




CITY OF KENT, OHIO

DEPARTMENT OF ECONOMIC DEVELOPMENT

Date: November 24, 2009

To: David Ruller, City Manager

From:  Dan Smith, Economic Development Director

Subject: Christian Edwards Hair Salon Request

Last year Ms. Michelle Cobbin, Owner of Christian Edwards Hair Salon, made a request to extend her lease at 203 E. Summit Street for an additional year. She has been participating in our incubator program for the past six years. Per the policy for the Kent Business Development Center adopted by Kent City Council, start-up small businesses can participate in the program for 5 years to get their business up and running and build cliental. There is a provision for a conditional sixth year that we enacted last December (2008 memo attached) for Ms. Cobbin.

I have attached a copy of a letter from Ms. Cobbin requesting a renewal of the lease for 2010. Since this request does not conform to our current incubator policy, we have no option to grant an extension other than by a policy exception from City Council. The request is asking us to grant a lease for the 203 E. Summit Street space which by default will remove it from our incubator inventory.

While I do not have any formal applications on file for the space, I have had two meetings in November with interested parties wishing to start their own small business. One has stated his formal application will be mailed within the next week or two.

Since we have a formal request to extend the Christian Edwards Hair Salon lease throughout the entire 2010 year, I am respectfully requesting Council time to discuss our incubator policy and the current request.

October 26, 2009

To The City of Kent:

It has been my pleasure doing business with the city these past six years.

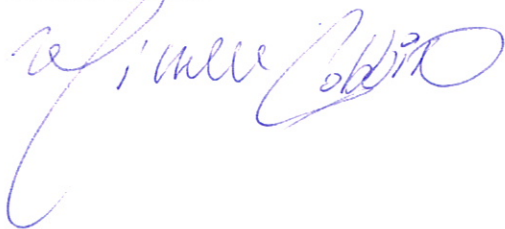
I was given the opportunity to start my own business and with the city's help and care I have been able to survive even these trying economic times.

Thank you for your part in this venture.

At this time I write to request a renewal of my lease for the upcoming year, 2010. Your attention to this matter would be greatly appreciated.

Regards,

Michelle Cobbin

A handwritten signature in blue ink that reads "Michelle Cobbin". The signature is written in a cursive style with a large, looping initial "M" and a long, sweeping underline.



CITY OF KENT, OHIO

DEPARTMENT OF ECONOMIC DEVELOPMENT

Date: December 22, 2008

To: David Ruller, City Manager
Linda Copy, Clerk of Council
Mayor and City Council Members

From: Dan Smith, Economic Development Director

Subject: Christian Edwards Summit Street Incubator Lease

Christian Edwards Hair Salon. Ms. Michelle Cobbin, has been operating in our Summit Street Incubator Space since January 2004. Per the Summit Street incubator Program Policies and Administrative rules that have been adopted by Council, tenants are to vacate the premise after five (5) years except under the following provisions:

During 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 an 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.

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 in consultation with the City's Property Management Consultant.
- 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 if the City enters into a lease agreement to a new tenant for that space.

I have been working with Michelle since last summer regarding her lease and looking for a new space for her business to move into. Efforts to date have not enabled her to secure a new location. Given the above criteria, she has requested to stay in her current location into 2009. In addition, she has requested a renewal for one full year. Since a full-year lease is in conflict with our current policy, Council authorization is required.

Currently in the Summit Street incubator space we have a 1,800 square foot office (or two 900 square foot offices) that have been vacant for over a year. Since an effort has been made to find Christian Edwards Hair Salon new space and we have additional space available for others, I feel her request merits consideration. Per our guidelines, market rate plus ten percent (10%) each quarter, we have discussed the following rent schedule:

January thru March,2009	\$5.00 sq. ft.	\$316.67 per month
April thru June, 2009	\$5.50 sq. ft.	\$348.33 per month
July thru September, 2009	\$6.05 sq. ft.	\$383.17 per month
October thru December, 2009	\$6.65 sq. ft.	\$421.17 per month

Ms. Cobbin would like to make this request in person at our January Council meeting and continue to operate the salon in the same manner throughout 2009. We have both committed to finding her a new location by the end of 2009, hopefully in some of the new space downtown that will be coming on-line this fall.

Please feel free to contact me if you have any questions regarding our incubator policies or Ms. Cobbin's request.

KENT BUSINESS DEVELOPMENT CENTER 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 Kent Business Development Center 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 presence of a formal Business Plan is highly recommended, and additional consideration will be given to those applicants that have a completed plan. Those companies who do not have a formal Business Plan are encouraged to undertake this process. For assistance in creating a Business Plan, please contact: the Kent Regional Business Alliance (phone: 330-672-1275; web address: <http://www.krba.biz/>); the Cleveland Office of the Small Business Administration (phone: 1-800-358-3326; web address: http://www.score.org/downloads/Business%20Plan%20for%20a%20Startup%20Business_July.doc).
3. The term of all leases in the Kent Business Development Center 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 2008 is \$3.95/ft². 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 (see attached rent escalation spreadsheet).
4. The tenant is responsible for all utilities, and insurance. At no time will a tenant be permitted access to the premises without transfer of utilities into their name, and evidence of insurance coverage provided to the City.
5. A security deposit equal to the first month's rent at the time of the signing of the lease is required prior to occupancy.
6. 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.
7. If desired by the tenant, the City will assist in providing financial assistance for leasehold improvements according to the following terms:
 - a. The tenant must have a formally prepared Business Plan in a form acceptable to the Community Development Department
 - b. Up to \$1,000 will be made available in the form of a forgivable loan. The full amount of the loan will be forgiven if the following terms and conditions are met:
 - i. The tenant relocates to location in the City of Kent, or in areas in which the City has existing Joint Economic Development District Agreements.

- ii. The tenant must leave the Kent Business Development Center in “Good Standing,” defined as follows:
 1. Making all lease and loan payments in a timely fashion, and current at the time of lease termination
 2. Payment of all utilities and taxes in a timely fashion, and current at the time of lease termination
 3. Leaves the premises in a condition acceptable to the City of Kent
 - iii. In the event the tenant does not comply with the terms stated in sections i. and ii. above, then repayment of the principal will be required upon termination of the lease
 - c. \$2,000 can be made available to the tenant in the form of a four percent (4.00%) interest loan to be amortized over the term of the lease, and added to the tenant’s monthly lease payment.
8. Tenants will be eligible to receive a rebate of up to a \$500 for each full year in which they were in the incubator. Under the following conditions:
 - a. The tenant must have a formally prepared Business Plan in a form acceptable to the Community Development Department
 - b. This rebate is limited to a maximum of \$2,500
 - c. The tenant relocates to location in the City of Kent, or in areas in which the City has existing Joint Economic Development District Agreements.
 - d. The tenant must leave the Kent Business Development Center in “Good Standing,” defined as follows:
 - i. Making all lease and loan payments in a timely fashion, and is current at the time of lease termination
 - ii. Payment of all utilities and taxes in a timely fashion, and is current at the time of lease termination
 - iii. Leaves the premises in a condition acceptable to the City of Kent
9. All lessees are required to sign a Waiver of Relocation Benefits statement.
10. All lessees are required to sign an information release form.
11. 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 an 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.
12. 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 in consultation with the City's Property Management Consultant.

- 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 if the City enters into a lease agreement to a new tenant for that space.
13. The lessee will provide the Community Development Department with a qualified release of their annual payroll and business profit tax information covering the preceding calendar year, or part thereof. This information is due no later than March 15 of each new calendar year in a format acceptable to the Community Development Director.
 14. The lessee agrees to meet with Community Development Department, and other City staff, on an annual basis to assess the condition of the lessee's business and its progress in meeting the provisions stated in their business plan.

All applicants must make application on a form prepared and approved by the City of Kent. When a vacancy becomes available in the Kent Business Development Center, 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*.

When filling a vacancy in the Kent Business Development Center, the Community Development Department will review all applications, and submit a rank ordered listing of applicants to be considered by City Council when 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. Presence, and strength of a business plan
5. Employment and payroll projections
6. Consistency with the current City of Kent Economic Development Strategy and Comprehensive Plan
7. Potential long-term economic benefit to the City of Kent
8. If, in the opinion of the Community Development, two or more competing applicants are equal in all aspects, the applicant whose application was first received will receive the Department's recommendation.

Minority and Women Owned Businesses are encouraged to participate in this program.

II) Kent Business Development Center 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 Kent Business Development Center Program (KBDC) based on the following assumptions:

- 1) City Council will initially capitalize the Kent Business Development Center Program through a five-year, interest-bearing loan for \$12,000. Principal and interest on the loan will be repaid in full at the end of the term of the note. The interest rate on the loan is to be established by City Council at the time this program is created.
- 2) Lease payments received from present, and future, Kent Business Development Center tenants will be paid into the KBDC account.
- 3) Tenant incentives referenced in the *Kent Business Development Center Program Policies and Administrative Rules*, as well as, all property taxes, management fees, maintenance fees, and other ordinary expenses associated with the operation of the Kent Business Development Center will be paid through the KBDC 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 *Kent Business Development Center Program Policies and Administrative Rules*.

CITY OF KENT COMMERCIAL LEASE APPLICATION

The following is an application to the City of Kent located in the County of Portage by

_____, hereinafter referred to as the “Applicant,”
Business Owner

for the lease of city-owned property.

GENERAL INFORMATION

- Applicant name, name of business, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

Applicant name			
Street address	City	State	Zip
Contact person		Telephone number/FAX number/email address	

- Nature of business (manufacturing, distribution, wholesale, retail, residential or other).

- List 4 digit Standard Industrial Codes that apply to the products produced by the enterprise.

SIC Code # _____
Primary SIC Code
Secondary SIC Code #

- Form of business of enterprise (corporation, partnership, proprietorship, or other).

- Name of principal owner(s) or officers of the business (attach list if necessary).

- Is business seasonal in nature? Yes ___ No ___

7. Proposed lease is requested to begin _____, 200__ and be completed _____, 200__.

8. State the enterprise's current employment level at the proposed project site:

Current Full-Time Employment _____
Current Part-Time Employment _____

9. State the enterprise's current amount of annual payroll for existing employment.

Current Full-Time Employment \$ _____
Current Part-Time Employment \$ _____

10. List proposed schedule for new hiring.

	Year 1	Year 2	Year 3	Year 4	Year 5
New Full-Time Employment	_____	_____	_____	_____	_____
New Part-Time Employment	_____	_____	_____	_____	_____

11. a. Estimate the amount of annual payroll such new employees will add (in thousands).

	Year 1	Year 2	Year 3	Year 4	Year 5
New Full-Time Employment	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
New Part-Time Employment	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the proposed lease: Full-Time: \$ _____ Part-Time: \$ _____

12. a. Will the proposed lease involve the relocation of employment positions or assets from another location? Yes _____ No _____

b. If yes, state the location(s) from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

Located from: _____

Located to: _____

13. Does the Owner owe :

a. Any delinquent taxes to the State of Ohio or any County, City or Township within the State of Ohio? Yes ___ No ___

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes ___ No ___

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not. Yes ___ No ___

d. Any delinquent City of Kent taxes, utility usage fees or other City fees or charges. Yes ___ No ___

NOTE: If the answer was yes to any of the above, on a separate sheet of paper, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers.

14. An estimate of the amount to be invested by the Applicant to occupy the proposed space in the proposed property:

	Total Amounts
a. Leasehold improvements	\$ _____
b. Furniture and Fixtures	\$ _____
c. Office Equipment	\$ _____
d. Laboratory and other Equipment	\$ _____
Total Investment	\$ _____

PROJECT DESCRIPTION

15. Please provide a description of the proposed project (attach additional pages if necessary):

CERTIFICATIONS

The applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct. Falsification of which could result in the forfeiture of all current and future economic development assistance benefits, as well as, possible fines, criminal prosecution and imprisonment. The applicant further understands that any misstatement or error in fact may render this application null and void and may be cause for the repeal of any ordinance adopted in reliance on said information.

The Applicant agrees to supply additional information upon request.

Submission of this application expressly authorizes the City of Kent to confirm statements contained within this application, and to review applicable confidential records.

Name of Owner

Date

Signature

Typed/Printed Name and Title

**AUTHORIZATION TO CONDUCT
BACKGROUND AND CREDIT CHECKS**

I hereby authorize and consent to permit the City of Kent and Money Penny Realty & Management, LLC to conduct an investigation of my personal credentials as permitted by law including, but not limited to, inquiries with present and former employers, educational institutions, police departments and credit agencies regarding my employment, educational, criminal and credit histories.

This authorization also shall serve as an authorization to my present or former employers, educational institutions, credit agencies and bureaus and police departments to release my records or information pertaining to me to the City of Kent and Money Penny Realty & Management, LLC and to make disclosures to the greatest extent permitted by law to allow the City of Kent and Money Penny Realty & Management, LLC to assess my suitability as a tenant.

I will not assert any claim, cause of action or demand against the City of Kent or Money Penny Realty & Management, LLC, its employees, officers, directors or agents which may arise from the City of Kent's and Money Penny Realty & Management, LLC's investigation of my credentials or from any of the above-mentioned entities for providing the information requested.

A copy of this Authorization can be relied upon by those parties from whom information about me is requested.

Sign Name

Print Name

Address

Social Security # or Fed. Tax ID #

Date

WAIVER OF RELOCATION BENEFITS

The below signed Lessees of the property located at ____ E. Summit Street, Kent Ohio, hereby acknowledge and agree that each, jointly and severally, is a tenant in the described premises for a one-year term pursuant to this lease of even date herewith with the City of Kent as the owner and Lessor of the premises.

The below signed further acknowledge that either party may terminate the written lease upon giving the other the requisite notice provided for in the lease.

Upon receipt of such notice, the below signed agree to vacate the premises in accordance with the terms of the lease without any compensation due the below signed from the Lessor for exercising its rights under the lease.

The below signed hereby waive and release Lessor from having to pay to the below signed, their successors, administrators and assigns, any relocation benefit or payments in the event Lessor, City of Kent, exercises its rights under the terms of the lease to terminate the lease for any reason, with or without cause.

APPLICANT

CITY OF KENT, OHIO

By: _____
(Applicant Signature)

By: _____
David Ruller, City Manager

Type or Print Applicant Name)

Date: _____

Date: _____

Approved as to Form:

James R. Silver, Law Director