

**GRAND JUNCTION CITY COUNCIL  
WORKSHOP**

**MONDAY, JUNE 14, 2010 11:30 A.M.  
CITY HALL  
250 N. 5<sup>TH</sup> STREET**

- 1. Incubator/RTC Boards Request/Presentation  
(Meeting in Administration Conference Room)**
- 2. Medical Marijuana Strategy Discussion  
(Meeting in City Hall Auditorium at approximately 12 noon)**

**[Attach 1](#)**

# Attach 1 Incubator/RTC Boards Request

## Executive Summary

of the Riverview Technology Corporation / Incubator Center relationship

**Purpose:** To summarize recent activity concerning organizational changes regarding the relationship between the Riverview Technology Corporation (RTC) and the Business Incubator Center and to obtain City of Grand Junction and Mesa County ratification of seven new RTC board members.

**Overview:** The RTC, a 501(c)(3) non-profit entity, received from the Department of Energy (DOE) its 46.2 acre site on behalf of the community in 2001 and now serves a mission of “redevelopment of the Department of Energy (DOE) site in Grand Junction, Colorado. The Commission’s charge is to develop and implement a plan to fully utilize the resources currently in place at the DOE site for the good of the community and the region, with a major emphasis on economic development and job retention and creation.”

The Incubator Center, a 501(c)(3) non-profit entity, occupies a 57,577 square foot facility in the heart of the RTC campus. The Incubator Center serves a mission to “support the launch, growth, stabilization and long-term success of business enterprises in Mesa County. We measure success by our ability to guide entrepreneurs through sound business decisions and positive influence on economic growth in the region.”

RTC and the Incubator Center share a mission-driven focus on growing and maintaining jobs in this community. Both entities recognize the high importance of the quality jobs provided by the DOE operation in Grand Junction. Our joint focus seeks to maintain and support our local DOE jobs. Today the RTC supports this function in the leasing process and the Incubator Center in the property management and accounting function. Both organizations will work to retain those jobs in the community, preferably on the RTC campus with a renewal of the current DOE lease in October of 2012.

The RTC and Incubator Center Boards, looking for efficiencies in managing the RTC campus, have considered several options, including a transfer of RTC’s assets and liabilities to the Incubator Center, a merger of the two non-profits, and the creation of a subsidiary relationship. Sometimes a simple solution is optimal, and in this case, the RTC board has identified a good one. On May 7<sup>th</sup> 2010, the RTC Board nominated seven of the Incubator Center Board members to replace the expiring Board seats; four existing RTC board members remain. This unanimously supported motion allows for consistent governance and a unification of the efforts of these two organizations, and we request your ratification of the new RTC Directors.

There are no plans at this point to eliminate the RTC as its mission is still important for the DOE jobs. RTC’s existence supports the preservation of the Incubator Center’s 501(c)(3) status, RTC’s property tax exemption for the Incubator facilities, and continuity of the Federal Government’s continuing clean-up obligations (CERCLA). Currently, we are only requesting ratification of the new RTC Directors. But, under full and open disclosure, we also want to share with you what we are currently brainstorming for the future. In the near future, the new RTC board will enter into discussions with City of Grand Junction and Mesa County to seek ways to revise the RTC bylaws to improve RTC’s and the Incubator’s performance for the benefit of the community. RTC recognizes that many of its operations are performed by the Incubator Center (property management and accounting) and increased efficiencies are possible. The Incubator Center believes that a bylaw change to give it the authority to appoint 60% of RTC’s Board Members would allow the organization eligibility for more capital investment grant funding. Therefore, both organizations seek ways to better ally these two very similar and closely involved 501(c)(3) non-profit entities. The goal of any changes to the RTC bylaws would be to formally align RTC’s mission to “utilize the resources currently in place at the DOE site for the good of the community and the region” with the Incubator Center’s mission to “support the launch, growth, stabilization and long-term success of business enterprises in Mesa County.”

# History

## of the Riverview Technology Corporation

The Riverview Business Park located south of the Colorado River and along the banks of the Gunnison River southwest of the City of Grand Junction has been an actively utilized government facility since it was acquired by the U.S. War Department in August 1943 to refine uranium for the Manhattan Project. The U.S. Atomic Energy Commission, a predecessor agency of the U.S. Department of Energy (DOE), at one time operated a uranium concentrate sampling plant and assay laboratory on site. Today, DOE operates the Grand Junction Office of Legacy Management (LM) on site, an office that employs the majority of the DOE-LM technical staff for the entire country. The LM function, which includes the monitoring and maintenance of remediated DOE sites across the country, is very important to this community. Today, DOE-LM leases 62,829 sq ft of office and laboratory space on site. DOE-LM and its contractors employ approximately 175 highly skilled staff here in Grand Junction.

The Joint Utilization Commission (JUC) was formed in 1997 by the City of Grand Junction and Mesa County to consider ownership and reuse of the 46.2 acre DOE site. The Riverview Technology Corporation (RTC) (formerly known as the Joint Utilization Commission) is a non-profit 501(c)(3) entity which received the site on behalf of the community in 2001 and now serves a mission of “redevelopment of the Department of Energy (DOE) site in Grand Junction, Colorado. The Commission’s charge is to develop and implement a plan to fully utilize the resources currently in place at the DOE site for the good of the community and the region, with a major emphasis on economic development and job retention and creation.”

In 1999, the Western Colorado Business Development Corporation dba The Business Incubator Center moved to the site and leased space from DOE. In 2001, upon transfer of the property to RTC, RTC and the Incubator Center entered into a 20-year lease and charged a nominal rent. The Incubator Center, a 501(c)(3) non-profit entity, occupies 57,577 sq ft in the heart of the site. In 2004, the RTC revised the lease with the Incubator Center reducing the rent to \$1 per year in order to obtain a property tax exemption on the parcel that the Incubator occupies. The Incubator Center is 100% responsible for maintenance, development and upkeep of their facilities (having invested ~\$2.2million in capital improvements to date). In addition, the Incubator Center is under contract and employs staff to provide the property management and accounting functions for the RTC.

In 2001, RTC signed a seven year lease with DOE for ~96,000 sq ft. Although uranium was milled and stored at the facility from 1943 to 1975, DOE has gone to great lengths to address the known sources of contamination and the majority of the impacts from uranium ore processing have been addressed. The few remaining known points of contamination are clearly documented and monitored as part of the Federal Government’s continuing clean-up obligations (CERCLA) and will be remediated by DOE.

In keeping with the redevelopment component of their mission, in 2005-2006 RTC underwent an extensive site planning process focused on the infrastructure upgrades necessary for new development on site. The result was the Site Master Plan (2006) which itemized \$4.5 million in infrastructure improvements (utilities, secondary access, roads, parking and landscaping) to prepare the site for redevelopment. In 2007, RTC received an exemption from City of Grand Junction annexation (Presigo) that might have been triggered by redevelopment. Today the Site Master Plan is still in place and if and when development becomes an option for the site, it is clear to all involved that this opportunity should be handled in a way that benefits the community on whole.

2007 was also a year for a new lease with DOE. DOE used this opportunity to reduce their footprint on campus as the Environmental Management division moved to new offices in downtown Grand Junction, leaving 9,000 sq ft vacant. RTC was able to successfully bid to keep the LM offices on site. This new lease is for a five year period, ending in September 2012, with two each five year options the government may exercise. As part of the lease, RTC proposed to renovate two of the buildings and obtained a \$1.4M loan from US Bank to finance the construction costs. This renovation, which significantly improved the appearance and energy efficiency of the space, was completed in 2008 on time, under budget and without any safety incidents.

# History

## of the Business Incubator Center

The Business Incubator Center is a 501(c)3 non-profit organization that has 22 years of proven experience generating tangible results in expanding and diversifying Mesa County's economy. The Center offers comprehensive services to businesses through the collaborative efforts of four programs. The Business Incubator Center provides business counseling and workshops through the Small Business Development Center (SBDC), financial support through the Business Loan Fund of Mesa County, hands-on business development through the Incubator Program and tax credits for investment and job creation through the Enterprise Zone.

Founded in 1987 by a group of community leaders, the Incubator Center was one of several initiatives created after the 1982 economic bust to diversify the economy and create jobs. The program was initially funded with a \$75,000 Department of Local Affairs (DOLA) grant, which used Community Development Block Grants (CDBG) to address slum and blight issues. The original site was a 40,000 square foot Biggs Kurtz warehouse owned by local businessman George Wheeler. Mr. Wheeler supported the development of the Incubator Program by offering to lease the occupied space for just \$1 per square foot, thus enabling the program to self-generate funds. The Center opened with just two tenants.

The Incubator Center was able to quickly expand services by moving the newly created Revolving Loan Fund (started in 1986) from the Mesa County offices into the Center. This provided the Center with the ability to provide direct financial support to businesses. In addition, the Incubator Center provided an office for the local Small Business Development Center (SBDC) on site. The SBDC's business counseling and workshops are integral to the services provided by the center. In 1993, the Incubator Center was named as the official host institution for the Grand Junction SBDC, thus formalizing this long-standing cooperative effort.

In 1999, the Incubator Center moved to the Department of Energy campus and now occupies 60,000 square feet of light manufacturing and office space. The move to this new location required some adaptation of the facilities to meet the needs of the entrepreneurial community. \$950,000 was raised from the City of Grand Junction, Mesa County and through the State of Colorado, utilizing Energy Impact funds, to support this capital campaign.

In 2002, The Incubator Center raised \$400,000 for building and site improvements from DOLA (Energy Impact funds) and the City of Grand Junction. The majority of these funds were used to open a Commercial Kitchen Incubator Program. The program is a critical tool to support the local agricultural community (peaches, cherries and wineries). All food-related businesses must use a licensed facility to produce commercial food products. The Incubator Center addressed this need with this shared-use kitchen where food producers can legally prepare, process, cook and store food products. It is a fully licensed facility for catering, food preparation, and specialty food production.

### **Current Financial Picture**

Today the center is 70% self-financed. Income is generated through a variety of program revenue opportunities: Incubator Program rent and program fee revenue, low-cost SBDC workshops, Business Loan Fund interest income, Enterprise Zone administrative fees and by providing property management services to RTC for the Department of Energy leased space (also located on campus). The additional sources of external funding include state grants for the SBDC and BLF, local city and county support contracts, and donations from local private funders.

Periodic capital campaigns are necessary to maintain and improve the condition of our facilities. The Incubator Center has raised over \$2 million the past 8 years to support the campus. Sources of these funds include:

- Department of Local Affairs Energy & Mineral Impact
- Gates Family Foundation
- City of Grand Junction
- Mesa County
- Anschutz Foundation
- Bacon Family Foundation
- Boettcher Foundation
- Adolph Coors Foundation
- Lions Club
- Private Donations

Today the Incubator Center continues to serve a mission to support the launch, growth, stabilization and long-term success of business enterprises. The Center now extends its reach throughout the region from Collbran to Craig and into all types of industries including manufacturing, agriculture, construction and retail. The Incubator Center houses 54 clients on site and works with thousands of clients each year. The Center's role is to provide education and coaching to business owners and leaders and thus establishing an entrepreneurial infrastructure for the community. The Incubator Center measures success by its ability to guide entrepreneurs through sound business decisions and its positive influence on economic growth in the region. The Incubator Center results include:

- the launch of more than 235 companies,
- the generation of more than \$146 million in revenue by these companies,
- the funding of 260 businesses in the community,
- the creation of 9,625 jobs, and
- the investment of \$51.1 million in capital.

#### **Current Business Plan**

In 2009, our local economy suffered from both the effects of a global recession and the reduction of the natural gas sector in this region. In these tough times, the Incubator Center found its mission to be more relevant as business growth, longevity and diversification once again became the community's top priority. In response, the Incubator Center has identified possibilities for expansion of its services. Clearly, assistance to start-up businesses is vital to the economic prosperity of our community, but an additional challenge is to provide on-going support for growing, innovative companies. We have identified tools and theories that the economic development community calls "Economic Gardening" as an ideal way to serve the dynamic, sophisticated needs of expanding companies.

In concert with this opportunity to expand services, the Incubator Center entered into discussions with the RTC board as to a closer working relationship. RTC's main asset (the Property) is managed by the Incubator Center (including all tenant matters) and the Incubator Center is responsible for all of RTC's day to day accounting, bookkeeping and providing sufficient personnel to manage the property. A new partnership could support the Incubator Center in that its assets are currently limited to equipment and furnishings and as a result it does not qualify for capital improvement grants that require an ownership interest in the property. In addition, the

Incubator Center believes that the existing unutilized assets on site could be used to expand its programs to support a broader range of businesses.

To truly understand the current assets on site, the Incubator Center hired JG Management Systems to create a Feasibility Study to assess the condition of the facilities and site, and to evaluate the community need for business services. Although this report recommended that the Incubator Center should not proceed with taking over the site due to the condition of the facilities (many of which date from the 1940's) and the financial risk they pose to their stable and sustainable business model, five additional alternatives were explored in order to provide the Incubator Center with options for expansion.

The Incubator Center took the detailed data on the facilities from the Feasibility Study and built a Business Plan to clearly map out how these facilities could support an expanded mission. This plan reviews each building, its cost and revenue potential, and outlines how they will move forward to preserve, improve and create maximum utility from existing campus assets. The Business Plan maps out a course that mitigates the financial risk involved in managing the site through a multipronged approach. A combination of initiatives, including remodeling and mothballing some of the existing facilities, implementing a preventative maintenance strategy, a realignment of staff functions and increasing operational efficiencies, comes together in a development plan that enables the organization to expand on their stable, sustainable financial model.

The Business Incubator Center, with its mission to support economic development, ability to generate tangible results for local businesses, its broad community support, and extensive experience with the property is ideally positioned to be the community's steward for the Riverview Business Park. The Incubator Center will continue to support development opportunities for the site and also has the ability to utilize the existing assets at hand.