

Restaurant Incubator Feasibility Study

Report for the City of Ramsey

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Table of Contents

Section I: Introduction	2
Overview	2
Objectives	2
Main findings	2
Section II: Market analysis	3
Market overview	3
Restaurant Customer Draw Area (CDA)	3
Restaurant CDA demographics	3
Market size	5
U.S. Kitchen Incubators Industry Updates 2013 and 2016	5
Financial Viability of Incubators	6
Key competitors	7
Local restaurants	7
Local restaurant incubators	9
Economic Benefit Analysis of Food Incubators	10
Section III: Market condition survey	13
Introduction	13
Local restaurants	13
Locally Grown	14
Food trucks	14
National restaurant incubators	15
Local culinary schools	16
Co-packagers	16
Summary	17
Section IV: Recommendations	17
Short-term recommendations	17
Long-term recommendations	19
Appendix	21
Appendix I: Local Restaurant Survey Emails	21
Appendix II: Locally Grown Survey Emails	22
Appendix III: Food Truck Survey Emails	22
Appendix IV: Restaurant Incubator Survey Emails	23
Appendix V: Culinary School Survey Emails	24
Bibliography	Error! Bookmark not defined.

Section I: Introduction

Overview

The City of Ramsey (Ramsey) is located at the northwest outskirts of the Minneapolis-St. Paul metropolitan (MSP metro) area. The city is the second fastest growing city in the Anoka county with rising population and households faster than the MSP metro area¹. Ramsey spent significant resources focusing on developing its new downtown - The Center of Ramsey (COR). This development, when fully realized, will include 400 acres of high-density housing, mixed-use office space, retail space and recreational venues². To attract new businesses to the COR and stimulate the growth of current businesses in Ramsey, the city has conducted a preliminary study on establishing a business incubator in the city³. This study suggests that the Ramsey has an opportunity to develop more restaurant options and that the local residents are also interested in more dining options. Based on the previous study, the Ramsey looks to further explore the feasibility of establishing a restaurant incubator in the city.

Objectives

This current study intends to comprehensively analyze the Ramsey restaurant customer draw area (CDA) and the challenges of operating food incubators to establish the feasibility of establishing a food incubator.

Main findings

- Ramsey is located within 15 minutes drive of two established restaurant nodes
- The two restaurant nodes have high proportions of fast-food restaurants
- The area north of Ramsey has limited access to major restaurant nodes
- Ramsey restaurant CDA has significant retail leakage for full-service restaurants
- Ramsey restaurant CDA currently has a market size that can support between 110 to 152 restaurants
- Most food incubators struggle to make a profit
- The societal benefit, however, such as empowering small-businesses owned by women, minority or low-income groups as well as serving the needs of local residents should be considered

¹ Community Profile - Ramsey. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02396311>

² City of Ramsey. The COR. <http://www.ci.ramsey.mn.us/463/The-COR>

³ Talent & Tenacity: Sparking an Incubator in Ramsey. Burga 5211

Section II: Market analysis

Market overview

Restaurant Customer Draw Area (CDA)

To determine the Ramsey restaurant CDA, we considered the following factors.

- A recent national dining trend survey conducted by Zagat suggests 54% of all respondents are willing to travel for up to 30 minutes for a good restaurant ⁴.
- Ramsey is located about halfway in between two established restaurant nodes. One located in Elk River, along Highway 169 and the other one located in Anoka-Coon Rapids, along Highway 10. Both two nodes are approximately 15 minutes drive away from Ramsey.
- Ramsey is to the northwest of the confluence of the Mississippi River and the Rum River. This geography, however, blocks easy access to Ramsey from south of the Mississippi River or east of the Rum River. Access to Ramsey from the two directions will likely pass through the two existing restaurant nodes.

Based on these factors, we defined the CDA with the following criteria.

- Approximately 20 minutes drive time from Ramsey
- North of Mississippi River, due to lack of easy access from the south

With further refinement, we constructed the following map of the Ramsey restaurant CDA. (**Figure 1**) The CDA includes all of Ramsey, Nowthen, and Anoka, as well as parts of Oak Grove, Coon Rapids, St. Francis, and Elk River. The CDA is roughly surrounded by Highway 10 to the south, Highway 169 to the west, Round Lake Blvd NW to the East and the northern St. Francis city border to the north.

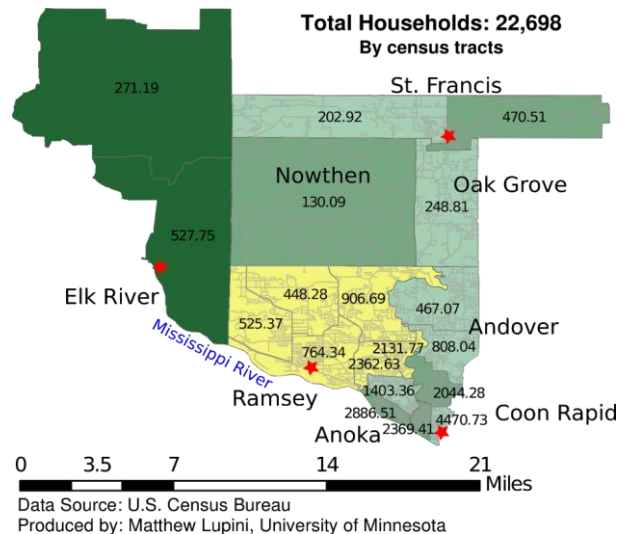


Figure 1. Customer draw area defined for the current study.

⁴ Zagat. 2018 Dining Trends Survey.

https://www.zagat.com/b/2018-dining-trends-survey-highest-tippers-social-media-habits-and-more?zagatbuzzid=jan18week1&utm_source=newsletter&utm_medium=email&utm_campaign=national20180110&utm_type=article&utm_order=1

The demographics of an area is crucial to developing smart business strategies. Based on the CDA map, we used the 2010 U.S. Census data and identified that the CDA has a total household of 22,698. Based on the community profiles published by the Metropolitan Council^{5,6,7,8,9,10,11,12}, the CDA area overall is forecasted to have a continuous increase of population and households through 2040. More specifically, population surrounding Ramsey will grow by 5.2% by 2021. At the time of this study, there are 3,697 people living within 1 mile from the COR (Tim Gladhill, 20% margin of error; **Table 1**). At the COR, there are also over 200 residential units under development and approximately 30% of planned residential district remain undeveloped. As the COR is continuously being developed, this number is expected to grow significantly in the future. The median age of Ramsey’s residents is 34.9 and the median household income level (\$86,794) is approximately 1.5x of the national level (\$59,039).

	Households	Population
Quarter Mile	277	803
Half Mile	664	1,925
Mile	1,275	3,697

Table 1: Households and the population living within 1 mile of the COR.

In 2015, the U.S. Bureau of Labor Statistics (BLS) conducted a consumer expenditure survey¹³ and the results suggest that households led by Millennials (age 20~35) are more frugal when it comes to percent of total expenditures on food away from home.

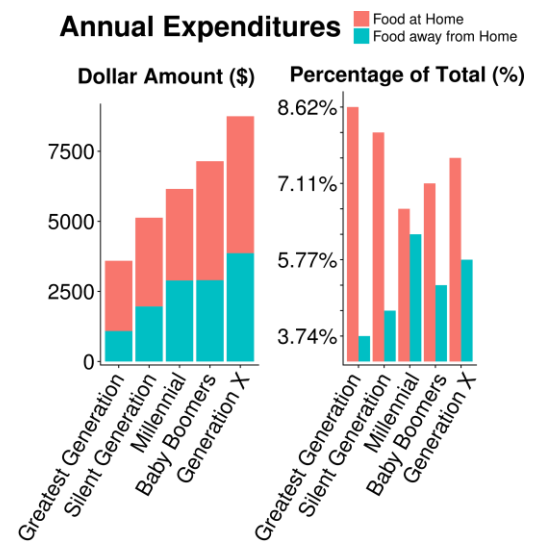


Figure 2. Food based expenditures by consumer unit of different age groups (left) and percentage of the total annual expenditures that was spent on food (right).

⁵ Community Profile - Nowthen. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02437910>

⁶ Community Profile - Ramsey. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02396311>

⁷ Community Profile - St. Francis. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02396487>

⁸ Community Profile - Oak Grove. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02395282>

⁹ Community Profile - Andover. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02393954>

¹⁰ Community Profile - Anoka. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02393964>

¹¹ Community Profile - Coon Rapids. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02393628>

¹² Community Profile - Anoka County. <https://stats.metc.state.mn.us/profile/detail.aspx?c=003>

¹³ U.S. Bureau of Labor Statistics. Consumer Expenditures in 2015.

https://www.bls.gov/opub/reports/consumer-expenditures/2015/home.htm#_edn1

(Figure 2) However, households led by Generation X (age 35~55), on average spend more dollars on food away from home than the other age groups. Considering the median age of Ramsey is around 34.9, it is likely most households are led by people of the Generation X age group. This suggests that the city's demographics, in addition to the higher median household income level, are a positive characteristic of in terms of food expenditures at restaurants.

It is worth noting that Ramsey is the major population center of the CDA. Although Anoka and Coon Rapids also have large populations, there is also a large and established restaurant node in that region. It is likely that the Ramsey restaurant CDA will only capture a fraction of the population living in Anoka and Coon Rapids.

Market size

Based on the demographics of Ramsey and the expenditure data shown in **Figure 2**, we estimate Ramsey CDA to spend approximately 1.5 times more than the national average, or approximately: $\$3,864.39 \times 1.5 = \mathbf{\$5,798}$ per household. The total annual expenditure for food outside of home for the Ramsey CDA is estimated to be: $\$5,798 \times 22,698 = \mathbf{\$131,603,004}$. The 2018 Zagat dining trend survey suggest average cost of a restaurant meal is **\\$36.4** per person and an average respondent dine out **5.9** times a week, of which **4.9** times are lunch and dinner. If we assume similar numbers for Ramsey, we estimate the Ramsey CDA spend approximately: $\$131,603,004 \times 4.9/5.9 = \mathbf{\$109,297,410}$ on lunch and dinners. Based on the 2017 Restaurant Industry Pocket Factbook published by the National Restaurant Association¹⁴, the average unit sales of a full-service restaurant in 2014 was **\\$992,000** and a quick service restaurant was **\\$861,000**. This suggests the Ramsey CDA can support:

Full service restaurants: $\$109,297,410/\$992,000 = \mathbf{110}$

Quick service restaurants: $\$109,297,410/\$861,000 = \mathbf{127}$

Based on the Claritas data collected previously¹⁵, similar calculations yield that the trade area can support as many as **152** food services and drinking places. Considering the variety of restaurants, we conclude that the Ramsey CDA has a market size that can support between **110** to **152** restaurants.

U.S. Kitchen Incubators Industry Overview

There are two reports from 2013 and 2016 published by American Communities Trust, Econsult Solutions, and Urbane development that highlight the food incubator

¹⁴ http://www.mnrestaurant.org/uploads/2/8/9/5/28957157/nra_pocket_factbook_feb_2017-final.pdf

¹⁵ Claritas. Claritas - Consumer Buying Power 2017. s.l. : Claritas with environics analytics, 2017.

industry^{16,17}. These two studies provide an overview of the industry, its needs, and current challenges.

The reports highlighted several major challenges for food incubators to become successful. For example, while a shared kitchen space is helpful, entrepreneurs may be ill-equipped to successfully run a business within the incubator space. There are additional challenges, such as design and flow of the facility, how reservations are made, ease of payments, and attracting high-quality entrepreneurs. Local food regulations related to sanitation also pose challenges to food incubators. Another challenge that was noted is that little data have been collected to measure the performance and economic impact of incubators. Metrics that are usually collected are related to sales volume, gross revenue, and jobs created. It is also important to note that the majority of businesses that make use of incubators are run by women, ethnic/minority and/or low-income populations. It is thus important to consider the societal effect of a food incubator.

Financial Viability of Incubators

For the shared kitchen survey conducted in 2013, of the 135 incubators surveyed, 41 responded with details about nonprofit or for-profit status. **Table 2** shows the distribution of incubators that are making money, breaking even, or losing money. Note that all survey respondents regardless of nonprofit or for-profit status are included in the combined statistics.

	Both nonprofit and for-profit	Nonprofit	For-profit
Making money	31%	15%	39%
Breaking even	53%	54%	57%
Losing money	16%	31%	4%

Table 2: Profitability of Incubators in 2013.

The same survey conducted in 2015 is shown in **Table 3**. The updated survey did not differentiate between nonprofit or for-profit status. The authors did mention that more incubators are losing money and more are making a profit in 2015 than they were in 2013. This tells us the sample size increased in 2015 than in 2013. The updated table for the year 2015 is presented below.

	Both nonprofit and for-profit
Making money	39%

¹⁶ Econsult Solutions “U.S. Kitchen Incubators: An Industry Snapshot.” August 2013. <http://www.econsultsolutions.com/experience/our-projects/food-incubator-study/>.

¹⁷Econsult Solutions “U.S. Kitchen Incubators: An Industry Update.” March 2016. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>.

Breaking even	37%
Losing money	25%

Table 3: Profitability of Incubators in 2015.

Overall, it seems fewer incubators are breaking even in 2015, however, more are either profitable or lose money. The trend, however, still suggest that food incubators are challenging to operate. A flaw the authors did not mention is the reporting bias and censoring. Companies may be less likely to report losing money and the companies that have already gone out of business are not included in the survey.

Key competitors

Local restaurants

The CDA for the current study has been shown in **Figure 1**. Here we used the CDA to identify the locations of current restaurants to analyze the regional competitions. **Figure 3** shows the locations and the density of the 342 restaurants currently in operation around the Ramsey CDA. The Anoka-Coon Rapids restaurant node has the highest density of restaurants around Ramsey. Elk River, Rogers and St. Francis regions all have a small node of restaurants. These observations follow similar developmental densities found through previous research for a retail development project¹⁸. It is also clear that Ramsey is at the edge of the Anoka-Coon Rapids restaurant node and the regions north of the COR has very limited restaurant presence. An interactive map is available through Google Map. <https://drive.google.com/open?id=1O0HEqOTU4ITGjscirNCZVkoIeuP1UgFy>

Restaurant types

We further analyzed the primary cuisine types offered at the 342 restaurants identified. (**Figure 4**) The

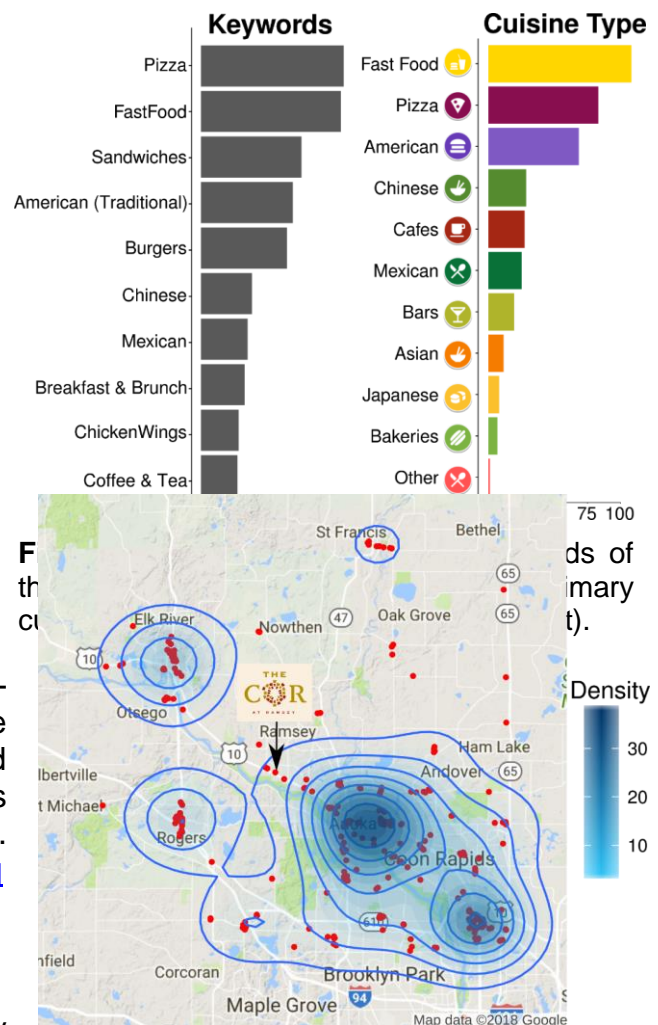


Figure 3. Density map showing the distribution of the current restaurants in and around Ramsey. (Red dots show the specific location of these restaurants).

¹⁸ Boerschinger, Olivia, Pansch, Joshua, Lupini, Matthew. PA5211: Land Use Planning. Public Affairs.

cuisine types served by each restaurant is visualized in **Figure 5**. The keywords from each restaurant's description were collected and plotted to show the frequencies of the food served as well as the primary cuisine type offered in these restaurants. This data provides another key information about the regional competition. We found most restaurants in the region are fast food places that serves pizza, sandwiches and burgers. They are followed by major cuisine types such as Traditional American, Chinese and Mexican. This piece of data suggests a lack of full-service options in and surround Ramsey. It also provides guidance for Ramsey when developing themes of the restaurant incubator. We recommend Ramsey to focus on encouraging novel cuisines that will stand out from the fast food dominated local competition and to avoid direct competition with majority of the current restaurants. It is conceivable that if Ramsey can successfully develop the restaurant incubator to avoid cuisines types overrepresented in the region, it can attract customers from these existing restaurant nodes to Ramsey.

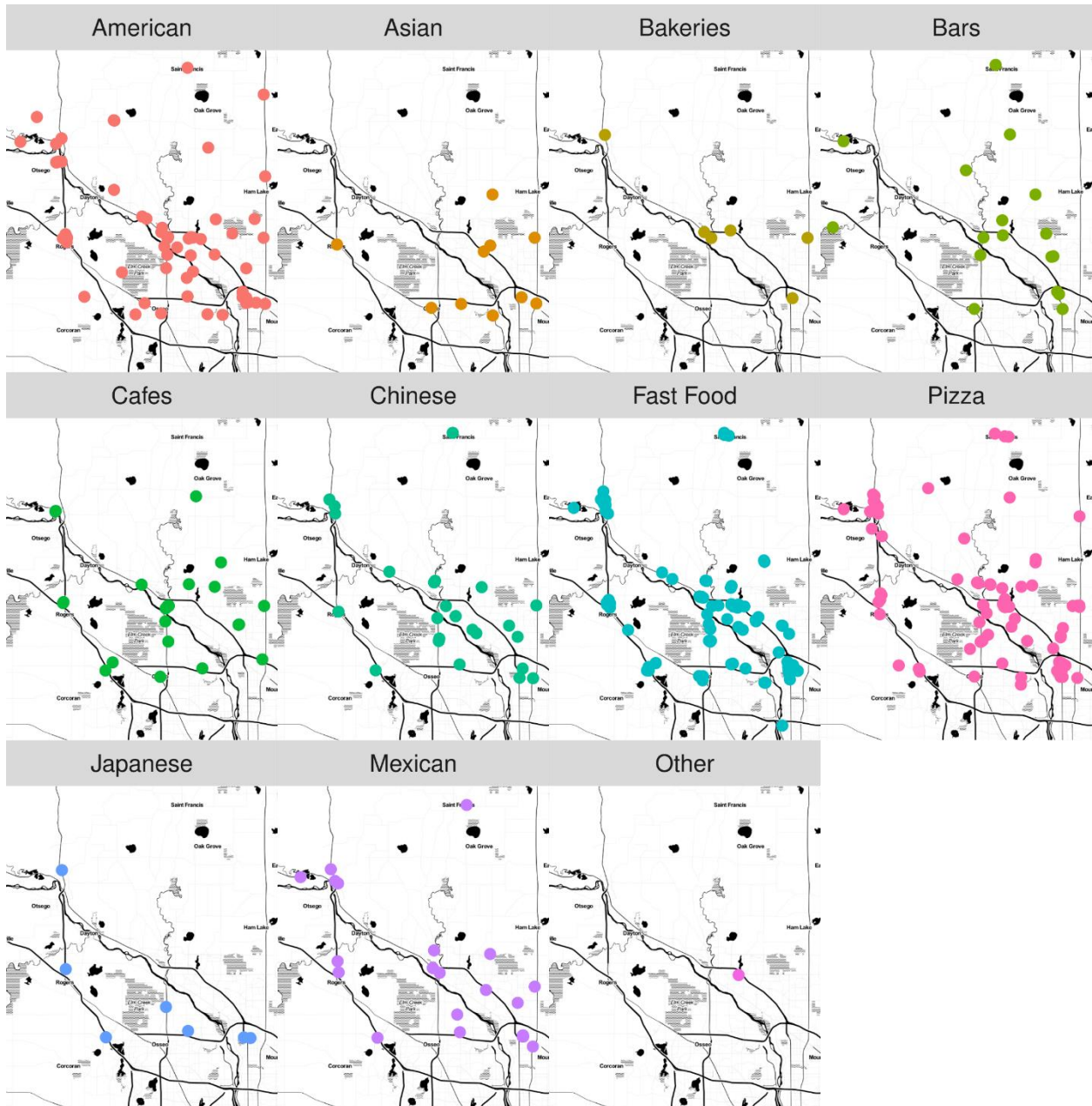


Figure 5. Density map showing the distribution of different cuisine types served in restaurants around Ramsey. Each dot shows the specific location of a restaurant. The map is centered around Ramsey.

Local restaurant incubators

The restaurant incubators/shared commercial kitchens in the twin cities have been compiled from Minnesota’s department of agriculture website. It may have

establishments that differ in terms of support that they offer tenants in their budding phases. Detailed information about these Minnesotan food incubators have been compiled in an excel file and have been shared with the team. This will act as a good reference for knowing what these food incubators offer in terms of services.

Many of the local food incubators offer the following amenities:

- Access to major highways
- Access to storage, walk-in freezers, and miscellaneous commercial equipment
- Free on-site parking
- Business training and business development opportunities
- Financing, licensing and legal support
- Shared-kitchen space with 24-hour card access with video surveillance
- Online scheduling
- The flexibility of paying through credit cards/PayPal
- Gluten-free cooking area
- Event space

These services offer valuable strengths to the operation. The flexibility will attract more tenants, who could have been left out because of their daytime jobs. Secure and limited-access shared kitchen space with online scheduling and flexible payment options mean reduced labor cost of the incubator's operation.

The pricing models vary among these incubators depending on the scale of operations. Incubators like Kindred kitchen use different rates depending on the time of the day. They also have different rates for storage space. However, the majority of the kitchen rentals are around \$15-\$20/hr. Many incubators offer event space for uses like weddings. Ramsey can go along similar lines to make the most of the rental space available. Social events like weddings can be another attractive option for tenants to cater.

Economic Benefit Analysis of Food Incubators

The economic benefits of incubators are difficult to measure. Food incubators serve as a pathway for successful food ventures. Many incubators provide help with licensure and certificates. This would help new restaurant ventures understand and comply with food safety and production requirements. As shown below in **Figure 6**, food incubators help food businesses with several other types of business counseling.

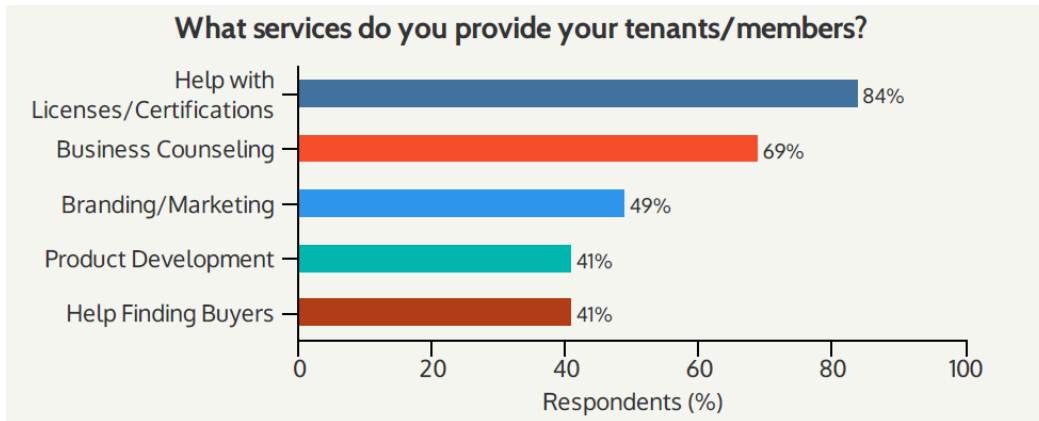


Figure 6. Common services provided by food incubators.

On average, food incubators charge about 21 dollars per hour for use (\$20.82 in 2013 and \$21.50 in 2015). This hourly rate sustains the incubator. A distribution of the hourly charge rates to use an incubator space is shown below.

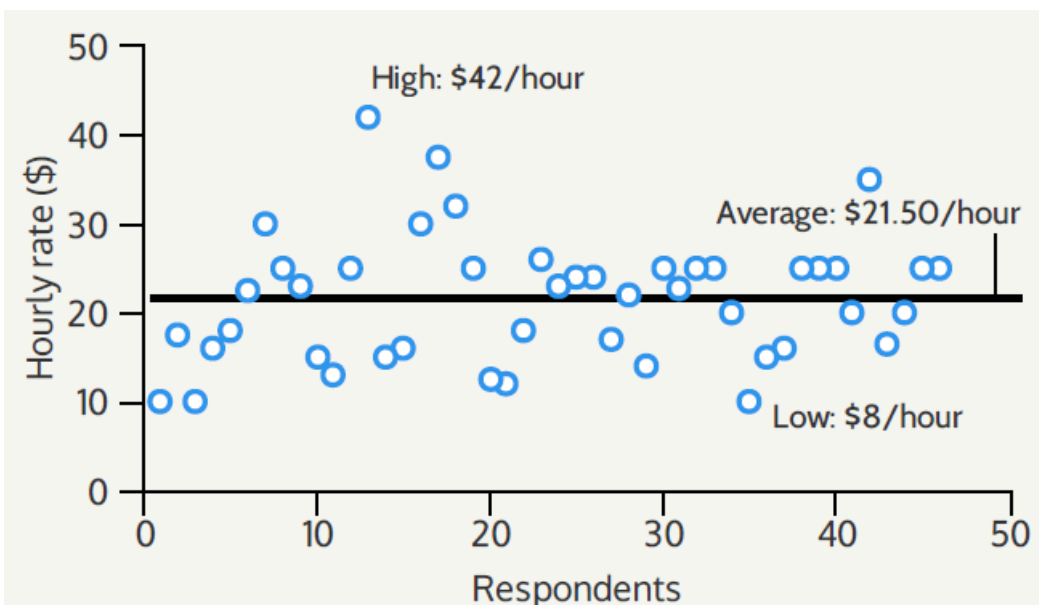


Figure 7. Hourly rate charged by food incubators. The lowest amount is 8 dollars an hour.

Another economic benefit worthy of mention is job creation. Having a food incubator space helps to create jobs. A notable characteristic of the jobs that are created is most of the employed people by incubators are female, minority, and/or low-income.

Section III: Market condition survey

Introduction

The original aim of this study was to evaluate the potential for incubators within the City of Ramsey. The models proposed were a culinary incubator designed to grow and support food businesses, and a co-working space in which potential tenants may operate. In order to decide on potential final recommendations, it was determined that tenant and talent interviews were necessary for the purpose of narrowing the scope of recommendations. Interviews were conducted to identify potential partners, tenants, and talent supply. These interviews were conducted via email, and potential case studies for future examination were identified from initial email contact. Further, we wished to determine interest and theoretical activity levels for the culinary incubator. Obtaining interviews were relatively difficult, however, and more thorough case studies will be necessary for future research.

Local restaurants

The overarching theme of interviews conducted with local restaurant-owners was the lack of commercial kitchen and storage space for their business. Home-based caterers often cannot produce enough of their goods to justify expansion; however, they require increased production space to grow their production capabilities. Through our research process, we identified a number of caterers within Ramsey, as well as a number of restaurants in the general area. Comments regarding the potential of partnering with or expanding to an incubator included the following:

- Potential incubator amenities:
 - “I would look for meat processing equipment, packaging equipment, and combi ovens along with office space and a loading dock”
 - “...the current building needs lots of updates (kitchen floor & walls, some equipment is very old, we need a turbo oven for efficiency, etc...”
 - Separate clean space to prepare foods for sale and not take up actual space in the front of house
- Regarding expansion:
 - I am comfortable running only one location. It would be too much stress running more, since I do all the handiwork myself.
 - My business has huge growth potential already but I can’t do everything myself.
- Disadvantages in current location:
 - Too crowded, not enough space to work and keep enough product on hand to sell

Locally Grown

According to a report from national restaurant association, 56% of the consumers say their primary reason for preferring locally sourced food is that it supports farms and producers in their communities. Hence, locally grown food and products made from them are a major attraction for the incubator to attract customers. In this context, free locally growing food vendors need to be contacted for their interest in participating in an incubator. However, we found locally grown organizations were especially difficult to initiate contact with, likely due to the seasonal nature of many of these businesses, coupled with the fact that the survey was conducted in early March 2018. However, these organizations indicated that storage and the high prices of equipment were barriers that would serve as a detriment to their expansion.

The other goal of the survey of locally grown organizations was to determine their potential interest in workforce development programs a kitchen incubator could offer. Responses to this question were mixed, but respondents were most interested in a supply of long-term employees.

Food trucks

Food trucks are another collaborative part of food incubators. A list of food trucks in Minnesota have been compiled for survey analysis. They have been contacted to gauge how many of them are interested in branch out in Ramsey although responses from them have been very limited. More labor supply discussions will be carried out in the relevant section. We sought to interview food trucks, both within and outside of Minnesota, as potential tenants for the City's food incubator. We saw the potential of food trucks accessing the incubator as both an increased kitchen space, as well as a prospective location for establishing themselves in a brick-and-mortar space. The Wandering Mug, which is a food truck that operates in primarily Minneapolis and St. Paul, were asked why they chose to operate in the cities they do. They responded:

- [We] follow the large events around because that's where the big money is.
- St. Paul has the least restrictive licensing and is easy to work for street sales

The key point here is the idea of reducing the restriction in licensing. This preference to work in less restrictive environments is likely one shared by other food trucks in Greater Minnesota and should be noted by the City of Ramsey. Grill Works Truck, which also operates primarily within the Twin Cities, was asked about obstacles in expanding their service area. They answered:

- None of my identified locations (Minneapolis-St. Paul). I have run into problems in other cities as those cities don't want food trucks.

This point raised by Grill Works is a notable one – if people in the CDA do not want a food truck, then food trucks attempting to operate there will not succeed. Ramsey lacks the sheer population numbers of Minneapolis and St. Paul, but also lacks an established food truck culture. It may thus be difficult for food trucks to operate

primarily in Ramsey, but they may be able to utilize the kitchen incubator as an expansion opportunity.

National restaurant incubators

Current Incubators:

To carry out a nationwide survey and analysis, around 650 shared commercial kitchens/ food incubators were identified across the country and information like mailing address, email address, respective websites and most importantly their kitchen descriptions were assembled in a file. The kitchen descriptions include kitchen capacity, available amenities like ovens, burners and others, rental rates and hours among much useful information.

Responses to the surveys for this category have been positive and very useful. It was found that for incubators it is difficult to provide the high capital investment that is required for the initial development. It is found that it is very challenging to make a profit and many of the incubators were losing money in the initial years of the business. Regulatory policies were another common reason that proved challenging for some of the respondents.

Challenges identified by restaurant incubators currently in existence ranged from the difficulty of operating while generating enough revenue to meet ongoing expenses, to engaging and becoming engrained within the community the incubator serves. Square One Kitchens, which operates in Fargo, North Dakota, listed the following points as key obstacles in operation of a food incubator:

- Helping the community understand what a shared kitchen is and how it works (this concept is much different than a standard food business so it seemed to confuse people)
- Finding a space that would fit the needs of the business
- Investment – it cost quite a bit to get this [Square One Kitchens] up and running with the equipment, fit up, etc...
- Only had one built-in client prior to starting. The beginning phase was very stressful as [we] had to wait for clients to be ready to start their business and utilize Square One.

The Cauldron Kitchen, operating from Ottawa, Canada, per their [website](#) is a shared commercial kitchen service for catering, food businesses, bakeries, personal chefs, and culinary classes. Having been in business for 2+ years as of the time of the interview, the Cauldron had this to say regarding obstacles:

- The obstacles to start the business were finding a suitable commercial lease location with appropriate services (electrical, sewage gas)
- A shared commercial kitchen requires a little more than what a restaurant needs because it has multiple pieces of equipment

- Venture funding is weak in the food industry for creative business ideas

Another of the interview questions asked the contacts to support either a for-profit or non-profit incubator model. Overwhelmingly, the incubators spoke in favor of a for-profit model, citing the inability of a non-profit incubator to effectively grow and innovate. Finally, the incubators were asked about their total capacity, and responses cited an average of approximately 5-12 different tenants at one time.

Local culinary schools

One of the key questions our group hoped to address was whether there was a pre-existing supply of individuals with the technical skills necessary to operate a start-up incubator or specific features the incubator would need to achieve short- and long-term success.

In attempting to garner responses from individuals affiliated with or who have graduated from local culinary schools, we asked the following questions, and received the attached answers:

- If you could run your own incubator kitchen space, what sort of features would you want in it?
 - Cooler space, table space, ovens, griddle, grill, and dishwashing area, both manual and automatic dishwasher
- What do you think is the most challenging part of running a start-up?
 - Arriving at a menu or list of products you plan to offer, then of course staffing.

Overall, we would need more information from culinary school affiliates to proceed with this part of the labor analysis process. However, it was helpful to receive feedback regarding necessary equipment for space, as our group by no means has a background in kitchen operations.

Co-packagers

Co-packagers are defined as companies that handle the packaging of previously produced food, so the food producers may focus on actual production. While co-packagers were not contacted for the purpose of this study, a list of co-packagers in Greater Minnesota was compiled (with approximately 1/3 of the total in the Twin Cities metropolitan area).

The advantages of co-packagers lie in their specialized equipment for the purpose of packing food. Further, since they do not focus on producing the food, they are experts in their field and may be the cheapest option for a start-up kitchen incubator seeking to diminish costs as much as possible. Further, co-packagers are able to quickly respond to the needs of the food producer, especially if they are local to the

incubator. In keeping with the idea of diminishing costs, co-packagers may bulk products for shipping and can offer a flat rate to incubators for their services.

Co-packers, unfortunately, do have notable disadvantages, especially to start-up kitchen incubators. The flat rate associated with the packing of food may be expensive to cover for a start-up kitchen incubator. Furthermore, the use of a co-packager assumes that the shared kitchen has a large inventory of product, and a large amount of product to ship out to customers outside of the general service range. The drawbacks are thus largely financial and inventory-based in nature and may inhibit their use for a start-up. However, the use of a co-packager may be a resource to utilize once the City has an up-and-running, successful kitchen incubator.

Summary

Research shows that restaurant incubators are usually driven by restaurant investors and/or real estate developers interested in identifying investment opportunities. With an aligned self-interest in the success of their tenants, they typically maintain an extensive tenant identification and development process, along with the provision of extensive operating and management support. Interviews conducted with the aforementioned distinct groups within the food/restaurant industry illustrate the necessity of a reliable space, a vested interest of the public in the space, and most importantly, an individual/organization willing to finance the space. Further research is needed, but these interview responses offer a first glance at the potential tenants and talent supply, as well as the challenges of starting and operating a restaurant incubator.

Section IV: Recommendations

Short-term recommendations

Factors need to be considered for the incubator

- Goals of the facility
 - Job creation
 - Grow existing food businesses
 - Strengthen local food systems
 - Build community
 - Encourage entrepreneurship
 - Future revenue for the city
- Who will use it
 - Local entrepreneurs
 - Culinary graduates from surrounding areas
 - Chefs from the MSP metro area
- Incubator format

- Shared kitchen space with eating and event space
- Food trucks accessible
- Support services
 - Development-friendly
 - Business licensing support
 - Business development and strategy support
 - Training support - Collaborate with local culinary programs

Current attraction points within 5-10 mins drive of the COR

Ramsey should leverage the following attraction points near the COR to attract potential tenants.

- PACT school: 660 students, 35 teachers¹⁹
 - Fast-casual/delivery for teacher's lunch
 - Catering for school events
 - Farm to school program is another initiative aimed at local food movement; complementary venue
- VA outpatients clinic²⁰
 - Open M-F closes at 4:30 pm
 - Fast-casual/delivery for lunch
 - Fast-casual or full-service for dinner
- Allina Health Ramsey Clinic²¹
 - Open M-F closes at 5 or 7 pm
 - Fast-casual/delivery for lunch
 - Fast-casual or full-service for dinner
- Northgate Church ²²
 - Occupies a large building
 - 200+ twitter followers
 - Fast-casual or full-service for Sunday lunch/brunch
 - Catering for church events
- Adrenaline Sports Center²³
 - 602 facebook followers
 - Fast-casual/delivery for lunch and dinner
 - Catering, food truck for lunch and dinner
 - Fresh, locally grown product

¹⁹<https://nces.ed.gov/globallocator/index.asp?search=1&State=MN&city=&zipcode=&miles=&itemname=pact&sortby=name&School=1&PrivSchool=1&College=1&CS=7902045A>

²⁰ <https://www.minneapolis.va.gov/locations/NorthwestMetro.asp>

²¹ <https://wellness.allinahealth.org/locations/85>

²² <http://ngatechurch.org/>

²³ <https://adrenalinesc.com/>

Recommendations

Overall, our findings suggest that the Ramsey CDA is currently underserved in terms of full-service restaurants. However, we also found that it is difficult to make profit for a food incubator. We think it is very likely that a restaurant incubator in Ramsey will not make profit in operation. However, we also recommend the city to consider the societal impact of the restaurant incubator, for example, empowering small-businesses owned by women, minority or low-income groups as well as serving the needs of local residents.

Additionally, high median income is a huge asset for Ramsey that shows the economic stability of the current residents. It should also be viewed as a great attraction for potential tenants at the restaurant incubator and other related developments. Finally, a huge amount of available land is also an asset for Ramsey. The government should couple this with appropriate policies that smoothen the business development initiatives on these tracts of land. The city should also leverage the current attraction points around the COR to attract new tenants.

During our research, we found several caterers and home-based food businesses located in Ramsey. We think if the city can consolidate these businesses into one incubator space and provide training and supportive services listed in **Local restaurant incubators** section, it will likely to help this business to save on cost and expand beyond their current capacity.

Pricing of the incubator should be in-line with local competitions. This will ensure a steady revenue for the incubator, whether it is non-profit or for-profit. A detailed “price-benefit map” analysis can be very helpful for determining a sustainable price model for the incubator. It is also very important to factor in the services that are being offered in the incubator to cater the needs of the tenants.

Finally, decision-makers need also consider the funding source of the incubator. We think it is unlikely that a private for-profit company will be very interested in operating such incubator, due to low-profit margin. From our survey of nationwide incubators, it appears several incubators located in rural regions are supported by state or federal grants. Additional efforts are needed to identify additional funding sources.

Long-term recommendations

The population and number of households in Ramsey are going to increase in short and long-term and so will the opportunity/gap in retail and food and dining services. Careful strategic planning is needed to meet the demand of the residents to retain food-related spending within the city. A way to that would be to complement the services offered at the other nearby retail nodes by providing a novel development in the city such as a food incubator. In the long-term, when the COR is fully built and when more retail spaces become available, the city should provide additional support, such as licensing process and business classes, to the incubator tenant to encourage

establishing new restaurants. In addition, the incubator should closely follow the food trend of the country and the region and frequently update the food offerings. Ramsey can leverage its unique development opportunity to become a culinary destination in the region.

Appendix

Appendix I: Local Restaurant Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study restaurant businesses, specifically to identify the obstacles impacting business growth and expansion.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

1) How long are you in business?

2) Business – type of foods provided

3) What sort of amenities would an incubator provide for your business specifically?
What disadvantages are you currently facing in your available kitchen space?

4) Would you be interested in expanding your business in surrounding communities if there is a restaurant incubator available?

Other comments

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix II: Locally Grown Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study locally-owned food businesses, specifically to identify gaps in workforce training.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

1) How long are you in business?

2) Business – type of foods provided

3) What sort of amenities would an incubator provide for your business specifically?
What disadvantages are you currently facing in your available kitchen space?

4) Would you need new workforce job training and business expansion opportunities?

Other comments

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix III: Food Truck Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study food truck businesses, specifically to identify the obstacles impacting business growth and expansion.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

1) How long are you in business?

2) Did your business grow in the past year?

3) Which city (cities) do you most often operate your food truck (urban/suburban)?

Why do you choose to operate in that city (cities)?

What obstacles do you face when grow and expand your business in the city (cities)?

4) The state of Minnesota requires food trucks to perform off-site preparation and storage be done at a licensed food establishment.

Where do you perform off-site preparation and store your food? Could you share the name of the business?

What is the benefit of this establishment.

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix IV: Restaurant Incubator Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study food incubator businesses, specifically to identify the obstacles impacting business growth and expansion.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

- 1) How long are you in business?
- 2) What are the obstacles that you faced when starting and continuing your business?
- 3) Are you operating as non-profit or for-profit? If you are non-profit, what is your funding source?
- 4) Total tenant and capacity.
- 5) Do you have a event/dining area for customers?

Other comments

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix V: Culinary School Survey Emails

Link to the Google survey for the culinary schools.

https://docs.google.com/forms/d/e/1FAIpQLSesGQ78CG1YXV9QwHipsSee9W1Yy7RqXbfW8EW7ieSehFOQzA/viewform?usp=sf_link