



Request for Proposals

Coworking Space Partnership

Town of Holly Springs
Economic Development Department
P.O. Box 8 / 128 S. Main St.
Holly Springs, NC 27540
www.hollyspringsnc.org

The Town of Holly Springs is seeking a coworking space operator to partner with us to develop the first authentic coworking space to serve the community.

Introduction

Located just 25 minutes from the North Carolina state capital of Raleigh, the Town of Holly Springs has evolved from a community of 900 residents in 1990 to more than 32,000 today. While the population increase has been driven by growth in the Research Triangle region, Holly Springs' initial popularity stemmed from a reputation as a bedroom community offering quality housing at affordable prices. Now known for amenities that attract industrial and commercial development as well as young families, Holly Springs embraces a comprehensive growth strategy that focuses on improvements that will advance a sustainable economy.

An important economic development objective is to strengthen and support the entrepreneurial community. The Town has identified an unmet need to provide resources to this market segment. Studies have shown that coworking space is desired in the community. The Town of Holly Springs Economic Development Department has identified more than 400 home based businesses in the immediate area that could benefit from access to coworking space and believe the market potential is greater than this data suggests. The Town is issuing this Request for Proposals to invite coworking operators to respond to the RFP stating their interest in partnering with the Town to develop the first authentic coworking space to serve the community.

Town & Project Background

Demographics

The Town of Holly Springs is the 33rd largest municipality in the fastest growing county in North Carolina. From very modest beginnings, the Town has increased the tax base from \$14 million in 1990 to more than \$3.85 billion with a General Fund budget exceeding \$31 million for the 2015-2016 fiscal year. Permits to build new homes average 400 annually; however, 2015 is on target to exceed 600 permits.

- Average home sales price is \$299,600
- Median age is 34.3
- 53.8% of the residents hold a Bachelor's degree or higher
- Median income is \$89,187 (3rd highest in Wake County and 13th highest in North Carolina)
- Refer to **Exhibit 1** for recent accolades and rankings



Notable Capital Expenditures

Town leaders have wisely planned for growth and have allocated capital expenditures for significant public improvements in the last five years including:

Water	\$14 million for 10 mgd capacity
Wastewater	\$26 million for 6 mgd capacity
Wastewater reclamation system	\$2 million
Parks and Recreation bond	\$20 million
Broadband	\$1.5 million
Law Enforcement Center, North Main	\$18.6 million
Athletic Complex and roads	

Major Industry

In 2006, following an intensely competitive site search, Novartis Vaccines selected Holly Springs as the location of their \$1 billion state-of-the-art vaccine manufacturing facility currently employing more than 500 associates and 150 contractors. Ranked in the top 20 of Site Selection magazine's 2006 Deals of North America, Novartis' presence is a significant contribution to the local economy. As of August 3, 2015, the facility was acquired by CSL, an Australian company and is now the second largest influenza vaccine business in the world and will be known as Seqirus.

Location

Holly Springs is located in southwestern Wake County just 25 minutes from Raleigh Durham International Airport, the Research Triangle Park, and downtown Raleigh. Situated in the central piedmont region of North Carolina, Holly Springs is a two hour drive to the Atlantic coast beaches and three hours to the beautiful Blue Ridge Mountains.

Coworking Project Background

The idea to attract coworking space to Holly Springs began when Town staff heard Daniel Pink talk about the Creative Economy in 2010 and followed Richard Florida's writings on the Rise of the Creative Class. Staff believed that Holly Springs had many of the assets desirable to the creative class and that the town was geographically positioned in the region to attract members of the creative class to our community.

Town staff drafted an action plan that began with an inventory of residents and companies that fit into this category from which a contact database was developed. Staff scheduled several community meetings and invited speakers on related topics. These meetings generated discussions and two themes that recurred were that residents wanted:

- Public spaces and common areas to gather and
- Coworking space to facilitate collaboration

Staff embraced an opportunity for several Duke University Fuqua School of Business MBA students to research the feasibility of sustaining coworking space in Holly Springs. Findings of the April 2013 study supported the concept as described in the Executive Summary:



Executive Summary

The team visited and interviewed other co-working spaces to understand the key success factors of running co-working spaces. To further understand the local market need and customer insight, the team conducted a survey targeting home-based business owners and a follow-up focus group interviews. With all inputs and sensitivity analysis, the team found this project is feasible. Based on the quantitative and qualitative analysis, the team proposed marketing strategies to the Town of Holly Springs (THS), containing four main parts—analytical findings, recommendations, risks and mitigation, and implementation.

Based on analytical findings, the team provided recommendations on product, pricing and promotion. For product, the team provided the recommendations on features and operation schemes that the co-working space should have to meet their customers' needs. Moreover, we recommend tiered membership as a pricing strategy, based on Economic-Value-to-Customer (EVC). To promote the co-working space, the team suggested using three key elements: education, community and influential leadership.

The team also identified risks that THS could expect during the operation with mitigation plans. Moreover, the team divided implementation plan into three stages: pre-launch, early operation and long-term operation. For pre-launch stage, THS should pre-communicate, build community of entrepreneurs and run promotion campaigns to increase the awareness. In the early operation stage, THS should be flexible to adapt to changes in customer's needs. For long-term operation, THS should focus on maintaining existing customers, attracting new customers, and leveraging experiences and data for additional spaces.

With the support of the Holly Springs Town Council staff began to identify suitable space for the coworking operation.

Partnership & Participation

Facility Location

Downtown Holly Springs is transitioning from a sparsely developed area to a more vibrant district. The largest facilities are Town Hall and the Library and Cultural Center, both of which generate significant pedestrian and vehicular traffic. Additional development features retail and office space, as well as homes and commercial buildings. In response to the lack of existing traditional downtown development, the Holly Springs Town Council has dedicated resources to spur development, including an incentive policy. Coming attractions include new retail buildings and road improvements.

Research into successful coworking ventures reveals downtown districts as the location of preference. Fortuitously, a town owned facility housing the Police Department will be vacated in late 2015 as the department relocates to the new, 28,000 square feet Law Enforcement Center. Pending successful recruitment of a coworking partner/operator, the town expects coworking space to open in the first quarter of 2016 in this **5,000-square-foot brick building** in downtown Holly Springs next to Town Hall. **Usable space has been estimated at 3,500 square feet. See Exhibit 2 for Floor Plan and Exhibit 3 for Photos.**



Supporting features include:

- An ultra-high speed **fiber optic network** designed, installed and owned by the Town that features a dual ring, redundant and extremely flexible network. This broadband service has been recently installed throughout town and is readily accessible to the future coworking building.
- Dedicated and public **parking**
- The ability to **design** the interior (to the extent possible) to suit coworking space
- An emerging downtown district where pedestrian and vehicular traffic is increasing thus **improving visibility and presence** of the coworking space
- The Holly Springs **Farmers Market** located one block away that operates on Saturdays from May to October that attracts more than 15,000 visitors annually.
- **Pending retail development** in the downtown district and a Rex Healthcare **50 bed hospital** just blocks from downtown to be open in 2018.

Terms of Lease

The Town guarantees a three-year lease with the understanding that, at the end of 24 months, the operator will present an exit strategy so that the space is vacated at the end of the three-year guarantee, making room for needed expansion space for town employees. The Town is willing to invest up to **\$50,000 for renovations, up fit, fixtures, furnishings and equipment** (approved by the Town) to accommodate coworking. The Town desires the selected operator to partner with the Town to design the space so that it can be utilized for coworking *and* for Town employees at the end of the coworking operator's lease. A local contractor has some experience in the space and may be consulted for the renovation.

The amount of the **monthly lease** to be paid to the Town and operating expenses such as utilities will be negotiated.

Marketing assistance

The Town's Economic Development Department will provide resources to assist in **marketing** the space. Resources include the database of home-based businesses, social media, marketing events and the Holly Springs Chamber of Commerce.

For Profit v. Non-Profit Operation

The coworking enterprise has the potential opportunity to operate as a **501(c)(3)**. The Holly Springs Development Corporation, a 501(c)(3) that was established in 1999, is dormant yet still legally intact. If the Town and the operator agree that it would benefit the coworking enterprise to enlist the non-profit's structure to serve as the operator's business entity, the Town will assist in converting Holly Springs Development Corporation to this use, pending IRS regulations and approvals as necessary.



Operator Expectations & Qualifications

Scope of the coworking operator's services should include but are not limited to:

- Design and launch a well-managed fully equipped coworking space
- Offer affordable flexible rents
- Develop a self-sustaining coworking space (beyond town contributions)
- Recruit staff
- Develop a marketing plan that addresses outreach, social media, website, promotions
- Manage coworking space including strategic planning, fiscal responsibility, procurement and selection of vendors and suppliers, tracking metrics, coworking space tenant policies

The operator should provide basic support services including IT, facility maintenance, administrative, and security. The operator should also develop programming that supports entrepreneurs such as mentorships, networking, financial and legal advice.

The lead respondent must have some coworking space management experience and may be a non-profit organization, industry group, private company, or individual.

The applicant is expected to submit financial, operating budget and projections for a three (3) year term. **The Town of Holly Springs will provide funding up to \$50,000 towards renovations, up fit, fixtures, furnishings and equipment** (as referenced in previous section).

Proposed features of the coworking space include dedicated workstations and shared space with access to standard office resources, including high speed internet, copy machines, printers and on-site staff to provide tenants with technical assistance. Meeting space should feature white boards, projectors, display screens, conference phone lines and a room reservation system. Presentation/Convening space should be utilized for community and social events, programs and presentations.

RFP: Timeline, Requirements, & Selection Criteria

Timeline

Task	Date
RFP issue date	August 19, 2015
Letter of Intent to Submit due	September 7, 2015
Information session	Week of September 21 st 2015
RFP due date	October 12, 2015
Short list of applicants	October 19, 2015
Interviews	week of November 2, 2015
Decision	November 17, 2015 by town council
Finalize agreement	Mid December , 2015



IMPORTANT: In order to receive updates and to be contacted with any critical information or changes and for details of the Information Session, a Letter of Intent to Submit an RFP should be emailed to jenny.mizelle@hollyspringsnc.us with a *read receipt option* no later than Monday September 7, 2015. The Letter of Intent is an informal correspondence by email to inform the Town of the applicant's intent to apply and for contact information.

Requirements

1. Name, address and qualifications of the respondent, as well as background information and experience that demonstrate capability to launch and operate coworking space.
2. Description of the general operating and programming concept, including the vision and/or approach to coworking space in Holly Springs.
3. A management and operations plan including staffing information and operations (i.e. services offered, hours of operation, access, etc.) will be provided.
4. The proposal will include a timeline that outlines the startup of the coworking space and expected milestones for an opening in the first quarter of 2016.
5. Financial statements that demonstrate the applicant's ability to successfully launch and sustain the coworking space including a pro-forma cash flow and revenue analysis for a period of three (3) years will be included.

Selection criteria

The Town of Holly Springs project team will evaluate each proposal according to the criteria listed below, taking into account the information provided in the proposal, references and any other information about the respondent and its performance available to the project team. Proposals that are not complete or do not conform to the requirements of this RFP may not be considered. The Town reserves the right to request additional information, site visits, interviews or presentations from one or more of the respondents.

Respondent qualifications (35 points max)

The respondent should demonstrate strong organizational qualifications across the following areas:

- The credentials of the respondent team, lead and sub-contractors, if applicable, showcasing relevant professional experiences, business acumen, other relevant information.
- Real estate development experience (space layout, design, and expansion as well as effective management of co-working spaces)
- Previous experience managing and operating coworking programs in a financially sustainable manner
- The respondent's financial resources and business acumen



Proposed Concept and Vision (30 points max)

The respondent is expected to have performed research on the Holly Springs' community and the potential for coworking space to be sustainable and to articulate the vision to the selection committee.

In part, the respondent will be evaluated on the strength of its stated approach to tenant recruitment, marketing and publicity.

Operational and Financial Feasibility (25 points max)

The respondent should demonstrate the financial capacity to successfully launch the coworking space and create a self-sustaining operation once the Town of Holly Springs' financial contributions are exhausted. Additionally, the respondent should identify all funding sources that it will use to sustain the coworking space, including revenues that the space will generate, the respondent's own assets, and any external contributions.

The respondent also will be evaluated, in part, on the proposed schedule for implementation of the coworking space and demonstration of ability to launch it in a timely fashion

Intangibles (10 points max)

The committee will have the ability to score respondents in this category for concepts, as well as ideas that are unique and capture Holly Springs' market potential.

Closing

The Town of Holly Springs is dedicated and passionate about creating a coworking space in the downtown district in the building soon to be vacated by the Police Department and are committed to finding a partner with the experience and shared dedication to bring this project to fruition. We look forward to your submittal.

REMINDER: Do not forget to submit a Letter of Intent by Monday September 7, 2015 in order to be contacted with pertinent information.

Submit one electronic response and one hard copy by Monday October 12, 2015 to:

Jenny Mizelle, CEcD
Economic Development Director
Town of Holly Springs
P. O. Box 8 (mailing)
128 South Main Street (physical)
Holly Springs NC 27540
Jenny.mizelle@hollyspringsnc.us
[\(919\)557-3906](tel:(919)557-3906)





Exhibit 1

Holly Springs, North Carolina: Accolades and Rankings

2015

- **#7 Best City to Get a Job in North Carolina**
- **Fifth Safest City in North Carolina**
- **Sixth in NC most affordable place to buy a home**
- **Third Best City for Young Families**

2014

- **Second Safest City in NC**
- **Seventh in NC: Most affordable place to buy a home**
- **#1 Best Places in NC for Home Ownership**

2013

- **12th among 50 Best Cities in NC**
- **#2 best places in NC for job seekers**
- **Farmers Market voted Top Farmers Market in NC and top 100 in US**
- **#3 Best Town for Young Families**

2012

- **2012: #1 Bloomberg Businessweek Best Place to Raise Kids in North Carolina**
- **Farmers Market voted Top Farmers Market in NC and #7 in US**

2009

- **Included in Relocate America top 100 Places to Live in US**

2007

- **Forbes Magazine 28th Fastest Growing Suburb in US**
- **Money Magazine #22 Great American Towns (1 of 3 in NC)**





Exhibit 2: Floor Plan

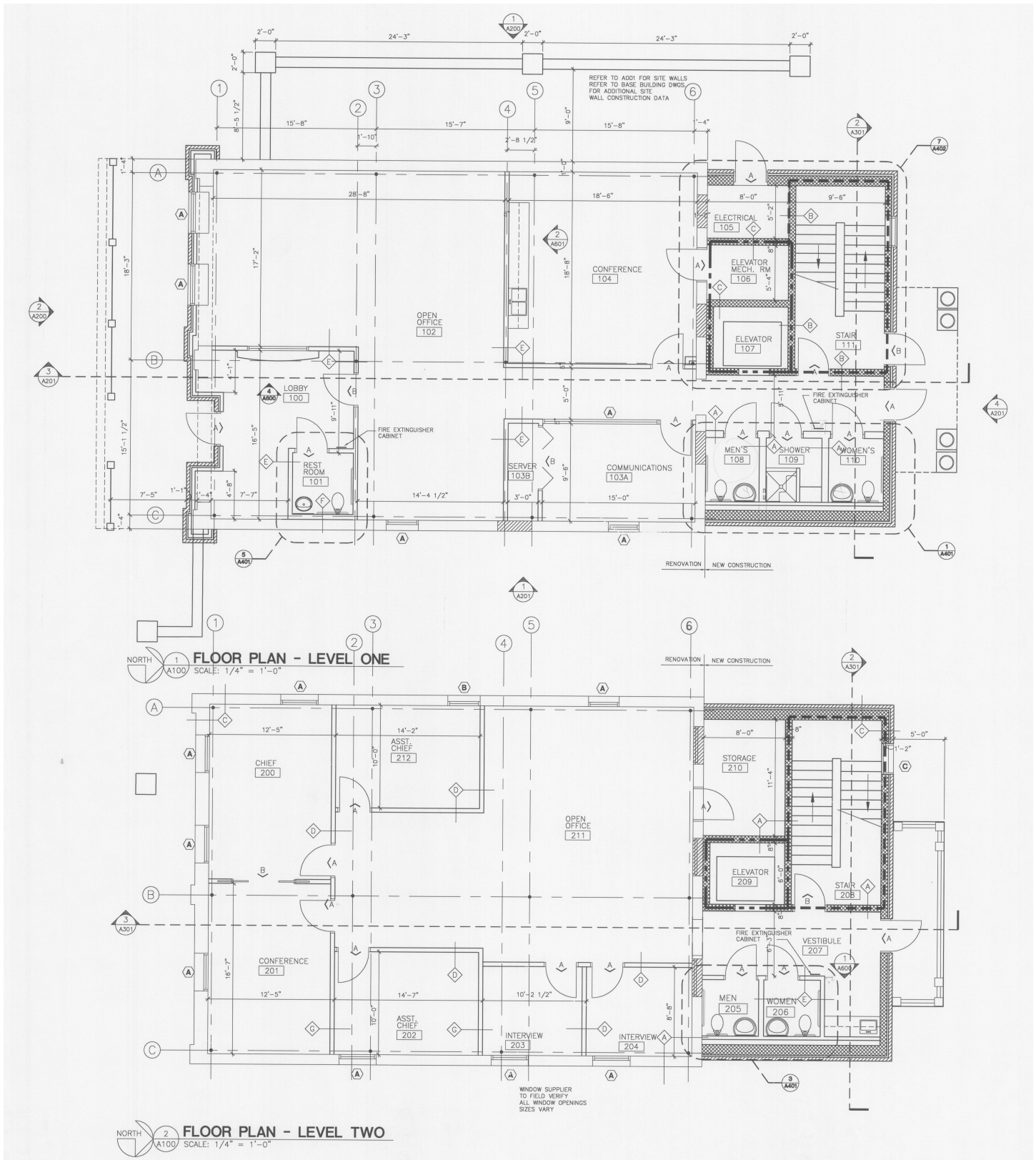
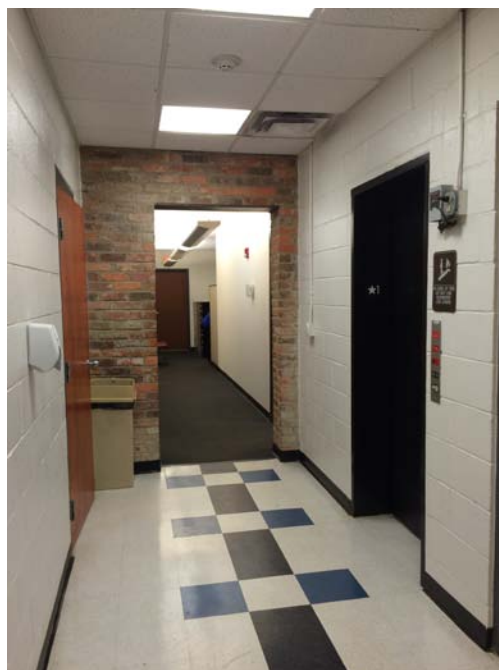




Exhibit 3: Photos, First Floor



Above: Front of building
Far left: Lobby (100)
Left: Hallway





Exhibit 3: Photos, First Floor

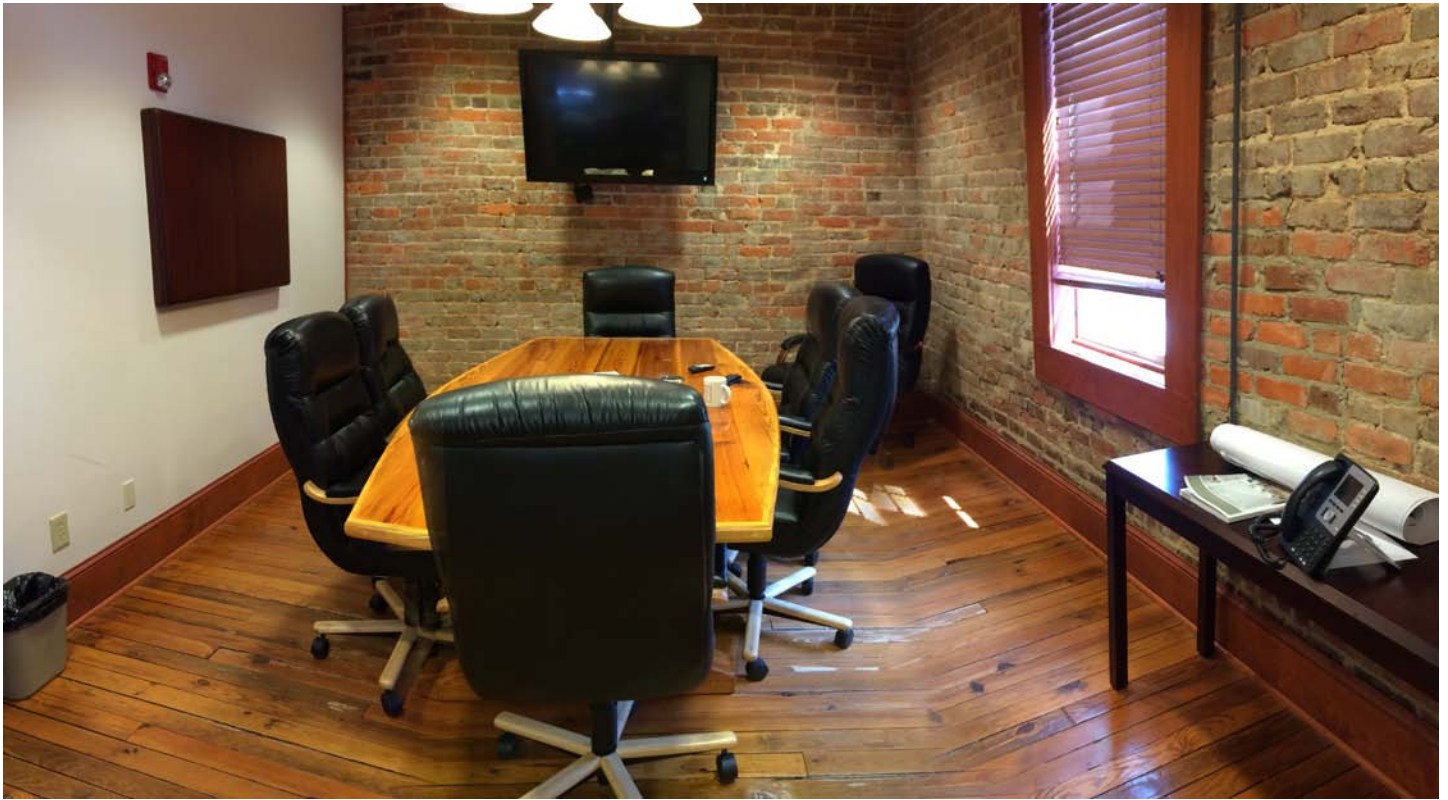


Breakroom/Conference (104)





Exhibit 3: Photos, Second Floor



Top: Conference Room (201)
Left: Hallway
Right: Open Office (211)





Exhibit 3: Photos, Back Parking Lot View

