

**THE CITY OF KENT, OHIO
COMMUNITY DEVELOPMENT COMMITTEE
WED., DECEMBER 2, 2009**

This meeting of the Community Development Committee of Kent City Council was called to order on Wed., Dec. 2, 2009 at 7:00 p.m. by Rick Hawksley, Chair. Mr. Hawksley explained the only item on their agenda dealt with the Summit Street Incubator tenants.

PRESENT: MR. AMRHEIN, MR. DELEONE, MR. FERRARA, MR. HAWKSLEY, MR. KUHAR, MS. SHAFFER, MR. TURNER, MS. WALLACH AND MR. WILSON

ALSO PRESENT: J. FENDER, MAYOR; D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; L. COPLEY, CLERK OF COUNCIL; AND D. SMITH, DIR. OF ECONOMIC DEVELOPMENT

Dave Ruller, City Manager, explained that **Dan Smith, Director of Economic Development**, would be addressing this subject. Mr. Ruller said Council authorized an extension for one tenant, beyond the five-year policy standard, in 2008, with the intention of allowing said tenant enough time to find another spot in Kent. He said as that year is concluding, there are in the same place as last year. Mr. Ruller said that Mr. Smith also has two new people wishing to apply for that unit, adding that Mr. Smith would be giving them more detail as he sought their direction. Mr. Ruller said their preference is that the City sticks with the policy and move to a new tenant, adding that is Council's prerogative.

Mr. Smith explained that Ms. Michelle Cobbin has been in the incubator for six years. He said she came to him about 1.5 months earlier, wanting an extension, and he told her he had no provisions to make that change. Mr. Smith told Ms. Cobbin to write a letter to Council, as it was a policy issue.

Mr. Smith said the purpose of the incubator is to help start up businesses. He said there are two others that would like to start a business. He said in the issue of fairness, they need to either amend the entire policy or stick to the existing policy, helping Ms. Cobbin to find a new permanent location.

Mr. Smith explained that Ms. Cobbin is entitled to \$2500 when she graduates from the incubator, as long as she relocates in Kent. He said they have not actively pursuing spots, adding he spoke with Mary Gilbert early from Main Street. He said they do not want to see a start up business go out of business, and the issue is how the Council feels about the policy.

Mr. Turner asked when the five-year provision was established, and how did they come up with the conclusion this would be a reasonable time for a business to be assisted, and Mr. Smith told him the policy predates him, adding he was unsure of the rationale. He said he assumed there were initial proposals, adding the intent was to help new businesses with their first five years, to allow them to build a clientele so they could become permanent residents in Kent.

Mr. Silver said his recollection when this began was that they looked at other incubators. He said the nature of the incubator is to get started, and the general consensus is if a business does not make it in five years, it probably was not going to make it. He said he believed that was the thought behind the five-year mark, instead of the City just being a landlord. Mr. Smith said that Cari Orris was the first to make it through the first five years, and Ms. Cobbin would be the second.

Mr. Kuhar asked the cost per square foot, and Mr. Smith said it is \$3.95 per square foot, beginning at about \$294. He said in the sixth year, it is up to \$665. Ms. Cobbin said she never paid \$294, adding she always paid \$450. Mr. Kuhar asked how much space was in the unit and Mr. Smith said it is about 900 square feet.

Mr. Kuhar asked if they had any idea what the cost would be to make a space conducive to Ms. Cobbin's type of business, along the lines of capital improvements. Ms. Cobbin said the cost was approximately \$7,000, adding she needed electricians and plumbers. She said that is why she was present, adding it

was not the type of business where she has to pick up a file cabinet.

Ms. Cobbin said she is upset because things were twisted around when she came in the door. She said she does not want to be in front of them every year, begging for a lease. She said she would prefer a five or ten-year lease.

Ms. Cobbin said that initially, she was "#1", adding that Mr. Smith got the raw end of the deal, as he does not know what is going on. She said, again, that she was #1. She said she started that incubator. She said she completed her five years, and came for one more year, because she felt she deserved it because of the mishap that they had. She noted it was taken care of by the City.

Ms. Cobbin said there were some changes made in the policy, adding that hers was never the same as anyone else. She said she figured she would come again to present herself. Ms. Cobbin said the incubator has always been different, adding each lease has been different. She said that is why she came for another year.

She said everything has changed, adding they are telling her it is Jack Crews, when it was the City of Kent before. She said she only dealt with Kent Regional for a check. She said they helped her, but she started off with Mike Weddle. She said Mr. Weddle introduced her to this building. She said that Mr. Weddle told her that Kent had a plan to start an incubator of minorities. Ms. Cobbin said that Mr. Weddle told her that because she was a minority, she should be able to come in the incubator. Ms. Cobbin said that Mr. Weddle told her she would get a five-year lease, and after that five-year lease, she would have to come before the board.

Ms. Cobbin said she took the loan, because she had to redo the whole building. Ms. Cobbin said that Mr. Weddle told her every year that she might be able to stay. Ms. Cobbin said she thought if she made it past five years, it should not be a problem. Ms. Cobbin said she would love to stand bigger, but now is not a good time. She questioned who wants to lose their home in this economy. She said she is surviving nine out of twelve months, adding the balance is paid out. She said that is the cost of owning a business, and she puts up for those rainy days.

Ms. Wallach asked if she had space in another building originally, and Ms. Cobbin said she had the keys to another building. Ms. Wallach noted it was a private space, and Ms. Cobbin agreed. Ms. Wallach asked if Mr. Weddle talked her into coming into the incubator, and Ms. Cobbin said that was correct. She said the rent was \$650 at the time. She said she took this plan.

Ms. Shaffer asked if she looked at other spaces in Kent, and Ms. Cobbin said she has attempted to do so. She said she looked downtown, and looked at the space across the street. She said that space is \$1200, which is out of the question. Ms. Cobbin said she got a call from "Mr. Weddle's used-to-be secretary," who said she heard of someone leaving. She said that turned out to be a rumor.

Ms. Shaffer asked if Ms. Cobbin has worked with the Small Business Center for mentoring and/or advice, and Ms. Cobbin said she works with several mentors. She said he actually teaches at Roosevelt. Ms. Cobbin said Kent is small for a black business, adding she did something that made history. She said there are several people in class wanting to work, adding there is a process going on at this time.

Ms. Shaffer asked her main hardship, and Ms. Cobbin said Kent is a college town, and business can waver. She said she has hired a few people previously, but she is not a corporate office. She said that some would rather get a \$7 to \$8 per hour job, instead of waiting for a clientele to build. She said it is not easy to build a clientele. She said her first four years were really tough.

Mr. Ferrara asked Ms. Cobbin to explain why she did not get the same deal as other tenants, and Ms. Cobbin questioned if he wanted to hear that. Mr. Ferrara asked for the abbreviated version. Ms. Cobbin noted it kills her to talk about it.

Ms. Cobbin said there was a nursing facility that came in after she came in. She said they were only

paying \$250 per month. She said Cari Orris was paying \$50 per month, while others go free rent for six months, and left after their six months. She said she did not know any of this, adding she was outside planting her flowers when Ms. Orris asked how she felt about renewing her lease. She said she told Ms. Orris it was a tough year, with rent at \$450, and Ms. Orris told her she only was paying \$50.00. Ms. Cobbin said it was like a punch in her face. She said no one volunteered the information, adding she had to do her homework and get a lawyer.

Mr. Silver said when they found out about the disparities, they put everyone on an equal basis. He said Ms. Cobbin got free rent. Ms. Cobbin interrupted him, and said she did not get free rent. She said she was repaid \$2,000. Mr. Silver said they wrote her a check, adding there was a period where reduced rent or no rent was due. Mr. Silver said she got an additional sum of money, and Ms. Cobbin disagreed. She said she got \$2,500, which was money owed to her by the City for back pay. She said that she did not get an additional lump sum of money. She told Mr. Silver if he had money for her, to give it to her.

Mr. Turner said Ms. Cobbin has indicated there was some misunderstanding about the function of an incubator. He said that Ms. Cobbin indicated that there have been a number of changes in the function of the overall incubator process and how it affected her. He asked Ms. Cobbin if she understood that they were trying to nurture a business, and then have the business stand on it's own, and Ms. Cobbin said she understood that. She said when "all of the other stuff" crept in, she came in front of them. She said she is not illiterate to what was going on. She said that things changed.

Mr. Turner said when they gave her an extension the previous year, for the additional year, adding they actually had to change the protocol for incubators. Mr. Smith said there is a provision for six years, adding they still have to come to Council for the sixth year. Mr. Turner said they made an extension for Ms. Cobbin for another year, with the City using all of their abilities to get Ms. Cobbin in another space. He asked if this is not how she understood it, and Ms. Cobbin said she understood everything that was going on with the last situation. She said she was only asking because something else changed when Jack Crews came in. She said with Jack Crews coming in, she thought that something else changed and that is why she went to see Mr. Smith. She said Mr. Smith suggested they go to Council again. Ms. Cobbin said she was not present to run her mouth or point fingers.

Mr. Turner asked how KRBA coming into the incubator affected her, and Ms. Cobbin said it was another change that happened. She said they are not a start up business. She said if someone sent her a letter, like things should be done, to tell her changes were coming and that someone was joining it, it would have been okay.

Mr. DeLeone asked when they redid all of the leases, and Mr. Silver said it was about 2.5 years earlier. Mr. DeLeone asked if another year would help, and Ms. Cobbin said one year or five years. She said she wants things to be better. She said she would prefer two years to even out what was taken from her. She said her lease waivers and is not at a set point. She said she would thank them for one year, but would prefer two years. She said they need to be able to pick up the pieces and get over the hardship. She told Ms. Shaffer it was not a financial hardship. She said she has lived in Kent all of her life, and did not appreciate what happened to her at all.

Mr. Ferrara said he was not familiar with what is available for office space in Kent and the cost. Mr. Smith said it is all over the board. He said it can be \$5 to \$6 up to \$13 to \$14, like the West River Place. He said some rent is \$4.5 to \$5 on Main Street. Mr. Ferrara asked how much Ms. Cobbin is paying now, and she said she is paying almost \$500. Mr. Smith said she should be paying \$665. Mr. Ferrara asked about the \$2500, and Mr. Smith said it is given to graduates in good standing, and is paid to the landlord of the new facility. Mr. Ferrara asked if there is any moving expense, and Mr. Smith said there are no moving expenses paid.

Mr. Turner noted Mr. Smith said they were not as intense in investigating opportunities for Ms. Cobbin. HE said it is tough when they have established these policies. He asked Mr. Smith what he thought they might be able to do for Ms. Cobbin, with respect to available space and reasonable overhead, and Mr. Smith said that is a tough question. He said the incubator is a good program, as the City subsidizes the

rent. He said rents are all over the place downtown, adding he would like to work with Ms. Gilbert and talk to the Chamber. He said they need to look at the policy, as to whether there should be a seven-year provision. He said he is unsure of the answer, but said it needs to be across the board. Mr. Turner said the reason they were present is because of previous discrepancies. He said that is the core of the discussion.

Ms. Wallach asked if the amount of \$2500 has been the same, and Mr. Ruller said only one has graduated so far. HE said he assumes it has always been there.

Mr. Kuhar asked if there are any grant monies available, adding they have grants for downtown renovation that could be utilized for alterations to make a space available, and Mr. Smith said there are no such programs. He said they have revolving loan funds, but he was unsure how it was applicable. He said those are usually collateralized, and work out for those who own a building and/or equipment, like real property or a real estate investment. He said he has not seen any loans like the one described by Mr. Kuhar.

Ms. Cobbin said she did get a loan with KRBA, adding she had to put up her property. She said that loan is paid off, and she did not want to do that again.

Mr. Ferrara asked if there is a standard across the areas for incubators and their occupancy. Mr. Smith said he would have to research that, adding that most incubators are like what they had on Martinel. He said that building was not conducive to retail and/or service oriented businesses. Mr. Ferrara asked if they are generally for a longer term, and Mr. Smith said five years is a standard amount of time for an incubator. H said it would be a better question for Jack Crews or Marie from the Small Business Development Center.

Ms. Wallach asked how long Alpha Micron was on Martinel, and Mr. Smith said they were there from 1997 to last year. He said KRBA gave them the entire lease after about five or seven years. He reminded them of the plan to build the B-TECH center on Mogadore Road also.

Mr. Fender asked Ms. Cobbin if she knew she had six years, and she said that was correct. Mr. Fender asked if she was present because there had been some changes, and Ms. Cobbin said that was correct. Mr. Fender asked if she thought this was another change, and Ms. Cobbin said that was correct. Mr. Fender asked if she knew that it would end after six years, and Ms. Cobbin said that was correct, until the changes. She said everything was wavering around.

Mr. Turner said they now have two people looking for space who would not be able to get the space if they were unable to participate in this bounty. He asked what the implications would be if they changed things to seven years, and whether that would expand to every other business in the incubator, and Mr. Smith suggested they keep this at a policy level. He said if they grant an extra year, there would be no space available. He said they would still work with the people, and try to put them in town. Mr. Turner asked where they could put them, and asked if they could end up not moving their businesses forward. He asked if they would be eliminated, and Mr. Smith said it would be conjecture, adding he did not know the answer.

Ms. Cobbin said if things would not have wavered she would have considered doing what she did in the time she did it because of the type of business she has. She said hers is not a business she can pick up and move out. She said it requires a lot of things to be moved and work to be done. She said there is another hair salon next to her, and questioned if she would be going through the same thing. She said she pitied her.

Ms. Wallach asked how many spaces KRBA took, and Mr. Smith said it was one office space of 1800 square feet that was never divided. He said it did not rent, because of the cost of dividing it. Ms. Wallach asked how many others they have, and Mr. Smith said there are four units, and they are all nine hundred square feet.

Mr. Ruller said he knew they were wrestling with this, adding he did not want to discourage it, but there may be other new businesses. He said if Council wanted to add the seventh year, it would have to apply to everyone. He said he did not think this would come up a lot, adding that other businesses have moved, relocated, or gone out of business. He said he was unsure if another year would have a huge impact, and if they were looking for some comfort if they chose to extend it, 1800 square feet used to be available to commercial tenants, and now was not available.

Mr. Hawksley asked if they would write it into a policy allowing two more years, after the five year term, and Mr. Ruller said he still wanted two one-year renewals. He said he still wanted the tenant to have a sense of urgencies, and no guarantees.

Mr. Wilson asked if he heard Mr. Ruller said that since they now have less space, they should allow more time, adding that they should move them quicker because they now have less space. Mr. Ruller said it could go either way. Mr. Wilson said it did not sound logical to give people more time when they have less space.

Mr. Turner said they have two people who could have moved into a space. He said because of things they did, and by them allowing KRBA to move in, they have now squeezed out two other possibilities. He said he might be able to reconcile this a little better. He said he wanted to be able to do the extra year, but said he thinks about some other people who want their shot and opportunity. He said he does not understand how they could have come to a point of moving forward. HE said he is trying to find a way to do all things wonderful and beneficial. He said he did not know whether they can accelerate getting Ms. Cobbin into another space. He said he did not want to jeopardize her business, adding the feedback from Ms. Cobbin is that they might jeopardize her business and her ability to function. He said he wished they had other possibilities.

There were no further questions or audience comment at this time.

MOTION TO UPHOLD THEIR EXISTING INCUBATOR POLICY.

Motion made by Mr. Kuhar, seconded by Mr. Wilson.

Mr. Kuhar said they have a personal situation versus a business situation. He said if they keep changing, they are totally defeating the purpose of the incubator. He said he has some experience with business statistics. He said almost 80% of all new businesses fail in the first year. He said these are small businesses. He said within the next four years, they will be able to tell if a business can succeed beyond five years. Mr. Kuhar said five years is a good number, as it is a tried and tested time period for businesses. He said with the help from the community, it provides a little more benefit for new business owners. He said if they keep adjusting the policies, they are keeping others from having that opportunity. He said that everyone has the terms up-front, and has to learn to live with them. He said there are spaces in Kent that will fit in that rent category. He said the big elephant is moving the equipment.

Mr. Wilson said there is an empty hair dresser place, across from his house. He said he did not know the price. Mr. Wilson supported the policy, adding he was present when they wrote the policy. He said Mr. Kuhar was right in his comments. He said it was never meant to subsidize their businesses. He said it was meant to get them started and not to continue on. He said he was torn with the extra year's extension the previous years, because they need to turn those units over. He said that is how they get new businesses in Kent.

Mr. Wilson said he sympathized with Ms. Cobbin's situation. He said he believed the City has done everything to make it fair and equitable. He said it is time to make a decision and stay with the existing policy.

The motion carried by a hand count of 5-3-1, with Mr. DeLeone, Mr. Amrhein, and Ms. Wallach dissenting. Mr. Hawksley abstained.

Mr. Ferrara asked Mr. Smith and the Administration to work closely with Ms. Cobbin. He said it is a tough

personal situation, but they need to work diligently. Mr. Turner agreed. He said if they do not hold to the terms of the lease, they are limiting the function of the incubator. He said he would like to focus on Ms. Cobbin, but there is a greater picture. He said this was an extremely difficult vote, adding it was one of the tougher votes he has done. He said it is the right thing to do for what they are trying to accomplish in the City. He said they need to work closely with Ms. Cobbin to be sure she moves in a positive direction.

Ms. Wallach asked if they were allowed to make any comments about the policy, and Mr. Hawksley asked her to continue. Ms. Wallach said there should be some amendments to the graduation monies so that it increases annually. Mr. Hawksley suggested she make a motion.

MOTION THAT THE \$2500 GRADUATE FEE INCREASE ANNUALLY WITH A COST OF LIVING.

Motion made by Ms. Wallach.

Mr. Wilson called for a point of order, and questioned if that was appropriate as it was not on the amendment.

The Clerk said it was not on the agenda, and probably would be an appropriate motion at their meeting on Dec. 16, 2009.

MOTION TO REFER THE ADMINISTRATION TO RETURN WITH AN AMENDMENT TO THE POLICY, REGARDING THE GRADUATE COSTS.

Motion made by Ms. Wallach, seconded by Mr. Turner.

Mr. Ruller asked if it was just about a cost of living, or if there was some incentives to get someone to leave earlier. Ms. Wallach said her motion was to keep up with the cost of living with respect to the graduation amount.

MOTION TO AMEND TO DISCUSS EVERY ASPECT OF THE POLICY.

Motion made by MR. Ferrara, seconded by Mr. DeLeone.

Mr. Kuhar agreed with discussing the whole purpose of the incubator, adding it is to get them in and out. He said if they reward them for staying longer, they are defeating the policy. Mr. Ferrara suggested they offer incentives for early department.

The amendment carried by a voice vote of 8-0-1, with Mr. Hawksley abstaining.

The main motion, as amended, carried by a voice vote of 8-0-1, with Mr. Hawksley abstaining.

Hearing no further business before this Committee, Chair Hawksley adjourned this meeting at 7:45 p.m.

Linda M. Copley, Clerk of Council

ACTION RECOMMENDED:

- 1) TO UPHOLD THE EXISTING INCUBATOR POLICY
- 2) TO REFER A DISCUSSION ON THE EXISTING INCUBATOR POLICY TO THE ADMINISTRATION.

