



MEMO

PLANNING AND COMMUNITY DEVELOPMENT

To: Redevelopment Authority of the City of Kaukauna
From: Lily Paul, Associate Planner
Date: April 3, 2023
Re: Revolving Loan Application Review – CO4 Workspace & Coretto Café

Allie Thiel, owner of CO4 Workspace, is teaming up with Heather Karisny, owner of Coretto Café. CO4 Workspace is a Co-working space located at 388 Farmland Drive. There is office space, kitchen space, storage space, and event space all available to those that are members of CO4 Workspace, you just need to reserve that space and you'll have access to the benefits. Coretto Café plays into CO4 workspace by providing a permanent food and beverage option for tenants utilizing the space, but also serve those throughout the surround communities. Please see the attached project summary that includes business description, need, expected revenue, and cost estimates. The team of Allie Thiel and Heather Karisny are looking for a loan to finish the café: buildout, fixed furniture and operating equipment, and marketing.

The cost estimate for this update is \$50,000: \$25k for fixed assets, \$20k for build out material cost, \$5k for marketing. \$10k of personal/business funds have already been put into the project. A printed attachment of financials will be available at the meeting to aid in the discussion of the loan proposal.

It is the duty of the Redevelopment Authority to discuss and agree on the loan proposal. Loan proposals will be based on need and ability to repay. Minimum standards include the following:

1. Loan Amount: Loan amounts are subject to the availability of funds. There is no set minimum or maximum loan amount, however, the Redevelopment Authority of the City of Kaukauna loan amount shall not constitute the only source of funds for the project.
2. Interest Rate: The interest rate shall be established by the RACK board. Please check the Interest Rates Addendum for the latest guidelines. *The interest rate has been set at 2%*
3. Term: The term of the loan shall be no longer than the term of private financing. In no case shall the term exceed fifteen (15 years).
4. Period of Payment: The repayment schedule shall be set up for monthly payments.
5. Amount of Payment: Interest and principal shall be collected for the term to maturity. Interest and/or principal may be deferred for up to one year, if justified in the loan proposal.
6. Collateral: Reasonable security will be required for one hundred percent (100% of the loan. Collateral shall consist of a first or second lien on all assets owned and used in the business and personal guarantees.



REVOLVING LOAN PROGRAM APPLICATION



Project Name: Corretto Cafe

Project Address: 388 Farmland Dr

Contact Name: Allie Thiel

Contact Address: 390 Farmland Dr Kaukauna

Telephone: 9204623908

Email: allie@co4workspace.com

Year Business Established: 2023

Applicant Is:

Owner ☐ Lessee of Property ☐ Sole Proprietorship ☐
Partnership ☐ Corporation ☐ Other Business Structure ☒
Number of Employees: 1 Full Time 1 Part Time

Brief Description of Business:

Full Service Cafe including warm and iced beverages and made to order food

List all owners, directors, or partners having 20% or greater interest:

Heather Karisny, Allie Thiel

Project Description:

Build out 300 SF of tenant space within CO4 Workspace into a full service cafe operated by Heather Karisny of the wandering table.

In what ways will the project benefit the community?

Increase tax value ☒
Improve curb appeal/aesthetics ☒
Safety or security upgrades ☒
Accessibility improvements ☒
Job creation or retention ☒ jobs created ☒ jobs retained
Improved building longevity ☒
New or retained business ☒
Energy efficiency upgrades/weatherization ☐
Creating services not currently available in a community ☐
Other: Community Enrichment via

Project Costs

Acquisition	
Exterior Renovation	
Interior Rehabilitation	\$25,000
Land/Site Improvements	
Utility Improvements	
Machinery/Equipment	\$20,000
Design Services	\$5,000 Website/Social Media pages/Google profile Yelp listing Google & Facebook Ad

Project Financing

Personal Funds	\$10,000
Lender Funds	
RACK Funds Requested	\$50,000
Other	

Existing Building Conditions

If building is owned by applicant:

Acquisition Date	August 18, 2020
Purchase Price	\$1.9M (Construction Loan)
Existing Mortgage Balance	\$1.4M
Land Contract Balance	
Monthly Mortgage Payment(s)	\$3,369.38
Recent Appraised Value	\$2.1M

If building is leased by applicant:

Annual Rent	\$420
Lease Termination Date	December 31st, 2023 Renewal
Name of Building Owner	Allie Thiel
Address of Building Owner	390 Farmland Dr Kaukauna WI 54130

Application Agreement

The applicant certifies that all information in this application, and all information furnished in support of this application, is given for the purpose of obtaining a loan under the Commercial Revolving Loan Program and is true and complete to the best of the applicant's knowledge.

The applicant further certifies that they are the owner of the property described in this application, or the lessee with proof of the owner's consent to improve said property.

The applicant further certifies that the loan proceeds will be used for the work and materials identified in this application and will abide with all provisions and guidelines of the Commercial Revolving Loan Program.

The applicant further authorizes disclosure of all financial information submitted in connection with this application by and between the Redevelopment Authority of the City of Kaukauna and any lender agreeing to participate with the applicant's loan through this program.

Allie Thiel	03APR2023
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Signature of Applicant	Date
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Heather Karisny	4/3/23
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Signature of Applicant	Date
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ELECTRIC CITY
PROPERTIES

+

Corretto café



390 FARMLAND DR PROJECT SUMMARY

380 Farmland Drive Warehouses, Storage & Coworking Project



Purpose

To cater to the trades of our community who need:

- warehousing and heated shop spaces
- individuals who need larger heated storage spaces of which few exist in the current landscape
- professionals, remote workers, business owners and members of the local community who need an on-demand home away from home to work, meet with clients & teams or network with other like-minded entrepreneurs



Purpose

Although coworking has been well understood and a common feature in major cities for 15 years (since 2006), CO4 Workspace is entering the marketplace on fire, trailblazing in a rural community offering the same benefits of the big city in a conveniently situated close-to-home location with nearby highway access, riding the wave of the work from anywhere trend. And who doesn't want free coffee all day long?

Our research indicates that catering to this combination of related markets diversifies income streams and provides increased overall revenue stability and flexibly.



Project Scope

To provide a local, multifunctional business hub for professionals and trades alike. To enrich the local community with a close-to-home place to socialize, gather, work, collaborate, and get a hot cup of Joe.

Inventory

- (3) Shop Condos, size range 1150-1850 SF, 12x14' Overhead Doors
- (1) Cowarehouse Unit, 650 SF, partitioned into secured shelving spaces
- (4) 14x50 Storage Units
- (2) 12x24 Storage Units
- (13) Class A Private Office Units
- (1) Class A Coworking Space
- (1) Coffee Shop





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TENANT ALTERATIONS
R&R TECHNOLOGIES
E. FARMLAND DRIVE - CITY OF KAUKAUNA, WISCONSIN

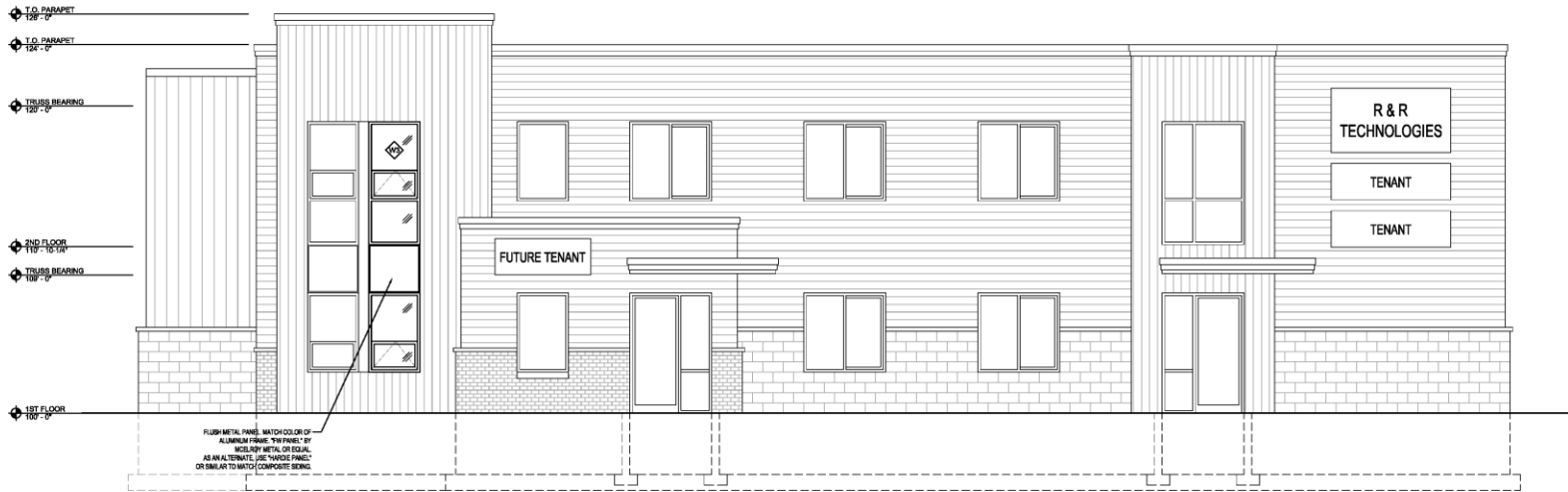
TRUSS BEARING
118'-0"
1ST FLOOR
100'-0"

REVISIONS	
DATE	DESCRIPTION
-	-
-	-
-	-
-	-
-	-

DRAWN	CHECKED
-	-
PROJECT NO.	
1-0538-056	
DATE	
03-30-2022	

SHEET NO.

A2.1

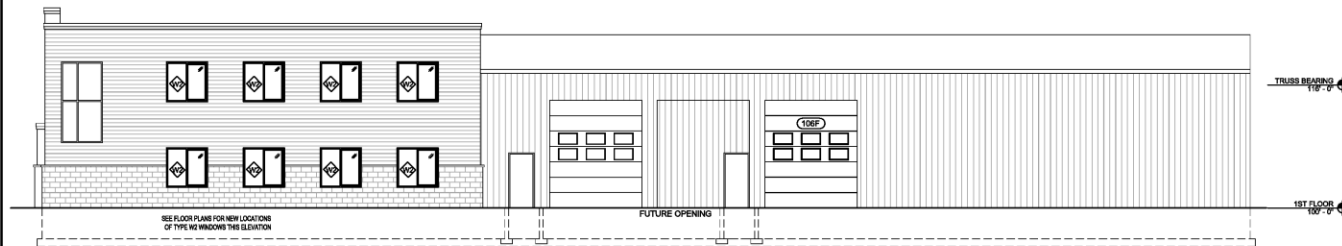


1 WEST ELEVATION
SCALE: 1/4" = 1'-0"

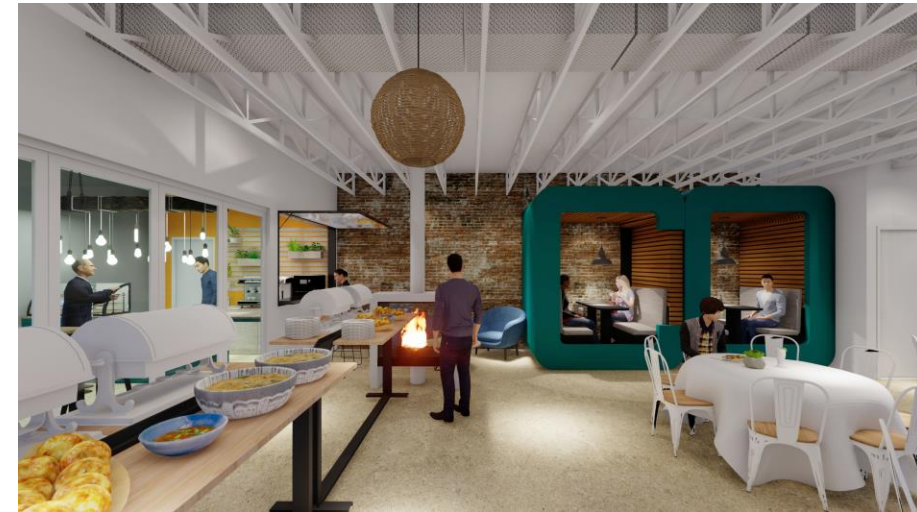
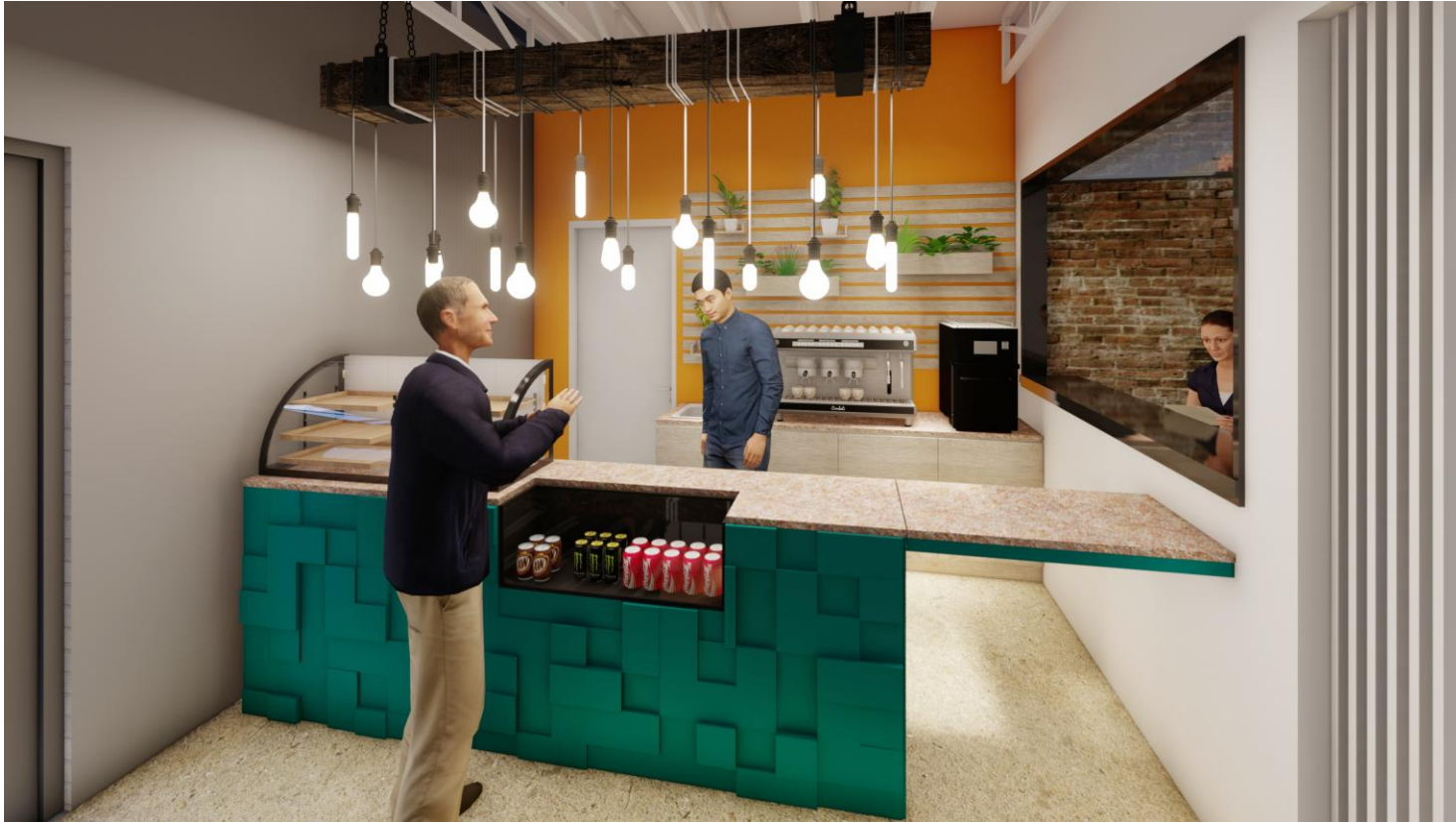


2 NORTH ELEVATION
SCALE: 1/8" = 1'-0"

3 EAST ELEVATION
SCALE: 1/8" = 1'-0"



4 SOUTH ELEVATION
SCALE: 1/8" = 1'-0"





ELECTRIC CITY STORAGE GROSS REVENUE		
Storage Unit Size	1-Yr Revenue	Note
Self Storage Units	\$30,550	Assumes 100% Occupancy
Heated Shop Condos	\$95,741	Assumes 100% Occupancy
Class A Offices	\$168,000	Assumes 100% Occupancy
Total 1-year Revenue	\$263,740.96	





ELECTRIC CITY PROPERTIES ANNUAL EXPENSE FORECAST	
ITEM	AMOUNT
Utilities	\$15,000
CAM	\$5,000
Operating Expenses	\$15,000
Property Taxes	\$32,800
Debt Service	\$97,584
13% VAC	\$15,540
Total	\$180,924



CO4 Workspace Market Analysis: Decentralization is the Future

Observing the world become increasingly interconnected in the global marketplace through modern cloud computing technology, coupled with America's workforce becoming less committed to the Corporate model, we saw an opportunity to create a modern, multifunctional campus to house and nurture a wide variety of business operations.

The future of work for the management, administrative, sales, retail, business and professional services occupations that make up 31% of Kaukauna's workforce is becoming an increasingly decentralized, flexible in time and space model that is quickly adaptable to the trends, patterns and the demands of the global marketplace. Pivoting amidst the pandemic, business operations remained viable by finding unconventional methods to continue meeting the need of the consumer.



CO4 Workspace Market Analysis: Decentralization is the Future

- **Retail** sales transitioned to live video feed and browsing online product galleries offering free exchanges, returns and shipping in lieu of in-person window shopping.
- **Food** – whether the source is a favorite restaurant or the grocery store - transformed into online ordering with same day pick up or delivery, in which Moms all over the world are still celebrating this long-awaited breakthrough in today's culture of convenience. The newest emerging trend of automated delivery – ranging from UW-Madison's Starship robot to drone food delivery technology like Flytrex, recently launched in Texas, reinforces the continued decentralization of the food and retail service industries.
- **Education** went online, and many are finding the financial and time flexibility this provides remarkably beneficial. Millions of in-house corporate positions transitioned to work in place or remote work functionality, and that is here to stay!



CO4 Workspace Market Analysis: Decentralization of the Workplace

Amidst the fear of loss of productivity and accountability, employers were apprehensive to release employees from the office. Throughout the pandemic, employers began to re-assess benchmarks and Key Performance Indicators, placing less emphasis on the quantity of the timeclock and more focus on employee benefits to retain top talent and quality of output.

According to the HR Firm Beni.fit , among the top employee benefits that mid to top tier talent in the current workforce look for is **wellness programs, flexible schedules, flexible workspaces, and employer-sponsored wifi**. With cost of living, fuel and food prices on the rise, both employers and employees are looking for ways to cut the fat in expenditures and alleviate strain on cramped budgets.

Large Corporations are downsizing in favor of a hybrid remote work model, releasing high-dollar commercial real estate properties. This trend has added fuel to the fire of the commercial flex space market, repurposing second generation buildings in new and creative ways, curating spaces allowing remote workers and small teams to come together for huddles on-demand in favor of the previous everyday office presence model.



CO4 Workspace Market Analysis: Decentralization of the Workplace

In the wake of the pandemic, labor shortages have caused the once beloved community coffee shops that provided all day gathering places to close by 2p, leaving communities in the Northern Hemisphere undergoing seasonal climate changes with few indoor venue options for social interaction, small group gatherings, personal or professional meeting places or casual work sessions that used to occur at the window seat or in the arm chairs at the downtown coffee shop.

The Great Resignation has set 5.6 Million workforce employees on a course to launch out as an entrepreneur

Whether driven to downsize by the current economic forecast, scale as a new business, or a fringe benefit provided by unlimited corporate budgets, time and space freedom is the future of work – and we stand prepared to provide an environment to welcome it with open arms.

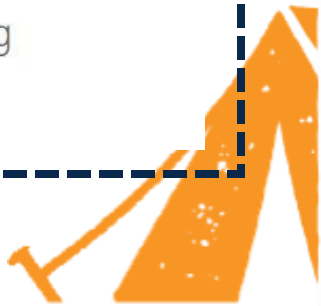


Market Validations

Gen Z and Gen Y trends and patterns **strongly suggest decentralization of the workplace is the future** of the global, mobile marketplace

OVER THE NEXT DECADE:

- Gen Y will graduate college and build careers. With a continued commitment to work-life balance, Gen Y will continue focusing less on physically spending time at a job site and more on getting the job done. Connecting through the cloud will allow Gen Y to succeed on the move and approach the work/life balance they desire.
- Gen Z will challenge the traditions of academia, demanding more personalized learning programs at a price they can afford. Their comfort with online learning through Internet video channels (YouTube, for example), podcasts, webinars and other social media tools will challenge an educational system that is unprepared to meet their real-time, on-demand expectations.
- Smartphones and other mobile Internet devices will be the primary digital information tools for both Gen Y and Gen Z globally.
- As youth connect through the global grid, they will develop, adopt and adapt cross-cultural, transnational consumer patterns.
- Internet-savvy youth will enable – or develop on their own – a growing number of global small businesses started using mobile platforms.



Market Validations

- The coworking industry is experiencing a **200% growth over the last 5 years**
- **30%** of the office market will be **flex space by 2030**

INDUSTRY STATS

**Incredible Numbers
That Back Up The
Growth And Potential Of
Coworking.**

GROWTH RATE OVER
THE PAST 5 YEARS

200%

COWORKING MEMBERS
BY 2020

3.8m

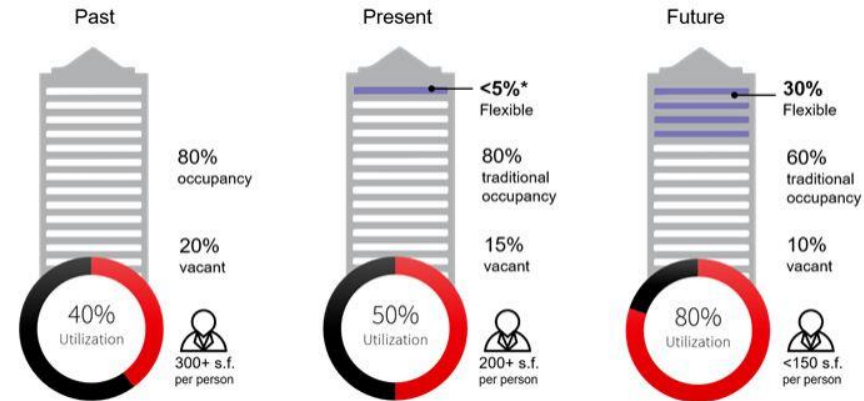
COWORKING SPACES
IN THE WORLD TODAY

14,411

COMPANIES THAT WILL HAVE
SHARED WORKSPACE BY 2020

50%

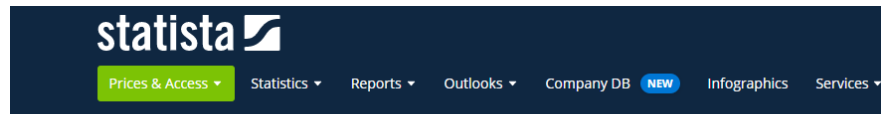
A flexible space revolution is on the horizon



** Under 5% of current U.S. office inventory is controlled by independent, third-party flexible space providers (spanning all operator types, from traditional executive office suites to coworking to incubators). Given industry shifts, flexible workspace and shared amenity spaces are projected to encompass approximately 30% of the office market by 2030.*

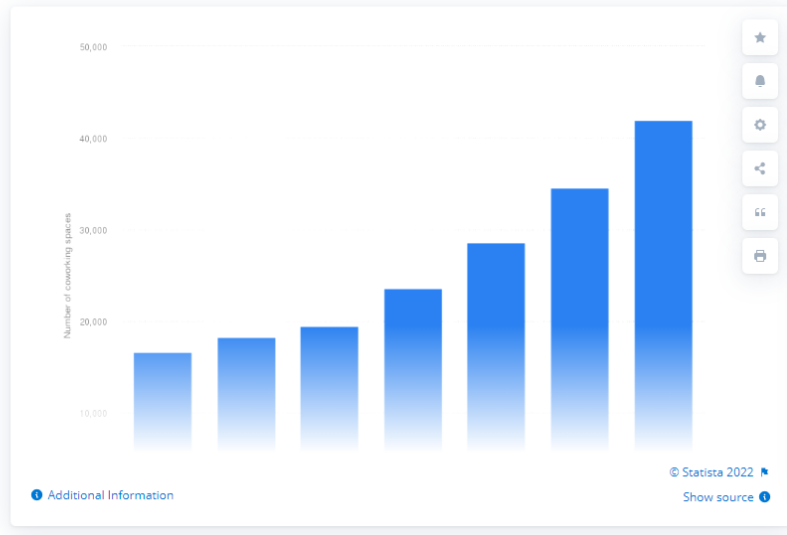
Market Validations

- The coworking industry is experiencing a **20% sustained compound annual growth rate** projected through 2024
- This growth, in part, is due to the pandemic accelerated plans to **start online businesses to achieve time flexibility and increase earning potential**

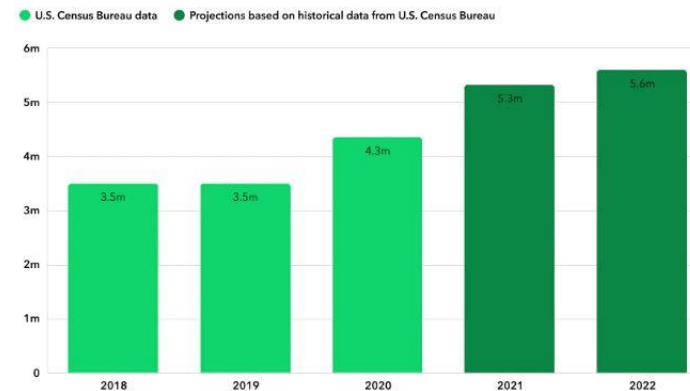


Real Estate > Property Services

Number of coworking spaces worldwide from 2018 to 2020 w



New business starts per year: 2018 to 2022



Source: QuickBooks analysis of the U.S. Census Bureau's Business Formation Statistics, November 2021 | <https://www.census.gov/econ/bfs/index.html>

Why now, and why so many?

An overwhelming 83% of people who want to start a business say COVID accelerated their plans. This is either because they spotted a new opportunity online during the pandemic or because it made them rethink their priorities.



CO4 Workspace Differentiators

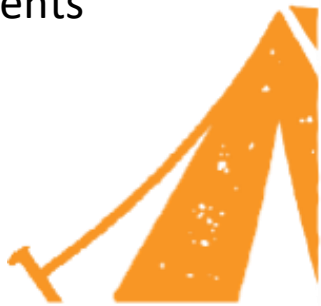
According to Corporate Suites 2022 Worldwide Coworking Statistics Report,

“Members are now choosing coworking spaces that provide comprehensive offerings that cater to their entire lifestyle. In 2022, we are seeing diverse types of coworking models that feature co-living spaces as well as amenities that help members cope with the intensity of their work. Luxuries such as **catering, exercise rooms, privacy pods, and rooms for video conferencing** are becoming part of the new scene.”



CO4 Workspace Differentiators

- **Location:** Highway access to Appleton/ATW: 15 min; Green Bay/Austin Straubel: 15 min
- **Private Offices:** Intentionally sized, designed, priced and located for the decentralized workforce of today
- **Network:** Hand-picked businessowners, entrepreneurs and professionals representing diverse industries
- **Amenities & Service:** Multi-purpose space to meet the demands where work & leisure collide – fitness center, showers, social spaces & events, in house café
- **Accessibility:** 24/7 access to all members
- **Flexibility:** Membership tiers built to cater to a wide variety of size, usage duration, and budget requirements



CO4 Workspace Market Validations – Competitive Landscape Analysis

We toured 8 coworking venues within the Greater Fox Valley and in Madison, WI. We discovered the following 9 components to a successful coworking space:

1. Affordable **private office spaces of various sizes** to accommodate a variety of budgets and space requirements
2. Lounge furniture and individual desk pods that **encourage social integration** while also personal space conscious (individual chairs around a round table vs. couches or long tables and wall counters)
3. **Fast, reliable internet** and secure building access control
4. A **clean, open concept** space that is warm, pleasing to the eye and bright with natural and ambient light



CO4 Workspace Market Validations – Competitive Landscape Analysis

5. Provide a **separate social and eating area** from the open seating coworking space
6. Provide a small, quiet and **private space for phone calls**
7. Develop a **collaborative, supportive community** of like-minded business-people: they'll come for the space and stay for the people
8. **Be present** in the beginning as you ramp up
9. Offer flexible options – specifically **part time office rentals & day offices**

....and we've designed a floorplan to meet all of these components



Corretto Café: A necessary component to success

An effective and profitable coworking space is defined by the community it develops coupled with the amenities it provides. Fresh coffee has a way of bringing people together and made to order food has a way of keeping people together. The intent of Corretto Café is to create a symbiotic relationship with CO4 Workspace – providing critical food & beverage service to the members of CO4 Workspace while serving the surrounding community as a local hang-out on the North side of town. CO4 Workspace is centrally located between Wrightstown and Kaukauna, serving both communities as well as commuters passing through to Highway 41 and dog lovers enjoying the dog park. As most coffee shops in Kaukauna and the immediately surrounding areas close by mid-afternoon, Corretto Café intends to provide afternoon operating hours as well as grab and go meal items for after-hours enjoyment.



Corretto Café: Target Market & Competitive Landscape

- Members of CO4 Workspace
- Employees of surrounding businesses
- Residents and community members of the surrounding neighborhoods
- Networking groups needing meeting space
- Professionals and remote workers in need of a space for a lunch meeting
- Community members in need of event space for work, social or family related events
- Travelers and commuters who need a quick, easily accessible stop
- Locals looking for an after work snacks & beverages and place to meet with friends or coworkers

Area Competitors:

- Kaukauna Coffee & Tea
- Sticky Fingers Café
- Seth's Coffee
- The River Coffee & Tea
- Kwik Trip



Corretto Café: Differentiators

- Experienced operators with 25+ years experience in the food service industry
- Built in customer base with CO4 Workspace
- Built in customer base with surrounding businesses – Bad Batch CrossFit, Goldin’s Recycling, Greisbach Concrete, Ron’s Autobody
- Built in customer base with surrounding high density housing
- Built in sales channels with CO4 Workspace email list and “the wandering table” social media following
- Afternoon operating hours
- Made to order food crafted from scratch using locally sourced ingredients
- Hand crafted beverages using made from syrups curated in house
- Order ahead and pick up in store convenience option



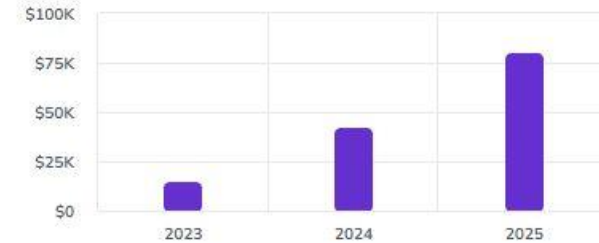
Corretto Café: Gap Funding RACK loan & terms request

\$50,000 10-year payback with first 9 months deferred payment as ramp up grace period based on cash flow assumptions

Projected cash in 2023



Cash at year's end



Payback intent: aggressive early pay down before distribution of any net gain



Corretto Café: Use of Funds

Item	Cost
Furniture & Operating Equipment (Fixed Assets)	\$25,000
Build Out Materials Cost	\$20,000
Marketing Spend	\$5,000
TOTAL	\$50,000



Corretto Café: Sales Channels

- Build following on social channels and email marketing campaign through loyalty rewards program and monthly specials
- CO4 Workspace Members, email list & social media subscribers
- “the wandering table” social media subscribers
- Surrounding business community
- Surrounding residential community
- We intend to bring people in by hosting regular monthly community events



Corretto Café: Financial Forecast

Revenue	Amount
CO4 Workspace Members (50%)	\$89,950
Event Catering (10%)	\$17,990
Public (30%)	\$53,970
Networking Groups (10%)	\$17,990
TOTAL	\$179,900

Expenses	Amount
Food & Beverage COGS	\$40,478
Dry Goods COGS	\$13,492
Payroll	\$53,970
Taxes	\$5,262
Depreciation & Amortization	\$675
Operating Expenses/Overhead	\$44,975
TOTAL	\$158,852

Year 1 Assumptions

\$12.32 average unit cost with 14,600 total unit sales
Gross Margin 15% with projected net profit of \$21,048



Corretto Café: Assumptions

- We expect to serve on average of 23 customers a day during year one with an average purchase of \$22
- We intend to operate efficiently, managing time and materials by finding a balance between preparing food on demand and prepping items ahead
- We are working on obtaining our beer and wine license to expand our unique drink offerings sourced by local breweries and wineries
- Marketing efforts will focus on capitalizing on our social media presence and appealing to the already established audience of CO4 Workspace and “the wandering table” food truck, as well as having a regular presence at networking opportunities offered by the Heart of the Valley Chamber of Commerce
- KPI's include weekly and monthly café foot traffic, sales volume and social media engagement stats evaluated weekly to ensure we are meeting critical benchmarks



Corretto Café Marketing Strategy

- Co4workspace.com website
- FB posts, events, reels & stories
- Google Ads & Google My Business posts
- Listings on Yelp, NextDoor, Apple Maps, Free Office Finder & FourSquare
- Linked In
- Instagram
- Direct Mail to targeted neighborhoods (i.e. the 2 apartment complexes on the perimeter of the property)
- Press Release to local papers (Wrightstown Spirit, Kaukauna Times-Villager, Freedom Pursuit)
 - <https://thebusinessnews.com/article/co-working-spaces-%E2%80%93-the-future-of-remote-work>
 - <https://kaukaunacommunitynews.com/2023/01/17/coworking-space-opening-soon-in-kaukauna/>
- Active Campaign Email drip campaign and newsletter to existing CO4 and “the wandering table” audience
- Heart of the Valley Chamber of Commerce networking events
- Street Signage: Wind flags
- Café preferences survey to be given at CO4 Workspace Grand Opening, collecting email addresses of all who participate



WE BELIEVE IN RURAL AMERICA!

Center on Rural Innovation

“Rural America is so much more than a Place” [2:15]

https://www.linkedin.com/posts/ruralinnovation_rural-america-is-so-much-more-than-a-place-activity-6871479548920283136-d82d



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<https://www.us.jll.com/en/coworking-market-growth>



Research & Concept Development Initiatives

Everything Coworking Start Up School, Jamie Russo, Director and Treasurer of the Global Workspace Association

- Module 1: Understanding your Ideal Customer
- Module 2: Build your Team of Qualified Professionals
- Module 3: Validate your Location
- Module 4: Determine your Product Mix
- Module 5: Determine your Space Size
- Module 6: Draft your Pro Forma
- Module 7: Serve your ICA and Financial Goals
- Module 8: Furnish the Workspace
- Module 9: Develop the Marketing Funnel
- Module 10: Optimize your Tech Stack
- Module 11: Hire the Team
- Module 12: Prep for Opening

