University of Wisconsin-Whitewater, Department of Economics

FISCAL AND ECONOMIC RESEARCH CENTER

An Assessment of Whitewater's Innovation Center

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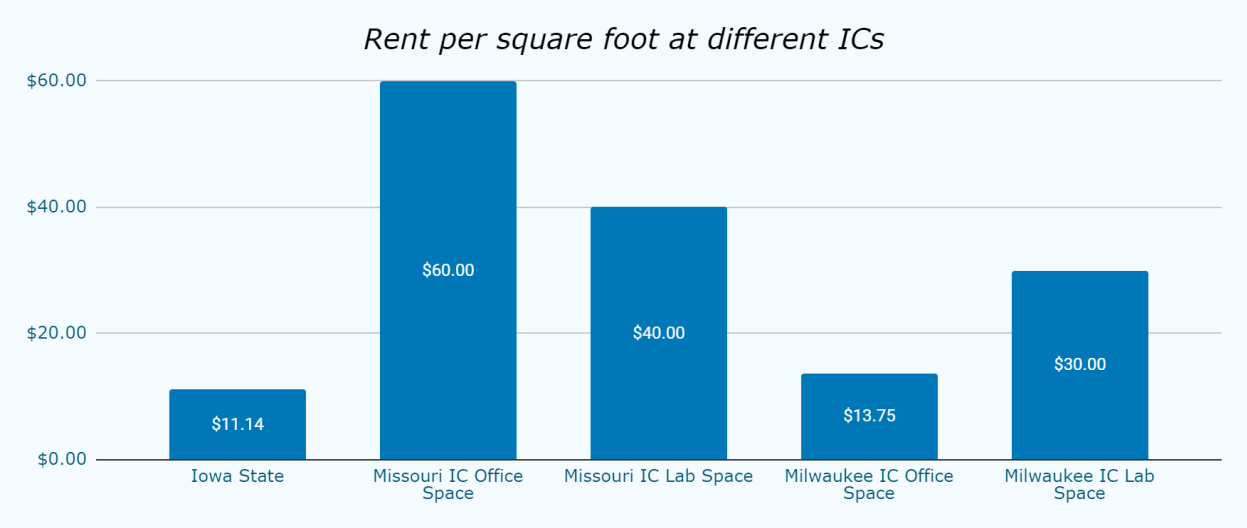
Executive Summary

The Whitewater Innovation Center shares plenty of characteristics with similarly styled innovation centers (ICs) across the Midwest, but closely examining those other ICs has also shown plenty of differences. Some ICs like Iowa State University's or UW-Green Bay's are a little more student-oriented and don't have as many corporate partnerships or areas for longterm rental. Others, like Missouri's, the Technology Innovation Center at Research Park in Milwaukee, or the IC at the University of Illinois-Springfield are relatively more business-oriented with membership levels for prospective start ups or new businesses to choose from or more lab and office space for rent. The chart below shows the ICs we were able to find rent prices per square foot for. Additionally, throughout the report, one can see the different membership levels and prices offered from different ICs, including different rental agreements some employ such as renting a room for an hour or longer blocks of time in a given day. The Whitewater IC appears to focus more on the business side than an education or student focus, and appears to be most similar to the IC the University of Illinois-Springfield.



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Introduction

The FERC's services were engaged to examine the mission and operations of five innovation centers in the Midwest and compare them to Whitewater's Innovation Center. Innovation centers are spaces typically built near or within university grounds to bridge the gap between entrepreneurs and students. These centers allow students to develop, express their creativity, and learn technical skills in a collaborative environment.

Consulting - Specifying Engineer identifies three types of innovation centers influencing higher education. They discuss how the challenges of the modern business landscape have encouraged a shift in the way innovation centers are developed. The innovation centers of today are built so that their resources meet student needs in both traditional academics and business. The three innovation center models that any center might adopt include multidisciplinary learning centers, industry partnership centers, and entrepreneurship centers. Multidisciplinary centers tend to focus on social and intellectual connectivity. A prime example is the Texas Christian University Innovation Center, which has an interactive public space surrounding the center. This encourages collaboration between different branches of the school. Industry partnership centers deal with creating bonds between businesses and students. Penn State Behrend's Advanced Manufacturing and Innovation Center is an industry partnership center that partners with the Greater Erie Industrial Development Corp in an "open lab" initiative. This allows regional business and industry leaders to engage in research and development as teams with students. The final type of innovation center is the entrepreneurial-focused center. They are described as having incubator programs and facilities that harness students' entrepreneurial drive such as the Iowa State University Innovation Center and the facility at the University of Utah.

In this report, the FERC will research the following innovation centers:

- Iowa State University Innovation Center
- University of Illinois-Springfield Innovation Center
- Missouri Innovation Center
- Technology Innovation Center at Research Park in Milwaukee
- UW-Green Bay's STEM Innovation Center

These five innovation centers, plus UW-Whitewater's Innovation Center, will be analyzed in their differing approaches in operation and their mission statements. Additionally, the FERC will use CoreLogic's SwiftEstimator software to produce a valuation for the Innovation Center building.

Whitewater University Innovation Center

The Whitewater University Innovation Center is a 35,000-square-foot facility located in the University's Technology Park next to the city's industrial park. The Innovation Center was one of the first buildings to achieve a U.S. Green Building Council LEED (most widely used green building rating system) Silver certification in Wisconsin. It has grown from three tenants in 2011 to 97% occupancy, with over 25 companies working with the Center. It was nominated in February 2018 for the Mixed-Use Impact Award by the International Business Innovation Association. The IC works with entrepreneurs to foster a supportive, trusting community full of integrity-based values while working to help these entrepreneurs grow their business and character in a collaborative environment. The City of Whitewater, the University, and the City's Community Development Authority all work together to operate the IC. The IC has now worked with businesses in a wide variety of sectors such as maritime construction, security systems, technology-enabled lock systems, law firms, data security, sensor and data logger technology, capital management, virtual education, programming, software development, lithium-ion battery development, marketing solutions, psychological solutions, packaging, building traffic analytics, and roofing.

The IC has a mixed-use incubator space that specializes in helping startup and early stage companies. It provides amenities such as 24/7 secured electronic access, high-speed fiber optic internet, brainstorming tools, white boards, collaborative office space, training rooms, and laboratory space. Three distinct levels of membership are offered to help businesses with tasks such as business planning, product development, marketing, networking, investor referrals, financing, and pitch deck development. The three levels are Affiliate, Dedicated Desk, and Business. The Affiliate level offers 24/7 entry, access to the mentor network, growth wheel coaching, access to the intern network, and Conference Room 202 access. This agreement is month-to-month with no lease required for $150/month. The Dedicated Desk level offers the same features as the Affiliate level, as well as a dedicated desk and Conference Room 105 access for $175/month. This level requires a lease agreement. The Business level is like the Dedicated Desk level, but includes a dedicated space rather than only a desk for a price to be negotiated between the IC and client in the lease.

Additionally, the IC provides opportunities to interact with multiple organizations in Wisconsin that help small businesses in different ways. Some of these collaborators include the Wisconsin Innovation Service Center, America's Small Business Development Center Wisconsin, United States Association for Small Business and Entrepreneurship, Walworth County Economic Development Alliance Inc., Wisconsin Economic Development Corporation, Wisconsin Technology Council, Wisconsin Women's Business Initiative, Start In Wisconsin, and The Water Council. Prospective business operators may gain access to student interns and faculty expertise if they so choose. The University has avenues such as the Small Business Development Center, Volunteer Income Tax Assistance, and The Fiscal and Economic Research Center. Grant referrals through the IC are a possibility as well. The IC as a whole provides a vast quantity of opportunities for prospective partners to learn, grow their business, and develop meaningful connections to find success.

Iowa State University Innovation Center

The Iowa State University Student Innovation Center is a multi-faceted operation that offers room reservations of open and private collaboration spaces, 3D printing, embroidering, wood working, podcasting, glass blowing, virtual reality, and different university-sponsored programs and events in addition to business connections. The Center's About Section states that it provides a unique, state-of-the-art space for students to design, fabricate, test, and demonstrate ideas for everything from culinary to digital gaming. The building is 140,000 square feet with five levels and does not require reservations to enter. The university offers events such as badminton club socials, tours of the facilities, sorority/fraternity events, "creativity carnivals", and more. Other amenities listed under makerspaces include: a paint and finishing shop, a metal shop, letterpress lab, digital modeling and visualization lab, a composites shop, a digital media studio, and "making 101" workshops. Each makerspace location has a section on their website to request time, learn how to use the equipment, and see who to contact for more information regarding that space.

The center has a diverse range of partners working out of it including student organizations such as the Program for Women in Science, a culinary creation lab, a Pappajohn Center for Entrepreneurship, a learning lab store, and a student-led café. These organizations and institutions focus on entrepreneurial endeavors from culinary to pitch competitions to apparel. Some other organizations include a student F1 design, building and racing team, a solar car design team, an aero design team, a baja race design team, a space mining club, an environmentally friendly snowmobile design team, and a glassblowing guild. These organizations along with events and showcases show the center is designed for the students and provides resources for student-led endeavors.

Overall, it is an impressive building that hosts everything one might expect from a modern innovation center. In comparison to the University of Whitewater's center, it is larger and seems more student-based, though it does have an entrepreneurial side. It also hosts many more events and showcases for student competitions and fairs, where Whitewater's appears to be more catered to business operations and events. The Iowa State Innovation Center does not appear to offer the different membership tiers or any membership that Whitewater's does. Space can be rented in the Innovation Center and across ISU's campus for about $11.14 per square foot for a month to those not affiliated with the university. For anyone affiliated with the university, space is available to reserve in the IC for free.

University of Illinois Springfield Innovation Center

The University of Illinois Springfield (UIS) has a 24,600-square-foot property near the Illinois State Capitol. The mission of the UIS IC is “to position the communities [it] serve[s] for sustainable economic and social success by cultivating diverse entrepreneurial ventures, fostering policy and social change, developing talent and leveraging collaboration”. They also list a vision of “[being] a leader for inclusive innovation and economic development”. Their five listed areas of focus are: business incubation and acceleration, technology and research commercialization, social innovation, public policy research and education, and workforce development.

This IC was funded by a $15 million state appropriation through the University of Illinois and Illinois Innovation Network. The IC states the economic impact data from Innovate Springfield’s members has shown that it benefits the regional economy. A consulting firm, Ernst & Young, estimated the UIS IC after completion would benefit the regional economy by having 92 members, 46% of which are women, and 37% persons of color. They also estimated a one-time construction impact of $29.4 million that would generate 146 one-year jobs with $9.8 million in labor income and $15.7 million in value-add. Additionally, the IC was supposed to have generated 260 jobs in 2021 for 81 companies, 70% full-time and 30% part-time, and a 10-year impact of 900 jobs, $80 million in labor income, $240 million in revenue, and $4.6 million in new state tax

revenue. It is unknown if a follow-up impact study was conducted to review the actual impact seen during these years.

The UIS IC has a diverse membership list, including companies such as a wine & bar market, an academic consulting agency, a software development and IT consulting company, an Afro Culture organization, an architectural firm, marketing companies, design companies, real estate investment, CPAs, video producers, and more.

The UIS IC has membership levels similar to the Whitewater IC. Business Incubation memberships start at $50/month for an open desk, $100/month for a dedicated workstation, and $400-700/month for a private office. The Business Incubation membership is ideal for startups and helps people looking to execute ideas and turn them into a business. They are required to participate in at least three in-house professional development workshops a year and submit economic data annually. Members get access to expert advisors, professional development programming, and the opportunity to receive expert guidance from panels.

The Co-Working membership level starts at $100/month for an open desk, $200/month for a dedicated workstation, and $500-800/month for a private office. The membership is touted as an ideal setup for those who work remotely but miss the office environment. Members receive access to advisors, professional development workshops, and strategy panels to help grow their business.

There is also a student-level membership that is free of charge for those aged 18-23 or enrolled in college or any postsecondary school. The students who gain membership to the IC also have access to advisors, workshops, and mentors.

The UIS IC appears to hold events like ISU's, but not as student focused. The spaces themselves hold plenty of seating but seem lacking otherwise, with some having a smart TV. The UIS IC does have a ten-week cohort-based program for entrepreneurs that helps to build out ideas. The program costs $225 to non-members but is free to Innovate Springfield members who complete it. Also available is a growth advisory program that helps applicants contact established volunteer advisors that provide free strategy and guidance. It is purported to be a diverse group, spanning industries and areas of expertise that provides holistic support to those seeking strategy.

The IC has an additional feature called iSPI which offers email marketing, design, leadership, marketing, vc, self-care, and virtual popup advice.

Altogether, the UIS IC appears to be like the Whitewater IC in operation. There are similar membership levels, a focus on entrepreneurial endeavors, and a commitment to business ideas. Similarly to the Whitewater IC, it appears to differ from the ISU IC regarding student-centric showcases and events. The UIS IC and the Whitewater IC would fall under the entrepreneurial category of innovation centers.

Missouri Innovation Center

Under the “What We Do” section of the Missouri IC, it states the center provides unparalleled entrepreneurial support centered in Columbia, Missouri, and offers a wide range of services. Their resources aim to propel businesses through research and development toward product commercialization strategies. It offers state-of-the-art facilities, mentoring, access to world-class university research facilities and financing possibilities. It is a non-profit organization originally started in 1984 as part of Missouri’s initiative to create economic development support systems by using the State’s University systems. It works within the University of Missouri, and in 2009 it was selected to operate and maintain the MU Life Science Incubator.

This incubator itself is 33,000 square-feet and says it’s currently home to 17 high growth businesses. It has access to world class biomedical, life science, and engineering laboratory suites. The facility also provides access to nuclear research facilities and collaborative R&D opportunities using the University of Missouri’s cutting edge equipment and spaces. Simultaneously, the facility also provides access to distinguished researchers and school

resources. The incubator is said to be unique in comparison to similar programs around the country in that it functions as a university department, giving their residents access to assets provided by the University. These assets include medicine, veterinary medicine, agriculture, food and natural resources, engineering, arts, science, business, law, journalism, nursing, center for cardiovascular research, and a research reactor.

There is also a Mid-Missouri Technology Incubator that provides coaching and facilities for startups developing mobile applications, software, and internet services. It is primarily focused on using these assets to provide new solutions in healthcare, precision agriculture, media, education, financial services, and online marketplaces. They prefer startups with complete teams but can help find and recruit additional team members. The Missouri IC has worked with apps to help users gain control over their data, a virtual reality company, engineering companies, a NanoTech company, a plethora of medical research/technology companies, and other diverse startups. The Missouri IC has several capital partners and founding supporters within Missouri to aid startups and ideas. The center provides mentoring, an incubator, multiple wet labs, and financing aid. Specific to finance, there is an “Accelerator Fund” that was created in 2016 to help entrepreneurs launch market-changing companies in the state of Missouri. It helps provide early investment to selected companies with a well-defined plan for a technology-based product or services. It coordinated investments up to $50,000 that helped startup companies.

The Missouri IC trends much more to technology and medicine than the other ICs examined in this report. It has worked with specialized companies in the medical research and technology departments of the world and primarily focuses on helping those startups. It lacks in the events aspect of the other ICs, such as Whitewater’s and Springfield’s. It does not appear to offer membership levels, and the incubators are similar sizes to the Whitewater and Springfield centers. While it does not offer membership levels, the Missouri IC will rent out office space for $60-70/sq.ft. or lab space for $45-$50/sq.ft to certain resident clients. They typically have between 17 to 24 companies in the IC from sectors such as life sciences, medical devices, nanotech, diagnostics, etc. They only offer space to those who need the incubation services or are high growth ventures in desired sectors. It appears to be the least student-oriented center reviewed.

Technology Innovation Center at Research Park in Milwaukee

The innovation center in Milwaukee is older than the other centers examined, founded in 1993. Despite this it has the largest mixed-use incubator in the Greater Milwaukee Area and has its own building with solid partners. It is centrally located in the Milwaukee County Research Park near the Medical College of Wisconsin and major companies such as GE Medical. It boasts a 30-year history with 1,582 jobs created, 177 graduate companies and 69 member companies. The listed mission for this IC is to create a center for encouraging entrepreneurship motivated by the desire to generate new employment opportunities. This is pursued while the Research Park works to support area start-ups, businesses, and entrepreneurs. The IC also supports the innovation and the development of research that can be commercialized for the benefit of the Milwaukee Regional Medical Center, area universities, technical schools, the Milwaukee area, and the state of Wisconsin.

The center provides 80,000 square feet of prime lab, light manufacturing, and office space with high-bandwidth internet connectivity, ample three-phase high-voltage power, and a high ceiling loading dock. 20,000 square-feet is wet laboratories supported by a core services facility with autoclave/sterilizer, endotoxin-free water, DI water, ice machine, glassware washer, and dark

room. 50,000 square feet is reserved for office space of varying sizes. The remaining 10,000 square feet holds recently renovated shared areas, light manufacturing space, office suites with two board rooms, two conference rooms, and two classroom facilities with the latest AV technology. The IC serves 71 companies that occupy 66,899 square feet currently, which represents approximately an 83% occupancy rate. The average cost for lab space is $30/square foot(sqft), an office is $13.75/sqft, and basement area/light manufacturing is $9.00/sqft. Amenities such as heat and electricity are included, but internet access costs $65/month for companies using 1-5 IP Addresses and $130/month for any amount over 5. There is also a $10/vehicle parking fee.

The Milwaukee IC offers a micro loan program, investor introduction, preparation to raise capital, and other entrepreneurial-centric assets. They have worked with a myriad of different companies such as, Brainard-Nielsen Marketing, American Medical Technologies, Bright Minds Bioscience, Claudia Egan Law Offices, Comfort Zone Window Tinting, Dekoven Roofing, COnovate, and Dynamic Glass Products, Electroline Data Communications Incorporated, Global Capital Group, Groupware Technologies, InSpatial, Managepoint, Servo-Robot Corporation, Pure Medical, Sieve Networks, Shining Brow Software, and others. These businesses cover many different sectors, such as food and beverage, medical technology, security systems, software development, marketing, law practice, consulting, laser systems, medical research, and monitoring systems among others. The Milwaukee IC has connections with numerous organizations throughout Wisconsin that help entrepreneurs, such as BioForward Wisconsin, Center for Technology Commercialization, Center for Business Intelligence, Business Dynamics Research Consortium, Food and Beverage Wisconsin, Marquette Law and Entrepreneurship Clinic. They also have connections to UW-Madison Law and Entrepreneurship Clinic, U.S. Small Business Administration, The Water Council, and Wisconsin Technology Council among others. The Milwaukee IC is entrepreneurial-centric, like the Whitewater and UIS ICs, with less connection with a specific university. The events section is a once-a-month meeting in one of their conference rooms for networking purposes, which is bland compared to some of the other event's sections of other ICs.

UW-Green Bay's STEM Innovation Center

UW-Green Bay's STEM Innovation Center was built in 2019 and does not have as much available information as the other innovation centers. The center resides on a UW campus and looks impressive in terms of aesthetics and capability. The $15 million center is nearly 64,000 square feet, with two stories and plenty of collaborative space. The dean of the College of Science sees the facility as a catalyst for STEM education and business partnerships in Northeast Wisconsin. Their goal is to make the region competitive with other parts of the state and the nation in terms of innovation and sustainability.

The first floor includes space for UW-Extension Brown County's program and the Brown County's Land and Water Conservation Department. There is a large open space in the front section of the first floor; east of this lobby resides a large classroom space with partitionable walls that can be configured into four classrooms. Without partitions, the space can accommodate up to 120 people. There are offices on the first floor for the Einstein Project, which includes a warehouse for the hundreds of instructional materials they distribute to school districts across the state. There is also a makerspace, like ISU's IC, where people can collaborate, share tools, materials, and engage in all sorts of creative and technical endeavors in the space while sharing their expertise. Overlooking the main lobby on the east side of the second floor lies three dedicated laboratory classrooms: one for fluid dynamics, one for thermodynamics, and one for instrumentation and controls. Another second-floor amenity includes an outdoor patio on the south side that has a "green roof". It also has faculty offices and small gathering spaces for student and faculty collaboration. There is an instructional kitchen on the second floor shared by the

Extension staff and the University. The Brown County STEM IC has other amenities such as 3D printing and laser engraving.

The IC at UW-Green Bay appears to be more like the IC at Iowa State where it is focused on student interaction, collaboration, and educational developments rather than entrepreneurs. No membership levels or business collaborators information is available, but it has been noted that UW-Green Bay, the Einstein Project, and UW-Extension are tenants of the center paying rent to Brown County for the spaces they use in the center. Instead, the center focuses on the education side and getting students of varying ages involved in the different areas of the center. The community focus is apparent in the press releases and video tour of the center led by the dean of the College of Science. A virtual tour of the center is available online via UW-Green Bay's Facebook page. There is still space to rent for other interested parties at half day (4 hours), full day (8 hours), and evening prices (4pm-11pm). Flexible meeting space seems to be the main type of room available for rent and can be rented in multiples of 4. For 1 space, it is $100 for a half day and $150 for full day or evening. For 2, it is $150 for a half day, $250 for a full, and $225 for evening. For 3 spaces, it costs $200 for a half day and $325 for the full day or evening. For 4 spaces, it costs $250 for a half day and $425 for the full day or evening. A conference room costs $80 for a half day and $125 for a full day or evening. A board room costs $100 for a half day and $150 for a full day or evening. A facility attendant costs $45/hr and a facility deposit, which is required for all reservations, costs $500.

Cost Estimate for UW-Whitewater Innovation Center

To ensure maximum accuracy in estimating the cost of the Innovation Center, we utilized the data-driven platform, CoreLogic's SwiftEstimator. SwiftEstimator provided real-time market insights, comparable sales data, and detailed construction cost information. This allowed us to generate a comprehensive and reliable cost estimate tailored to our specific project. This valuable tool played a crucial role in shaping our financial projections and navigating the development process with confidence.

CoreLogic's SwiftEstimator is a robust online appraisal platform that caters to the needs of both residential and commercial property professionals. It equips users with real-time cost data to give reliable property valuations around the clock. SwiftEstimator's core strength lies in its exceptional data foundation. It leverages CoreLogic's vast and trusted data resources, ensuring

unparalleled accuracy and minimizing the risk of under- or overvaluing properties. This data encompasses a wide range of factors that influence property value, such as:

- Market trends: Local and regional market dynamics are factored in to provide a nuanced understanding of property valuation within specific contexts.
- Comparable sales data: SwiftEstimator incorporates data on recent sales of similar properties in the vicinity, offering valuable insights into market pricing.
- Property characteristics: Detailed information about the property, including size, features, condition, and amenities, is meticulously considered in the valuation process.
- Construction costs: Up-to-date cost data for various construction materials and labor allows for precise estimations of replacement or renovation costs.

SwiftEstimator provides accurate valuations for various property types and styles. WISC has formatted a summary of the report below. Please see the attached document for the fully detailed report.

Total Estimated Construction Cost: $12,806,698

Breakdown of Costs:

- Basic Structure: $12,806,698 (100%)
  - Base Cost: $8,729,000
  - Exterior Walls: $1,741,950
  - Heating & Cooling: $1,994,650
  - Elevators: $151,398
  - Sprinklers: $189,700

Other Key Details:

- Property Size: 35,000 square feet
- Stories: 2
- Local Multiplier: 1.09
- Date of Cost Data: 12/28/2024

The FERC also estimates the land value of the Innovation Center to be around $130,000 when comparing buildings on West Main Street. The numbers looked at for our estimation were land assessment values given by the City of Whitewater. However, given the relative ratio of land value and estimated construction cost, the land value is a small component.

ICs Compared and Conclusion

Whitewater's IC compared to the others examined in this report, especially those created by universities, relies more on incoming business partnerships and utilizes its space to reflect that. It has many more business partnerships than student organizations or things of that nature, especially given the relative size. What it has on the business side is not equitable to the student learning and showcase aspect of the IC. It's not that the IC has zero involvement with students, it is just outdone by other centers who provide more tools and resources specifically for students. Whitewater's IC toes the line between the entrepreneurial focused side and the student involvement side more than most of the other innovation centers in this project. Most of the others are relatively set in the entrepreneurial side or the student learning side, though the Whitewater one appears to lean more entrepreneurial. In this report we did not look at any industry partner innovation centers, though some were identified in the initial research. Some other innovation centers don't have their own buildings but have focused directions such as the Huff Innovation Center at UW-Platteville, which is primarily workshop based. Most of the ICs in the report were multidisciplinary, like Whitewater's.

After conducting the research, we believe it is fair to say Whitewater's IC places well in terms of functionality given the size of the center compared to others. It has and continues to successfully navigate startups, give help to companies in different sectors, provide a unique outlet for the University to engage in, and create student and community events with a focused entrepreneurial or educational goal. The Whitewater IC is not too narrow in its approach like some other IC's may be, and it offers a prime opportunity for prospective startups in a good location.

There are differences between the centers, and compared to some, Whitewater's does seem to be less involved with student engagement both via events held at the center and educational offerings. If the goal is to elevate the center's capabilities, that would be a good place to start.