

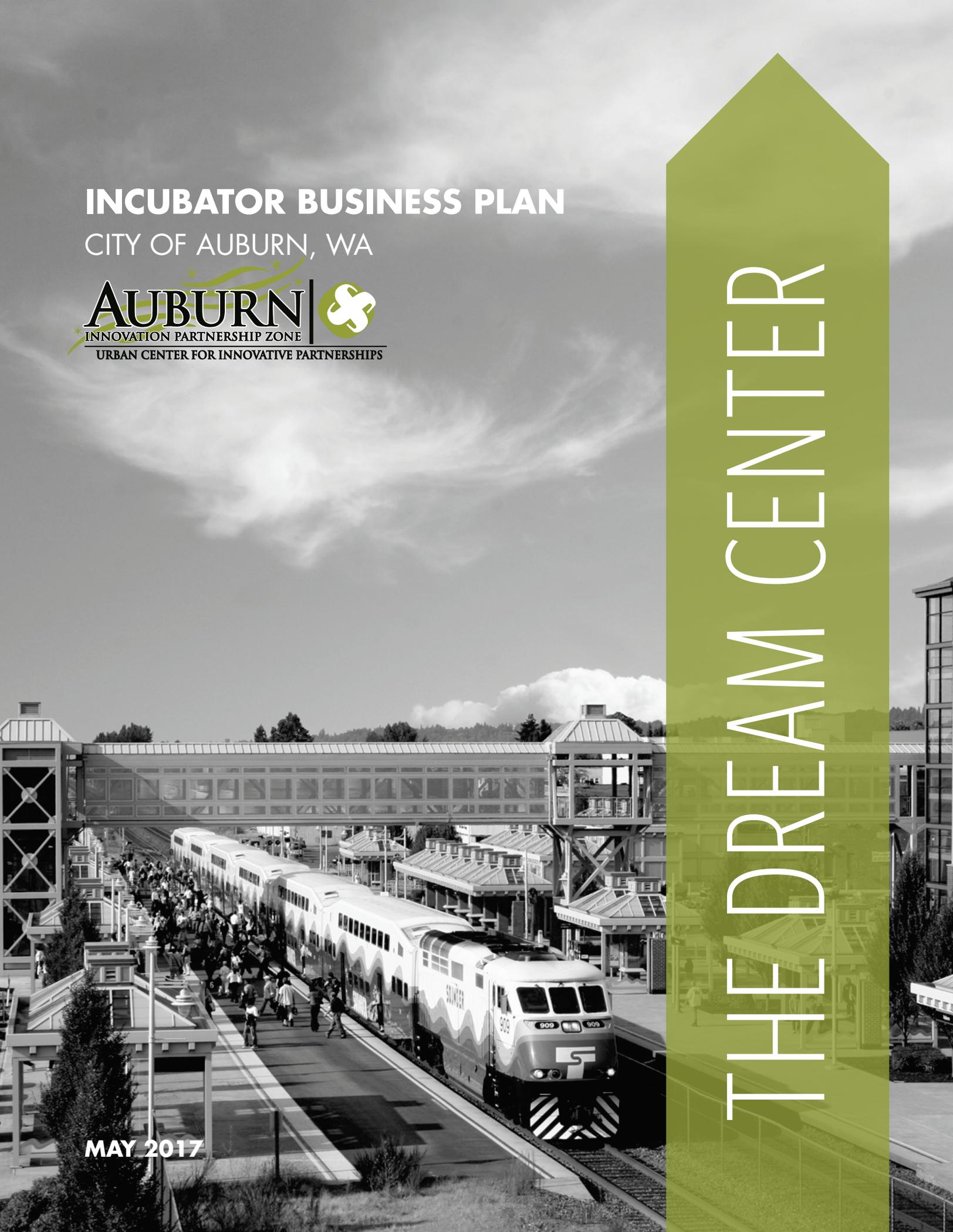
INCUBATOR BUSINESS PLAN

CITY OF AUBURN, WA



THE DREAM CENTER

MAY 2017



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BACKGROUND

In 2016, the City of Auburn unanimously approved an economic development strategic plan to guide the City’s economic development activities and investment over the next decade. To assist in this endeavor, the City hired a consulting team that included TIP Strategies, Heartland, and the Retail Coach. Building on the recent *Imagine Auburn* comprehensive plan, the consulting team developed an ambitious strategic plan with the input of more than 200 stakeholders and findings from a detailed analysis of demographic, economic, and market data. The result was a set of goals, strategies, and actions that will propel the City of Auburn forward toward its vision for 2025. The important work of implementing the plan is now underway.

The strategic plan was structured around four key focus areas: Delivery, Product, Place and Messaging. Each focus area was chosen for its potential to position Auburn for success and to accelerate the city toward its vision. Each focus area also directly addressed an existing barrier to economic development.

Within the “Delivery” focus area, the consulting team recommended that the City of Auburn “launch and manage a business incubator” within a short-term timeframe (1-2 years). The opportunity and a potential funding source were identified during the strategic planning process. Launching a business incubator made sense as a strategic action, given Auburn’s proximity to a major innovation hub, the relatively low investment, and the modest risk. The graphic below illustrates where the action falls within the overall strategic plan framework.

In 2017, as a first step toward realizing this strategic action, the City of Auburn re-engaged TIP Strategies to create an incubator business plan. This plan is intended to serve as a guide for the formal establishment of the incubator.



EXECUTIVE SUMMARY

The City of Auburn *Incubator Business Plan* is intended to serve as a roadmap for the City’s economic development staff as it launches and manages a business incubator.

In 2017, the City of Auburn leased 1,556 square feet of commercial space within Auburn Station to house the incubator. Auburn Station is a rail station and transit center centrally situated in heart of the city’s downtown district. The facility’s location, onsite transportation access, and proximity to the airport are attractive to commuters from across the metro area. The space has the capacity to house a minimum of 10 businesses, depending on member needs.

The objective of establishing a business incubator is to accelerate business growth and success and decrease the likelihood of failure. This in turn creates new jobs, diversifies the industrial base, and enhances quality of life in the community. The objectives of the Auburn Business Incubator are to 1) advance the City of Auburn’s goal of increasing middle-wage jobs through economic growth, 2) help advance the City of Auburn and Port of Seattle’s objective of promoting small business growth and workforce development in the Greater Seattle area, and 3) helping companies get established and rooted in the Auburn community—so that after graduation—they become permanent contributors to the overall vitality, diversity, and growth of the city’s economy.

The Seattle metro area is nationally recognized as an entrepreneurship and innovation hub. While Seattle has become a popular startup destination, it has also become an expensive place to live and do business. This presents an opportunity for Auburn to capture business owners who want to live and work in a place where their income goes further. Given this opportunity and Auburn’s central location within this region, Auburn is an ideal location for a business incubator.

The business plan is divided into three primary goals as follows:

- 1. Develop the program structure.** Determine the type of structure, obtain appropriate legal structure, name the program, develop a brand for the program, form an advisory board, develop a staff structure and plan, define performance metrics, and report annually to stakeholders on progress.
- 2. Provide physical space and services that fit the needs of targeted early-stage businesses.** Identify prospective members, determine facility layout and usage, and create a plan to identify members and prepare for member usage.
- 3. Offer business assistance to member companies.** Promote access to the 3NO networking group, develop an informal entrepreneur resource network, and develop a long-term plan to offer direct business assistance to incubator members.

The recommendations contained in this plan were crafted with the objective of attaining a 50% occupancy rate by May 31, 2017. The ultimate objective is to have full occupancy by December 31, 2017.

PROPOSED MISSION:

“To facilitate and catalyze innovation, entrepreneurial development, and business success that fosters sustainable economic growth in Auburn.”

PROPOSED VISION:

“Nurturing innovation through a collaborative community of entrepreneurs.”

INCUBATOR BUSINESS PLAN

INTRODUCTION

“It’s lonely at the top” is a common expression among business leaders, but rings especially true in the life of an emerging entrepreneur. Not only do startup business owners act as sole risk-takers and shareholders, but they also simultaneously assume the roles of CEO, manager, custodian, and everything in between. This can be an exhilarating, yet intimidating and lonely, experience.

According to the Small Business Administration, only about half of all businesses survive five years or longer. For this reason, the public and private sectors have increasingly recognized the importance of supporting startup businesses in these critical early years of growth. One such business support mechanism that has gained popularity as an economic development tool is *business incubation*. According to the National Business Incubation Association (NBIA), business incubation is defined as “a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services.”¹

Startup businesses are also important contributors to the economy. According to a September 2015 report² by the Kauffman Foundation:

- New businesses account for nearly all net new job creation and almost 20 percent of gross job creation.
- Companies less than one year old created an average of 1.5 million jobs per year over the past three decades.
- Many young firms exhibit an “up or out” dynamic, in which innovative and successful firms grow rapidly and become a wellspring of job and economic growth, or quickly fail and exit the market, allowing capital to be put to more productive uses.
- Young firms were hit hard during the Great Recession. Even still, from 2006 to 2009, young and small firms (fewer than five years old and twenty employees) remained a positive source of net employment growth (8.6 percent), whereas older and larger firms shed more jobs than they created.

The concept of business incubation dates back to the late 1950s, when the first business incubator was pioneered. The concept of providing shared space and professional services to early-stage companies did not emerge until the late 1970s, and most early examples were isolated in the industrial northeast. By 2012, there were 1,250 incubators in the US, and today, NBIA estimates there are over 7,000 incubators globally.

Business incubators help advance the successful development of entrepreneurial companies through a variety of business support resources and services, mainly through low cost shared space, resources, and professional services. A business incubator’s main goal is to accelerate the development of promising businesses that will graduate from the program and be longstanding contributors to the local or regional economy.

While business incubators have gained visibility and notoriety over the years, they are not a viable option for all communities. Incubator performance varies by a number of factors. Economic developers should exercise caution and perform due diligence before launching a business incubator, to ensure resources are utilized as efficiently and effectively as possible. The following business plan addresses a variety of issues associated with creating and operating a business incubator in Auburn, Washington.

¹ “What is Business Incubation?” nbia.org, 2015.

² Wiens, J. & Jackson, C. “The Importance of Young Firms for Economic Growth.” Kauffman.org, September 2015.

OBJECTIVE

The objective of establishing a business incubator is to reduce the “loneliness factor” among early-stage entrepreneurs while helping them develop professionally, accelerate business growth and success, and decrease the likelihood of failure. This in turn creates new jobs, diversifies the industrial base, and enhances quality of life in the community.

The objective of the Auburn Business Incubator holds true the statement above, and will be accomplished by:

- identifying the types of early-stage companies that are attractive to Auburn;
- identifying companies that are likely to be interested in Auburn’s value proposition;
- developing a program structure that fits target business needs; and
- selecting the appropriate professional space.

The objective of establishing a business incubator is to accelerate business growth and success and decrease the likelihood of failure. This in turn creates new jobs, diversifies the industrial base, and enhances quality of life in the community. The objectives of the Auburn Business Incubator are to 1) advance the City of Auburn’s goal of increasing middle-wage jobs through economic growth, 2) help advance the City of Auburn and Port of Seattle’s objective of promoting small business growth and workforce development in the Greater Seattle area, and 3) helping companies get established and rooted in the Auburn community – so that after graduation – they become permanent contributors to the overall vitality, diversity, and growth of the city’s economy.

DESCRIPTION

The Auburn Business Incubator is a beta test project sponsored by the City of Auburn that will be located in a 1,556 square-foot facility within Auburn Station. Auburn Station is a rail station and transit center centrally situated in the city’s downtown district. The facility’s onsite transportation access to Metro Transit, Sounder heavy train access, and ST Express will be attractive to commuters from across the metro area. Auburn Station is also a quick 11-mile drive from Seattle-Tacoma International Airport.

Facility amenities include an optimum mix of working, communal, and meeting spaces; ample parking; and shared professional services. These services include access to common office equipment as well as various forms of business guidance, mentoring, and networking. An informal resource network will also be developed to support incubator member needs. The facility was obtained at a pre-paid annual lease rate of \$13.18 a square-foot \$26,000. Flexible membership options will start at \$100 per month with optional add-on services and equipment.

FIGURE 1. BUSINESS INCUBATOR SIGNAGE PROPOSAL



MISSION

The mission of the Auburn Business Incubator is to increase the successful development of emerging businesses in the community’s target industry sectors. These new businesses will in turn create new jobs, increase tax generation, and create wealth, which ultimately causes a chain reaction of community benefits through the multiplier effect.

The proposed mission statement for the Auburn Business Incubator is:

“To facilitate and catalyze innovation, entrepreneurial development, and business success that fosters sustainable economic growth in Auburn.”

VISION

The incubator vision statement closely adheres to the Auburn Comprehensive Plan vision and *Ten-Year Economic Development Strategic Plan* vision and guiding principles:

Auburn’s economic development approach and strategy are guided by the framework below, taken from the *Ten-Year Economic Development Strategic Plan*. Given that the proposed business incubator is an action contained within that economic development strategy, it adheres to the same vision and principles.

VISION

Auburn is the City that Works

GUIDING PRINCIPLES

- 1.** A vibrant, connected, healthy community for residents to live, visitors to enjoy, and businesses to thrive
- 2.** A robust, diverse employment base that provides good economic opportunities for residents and supports high-quality city services
- 3.** A strong educational system that prepares residents with skills that Auburn-based employers seek

The proposed vision statement for the Auburn Business Incubator is:

“Nurturing innovation through a collaborative community of entrepreneurs.”

MARKET ASSESSMENT

According to GeekWire³, the Puget Sound region was home to 21 incubators⁴ in 2015. Based on current TIP research, that number has increased to approximately 25. While it's difficult to determine the exact number of actively operating incubators, it can be stated with some certainty that over the last two years, the number of incubators in the region has either remained relatively constant or grown modestly.

Seattle has the highest concentration of incubators in the region, followed by Bellevue and Redmond. The Auburn Business Incubator is the only incubator located within the 45-mile stretch between Renton and Tacoma.

WHY AUBURN?

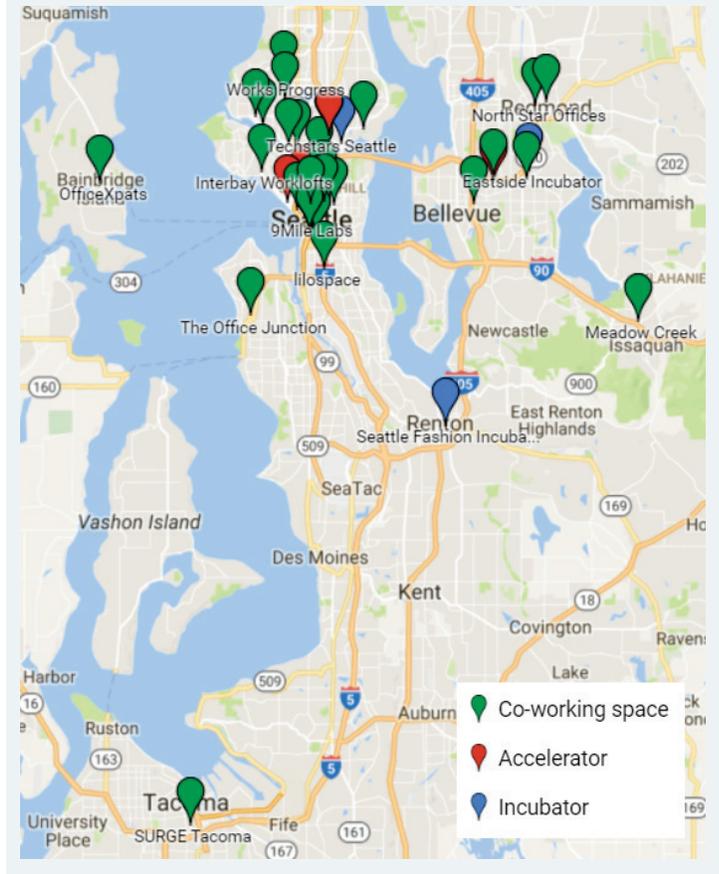
The Seattle metro area is nationally recognized as an entrepreneurship and innovation hub. Seattle startups attracted an impressive \$1.2 billion in venture funding in 2016. A booming tech industry, plentiful workforce, increasing population, and enviable quality of life all contribute to its status as such.

According to the *2016 Kauffman Index*⁵, an annual report that measures US entrepreneurship, the Seattle-Tacoma-Bellevue MSA ranks #26 in terms of startup activity (new venture creation), #21 in main street entrepreneurship (established small business activity), and #22 in terms of growth entrepreneurship (entrepreneurial business growth) of the 40 largest US metros. While startup activity has decreased slightly from the previous year, main street entrepreneurship has seen a large increase, and growth entrepreneurship has remained relatively constant.

While Seattle has become a popular startup destination, it has also become an expensive place to live and do business. According to the Council on Economic and Community Relations, Seattle is 24% more expensive than the average US city. Many are fleeing the Seattle urban core for less expensive locales. This presents an opportunity for Auburn to capture business owners who want to live and work in a place where their income goes further.

Given this opportunity and Auburn's central location within this region, Auburn is poised to be an ideal location for a business incubator test project.

FIGURE 2. PARTIAL MAP OF INCUBATORS, ACCELERATORS AND COWORKING SPACES (2015)



³ Soper, Taylor. "Mapping Seattle's incubators, accelerators, and co-working spaces." GeekWire, March 2015.

⁴ According to the National Business Incubation Association (NBIA), accelerators are essentially the same concept as business incubators. Some coworking spaces adhere to a loose interpretation and claim to offer incubation and/or acceleration services. These services are usually in the form of mentor or networking support, and/or collaborative space.

⁵ "Kauffman Index." Kauffman.org, 2016.

The following are recommended goals, strategies, and actions for Auburn to undertake as it launches and manages a business incubator beta test project.

GOAL 1. DEVELOP THE PROGRAM STRUCTURE.

The first goal of establishing a successful business incubator is to ensure the proper structure is in place. The right program format has the potential to minimize financial outlay, mitigate risk, streamline operations, create capacity for growth, and achieve the stated vision. The following actions should be taken to develop this structure.

1.1. DETERMINE THE TYPE OF STRUCTURE AND OBTAIN APPROPRIATE LEGAL STATUS, IF APPLICABLE.

Business incubators typically fall into one of the following four legal and governance structures: 1) a private, for-profit corporation; 2) an independent 501 (c)(3) not-for-profit corporation; 3) a unit operating under an existing 501 (c)(3) not-for-profit corporation with a separate advisory body; and 4) a program of an existing local government or local government department with a separate advisory body. TIP recommends initially structuring the entity as a program of the City of Auburn economic development division and reevaluating after a full year of operations.

1.2. NAME AND DEVELOP A BRAND FOR THE PROGRAM.

Developing a name for the program is not only important for identifying and distinguishing the program from other initiatives, but as a means of branding and promotion.

The City of Auburn has tentatively chosen the name “Auburn Urban Center for Innovative Partnerships” and is in the process of developing signage for the building. Consideration should also be given to developing low cost business cards and an informational flyer.

FIGURE 3. PROPOSED INCUBATOR LOGO



1.3. FORM AN ADVISORY BOARD.

An advisory board can serve many functions in a business incubator, on both the staff and the member side. Board members can supplement staff time by serving as part-time site administrators, and by helping staff evaluate and/or coach potential members. Board members can also provide general guidance, potential funding sources, resource network access, and mentoring support for incubator members. Additionally, advisory board members can serve as ambassadors to the community and help raise general awareness of incubator activities.

The advisory board should be made up of individuals and organizations that share the incubator’s vision and can help the incubator fulfill its mission. The advisory board should be comprised of approximately six to eight members with relevant private sector expertise and community representation. At a minimum, the board should contain representation from local business leadership, financial services, legal services, economic development, and the public sector. An Executive Committee of the advisory body (approximately three members) should be responsible for more in-depth oversight and management.

1.4. DEVELOP A STAFF STRUCTURE AND PLAN.

The proposed incubator staffing includes a part-time manager and part-time site administrator. One or more interns could also augment staff time.

1.4.1. Identify a Volunteer Part-Time Site Administrator. (Short Term Action)

A part-time site administrator should be identified to manage the operations of the incubator and provide direct business assistance to members. This person could be an advisory board member who works remotely one day a week at the incubator. His or her professional expertise would be combined with other part-time site administrators, so that members have access to a variety of topical expertise on a weekly basis. The site administrator would report to the advisory board on a quarterly basis. This person should have a well-rounded understanding of business management and exemplary interpersonal skills.

See Appendix 1 for a sample site administrator list of duties.

1.4.2. Create an Intern Network. (Short Term Action)

Interns can be a valuable source of unpaid or inexpensive labor, while providing local students with experience in their desired field of study. The City should partner with local high schools and/or higher education institutions to identify students or recent graduates interested in entrepreneurship or any of the fields represented in the incubator service offerings.

1.4.3. Hire a Receptionist. (Long Term Action)

A receptionist should ultimately be hired to greet visitors, provide fee-for-service administrative support to MEMBERS, and maintain equipment and supplies. Based on the number of tenants projected, this could begin as a part-time position and expand over time, as space and member occupancy increases.

1.5. DEFINE PERFORMANCE METRICS.

It is important to understand the impact an incubation program has on the businesses it serves and the local economy. Tracking these figures not only helps measure performance and justify staff time but provides opportunities to communicate the incubator's progress to potential funders, champions, and the general public.

1.5.1. Track the following information as it relates to incubator performance:

- Jobs created
- Capital invested
- Salaries paid
- Revenues earned

1.5.2. Attain a 50% occupancy rate by May 31, 2017.

1.5.3. Achieve and maintain full occupancy of approximately 10 businesses by December 31, 2017.

1.5.4. Graduate two companies every three years.

1.5.5. Implement the following as performance metrics:

- Optimal mixture (predetermined by staff and the advisory board) of business and industry types to foster natural clustering and collaboration that maximizes benefit to the businesses and the community
- Strict entry criteria (focused on target industries, innovation and growth potential)
- Lean operating principles with as few dedicated employees as possible
- Incubator revenue

1.6. PROVIDE AN ANNUAL PROGRESS REPORT TO STAKEHOLDERS.

1.6.1. Develop a simple, concise, inexpensively produced annual report that summarizes the activities and milestones of the incubator.

Print a minimal amount of hard copies and distribute the piece electronically to save incubator expenditures. Use hard copies for promotional purposes and to distribute to various stakeholders, including the Auburn City Council, City staff, Port of Seattle representatives, and incubator members.

GOAL 2. PROVIDE PHYSICAL SPACE THAT FITS THE NEEDS OF TARGETED EARLY-STAGE BUSINESSES.

2.1. IDENTIFY PROSPECTIVE MEMBERS.

A cluster and target industry analysis conducted in 2016 identified a set of four industries in the *City of Auburn Ten-Year Economic Development Strategic Plan*, as shown below.



Given the space and usage constraints of the business incubator (i.e. commercial office space), distribution and office-using businesses are most applicable to the selected facility. The strategic plan also identified niches within these target industries that should be considered:

- *Distribution, Logistics and Transportation.* Wholesale Trade Agents and Brokers; Other Support Activities for Road Transportation; Freight Transportation Arrangement; Other Support Activities for Air Transportation; Electronic Shopping
- *Office-Using Businesses.* Data Processing, Hosting, and Related Services; Corporate, Subsidiary, and Regional Managing Offices; Engineering Services; Software Publishers; Custom Computer Programming Services; Computer Systems Design Services; All Other Professional, Scientific, and Technical Services

2.2. DETERMINE FACILITY LAYOUT AND USAGE.

2.2.1. Allocate space based on anticipated member business needs.

Facility layout is very important when attracting member companies. Flexible layout options and an environment conducive to productivity are determinants of success among early-stage businesses. The selected facility should be laid out with expansion options as a consideration, in case incubator members outgrow their space. The layout of common spaces should be conducive to interaction among members, as collaboration is one of the main benefits of incubation facilities.

The Auburn Business Incubator layout will follow an open space concept, with individual desks, open table workspace, a 14-foot conference table.

2.2.2. Plan for the provision of shared professional services.

- *Facility-Based Services.* Locating multiple businesses in one facility allows companies to share services at lower costs. Incubators usually provide office space to a number of complementary businesses, including shared use of administrative services, office equipment, conference rooms, reception, and other common areas. Consideration might be given to developing a small kitchen area. Additionally, reception area signage should be offered to each member as a part of the membership agreement.
- *Redundant power supply.* Member companies will require a dependable and redundant power supply with minimal voltage fluctuations and/or power outages. The facility should also have appropriate electrical installation, power conditioning for sensitive equipment, and water.
- *Technology support.* Fast, reliable internet connectivity is no longer a luxury; it is a necessity in today's business world. Member companies must have constant access to market information to ensure business can be conducted in an effective, timely manner. In addition, consideration should be given to providing the City's IT support at no cost to members.
- *Keycard access.* Business is no longer a 9-5 proposition, especially for young, high-growth companies. Consideration should be given to establishing keycard entry for after-hours access.
- *Parking.* The incubator will make available the appropriate amount of parking for member needs. Parking should be factored in to membership fees and included as an amenity in promotional materials and the membership agreement.
- *Dedicated phone line and transfer protocol.* A dedicated local or toll-free phone number should be considered as a service for member companies. The site administrator or intern could be responsible for answering the phones for members on an as-needed basis.

2.3. CREATE A PLAN TO IDENTIFY MEMBERS AND PREPARE FOR MEMBER USAGE.

2.3.1. Determine membership fee structure.

The Auburn Business Incubator will require one-year membership commitment and offer flexible membership options starting at \$100 per month with optional add-on services and equipment.

- Create an application process for prospective members.
- *Create a member application form.* See Appendix 2 for a Sample Member Application Form.

- *Provide a business description or business plan.* Member applications should be accompanied by a business plan. A business plan shows that a business has legitimacy and has conducted its due diligence.
- *Present to the advisory board.* A slate of finalists should be chosen from the applicant pool, and each company should present their business plan to the advisory board. The board should use an established set of evaluation criteria to determine if the company is well suited for the incubator.
- *Membership agreement.* Once members are chosen, they should enter into a membership agreement with the City of Auburn. A sample membership agreement can be found in Appendix 3.
- *Graduation policies.* The advisory board should discuss and set forth an appropriate set of criteria to determine if a company is eligible for graduation from the incubator. The criteria should be based on employment and/or revenue growth and not length of time as a member.

GOAL 3. OFFER BUSINESS ASSISTANCE TO MEMBER COMPANIES.

3.1. PROMOTE ACCESS TO THE 3NO NETWORKING GROUP.

Member companies will be invited to become active in Auburn’s 3NO Networking group. This should be actively promoted to members on an ongoing basis. The group meets weekly to share thoughts, collaborate on ideas, create synergy, combine efforts, talk about business needs, find resources, and leverage neighboring assets (skills, education, training, and research). This will be an important resource for member companies as they endeavor to grow and become successful.

3.2. DEVELOP AN INFORMAL ENTREPRENEUR RESOURCE NETWORK

TIP recommends exploring and building a professional and technical knowledge network of thought leaders, service providers and community leaders that provide expert assistance to incubator members. The network could be made up of professionals such as:

- Mentors (such as a local SCORE chapter)
- Attorneys
- Venture capitalists
- Angel investors
- Bankers
- Public sector resource

3.3. DEVELOP A LONG-TERM PLAN TO OFFER DIRECT BUSINESS ASSISTANCE TO INCUBATOR MEMBERS.

The concept of business incubation not only includes providing below-market-rate space and flexible leasing to members, but also offering various degrees of business assistance in the form of coaching, technical assistance, consulting, and hosted on-site professional development events and business seminars. TIP recognizes that, as a beta test project, the Auburn Business Incubator cannot immediately provide a full spectrum of business support services to members, but recommends developing a long-term plan to do so.

APPENDIX 1. SAMPLE SITE ADMINISTRATOR DUTY LIST

The following is a list of duties that would be the responsibility of the incubator's site administrator:

ADMINISTRATIVE:

- Calculate charges for members' rent and services used; prepare monthly member billing; collect payments and issue receipts
- Monitor delinquent payments
- Handle accounts receivable/payable
- Provide clerical support for incubator
- Generate internal announcements
- Provide reception services for incubator staff
- Process member membership agreements (track expirations, prepare renewals, etc.)
- Prepare bank deposits
- Maintain payroll records
- Develop and maintain databases (mailing lists, fax numbers, etc.)
- Sort and route mail; prepare bulk mailings
- Provide training on phone and computer systems, fax machine, copier, etc.
- Respond to public requests for information

FACILITIES:

- Maintain and repair major equipment and infrastructure: plumbing, heating, machinery, etc.
- Coordinate maintenance staff or outside maintenance contractors
- Perform janitorial duties
- Perform grounds maintenance: mowing, planting, etc.
- Develop security procedures for facility
- Prepare signage
- Oversee remodeling, construction, and expansion projects

INFORMATION TECHNOLOGY:

- Manage and troubleshoot computer systems
- Handle backup of important databases
- Tap community and member knowledge/skills for reduced-fee or pro-bono services
- Maintain Web site

MARKETING/PUBLIC RELATIONS:

- Write copy for and design marketing brochures, advertisements, newsletters, press releases and other materials
- Conceive of marketing strategies for the incubator and its programs
- Prepare website content
- Plan special events/media opportunities
- Serve as the incubator's public representative (give speeches, attend community events, etc.)
- Develop and maintain media contacts

APPENDIX 2. SAMPLE MEMBER APPLICATION FORM

Information submitted will be held in confidence.

Business Name:

Principals & Titles:

Full Address:

Telephone:

Mobile:

Fax:

E-mail:

Web Address:

Form of Ownership:

Corporation

Partnership

Sole Proprietor

Nature of business: Include a brief description of product/service and nature of market. Submit product brochures and company literature, if available.

Brief background of principal officer(s): (please attach resume)

Date Business established:

Company form (C-Corp, S-Corp, LLC, etc.):

Current stage of development of product and/or service(e.g., working on prototype, product in advanced development, etc.):

Current sales revenue (dollar volume per month):

Number of employees (include principals) Full-time:

Part-time:

Projected number of employees within 12 months:

Type of financing used to operate Business to-date:

Venture capital firms

Private Investors

Personal resources

Other (indicate nature):

BUSINESS PLAN

Status of business plan: Completed (please attach a copy)

In preparation & available by: _____ Not yet started

Would you like help in writing a business plan? Yes No

SPACE NEEDS

Type of space (i.e. number of offices/open space areas, wet-dry lab spaces, manufacturing):

Other:

Any special facility requirements such as electrical, ventilation, or floor load, etc.?

No Yes (Please Specify)

Other relevant information:

Applicant's name:

Title:

Signature:

Date:

Please attach or mail a business plan and summary, company and project literature, and management team biographies to: [include contact information]

APPENDIX 3. SAMPLE MEMBERSHIP AGREEMENT

An INCUBATOR MEMBERSHIP AGREEMENT BETWEEN

City of Auburn, WA

(hereinafter referred to as the "CITY")

PARTY OF THE FIRST PART AND

(hereinafter referred to as "MEMBER")

PARTY OF THE SECOND PART

IN CONSIDERATION OF THE FOLLOWING PROVISIONS, the Parties agree:

ARTICLE 1: GRANT OF MEMBERSHIP

The CITY grants to the MEMBER a Membership on a MONTH to MONTH basis for exclusive use and occupancy of Office _____ in Suite ____ consisting of _____ square feet (the "Premises"), commencing _____, located in the building identified municipally as 23 A Street SW (the "Building") to use and occupy in common with others, the common areas of the Building, including without limiting the generality of the foregoing, namely: the halls, stairways, corridors, washrooms, elevators and service areas. This Membership may be terminated on 30 days advance written notice by either party.

ARTICLE 2: PAYMENT OF RENT

The MEMBER shall pay Rent in advance each month in the amount of \$_____ commencing on the **1st day of _____, 2013** and continuing on the **1st day** of each month thereafter during the term of this Membership. In addition to the Rent, the MEMBER shall pay as a deposit the amount of \$_____ to be held for the payment of the Rent for the last month of occupancy.

ARTICLE 3: GROSS MEMBERSHIP

The parties acknowledge that it is the intention that the membership shall be a gross membership and that all usual rechargeable property related costs and expenses of the CITY associated with the Premises are included in the Rent payment from the MEMBER. Rent does not include any telecommunications charges, the fees for which will be separately determined.

ARTICLE 4: DAMAGE BY FIRE OR OTHER CAUSE

If the Premises or common areas are damaged by fire or other cause so as to render them unsuitable or prevent reasonable access to them, the CITY shall diligently repair or procure the repair of the damage; the payments pursuant to this agreement, shall abate in proportion to the area of the Premises rendered unusable because of the damage, from the date the damage occurs until it is repaired.

If the Premises are completely destroyed, the CITY may within 30 days after the damage has occurred notify the MEMBER of its intention to repair the Premises, and the CITY shall diligently repair or procure the repair of the Premises and the payments shall cease to accrue and be payable for the period from the date the Premises are destroyed until they are repaired.

If the Premises are completely destroyed and the CITY fails to notify the MEMBER of its intention to repair as stipulated herein, this Membership shall terminate and payments shall cease to accrue and be payable from the date the Premises are destroyed; and the MEMBER shall vacate the Premises.

ARTICLE 5: OBLIGATIONS OF MEMBER

MEMBER shall:

- a) pay the amounts set out in Article 2,
- b) not make alterations or additions to the Premises without obtaining the prior written approval of the CITY; such alterations or additions to be under the direction of the CITY and at the cost of the MEMBER,
- c) upon termination of this Membership, remove furnishings and other property of the MEMBER and leave the Premises in good repair as determined by the CITY. Any repairs required to restore the premises will be charged to the MEMBER after the work has been completed following their departure,
- d) use the Premises only for the purposes of corporate offices in accordance with the standards of the CITY,
- e) pay charges for excessive use of Utilities or other operating expenses.

ARTICLE 6: UTILITIES AND SERVICES

In no event shall the CITY be liable for any injury to the MEMBER, its employees, agents, or invitees, or to the Premises, or to any property of the MEMBER or anyone else or for any loss of profits or business interruption, or indirect or consequential damages, or for any other costs, losses or damages or whatsoever kind caused by or arising from any interruption of failure in the supply of any Utility or Services to the Premises.

ARTICLE 7: OBLIGATIONS OF THE CITY

The CITY shall:

- a) provide sufficient heating and/or air conditioning to maintain a temperature consistent with the CITY's usual standards,
- b) keep the common areas, outer walls and roof of the Building in proper structural repair and operation,
- c) keep the common areas in the Building clear and well lighted, employ competent contractors to keep the Building and Premises reasonably clean and dusted, keep the Building insured against loss or damage by fire, lightning and tempest.

ARTICLE 8: INDEMNITY

To the extent allowed by law, the MEMBER shall indemnify and save harmless the CITY from and against all claims in any manner arising out of or connected with anything done by the MEMBER, its employees, agents and invitees pursuant to this Membership, whether due to tort or breach of contract.

ARTICLE 9: ASSIGNMENT, SUBLETTING

The parties hereto confirm that the MEMBER may not assign, sub-let or otherwise transfer this Membership agreement to a third party.

ARTICLE 10: INSURANCE

Throughout the term of the Membership, the MEMBER shall effect at its sole cost and expense: Insurance upon the MEMBER'S property normally located within the Premises, including stock in trade, inventory, furniture, fittings, m improvements, and MEMBER'S fixtures in an amount equal to the full replacement cost thereof, against at least the perils of fire, sprinkler leakage, theft etc. as included in normal "all risks" coverage; and if requested, a copy of this

insurance certificate to be lodged with the CITY. Liability insurance against claims for personal injury liability, death or property damage occurring upon, in or about the Premises, including personal liability, liability assumed by contract and MEMBER’S legal liability.

ARTICLE 11: REGULATIONS AND LAWS

At the MEMBER’S sole cost and expense it will comply promptly with all presently existing or hereafter enacted laws, orders, ordinances, rules, regulations and requirements and to keep in full force and effect all permits and memberships required by the CITY and all applicable Federal, State, and Municipal governments and their departments, agencies, commissions, boards and officers or any other body exercising similar jurisdiction over the Premises.

ARTICLE 12: NOTICE

Where in this Membership any notice is required or authorized to be given, that notice shall be in writing and may be sent by registered mail, by courier or delivered in person addressed:

to the CITY:

to the MEMBER:

City of Auburn
Office of Economic Development
25 W Main Street
Auburn, WA 98001
Attention: Economic Development Manager

The above addresses may be changed from time to time by written notice to the other party.

ARTICLE 13: ADDITIONAL AGREEMENTS

This Membership may be executed in conjunction with other agreements between the Parties and/or the University of South Alabama. In such cases where this Membership is contingent upon the execution of those agreements then copies of those executed agreements will form part of this Membership and be appended hereto as separate Schedules to this Membership. Satisfactory performance under this Membership will be subject to satisfactory performance under those agreements and vice versa.

IN WITNESS, WHEREOF the parties have executed this Membership at the City of Mobile, in the State of Alabama, this ____ day of _____, 20____.

MEMBER NAME

CITY OF AUBURN

By: _____

By: _____

Its: _____

Its: _____

Printed Name: _____

Printed Name: _____

Date: _____

Date: _____