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Rehab will turn Independence Regional Health Center into incubator

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After nearly 80 years as a hospital, **Independence Regional Health Center** soon will become a birthplace for businesses, David Edwards said.

Edwards, a principal of **CEAH Realtors**, leads a partnership that plans to close on the purchase of the former hospital campus in December and transform it into the **Independence Regional Entrepreneurial Center**. The center will house three incubators serving a wide variety of early-stage companies, expansion space for businesses ready to fly the incubation coop, and other public and private tenants, Edwards said.

HCA Midwest Health System selected CEAH Realtors two years ago to market Independence Regional and the **Medical Center of Independence**, which were shuttered upon last year's opening of HCA's \$250 million Centerpoint Medical Center in Independence. Edwards declined to disclose the purchase price for the Independence Regional site, 1509 W. Truman Road, but CEAH originally listed it for \$5.8 million.

Edwards said the partnership plans to spend \$23 million on first-phase renovations to a former hospital tower on the south side of the campus. That tower could house its first tenants by spring. Second-phase renovations to the former Truman Forest medical office tower on the north end will cost an estimated \$10 million, Edwards said. Plans call for the central portion of the hospital, part of which was built in 1909, to be demolished.

Edwards' partnership, **Edwards Management Group**, has had the hospital site under contract since November. Investors decided to keep their identity and redevelopment plans under wraps while building support among key players.

The Independence School District board took no action after a Sept. 9 closed-door session with Edwards about potential class offerings at the center.

But Edwards disclosed plans for the site on Sept. 10, saying that several public entities have agreed to support the center. One of them is **Metropolitan Community College**, which has expressed interest in operating a general-business incubator planned for the site.

"This will be Kansas City's only open-door incubator," Todd Mick, MCC's director of entrepreneurship, said of the three-part incubation program. "St. Louis has six, and we have exactly none."

Bill Duncan, CEO of the **Kansas City Area Life Sciences Institute Inc.**, said the metropolitan



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The former Independence Regional Health Center campus would become the Independence Regional Entrepreneurial Center.

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area is served by two wet-lab incubators suitable for life sciences startups, with a third expected to open in 18 months. But Duncan said that additional wet-lab space is needed to keep local life sciences startups from leaving the area and that he has agreed to help Edwards find an operator for a life sciences/technology incubator planned for the new entrepreneurial center.

The third incubator housed in the center will be equipped with a commercial kitchen that can be used by startups such as caterers and barbecue sauce bottlers, Edwards said. The kitchen also could attract public users, such as a school wanting to offer culinary arts education, he said.

The Independence Council for Economic Development is considering a move to the entrepreneurial center, and several primary-care medical providers are in discussions with Edwards about space.

“We think it’s a great opportunity to grow jobs, encourage capital investment and promote entrepreneurship in Eastern Jackson County,” ICED President Tom Lesnak said.

One of Lesnak’s counterparts, Lee’s Summit Economic Development Council CEO Jim Devine, said the center would dovetail nicely with Show Me Angels, an angel-investment group that he and three other founders recently launched to help capitalize Eastern Jackson County startups. Devine, however, said he had been surprised to learn a real estate broker was behind the effort.

“Incubators are high-maintenance, high-turnover and high-risk enterprises,” Devine said. “But there’s a tried-and-true model they can follow in Johnson County.”

Devine was referring to the Enterprise Center of Johnson County, which houses 15 high-growth-potential startups. Joel Wiggins, CEO of the Enterprise Center, said he had advised Edwards to offer his incubator tenants more than cheap rent, a receptionist and other shared services.

“If they’re planning a pure real estate play, simply offering facilities to anyone who wants to start a business, I don’t think it will be successful,” Wiggins said.

Edwards said his project will follow the Enterprise Center’s lead by providing on-site consultants to help incubator tenants with everything from capital formation to business and marketing plans.

Those services are expensive, Wiggins said, which is why 30 percent of his center’s annual \$1.2 million budget is subsidized by the Johnson County government. Edwards’ partnership is not planning to seek a county subsidy.

But Edwards said he expects a share of \$12 million in tax increment financing from the Centerpoint project that Independence officials plan to dole out for the city’s two hospital redevelopment projects.

Unlike its Johnson County counterpart, Edwards said, his project also will profit from rent paid by “graduates” of its incubators.