



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

CM/ DCM/ ACM: Bryan Langley

DATE: August 22, 2017

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding the Stoke Denton entrepreneur center's first year of operations and the Management Agreement between the City of Denton and the Dallas Entrepreneur Center.

BACKGROUND

As an economic development program of the City of Denton, the goal of Stoke Denton is to foster a local business climate in which entrepreneurs can start and grow businesses, creating knowledge-based, higher-paying jobs in the community. Stoke Denton prioritizes the recruitment and support of tech and tech-enabled startups, though it is not exclusive to businesses in the tech sector.

Stoke Denton, which is managed by the Dallas Entrepreneur Center (DEC), opened on August 1, 2016. In February 2017, Economic Development staff recommended amending the Management Agreement to establish baseline metrics for:

- number of events held/attendees
- number of visitors
- number of mentor sessions available/used
- number of entrepreneurs assisted

Council adopted an ordinance with that amendment in March 2017 (Exhibit 7). The initial baseline numbers captured during the first year of Stoke's operations can be used to set specific goals for year two, should Council choose to renew the Management Agreement with the DEC. To further evaluate the value of Stoke Denton as an economic development program, City staff has monitored:

- occupancy rate
- "graduation rate"
- recruitment of tech-sector members
- business generation and growth
- member satisfaction

Exhibits 2 and 3 were prepared by the DEC to report on both baseline metrics and the additional monitored items.

The current Management Agreement with the DEC terminates on Sept. 30, 2017. Should the Council choose to renew the Management Agreement for FY 2017-18, staff recommends these changes:

- Add metrics based on Year 1 baseline:
 - Grow event attendees 15% over Year 1
 - Increase the number of tours given (visitors) 5% over Year 1
 - Grow mentor session utilization to 50% (versus Year 1's 42%)

- Increase the number of jobs based out of Stoke Denton by 10% over Year 1
- Maintain a net promoter score of at least 9.0 (gauges member satisfaction)
- Add a clause regarding City funding of the Stoke director position

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

February 21, 2017 – Work session regarding Stoke Denton and amendments to the Management Agreement with the Dallas Entrepreneur Center

March 21, 2017 – Work session regarding amendments to the Management Agreement with the Dallas Entrepreneur Center

March 28, 2017 – Individual consideration of amendments to the Management Agreement with the Dallas Entrepreneur Center

FISCAL INFORMATION

In FY 2014-15, the Council chose to invest in a program (eventually known as Stoke Denton) to help entrepreneurs start, build, and grow their businesses by providing access to professional space to work and meet, educational programs, mentoring, and a supportive peer community. Over time, entrepreneurs would “graduate” from Stoke Denton, moving their growing businesses into other Denton locations and thereby contributing to the tax base and creating higher-paying, knowledge-based jobs. While not producing direct revenue to the program, the underlying idea was that these businesses will become taxpayers and employers in Denton, thus offsetting some of the program costs.

The DEC retains 90% of the membership fees generated by Stoke Denton and uses that revenue for marketing, promotion, event supplies, office supplies, member amenities, selling/general/administrative costs, and DEC headquarters and affiliate network support. The DEC remits the other 10% to the City quarterly.

Exhibits 4 and 5 provide details about the DEC’s and Stoke’s financial information.

Exhibit 6 provides details on the City’s actual and estimated revenue and expenditures since FY 2014-15, as well as the FY 2017-18 proposed budget for Stoke Denton.

STRATEGIC PLAN RELATIONSHIP

The City of Denton’s Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Economic Development

Related Goal: 3.4 Encourage development, redevelopment, recruitment, and retention

EXHIBITS

Exhibit 1 – AIS 17-561

Exhibit 2 – Stoke Report 8/1/2016-8/1/2017

Exhibit 3 – Stoke Report Presentation

Exhibit 4 – DEC Profit & Loss Statement 2016

Exhibit 5 – Profit & Loss Year 1 Statement Stoke

Exhibit 6 – City Stoke Revenues and Expenditures

Exhibit 7 – Amended Management Agreement 2017-107

Exhibit 8 – Presentation

Respectfully submitted:
Caroline Booth
Director of Economic Development