

LEWISTON INNOVATION HUB

Feasibility Study

RELEASED MARCH 2021

A FEASIBILITY STUDY
CONDUCTED BY



POINTS
CONSULTING



ACKNOWLEDGEMENTS

Points Consulting (PC) and its partners at Plaka and Associates and KRNLS are pleased to present the Lewiston-Clarkston Valley community with this Innovation Hub Feasibility Report. We wish to thank the following parties for support: USDA Rural Development, Valley Vision, and Beautiful Downtown Lewiston. We are also grateful to the Clearwater Economic Development Association (CEDA) for grant management assistance.

This report culminates six months of careful socioeconomic research, best practices evaluation, and community engagement on behalf of Points Consulting's project team. Throughout this process, the project Steering Committee provided valuable advice, guidance, and coordination with community members.

Members of the Steering Committee include:

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The following partners were instrumental to completing this analysis:

Local Partners



Funding

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Lewiston Innovation Hub (LIH) could be an economic development transformer for the Lewiston-Clarkston Valley (L-C Valley)—producing buzz, stimulating business formation, enticing relocators, creating jobs, and enlivening downtown Lewiston. The slow pace of in-migration, small business formation, and business retention in the L-C Valley demands just such a kick-start. The LIH will thrive if it includes elements of affordable coworking space, makerspace equipment, entrepreneurial support services, continuing education classes, appealing design, and community events.

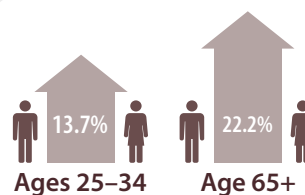
There are many ways to organize these features but they must be incorporated in some fashion for the LIH to fulfill its purpose. Economic and community factors will compete to minimize certain elements, community leadership must retain a clear vision of the LIH as something more than just cheap office space. The following are some of the Key Findings and specific recommendations to accomplish these ends.

The Region and Lewiston-Clarkston Valley



Regional Dynamics

The L-C Valley has seen modest population growth of less than 0.5% per year over the past decade.



The L-C Valley is gaining both in terms of older adults and those in the young millennial generation.



Commercial office statistics indicate low investor interest in developing Class A space. Despite continued aging of existing inventory, rent cost per square foot was trending upward prior to COVID.



The L-C Valley hosted an estimated **1,300+** individuals working from home in 2018.

Over three-quarters of survey respondents said:



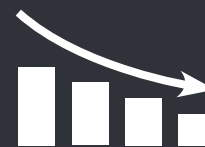
"The region needs more spaces for innovators and business people to get together."



Local industries with a high proportion of self-employed workers earning adequate incomes include real estate, rental & leasing; professional, scientific & technical services; construction; and healthcare/social assistance.



The L-C Valley has a reasonable rate of new business entries, but is losing 0.2% to 0.3% of its business establishments on an annual basis.



Recommendations

FEATURES

The **co-location of 4–5 community and economic development organizations** will attract interest and energy to the LIH. Spatial divisions within the selected building should be utilized to ensure these offices retain both availability and separation from other LIH activities.

Co-working space will be the lifeblood of the LIH. Tenant pricing should be established at rates that encourage makers working in isolation to congregate and form new business connections.

At the same time, space and amenities should be managed so that L-C Valley building owners are not harmed by “competition” from the LIH.

Increased conference room space is a need and priority for L-C Valley community members. Priority access should be provided to LIH tenants but community members should be allowed access to certain spaces during business hours as well as to conference rooms and equipment on an hourly fee basis, and event space for standard market rates.

The selected building should feature **room for event rentals**—a need that is sorely lacking in the L-C Valley. Policies should be developed that encourage community usage for organizations that support the strategic goals of LIH.

Tactile skills and manufacturing are an essential component to the L-C Valley’s identity and economic potency. All features of operations should align with this reality, including marketing, spatial use, equipment, and partnerships.

PROGRAMMING

A crucial function of the LIH will be **connecting entrepreneurs, funders, and business mentors.** LIH Staff, Board, and L-C Valley community leaders must take responsibility for cataloging, convening, and recruiting members of these groups to formal and informal LIH events.

Formal programs and classes will attract interest from various audiences, and

these users will cross-pollinate—stimulating interest among increasingly broader and more diverse audiences.

The LIH will host many user types. The business incubator will require the largest commitment and, therefore, should receive priority treatment and access. Benefits and access policies should be made clear to all users.

The unique demographics of the L-C Valley require a **customized membership model.** In addition to mid- and early-career professionals, the LIH must be accessible to seniors, college students, and “blue collar” workers. This can be achieved through customized pricing models and designated programming for such audiences.

PARTNERSHIPS

The LIH will primarily serve the L-C Valley, but **partnerships with all regional higher education and economic development organizations** are essential to incentivize participation from residents of the Palouse and surrounding rural areas.

Lewiston has recently invested heavily in career and technical education assets (via the Schweitzer Career & Technical

Education Center and the DeAtley Center). Rather than duplicating equipment and programs, leaders should **focus on developing articulation and shared use agreements** for LIH tenants to participate in existing programs, and vice versa.

The LIH should find every means possible to **connect young talent with businesses** including job fairs, hack fests, conferences, and visiting

scholars. Young talent within the higher education systems is one of the region's most desirable, and underutilized, facets.

The LIH will require external experts, both from the L-C Valley and outside. It is important that the LIH **focus on providing a platform for quality teachers and experts** rather than seeking to manage all content generation internally.

STRUCTURE

The LIH needs to operate as efficiently as possible. **Staff and resources should be shared** with existing community organizations. That said, the Hub will require at least one staff person from the beginning. Up to four other staff members could be added over the next three years based on the LIH meeting pre-set success metrics.

In keeping with best practices, **LIH board leadership** should be composed of private sector, economic development, banking/finance, chambers, and higher education communities. It should also include successful entrepreneurs from inside and outside the local community.

FUNDING

Start-up and annual operating expenses will likely exceed LIH revenues. **Donations and sponsorships from local and national business entities are essential** to cover these costs. Opportunities for spatial, equipment, and event sponsorship should be pursued with all private sector entities with an interest in the L-C Valley.

Some L-C Valley community members are uncommonly concerned with local government spending. To avoid contention with these audiences, the LIH should have **a strong grant pursuit strategy and, if necessary, a clear plan for cost recovery**. LIH leadership should also be utterly transparent with the community about these plans.

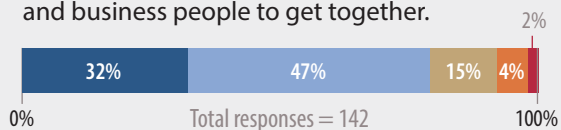
COMMUNITY SURVEY SUMMARY

Numerous metrics point to a strong interest in the LIH among those who completed the survey. Over three-quarters of respondents agreed with the statement, “The region needs more spaces for innovators and business people to get together.” Additionally, 72% agreed that “the LIH would contribute to a more thriving economy in downtown Lewiston.” Just 5 respondents indicated they do not think the LIH should exist at all.

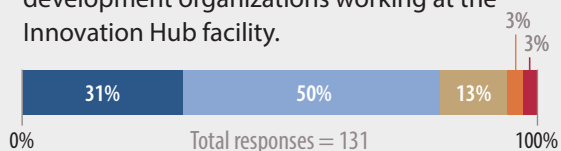
Q. and A.

To what extent do you agree with the following statements?

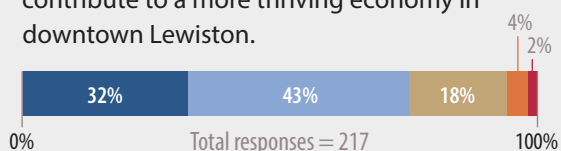
The region needs more spaces for innovators and business people to get together.



I would like to see community and economic development organizations working at the Innovation Hub facility.

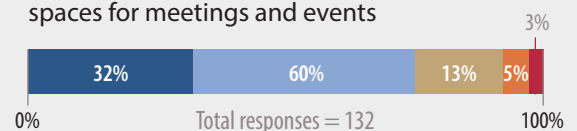


The Innovation Hub facility would contribute to a more thriving economy in downtown Lewiston.

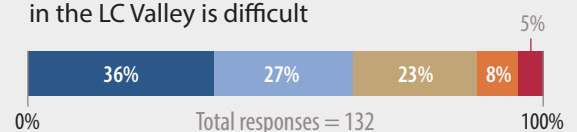


- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Number/percent of responses

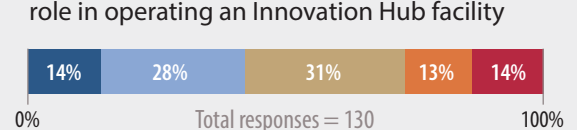
The region needs more community accessible spaces for meetings and events



Finding affordable office for businesses to rent in the LC Valley is difficult



I would like to see local government play a role in operating an Innovation Hub facility



In terms of physical amenities, respondents are most interested in office space for start-up businesses, small community conference rooms, and a business incubator. In terms of community amenities, respondents are most enthused about interns/employees from regional Colleges and Universities, access to professional assistance, and special events that connect the LIH to the community. For the community at large, including people who are not remote workers, entrepreneurs, or aspiring entrepreneurs, the most popular potential features include continued education opportunities, a business incubator, and community/event space. Respondents seem less interested in niche physical and community amenities such as lab space, industrial space, tech transfer programming, and Veteran specific programming.

Q. and A.

How interested are you in seeing the following types of commercial space at the LIH?

Higher score = Greater interest



Number/percent of responses

Office space for start-up businesses and entrepreneurs



Co-working space



Community conference rooms for <20 attendees



Makerspace



Business incubator



Commercial kitchen



Community conference space for 100+ attendees



Industrial flex space



Co-location space for regional economic developers



Scientific lab space



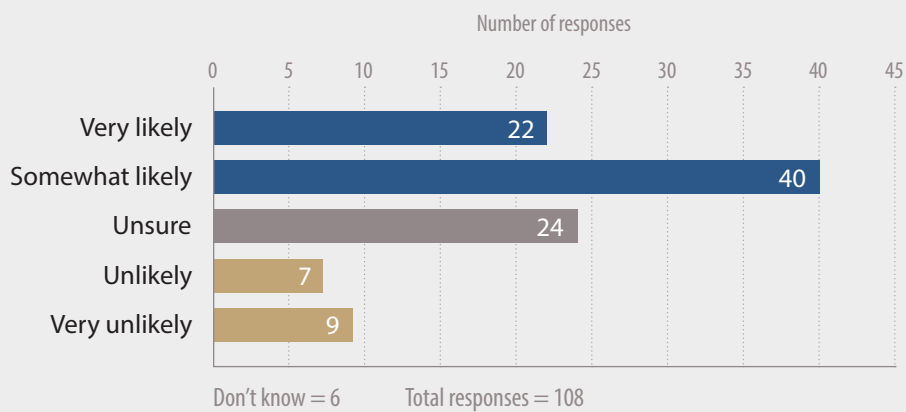
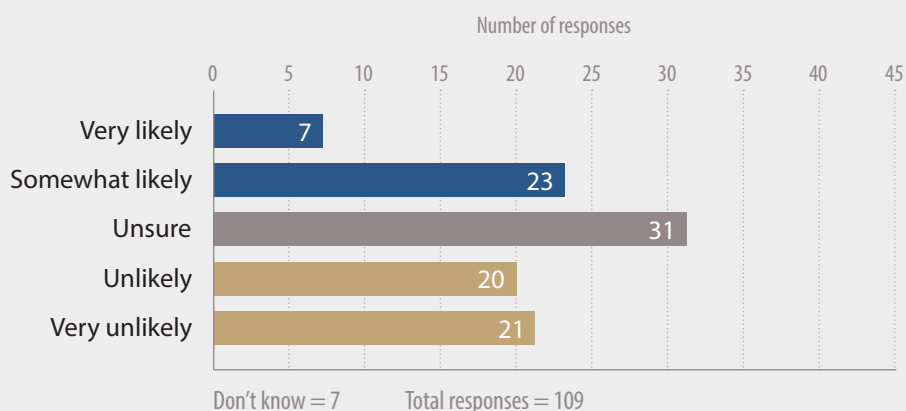
Respondents were also asked about whether and how they would utilize the LIH. Just over one-quarter believed it was likely they personally would lease space at the LIH (28%). When considered more broadly, 57% indicated that somebody they know is likely to lease space from the LIH. The vast majority of respondents indicate they would not be willing to commute for longer than 45 minutes. When asked how often respondents would utilize the LIH, responses were mixed with the greatest number of respondents saying “a few times per year” and “a few times a month.”

Open-ended comments on the survey indicate that many respondents are very enthusiastic about the LIH (17 individual responses). Beyond this, the most frequent themes are commendations for LIH leadership to collaborate with various existing programs/organizations, and to re-use existing real estate options that are vacant and/or falling into disrepair. A good number of respondents indicate a lack of clarity about what the LIH would accomplish. A notable minority said either there is not sufficient demand to support the LIH or expressed concern about tax dollars paying for its operations.

Q. and A.

**How likely are you
to lease space at
the LIH?**

**How likely is
somebody you
know to lease
space at the LIH?**



BUSINESS PLAN BLUEPRINT

OVERVIEW AND VISION

Lewiston is home to many existing remote workers, solopreneurs, entrepreneurs, small business owners, and crafters. A wider audience includes DIYers, agriculturalists, and garage tinkerers who may not identify themselves as entrepreneurs but could also be included in the mix. By providing a place of education, entrepreneurship, networking, mentorship, and comradery, a space accessible and open to all, the LIH could make a shift in the existing dynamics, all while greatly benefiting the surrounding Quad-City region. Imagine new business occupying empty storefronts, restaurants filled with new visitors, bustling sidewalks, and a young and diverse population making plans to relocate.



This vision starts with a single solution—an Innovation Hub located in Lewiston, Idaho. This could turn Lewiston into a place where tech and craft entrepreneurs can learn, grow, and reinvest their knowledge and success back into a thriving community. The LIH could serve as an economic development engine and business incubator focused on bringing resources and innovators together under one roof. Additionally, co-working, hot desks, small offices, conference rooms, and event space would be available for use and rental. This incubator could help to create new pathways for the growth of the L-C Valley and enrich the entrepreneurial community.

The LIH would aim to catalyze the local economy by leaning on existing resources and empowering local families, students, crafters, makers, tech enthusiasts, artists, and hobbyists to start and/or grow their own companies. The mission is to facilitate options for residents to create income in what may be considered non-traditional and entrepreneurial ways.

Based on this feasibility study and future community engagement, an LIH facility and programming plan would be built specifically for residents and business owners' needs. The business incubator program would go through all the necessities of starting your own company, such as incorporation, customer discovery and validation, finding an accountant and a lawyer suited to the business needs, financial statements, marketing, and social media. The program would also allow existing startups and small businesses to join and learn how to grow through sales and marketing techniques rapidly, locate and oversee manufacturing connections, and new product design.

The LIH would require partnerships with a multitude of corporate, non-profit, government and higher educational organizations. Some certain local partners would include the City of Lewiston, Beautiful Downtown Lewiston, Valley Vision, CEDA, Lewis-Clark State College (LCSC), Lewiston High School (i.e. the DeAtley Center), and Schweitzer Career & Technical Education Center, to name a few.

The task of LIH's Executive Director would be to rally funding and support for an audience of broader regional and national partners (some of whom are listed in the text box above). These partnerships would allow the LIH and partner organizations to share resources, talent, and build economic development pipelines. An advisory board including representatives from these various audiences would be appointed to assure adherence to the mission and vision of the space and dedication to the community.

This space would act as an entrepreneurial hub with a startup and small business incubator and affordable office spaces for various types of startups and crafters while also providing space for co-working and remote workers to co-mingle with like-minded entrepreneurs. The LIH would also have online programming accessible through their website and available to the greater Quad Cities community. Free meetups would be established for various interests. For example, many spaces have 3D printing meetups, HAM radio coding meetups, tax literacy,

Potential Funder/Donor Organizations

Regional community development financial institutions and philanthropic-minded banks

Regional foundations

Higher education

(e.g., Lewis-Clark State College, University of Idaho, Washington State University)

National innovation funders

(e.g., Kauffman Foundation, Skoll Foundation, Coleman Foundation)

Regional corporations with innovation interests

National technology companies with

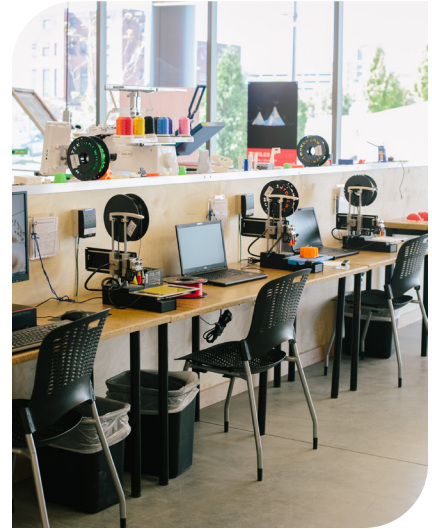
innovation interests
(e.g., Google, Apple, etc.)

young professionals' groups, etc. The LIH would host events and be a space for interest clubs and free exchanges of information and resources.

Additionally, having a smaller-scale makerspace located inside the facility and adjacent to the coworking location is recommended. Due to the strong manufacturing industry legacy of the L-C valley, a makerspace provides a critical component to building the pipeline of manufacturing entrepreneurs and allowing curious hobbyists a space to create. Although a full makerspace would not be feasible, a small amount of equipment such as large scale printers, a laser cutter, plotter, and a scanner would be available. This small part of the LIH would not duplicate another resource in town, but would be an incentive for co-working members to join and stay for the convenience and access.

Makerspace

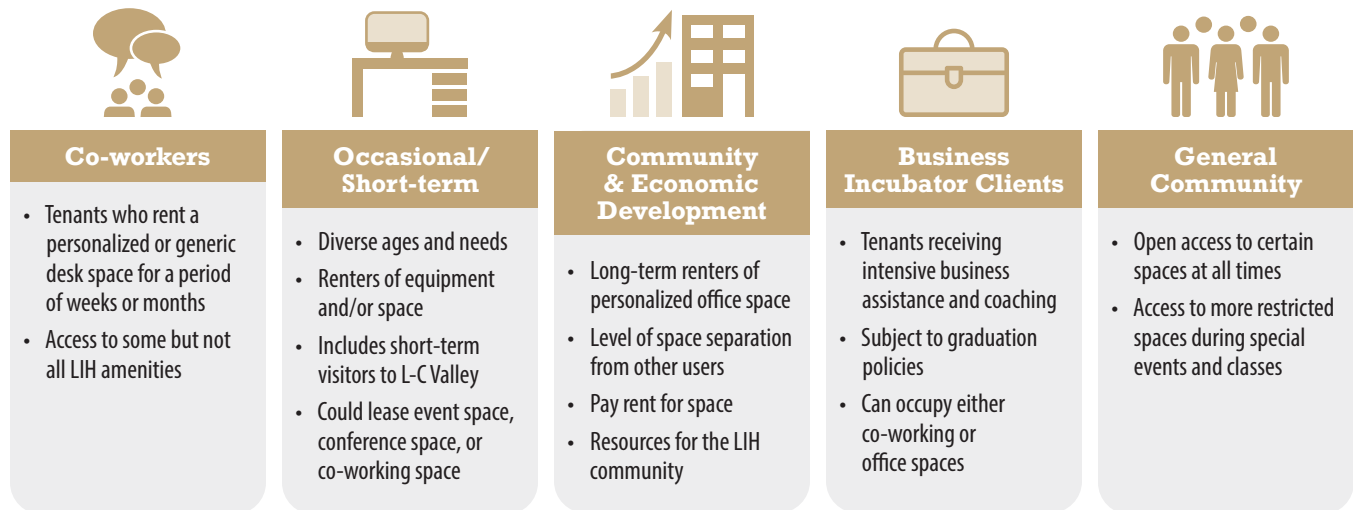
A place in which people with shared interests, especially in computing or technology, can gather to work on projects while sharing ideas, equipment, and knowledge



The LIH would be positioned as a destination and act as a focal point for events and activities in Downtown. The incubation program would become a magnet for other companies with shared goals of innovation and collaboration to join and stay in the L-C Valley.

LIH USER TYPES

The consulting team's research indicates the LIH would best function as a hub for a variety of users, including those detailed in the infographic below. Specific policies for usage will need to be developed by LIH staff and the Board of Directors.



INCUBATOR CLIENT SELECTION AND BUSINESS ASSISTANCE POLICIES

Client selection refers to the process of selecting businesses for inclusion within an incubator program. Larger metro areas have the luxury of designing narrow, industry-specific criteria for inclusion (e.g. biotechnology, agri-business, etc). The L-C Valley doesn't have enough industrial diversity to warrant such specialization but the LIH should still be careful to onboard firms that match the culture, facility vision, and resources available. Taking on firms that do not need assistance could result in an inefficient use of space and capital. Taking on firms that require large manufacturing equipment would compete with other local facilities (e.g. Port of Lewiston) and exhaust resources that could benefit other entrepreneurs.

The consulting team recommends an entrepreneur-focused approach for analyzing and accepting applicants. Limitations should not be set by industry, beyond consideration for the feasibility of operations within the LIH facility. This will result in a diversified portfolio of tenants that have the potential to produce a large and multi-faceted impact on the regional economy.

Business Incubator

An organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections



MARKETING PLAN

Much effort would be put into marketing the space to the correct audience by utilizing partnerships with local corporations, nonprofits, schools and colleges, and city and federal government. This plan would start with the development of a website where interested parties would be directed through social media channels and local promotions. Broadband is not a large issue in this area due to the installation of fiber optic cable by the Port of Lewiston enabling high speed communication. Partnerships with residents and local businesses from the L-C Valley and potentially the entire Quad Cities region are essential to reaching critical mass of the region's population.

The LIH would be a platform for open innovation and function as a service provider enabling members to realize their product/design/service. Staff would advise, assist, and train members but refrain from doing the work for them. Programmatic resources would also connect them with other members with expertise, helping to build mutually beneficial networks. The essence of the experience is to learn by doing while also meeting other doers and leveraging connections. This combination of hands-on activity and organic networking becomes the stickiness that keeps members renewing their memberships, attracting new members and cohorts, and the hub financially sustainable.

BUSINESS & INSTITUTIONAL PARTNERSHIPS

Hosting events and with local institutions and businesses can serve as a great way to serve the community while also connecting with potential business incubator clients. Using the expertise and resources of the LIH and other regional partners, the LIH could convene educational and networking events at the facility.

SCIENCE, TECHNOLOGY, ENGINEERING, ART AND MATHEMATICS (STEAM)/EDUCATIONAL PARTNERSHIPS

Whether the LIH hosts a makerspace or leverages other regional assets, the LIH could be a convener and facilitator for young residents to access these tools. Makerspaces are a playground for kids of any age. The ability to create almost anything truly spurs the thirst for innovation and education in elementary, middle, and high school. Successful organizations have utilized summer, afterschool, and holiday programs to engage kids and their families. These programs often involve project-based learning methods and include multiple types of equipment for different age groups, although it is recommended that the LIH remains a place for children 15 and older.



Innovation Hub Operations

BUILDING OPERATIONS

The LIH would be designed with post-pandemic thoughtfulness but with hopeful flexibility for the future. The space would include work offices, conference rooms, phone booths, classrooms/workshop rooms, office space available for rent, and potentially a small makerspace that would allow members of the space to quickly print, cut, and make things like signage, business cards, custom shirts, and even small marketing give-away items in preparation for events. Easy access to such tools would also attract new members and retain existing ones.

Educational offerings would be attentive to the specific needs of the community we aim to serve and would be designed to be offered online and in person with 9:00 a.m. – 5:00 p.m. operating hours and available after hours of 5:00 p.m. – 11:30 p.m.. Members of the space, office renters, and incubator program participants would have access 6:00 a.m. – 11:30 p.m. to ensure safety of operations. Both public and private sector entities would have access to the LIH. Given that public sector entities may handle sensitive and confidential information, the building would also require internal access and safety measures, such as key card requirements for accessing public sector sections of the building.

BUSINESS INCUBATOR OPERATIONS

The LIH business incubator would run on a nine-month cohort cycle. Each participant or startup would be selected through a series of interviews. The program would focus on giving participating companies the basics of business success, including business registration and organization, financial literacy, operational



models and management, investment, marketing, research, prototyping, and manufacturing. The incubator program would also be responsible for seeking grants that help to provide resources such as childcare and basic income for participants.

MEMBERSHIP MODEL

The suggested membership model for co-working should work like a gym facility. A recurring fee would be charged from a member's account on a monthly basis. Six months and annual memberships would be available for purchase at a discount. Membership would be discounted for students, seniors, and block purchases by corporations. Hot desks options would be available for purchase, as well as small- to mid-sized office space available for lease. Purchasing a membership allows you to come in and use the space and equipment. To use the equipment, each member or non-member must take and pass a safety certification class. Each class would not cost more than \$45. Members would also be able to purchase consumables and storage for additional fees.

Co-working

An arrangement in which workers of different companies share an office space, sharing in facility and infrastructure costs, while facilitating the development of community

REVENUE MODEL

The revenue would be derived from a number of sources; however, it is likely that private partnerships and grants would still be needed to maintain the health of the building and business. The LIH would be operated as a nonprofit with a leadership board composed of local stakeholders and national thought leaders. Potential sources of revenue include the following:

- Co-working Space & Hot Desks
- Office Space Rent
- Education
- Storage
- Sponsorships & Naming Rights
- Events Rentals
- Food & Drinks for purchase (potentially)
- Grants

EQUIPMENT AVAILABILITY

Equipment such as basic printers and large format printers should be provided for easy access to all LIH users. Because entrepreneurs are busy and equipment should be readily available, it is recommended that small 3D printers are provided for prototyping along with a heat press and vinyl cutter for T-shirt making. A desktop laser cutter could make a huge difference for rapid prototyping as well as designing building assets and things like business cards. While some of these tools are available at the library and the Schweitzer Career & Technical Education Center, it is highly unlikely that people will travel to have access to these tools in the middle of the workday.

In addition, it seems that often times the equipment at the Lewiston Library is often not available when needed, while the tools at the DeAtley Center and Schweitzer Career & Technical Education Center will be given primary use for education and not rapid prototyping needs.

For these reasons, the project team does not believe a small selection of equipment is duplicative of other facilities' resources. In the long-run, the LIH may choose to add more equipment to the list, but a careful inventory of member needs and resources available elsewhere in the region will need to be taken.



BOARD DEVELOPMENT

To ensure effective and successful implementation, it is recommended that Steering Committee members identify potential Board Members for the Lewiston Innovation Hub. Based on the Project Team's research and regional input, below is a list of recommended members for the Board. The team also suggests a board with no more than 12 total members and no fewer than five. A typical successful board composition is comprised of eight members including a non-voting executive director to act as a tie breaker if necessary. Recommended members include:

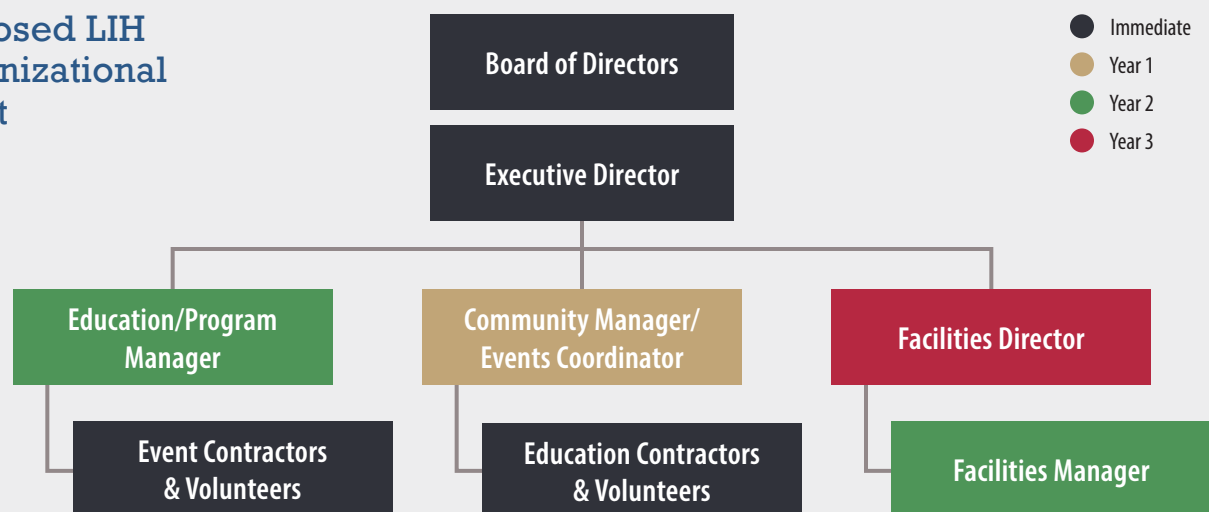
- Current steering committee members
- Local active entrepreneurs
- Successful entrepreneurs from outside the immediate region
- Corporate sponsors
- Funding partners

STAFFING PLAN

The precise LIH staffing plan will be designed and agreed upon once the final legal and organizational details are determined. Initial discussions with the project Steering Committee indicate that some existing community or economic development organization may encompass the LIH. If that is the case, the LIH would receive some leadership and guidance from the previously existing organization. In such a case, the LIH would still require its own Executive Director and Advisory Board.

To control costs and share resources, the consulting team recommends collaborating with existing partners to share resources and staff and sharing valuable assets like grant writers, accountants, CPAs, and lawyers. Mid-level managers will also need to rally and manage volunteers who are willing to serve at the LIH for the benefit of the greater community. The staffing approach will need to be flexible to accommodate changing market conditions, administrations, and industry needs for all partners involved.

Proposed LIH Organizational Chart



Best Practices

Incubators are routinely subsidized.

Almost all incubators require public subsidy, even the highest performing ones. On average, only 60% of an incubator's income is from client rent or service fees. Additionally, most high-achieving incubator models (93%) are nonprofits.*

Incubators need to have well-established oversight committees.

In the case of the LIH, there may be several layers of accountability depending on which entities are involved in management. Regardless, the advisory board directly overseeing the LIH should have participation from each of the following communities:

- Graduated firms (once established)
- Experienced entrepreneurs
- Local economic development officials
- Corporate executives
- Finance or banking professional
- Business lawyer (and, in some cases, intellectual capital protection legal assistance)
- College/University officials
- Chambers of Commerce

Recommended Practices:

Successful incubators offer connections and advice concerning the following topics:*

- Business plan writing and foundational business education
- Legal assistance
- Connection to capital
- Access to broadband internet
- Mentoring board for clients
- Partnerships with colleges and universities
- Accounting and financial management services
- Networking with other entrepreneurs and clients
- Networking with regional businesses
- Assistance in presentation (pitch) skills and business protocol

* Lewis, D. A., Harper-Anderson, E., & Molnar, L. A. (2011). Incubating Success: Incubation Best Practices That Lead to Successful New Ventures. Arbor, Michigan: Institute for Research on Labor, Employment, and the Economy, University of Michigan. http://www.edaincubatortool.org/pdf/Master%20Report_FINALDownloadPDF.pdf.

ABOUT THE CONSULTING TEAM



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At Points Consulting (PC) we believe in the power of peoples' interests, passions, and behaviors to shape the world around us. Now more than ever, people are the primary factor in the success of businesses, organizations and communities. Our work is focused not only on how people impact communities and organizations, but how to align their potential to create more successful outcomes for all. We partner with private and public entities on projects such as feasibility studies, economic impact studies, and strategic planning. In summary, at Points Consulting we believe in ***Improving Economies. Optimizing Workforce.***

PC was founded in 2019 and since that time has completed many projects both regional and national in focus. Firm President, Brian Points, has worked in the public/private management consulting industry for the past 13+ years focusing on research projects, in general, and feasibility studies, in particular. In past roles he has managed many projects funded by federal agencies including the USDA, the DoD, and the EDA.



Plaka

PLAKA + ASSOCIATES

Plaka + Associates is a multi-faceted firm supporting industry, start-ups, developers, and economic development leaders in real estate and economic development. A woman-owned business based in Indianapolis, Plaka assists clients across the U.S. in innovative entrepreneurship and economic development analysis and implementation, including feasibility studies, labor analysis and strategies, redevelopment and revitalization planning, strategic planning, project management, and capacity building through a unique blend of expertise.



KRNLs

KRNLs is a woman-led, boutique firm with a focus on research, implementation, and design of advanced technologies. NASA, DARPA, and Radius Indiana have all chosen to contract KRNLs for research, project management, and strategy development. Other government agencies from the US Department of Defense and the City of Pittsburgh have also engaged KRNLs for large scale planning and implementation. Additionally, KRNLs has a long track record of working with both hardware and software startups leading crowdfunding projects, product development, and marketing and sales campaigns on their behalf.