

## **CITY OF KENT SUMMIT STREET INCUBATOR PROGRAM POLICIES AND ADMINISTRATIVE RULES**

Recognizing the importance of entrepreneurship as a component of the City's economic development strategy, the City of Kent has committed to leasing vacant, city-owned properties to start-up and fledgling companies under attractive terms in an attempt to assist them in establishing their companies. While there is no guarantee that a company so assisted will remain within the City of Kent after they have firmly established themselves, the probability remains high that future expansions will remain close to where they originally started.

All companies requesting space in the City of Kent Summit Street Incubator must comply with the following policies:

1. The business must be a start-up company, or have been in business no more than two years.
2. The term of all leases in the Summit Street Incubator range from two to five-years. Under no circumstances, except as specified below, will a tenant be permitted to remain at this location for more than five-years. The base lease rate beginning in 2007 is \$3.95/ft<sup>2</sup>. The lease rate for subsequent years will be adjusted annually on January 1 unless otherwise noted in the lease agreement. The rate adjustment will be based on a five-year average of the Cleveland-Akron PMSA Consumer Price Index as published by the Bureau of Labor Statistics. In the event that the average rate of change of the Consumer Price Index over the most current five-year period is negative, the lease rates will remain constant. Lessor will notify Lessee of the changes to the lease amount thirty-days prior to the change taking effect.
3. The tenant is responsible for all utilities, and insurance.
4. A security deposit is not required.
5. The first month's rent is due at the time the lease agreement is signed. The rent payment may be prorated if the lease is executed mid-month.
6. If desired by the company, the City will assist in providing financial assistance for leasehold improvements according to the following terms:
  - a. \$2,000 will be provided in the form of a zero percent interest loan to be amortized over the term of the lease being added to the monthly lease rate.
- 7.
8. All lessees are required to sign a Waiver of Relocation Benefits statement.
9. All lessees are required to sign a credit information release form.
10. During to the final six-months of the lease agreement, the tenant must demonstrate that he/she has exerted his/her best effort to find a new location within the corporate boundaries of the City of Kent, or in areas in which the City has existing Joint Economic Development District Agreements. This commitment must include, but not be limited to, notification to the Community Development Department that the search for new location is beginning, and a request of the City's assistance in finding a new location.
11. In the event that an existing tenant can demonstrated that he/she has undertaken a good faith effort to find suitable alternative accommodations according to the provisions stated above, and is unable to secure a new location; and, if the City does not have one or more viable applications seeking space in the incubator, then the existing tenant may be permitted to remain at their current location according to the following provisions:

- a. A written request must be received by the Community Development Department prior to the end of their lease requesting that it be extended on a month-to-month basis.
- b. If this request is granted, the month-to-month lease rate will be increased to the existing market rate for similar space in the City of Kent as determined by the Community Development Department.
- c. The lease rate will be increased by 10% every three months thereafter until the tenant relocates, or is replaced by a new tenant.
- d. The tenant will be required to vacate the incubator on a thirty-day notice, regardless of whether a new location has been found or not, if the City enters into a lease agreement to a new tenant for that space.

All applicants must make application on a form prepared and approved by the City of Kent. When a vacancy becomes available in the Summit Street Incubator, notice of the vacancy will be posted on the City's website, and on the bulletin boards of city buildings. It will also be advertised for two consecutive weeks in a newspaper of general circulation announcing that the City is accepting applications from qualified applicants to lease the vacant space. Written notification of the vacancy will be provided to the Kent Regional Business Alliance and the Kent Area Chamber of Commerce. If knowledge of a pending vacancy is known with sufficient lead-time, notice will also be placed in the *Tree City Bulletin*.

The Community Development Department will review all applications and will submit a rank ordered listing of applicants to be considered by City Council in filling the vacancy. When making its recommendation to City Council, the Community Development Department will consider the following.

1. Applicant eligibility according to the policies listed above
2. Applicability according to the City's zoning code
3. Financial strength of the company
4. Employment and payroll projections
5. Consistency with the City's Economic Development Strategy and Comprehensive Plan
6. Potential long-term economic benefit to the City of Kent

Additional consideration will also be given to Minority and Women Owned Businesses.

## II) Summit Street Incubator Program

This proposal is being submitted with the intent of establishing a financially self-supporting incubator program. With Council's approval, the Director of Budget and Finance will create a separate line item for the administration of the Summit Street Incubator Program (SSIP) based on the following assumptions:

- 1) Lease payments received from present and future Summit Street Incubator tenants will be paid into the SSIP account.

- 2) All property taxes, management fees, maintenance fees, and other ordinary expenses associated with the operation of the Summit Street Incubator will be paid through the SSIP account.

The Community Development Department, in conjunction with the Service Department, will administer this program in accordance the budgetary guidelines established above and other provisions listed in the *City of Kent Summit Street Incubator Program Policies and Administrative Rules*.