



Scott O. Arneson
County Administrator
Goodhue County

509 W. Fifth St.
Red Wing, MN 55066
Office (651) 385.3001

To: County Board

From: Scott O. Arneson

Date: May 12, 2022

Re: Red Wing Ignite Funding Request

Attached you will find a funding request from Red Wing Ignite for the county to participate in an EDA Build to Scale Grant Match. Due to time constraints related to the grant application, this issue needs to be addressed prior to the June budget committee meeting where outside agencies are making their funding requests.

To clarify, the request is for \$150,000 contribution from the county and could be paid all at once or over the three-year span of the grant. This funding request is in addition to their annual funding request of \$15,000.

Executive Director, Stacy Nimmo, from Red Wing Ignite will be attending the board meeting to answer any questions.

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1825 Twin Bluff Rd
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May 11, 2022

TO: Scott Arneson, Administrator, Goodhue County

509 W. 5th Street

Red Wing, MN 55066

RE: Proposal for Red Wing Ignite, EDA Build to Scale Grant Match

Thank you for being such a significant partner in our EDA i6 Challenge Grant over the past 2 ½ years. The \$100,000 Technical Assistance Fund was established to pay subject matter experts to advance entrepreneurs and small businesses. These dollars have provided a range of services, from accounting to prototyping, marketing to legal services, to a wide array of businesses in Goodhue County.

We are putting together our next EDA Build to Scale Grant which will be submitted in early June. We are working towards a grant budget total of \$4 million dollars over 3 years. If awarded, the grant start date would run 11/2022 – 11/2025.

The three focus areas in the proposal are:

- **Overcome geographic dispersal and barriers to entry through regional coordination and expanded access to startup programs for rural and diverse founders.**
- **Launch an accelerator to expedite growth of scalable tech startups in the region.**
- **Build a robust and diverse network for mentors and investors ready to help regional startups scale.**

We are asking for your continued support and partnership as we scale programming and services from the foundation we've built.

\$150,000 in cash match to serve Goodhue County residents/businesses.

\$30,000 - 4 Founders in Accelerator

\$18,000 - BIPOC Team Hub Design and Implementation

\$15,000 - BIPOC Focus Workshops (20 at \$900 each)

\$37,000 - 1:1 Mentoring Hours (740 hours at \$50/hr)

\$50,000 - Technical Assistance

We welcome the opportunity to walk through our proposal and answer any questions. Thank you for your consideration.

Respectfully,

Stacy Nimmo

Stacy Nimmo

Executive Director

stacy@redwingignite.org

Red Wing Ignite

EDA i6 Challenge Grant Results and Build to Scale Proposal summary

Red Wing Ignite | 419 Bush St. Red Wing, MN 55066 | www.redwingignite.org
Stacy Nimmo, Executive Director
stacy@redwingignite.org

Red Wing Ignite fuels economic development by working with key sectors of the community to spur innovation by supporting entrepreneurs, businesses, and students. The non-profit organization was founded by the community of Red Wing in 2013, with the support of local foundations and the City of Red Wing.

In 2019, Red Wing Ignite was awarded an i6 grant from the U.S. Economic Development Administration. The \$750,000 in federal grant funding was matched with local contributions of over \$800,000.

“Because of Red Wing Ignite, I have been equipped with the necessary resources to establish, build, launch and develop my business from concept to product delivery and marketing promotion. Red Wing Ignite has provided access to vital resources and networks that have enabled me to launch my fintech company, Live.Give.Save., in rural Minnesota. Live.Give.Save is launching their FinTech app (Spave) in Google Play and Apple App Store late 2020 and during the first quarter of 2021”

- Susan Langer, Live.Give.Save, December 2020

With this financial investment, Red Wing Ignite led efforts that have advanced innovators and entrepreneurs, enhanced regional connectivity, and cultivated the workforce of the future. As this i6 grant comes to a close in August 2022, Red Wing Ignite is pursuing funding through the U.S. EDA’s Build to Scale Program to leverage the momentum built with i6 and expand programming and other support mechanisms for entrepreneurs and innovators in Southeast Minnesota.

16 Accomplishments (Entrepreneurial Focus)

Advance Innovators and Entrepreneurs:

- **179 entrepreneurs** engaged in our programming. **1800+ entrepreneurs** have received 1:1 technical assistance
- **Ideation and Lean Startup Workshops, as well as general business workshops offered.**
- **48 entrepreneurs** pitched to funders, including the Golden Triangle fund.
- **40+ entrepreneurs** have received specialized technical assistance to advance their business (valued up to up to \$2500 per entrepreneur).
- **47 new workshops** and courses are planned in **2022-2023.**
- Established SBDC Satellite Office in Red Wing, increasing accessibility for area entrepreneurs.

Enhance Regional Connectivity:

- Launched and grew E1 (Entrepreneurs First) Collaborative with 15 partner organizations across 11 counties.
- **5932.75 hours** of 1:1 mentoring and technical assistance was provided to **1939 entrepreneurs**
- **398 resource referrals** (171 within the E1 network and 227 to resources beyond the formal E1 partner network)
- **Joined the Center on Rural Innovation National Network, including [Portraits of Red Wing](#) and the recent [Case Study: Red Wing, MN](#)**
- **Participated** in US Ignite’s National Network
- **Serving as Southeast regional hub host for Minnesota DEED’s Launch MN**, 3 grants awarded
- **Providing coworking and meeting space**
- **Providing a Makerspace** in partnership with Minnesota State College Southeast

The federal grant has allowed us to leverage our resources and programming to secure 4 state DEED grants valued at over \$600,000.

Build to Scale Proposal

The efforts of the past three years have demonstrated the value and impacts of focused support for rural entrepreneurs. These efforts have also revealed additional opportunities to expand and refine the efforts. Red Wing Ignite is applying to the EDA for funding to advance this work through the Build to Scale program. Below is a summary of three primary opportunities and proposed interventions that would be pursued with support from the Build to Scale grant. Red Wing Ignite is making application for \$4M in EDA grant funding and is seeking opportunities for partnerships with matching funds and in kind match to meet the 1:1 match requirement.

Opportunity 1: Overcome geographic dispersal and barriers to entry through regional coordination and expanded access to startup programs for rural and diverse founders.

<i>Challenges</i>	<i>Proposed solutions</i>
<ul style="list-style-type: none"> ● Colleges are reducing entrepreneurship programming ● Large region with dispersed population ● More effective path to access resources ● Disconnect with Tribal Community ● Efficient coordination of entrepreneur support ● Program awareness and understanding ● Customer relationship management 	<ul style="list-style-type: none"> ● Develop and implement targeted outreach activities to increase awareness of programs and services among targeted groups. ● Expand concierge services for entrepreneurs. ● Launch BIPOC entrepreneur hub program. ● Offer 100+ workshops and programs for entrepreneurs through Launch MN and Small Business Partnership Programs on topics such as: digital commerce, business plan pillars, entrepreneurial mindset.

Opportunity 2: Launch an accelerator to expedite growth of scalable tech startups in the region.

<i>Challenges</i>	<i>Proposed solutions</i>
<ul style="list-style-type: none"> ● No regional accelerator program so entrepreneurs are leaving to access the support they need to scale ● Increasing and encouraging startup culture ● Reduced capacity of partners due to funding challenges ● Shortage of diverse resources across the startup phases 	<ul style="list-style-type: none"> ● Offer six ideation workshops in partnership with higher education institutions in the region. ● Path to Pitch programming to prepare founders to effectively pitch their business in the Ignite Cup. ● Launch an 8 week accelerator program to build skills and knowledge for founders in core startup concepts. Offer two cohorts per year. ● Regional roadshow-style mini pitch competition with five rural communities in the region per year for two years. ● Offer two reverse pitch competitions in partnership with Xcel Energy to stimulate commercialization of innovative ideas in the energy sector. Competitions will include mentoring and coaching, access to innovation lab, and pitch preparation training.

Opportunity 3: Build a robust and diverse network for mentors and investors ready to help regional startups scale.

<i>Challenges</i>	<i>Proposed solutions</i>
<ul style="list-style-type: none"> ● Difficulty finding and engaging mentors with specialized knowledge and skills ● Low level of understanding among entrepreneurs of possible funding mechanisms and how to access ● Disconnect between startups and investors ● Lack of access to mentors and coaches 	<ul style="list-style-type: none"> ● Expand mentor and investor diversity by collaborating with Black Entrepreneur Network to engage new partners in support of BIPOC founders. ● Establish regular office hours with SBIR/STTR coach for region's entrepreneurs through Kinetic platform and plan direct engagement for the coach with the accelerator and pitch participants. ● Develop a localized mentorship program to support startups at every stage. Leverage the online mentorship matching software (Kinetic) that includes proactive online events. ● Offer monthly roundtable discussions for small groups of entrepreneurs and investors to connect and provide curated investor introductions for startups as they graduate from the accelerator. ● Active outreach to our existing industry networks in advanced manufacturing and partners in higher education and economic development to widen the pool of mentors and investors. ● Host a demo day and pitch event at the end of each accelerator cohort to showcase startups with regional industry leaders, investors, influencers and other stakeholders. ● Offer a series of workshops focused on preparing for and pitching to investors in partnership with the Appalachian Investors Alliance. Topics may include deal structure, due diligence, financials, funding strategy, startup finance and funding sources.