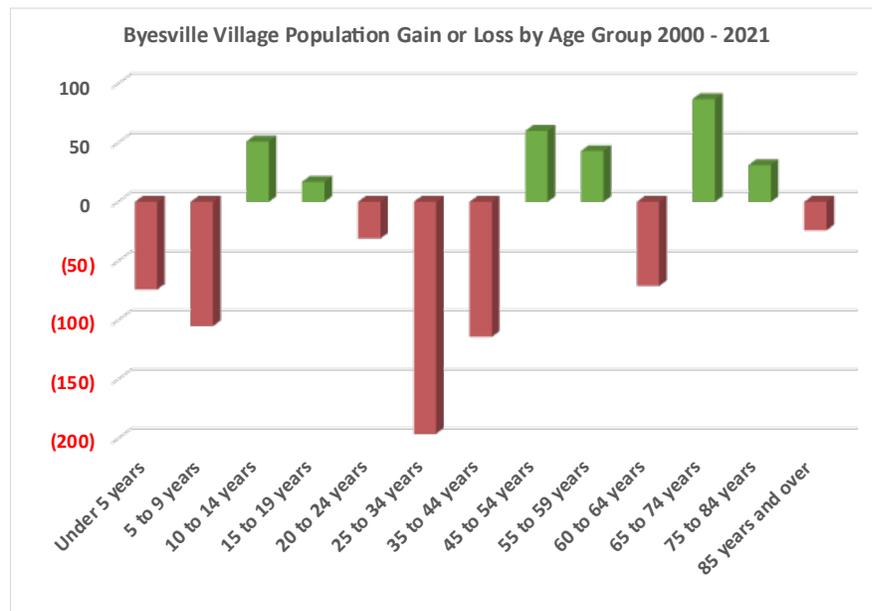
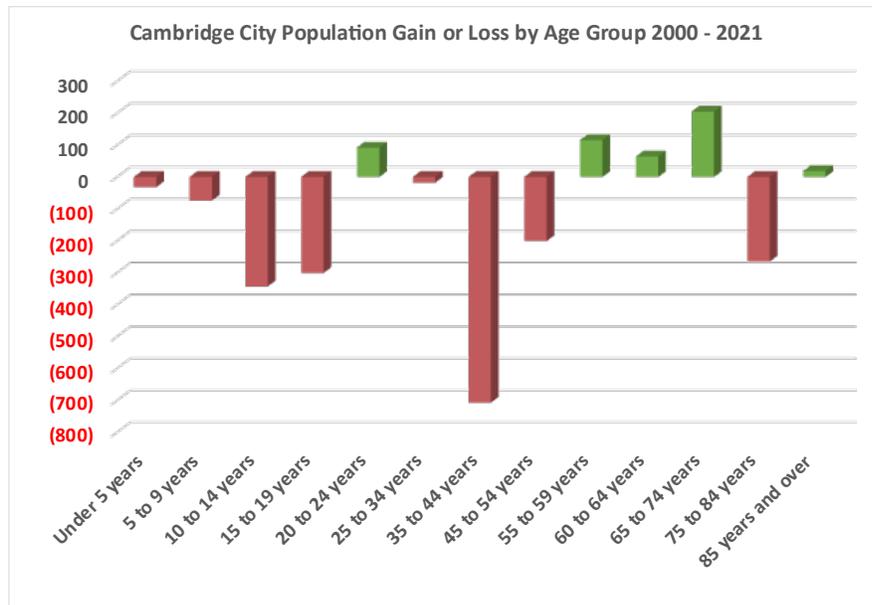


Demographics

The total population of Guernsey County reached a peak of 41,138 but has since seen an ongoing decline and now stands at 38,257 in 2021 (US Census Bureau 2021 data). Byesville Village has a population of 2,232 people.

Together, Cambridge and Jackson Townships, along with Cambridge City and Byesville Village which together account for 49% of the total county population.

The population of Cambridge City was 11,561 in 2000 but had declined to 10,116 by 2021 – a reduction of approximately 12.5%. There was a decline of 12.7% in the Byesville population over the same period. The loss of population has not been even across all age groups as shown in the charts below:



The loss of population in the younger age ranges suggest that the population will continue to decline unless new residents can be attracted. The creation of more businesses could help to address this by attracting more people into the two communities.

Employment

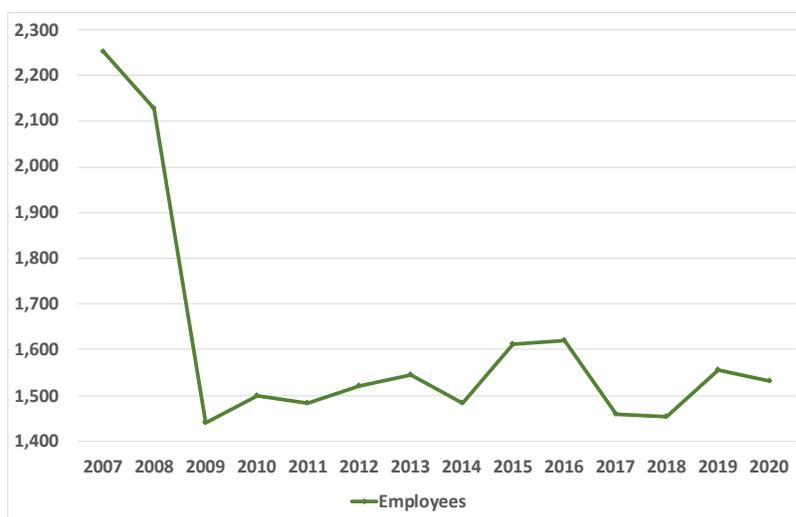
The table below shows the industry sectors that are represented in Byesville using the NAICS industry classification system.

Note that due to privacy restrictions, the US Census Bureau cannot provide information that would allow individual companies to be identified from the data. As a result, the figures in the individual columns for the different sizes of company do not necessarily add up to the figure shown in the 'All' column but the figure in the 'All' column is correct.

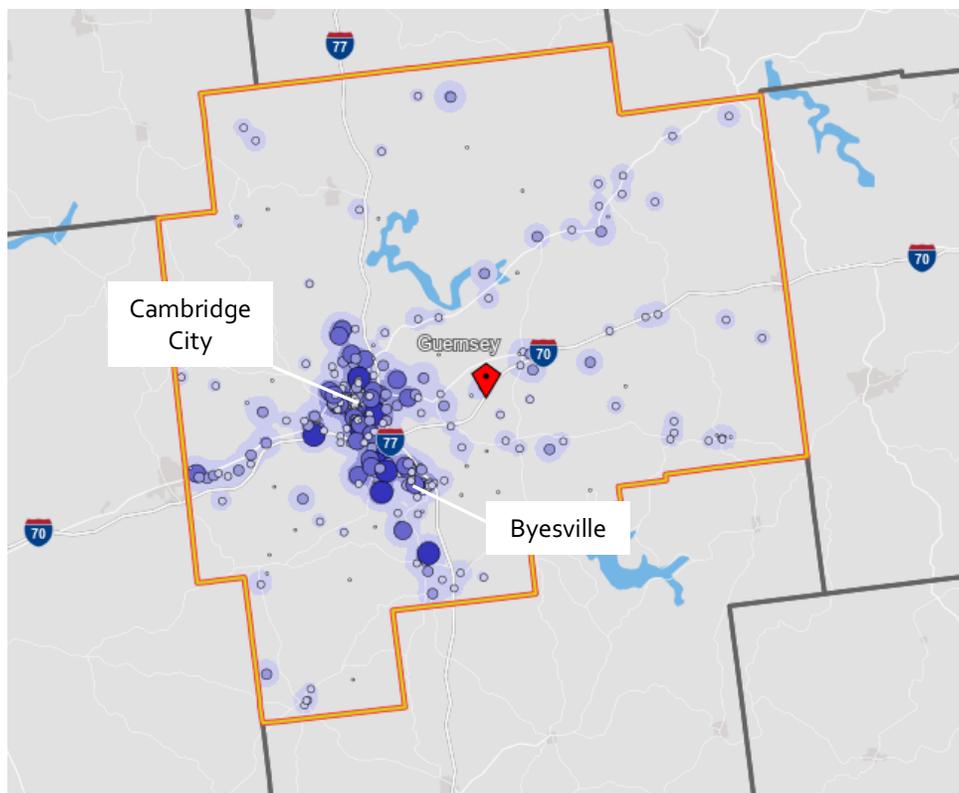
Industry Code	Description	Company size (number of employees)									
		All	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
	Total for all sectors	79	40	24	5	4	-	4	-	-	-
21	Mining, quarrying, and oil and gas extraction	6	3	3	-	-	-	-	-	-	-
31-33	Manufacturing	8	-	-	-	-	-	3	-	-	-
42	Wholesale trade	5	-	3	-	-	-	-	-	-	-
44-45	Retail trade	13	5	5	3	-	-	-	-	-	-
48-49	Transportation and warehousing	4	4	-	-	-	-	-	-	-	-
52	Finance and insurance	5	3	-	-	-	-	-	-	-	-
53	Real estate and rental and leasing	4	3	-	-	-	-	-	-	-	-
62	Health care and social assistance	7	3	-	-	-	-	-	-	-	-
72	Accommodation and food services	6	-	-	-	-	-	-	-	-	-
81	Other services (except public administration)	10	7	3	-	-	-	-	-	-	-

The data shows that the largest employers are in manufacturing and that Manufacturing has the second largest number of establishments after Retail. Local manufacturing companies include Kerry Foods, Velocity Group, Laguna Clay, Detroit Diesel Plant #3, and Atkore AFC Cable. There will also be businesses that are operated solely by their owners in Byesville, with no employees, but data on these nonemployer businesses is not available from the US Census Bureau or other sources at this level of geographical detail.

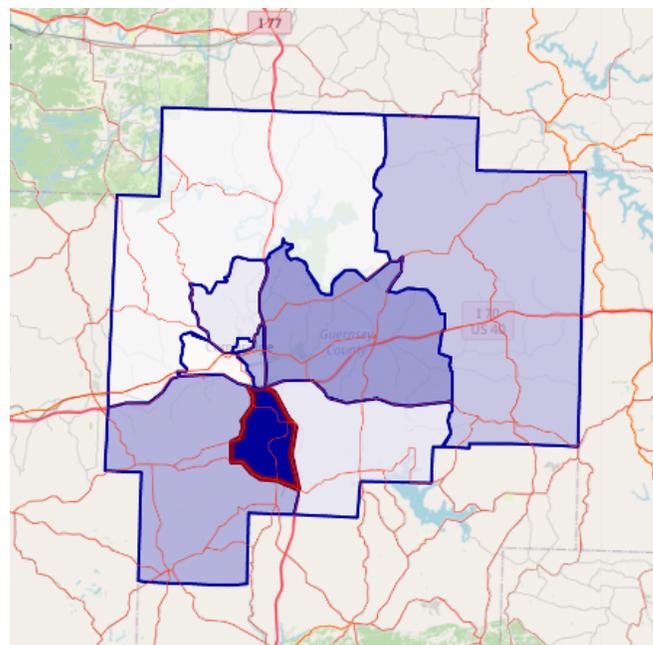
There was a steep decline in the number of jobs in Byesville between 2008 and 2009, associated with the closure of the largest employer, Plastech, since when the number of jobs has fluctuated between approximately 1475 and 1625.



The majority of employment in the county is centered on Cambridge and Jackson townships as show on the heatmap below which shows the locations where people work.



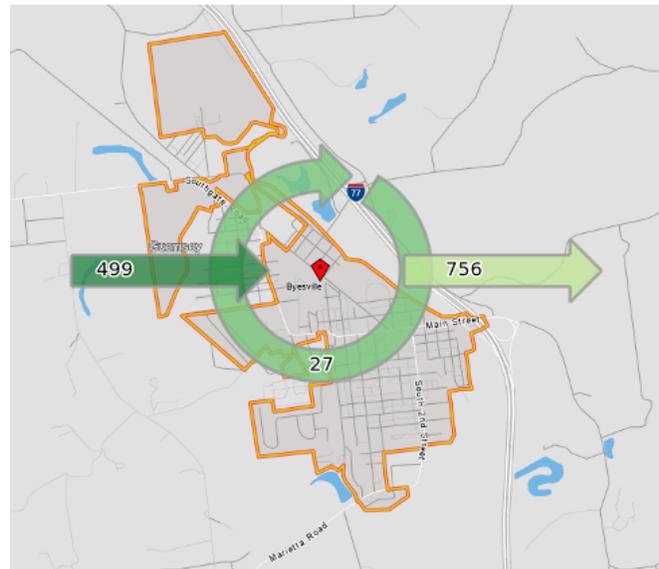
The map to the right shows data for the unemployment rate for 2019 in the census tracts that fall within Guernsey County (darker shading equates to higher unemployment). The tract with the highest unemployment rate (11.8%) corresponds to the Opportunity Zone



Commuting Patterns

The figure to the right shows the numbers of people commuting for work into and out of Byesville in 2019

The data shows that very few people both live and work in Byesville, and that approximately a third of the population commutes out of the Village for work.



Summary

The economy of Byesville has been negatively impacted in the past by the loss of manufacturing jobs, but there remains a substantial manufacturing presence that provides the majority of employment in the village. Retail trade is currently the largest sector by number of establishments, and this has benefited from Project Phoenix, a local initiative started in 2018, resulting in a situation where there is now close to 100% occupancy in the available commercial real estate in the village.

The creation and successful execution of Project Phoenix demonstrates the ability of Byesville to plan and deliver projects successfully.

A significant proportion of the resident population currently commutes out of the village for work, however, and the level of unemployment among the resident population is the highest in the County.

Byesville is also located at the intersection of two interstate highways and has excellent road transport connections within Ohio and to neighboring states enabling it to provide an excellent location for companies that need to ship in supplies and ship out finished products.

The creation of an incubator that could provide information on entrepreneurship for Byesville residents and others interested in establishing a business in the village, and space and services for to support them in doing so, could have a significant positive impact on the village economy, creating new jobs for local people, and also creating businesses that will bring additional tax revenue to the village. Subject to the availability of the resources they require, businesses typically remain in the location in which they are founded, and the creation of 'home-grown' businesses is likely to have a long-term positive impact on the village.