

TRANSMITTAL

To:

THE COUNCIL

Date: 9/26/2018

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name.

(Ana Guerrero) for

ERIC GARCEITI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Community Services & Development Bureau
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tel 213.928.9071 | fax 213.808.8999
hcidla.lacity.org

September 25, 2018

Council File No.: 18-0106
Council Districts: All
Contact Persons:
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Abigail R. Marquez (213) 808-8462

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

TRANSMITTAL: PROGRAM YEAR 44 (2018-19) REPORT ON COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BALANCES OF PROJECT ACCOUNTS AND REQUEST FOR AUTHORITY TO REPROGRAM CDBG FUNDING TO OTHER PROJECTS AND ACTIVITIES

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA seeks approval and requests authority to reprogram Community Development Block Grant (CDBG) funding to other projects, and provides Controller instructions to transfer funding. HCIDLA staff reviewed CDBG accounts with staff of City departments and Mayor and Council offices and has identified \$3,242,744.76 in available funding for reprogramming.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

- A. Approve the reprogramming of \$3,242,744.76 in CDBG funds, detailed in Attachment 1, as a source of revenue for the projects identified below, for the Program Year (PY) 44 Housing and Community Development Action Plan (Con Plan).

- B. Approve the projects below as an amendment to the PY 44 Con Plan.

Activities and Projects	Amount
1 Aging Services Delivery System	\$227,594
2 Certified Access Specialist (CASp)	\$300,000
3 Coronado (Golden Age) Park	\$100,000
4 Green Meadows Recreation Center	\$450,000
5 InnerCity Struggle	\$300,000
6 Los Angeles Cleantech Incubator	\$447,250
7 MacArthur Park Improvements	\$233,000
8 North Sepulveda Pedestrian Island	\$464,000
9 South Park Improvements	\$520,900
10 Van Nuys—Marson Street Lighting Phase 2	\$200,000
TOTAL:	\$3,242,744

- C. Authorize the General Manager of HCIDLA, or designee, to prepare and post for a 30-day public comment period a Substantial Amendment to the PY 44 Con Plan listing the revisions and submit the amendment to the U.S. Department of Housing and Urban Development for approval.
- D. Approve the Controller Instructions as detailed in Attachment 2.
- E. Authorize the General Manager of HCIDLA, or designee, to prepare Controller's instructions and any technical adjustments consistent with Mayor and City Council actions related to this matter, subject to the approval of the Chief Legislative Analyst (CLA) and request the Controller to implement these instructions.

BACKGROUND

During August and September, HCIDLA held meetings focused on each Council District with projects funded by CDBG, and met with staff from City departments administering CDBG and staff from the offices of the Mayor, City Council, Chief Legislative Analyst (CLA), and City Administrative Officer (CAO) to review CDBG projects. The status of projects was discussed, including impediments to ongoing projects and CDBG savings available for reprogramming. At these meetings, HCIDLA also gathered ideas, input, and concerns on reprogramming recommendations for this report.

At the March 28, 2018 Housing Committee meeting, the Committee instructed that any additional funding requests for PY 44 be considered as part of the next mid-year reprogramming action for the Los Angeles Cleantech Incubator (LACI), and that LACI provide a budget for the expenditure of funds and a plan for self-sufficiency and diversified funding sources (CF 18-0106). As additional funding was requested for LACI for the three-month extension of the contract through June 2019 to cover the movement of the program year. Please see Attachment 3 for the communication from LACI.

CDBG SAVINGS

Attachment 1 provides a listing of CDBG accounts that have funds available for reprogramming. Available funds are from projects and programs that are complete and have unspent funds or from projects that no

longer need the CDBG funds due to their cancellation, postponement, or identification of other sources of funding.

ACTIVITIES AND PROJECTS RECOMMENDED FOR FUNDING

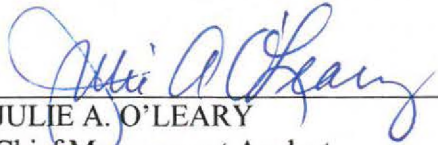
HCIDLA recommends the following activities and projects receive the reprogrammed CDBG funds.

Row	Activities and Projects	City Dept.	Council District	Vested or on Future Priority List	Amount	Comments
1	Aging Services Delivery System	Aging	Citywide	V	\$227,594	Additional \$138,750 of CDBG approved 9/12/18 (CF 18-0106) is insufficient for total cost for April-June for delivery system. Dept. uses all of CDBG for April-June, so needs full amount of \$555,000. There is \$300,000 available in Public Services cap.
2	Certified Access Specialist (CASp)	HCIDLA	Citywide	V	\$300,000	General Services' estimate for CASp consultant work on eight City-owned FSC sites is \$500,000. Only have \$200,000 in PY 44 for CASp.
3	Coronado (Golden Age) Park	HCIDLA	1	V	\$100,000	Bid results show construction cost higher than amount awarded.
4	Green Meadows Recreation Center	Rec & Parks	9	V	\$450,000	Needs additional funding for subsequent phases. On Rec & Parks' priority list (June 2018).
5	InnerCity Struggle	HCIDLA	14	V, P	\$300,000	Bid results show construction cost higher than amount awarded.
6	Los Angeles Cleantech Incubator	EWDD	Citywide	V	\$447,250	Equals 25% of PY 44 contract to cover April-June 2019. See attached budget and sustainability plan requested by Council and the Housing Committee.
7	MacArthur Park Improvements	Rec & Parks	1	P	\$233,000	Requested in 8/22/18 Housing Committee Report.
8	North Sepulveda Pedestrian Island	PW-Sanitation	6	P	\$464,000	Additional \$138,000 of CDBG approved 9/12/18 (CF 18-0106) is not sufficient for total cost. Sanitation requested additional \$464,000.
9	South Park Improvements	Rec & Parks	9	V, P	\$520,900	On Rec & Parks' priority list (June 2018) with updated amount, for baseball field phase. Does not cover all funding requested.
10	Van Nuys—Marson Street Lighting Phase 2	PW-St. Lighting	6	V	\$200,000	Requested \$200,000 to expand current project.
	Total				\$3,242,744	

FISCAL IMPACT

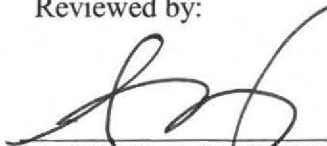
There is no impact to the General Fund, as all costs are paid by the federal CDBG.

Prepared by:



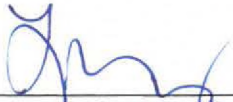
JULIE A. O'LEARY
Chief Management Analyst

Reviewed by:



ABIGAIL R. MARQUEZ
Assistant General Manager

Approved by:



LAURA K. GUGLIELMO
Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

RDC:LKG:ARM:JO

Attachments:

1. CDBG funding for reprogramming
2. Controller instructions
3. Communication from the LA Cleantech Incubator

Program Year 44 Action Plan (2018-19)
CDBG Funding to be Reprogrammed

Program Year	Dept.	Council District	FMS Acct.	Project Title	Funds to be Reprogrammed
33	HCIDLA-ND	1	22C446	CASAS ALICIA RESTORATION PROJECT	\$2,672.71
35	HCIDLA-ND	14	22F428	BRING BACK BROADWAY STREETScape	\$6,338.57
37	HCIDLA-ND	9	22H530	4255 S Olive St. aka JUNIPERO SERRA LIBRARY	\$5,479.26
38	EWDD	CW	22H122	CDD - STAFF Return of Funds Reversion Worksheet	\$616.74
39	HCIDLA	CW	43K143	HCIDLA ADM AND PROGRAM DELIVERY	\$2.51
39	HCIDLA-ND	1	43P140	CCNP BIXEL STREET RENOVATION	\$34,991.55
39	PW-ST LIGHTING	1	43M184	NEIGHBORHOOD IMPROVEMENT FUND-- GLASSELL PARK TRANSIT PAVILION	\$14.92
39	PW-ST LIGHTING	1	43N184	NEIGHBORHOOD IMPROVEMENT FUND-- GLASSELL PARK TRANSIT PAVILION	\$17,169.49
39	PW-ST LIGHTING	1	43P184	NEIGHBORHOOD IMPROVEMENT FUND-- GLASSELL PARK TRANSIT PAVILION	\$46,516.87
39	PW-ST LIGHTING	1	43P184	NEIGHBORHOOD IMPROVEMENT FUND-- HOOVER STREET UNION AVE	\$7,491.39
40	HCIDLA	CW	43L143	HCIDLA ADM AND PROGRAM DELIVERY	\$2,867.89
40	HCIDLA-ND	15	43N140	BRADLEY MILKEN FSC RENOVATION	\$2,100.78
40	LAHSA	CW	43L381	LAHSA SPECIAL ECONOMIC DEVELOPMENT - Return of Grant Funds	\$2,483.00
41	HCIDLA-ND	15	43N140	NEIGHBORHOOD IMPROVEMENT FUND-- WILMINGTON LEARNING ANNEX	\$62.26
41	HCIDLA-ND	15	43P140	NEIGHBORHOOD IMPROVEMENT FUND-- WILMINGTON LEARNING ANNEX	\$528.00
41	HCIDLA-ND	CW	43M531	NEIGHBORHOOD IMPROVEMENT FUND	\$32.66
41	PW-Engineering	9	43M178	CD 9 SIDEWALK REPAIR PROGRAM	\$21,335.17
42	HCIDLA	CW	43N143	HCIDLA ADM AND PROGRAM DELIVERY	\$475,282.46
42	HCIDLA-HDB	CW	43N588	SINGLE FAMILY REHAB - HANDYWORKER	\$3,261.00
42	HCIDLA-ND	11	43N597	1736 FAMILY CRISIS CENTER - EMERGENCY YOUTH SHELTER	\$24,531.71
42	PW-ST LIGHTING	13	43N184	ELYSIAN VALLEY LIGHTING PROJECT - PHASE IV	\$2.96
43	AGING	CW	43P102	AGING ADM	\$4,752.30
43	AGING	CW	43P420	AGING DELIVERY SYSTEM	\$68,832.00
43	CITY ATTORNEY	CW	43N112	CITY ATTORNEY RESIDENTIAL ENFORCEMENT (CARE) (FORMERLY PACE)	\$27,173.98
43	CITY ATTORNEY	CW	43N112	CITY ATTORNEY TARP	\$73,117.01
43	CITY ATTORNEY	CW	43N299	CITY ATTORNEY RESIDENTIAL ENFORCEMENT (CARE) (FORMERLY PACE)	\$5,976.40
43	CITY ATTORNEY	CW	43N299	CITY ATTORNEY TARP	\$13,252.70
43	CITY ATTORNEY	CW	43P299	CITY ATTORNEY RESIDENTIAL ENFORCEMENT (CARE) (FORMERLY PACE)	\$11,595.66
43	CITY ATTORNEY	CW	43P299	CITY ATTORNEY TARP	\$14,689.36
43	CITY ATTORNEY	CW	43P112	CITY ATTORNEY RESIDENTIAL ENFORCEMENT (CARE) (FORMERLY PACE)	\$21,879.19
43	CITY ATTORNEY	CW	43P112	CITY ATTORNEY TARP	\$21,202.74
43	HCIDLA	CW	43P143/43P132/P168	HCIDLA ADM AND PROGRAM DELIVERY	\$1,400,016.13
43	HCIDLA-HDB	CW	43P281	LEAD HAZARD REMEDIATION	\$725.49
43	HCIDLA-HDB	CW	43P588	SINGLE FAMILY REHAB - HANDYWORKER	\$135,061.71

Program Year 44 Action Plan (2018-19)
 CDBG Funding to be Reprogrammed

Attachment 1

Program Year	Dept.	Council District	FMS Acct.	Project Title	Funds to be Reprogrammed
43	PW-Engineering	1	43P140	GLASELL PARK TRANSIT PAVILION	\$143,350.91
43	Rec & Parks	1	43P428	ALPINE RECREATIONAL CENTER (PHASE 1)	\$295,348.15
43	Rec & Parks	1	43P636	Alpine Recreational Center Playground	\$247,468.82
43	Rec & Parks	8	43P637	Curtis Roland Park Playground (name corrected)	\$104,520.31
Grand Total					\$3,242,744.76

**44th Program Year Action Plan (2018-19)
CONTROLLER INSTRUCTIONS**

1) Authorize the Controller to:

- a) Establish new accounts and/or increase appropriations within the Community Development Trust Fund No. 424 as follows:

Account	Title	Amount
43R248	Clean Tech Incubator	\$ 447,250.00
43R420	Aging Delivery System	\$ 227,594.00
43R522	South Park Improvements	\$ 520,900.00
43R662	Certified Access Specialist	\$ 300,000.00
43R673	North Sepulveda Pedestrian Island	\$ 464,000.00
43R709	Inner City Struggle	\$ 300,000.00
43R771	MacArthur Park Improvements	\$ 233,000.00
43R772	Van Nuys-Marson Street Lighting	\$ 200,000.00
43R773	Green Meadows Recreation Center	\$ 450,000.00
43R774	Coronado (Golden Age) Park	\$ 100,000.00
	Total	\$ 3,242,744.00

- b) Decrease accounts within the Community Development Trust Fund No. 424 as follows:

Account	Title	Amount
22C446	Casa Alicia Restoration	\$ 2,672.71
22F428	Broadway Streetscape	\$ 6,338.57
22H122	Community Development Department	\$ 616.74
22H530	4255 Olive Street	\$ 5,479.26
43K143	Housing and Community Investment	\$ 2.51
43L143	Housing and Community Investment	\$ 2,867.89
43L381	LAHSA Special Economic Development	\$ 2,483.00
43M178	Public Works Engineering	\$ 21,335.17
43M184	Public Works Street Lighting	\$ 14.92
43M531	Neighborhood Improvement Fund	\$ 32.66
43N112	City Attorney	\$ 100,290.99
43N143	Housing and Community Investment	\$ 475,282.46
43N184	Public Works Street Lighting	\$ 17,172.45
43N299	Related Costs	\$ 19,229.10
43N588	Handyworker	\$ 3,261.00
43N597	1736 Family Crisis Center	\$ 24,531.71

CONTROLLER INSTRUCTIONS

Account	Title	Amount
43P102	Aging	\$ 4,752.30
43P112	City Attorney	\$ 43,081.93
43P140	General Services	\$ 35,519.55
43P143	Housing and Community Investment	\$ 1,400,016.13
43P184	Public Works Street Lighting	\$ 54,008.26
43P281	Lead Hazard Reduction	\$ 725.49
43P299	Related Costs	\$ 26,285.02
43P420	Aging Delivery System	\$ 68,832.00
43P428	Alpine Recreational Center	\$ 295,348.15
43P588	Handyworker	\$ 135,061.71
43P636	Alpine Recreational Center Playground	\$ 247,468.82
43P637	Roland Curtis Park Playground	\$ 104,520.31
43R140	General Services	\$ 145,513.95
	Total	\$ 3,242,744.76

- c) Decrease \$145,513.95 from Fund No. 100/40 accounts to be determined by General Services Department.



The Honorable Eric Garcetti, Mayor
The Honorable City Council
c/o City Clerk
200 N. Spring Street, Room 395
Los Angeles, CA 90012

September 20, 2018

Attention: Housing and Community Investment Department (HCID)
Economic and Workforce Development Department (EWDD)

Re: Mid-Year CDBG Funding Extension Rationale & Response

In April 2018, the City Council and Mayor approved a CDBG allocation of \$1.79M to support the continuing efforts of the City's cleantech incubator, LACI (C.F. 18-0106). This letter is a request for an extension of LACI's contract from 12 to 15 months in the amount of \$447,250 of supplemental funding for the current program year, consistent with the City's funding for other CDBG subrecipients to adjust to the overall 44th PY Consolidated Plan program year.

This letter also provides as requested, background, diversified funding sources, a plan for self-sufficiency as requested by the CLA, as well as a budget for the expenditure of funds.

OVERVIEW

LACI is **the City of Los Angeles' nonprofit economic development business incubator** working to build an **inclusive green economy**. Headquartered at the La Kretz Innovation Campus in the downtown LA Arts District, LACI nurtures early stage clean technology businesses, creates living-wage green jobs in Los Angeles and creates a more sustainable and livable city. **LACI supports the City in meeting its economic development, environmental, renewable energy, energy efficiency, transportation, and related sustainability goals, and increases access to both services and clean technologies by underserved communities of color, veterans and women.**

IMPACT TO DATE

LACI has developed globally recognized business incubation and acceleration programs that exemplify the benefits of economic development investment. In just 6 years, LACI has served over **400 small businesses**, formally incubating over 78 companies that have secured over **\$221 million in funding**, generated over **\$220 million in revenue**, and helped to create an estimated **1,750 jobs** with a projected 5-year **Los Angeles economic impact of nearly \$393 million**.



LACI's strategic goals for building an inclusive green economy in Los Angeles **align with both the [Sustainable City pLAN](#) and City Council policies, focusing on economy, environment and equity**



by focusing on **job creation and inclusion of low-moderate income families in the green economy**, targeting significant and measurable reduction in greenhouse gases (GHG) and particulate emissions (Air Quality), increased funding for companies that are focused on positive impact goals, and **enhancing communities by deploying clean technologies in disadvantaged neighborhoods**.

Given the **City’s priority of creating diverse low- to moderate-income (LMI) jobs and seeing diverse founders thrive throughout the City**, continued funding for LACI ensures its ability to leverage and scale its proven success that is also bringing increased investment to the City, including many partners who are investing in Los Angeles for the first time.

LOW-MODERATE INCOME (LMI) JOBS

Job creation is a key measure of the efficacy of LACI programs which leverage the proven efficiency of business incubation for economic development.^{1,2} Incubating new companies is one of the best ways to create new jobs.

As the City’s nonprofit incubator, and unlike private incubators, LACI can place primary focus on the creation of LMI jobs and recruiting diverse founders through its incubation programs.

LACI delivers on CDBG targets for **LMI job creation, delivering 202% of requirements**

44% of LMI job recipients were unemployed prior to securing new jobs.
(2013 - 2018)

INCUBATION PROGRAMS

LACI’s core incubation programs leverage a unique blend of best practices in order to increase the success rate at which green startups effectively grow here in the City, creating economic impact and investment in LA. That also translates directly into new green job creation, including for a diverse workforce, many of whom are getting higher wage jobs as well. Here’s how it works:

- We search for diverse companies that have actionable visions for creating an inclusive green economy through coordinated efforts with global, national, state and local community partners.
- Applicants are subject to a vetting process that considers diversity, impact, technology, team, model, markets, competition, strategic alignment, and regional diverse job creation potential.
- For up to 5 years (i.e., providing the longer term, hands on support emerging, local cleantech companies really need to succeed), LACI helps promising sustainable companies through its formalized support system, deep bench of expert mentors, pragmatic education and training, strong network of investment capital and market resources, and community enhancement programs.

¹ The US Economic Development Agency (EDA) found that incubators create 20x more jobs at about 6% of the cost compared to community infrastructure projects - reference Grant Thornton / EDA 2009.

² The National Business Incubation Association (NBIA) found that every \$1 in public funding for incubation operations yields \$30 in tax revenue.



LACI UNLOCKING INNOVATION



Incubating the next generation of promising, diverse cleantech entrepreneurs and helping them bring their technology and ideas to market.

HIGH TOUCH, CUSTOMIZED PROGRAMS

Best-in-class mentoring and coaching

- EIRs
- Mentor & Advisor network
- Subject-Matter Experts

Access to LACI Network

- Pilot Programs
- Customer Access
- Demo Opportunities

Focus on impact (economic, environmental, and social)

- Just Impact Report
- Equity Give Back

Access to capital

- Investor Network
- Capital Access Program
- IGF Fund (in development)

Shared services

- Legal • Accounting
- HR • Creative
- Software

Opportunities to showcase

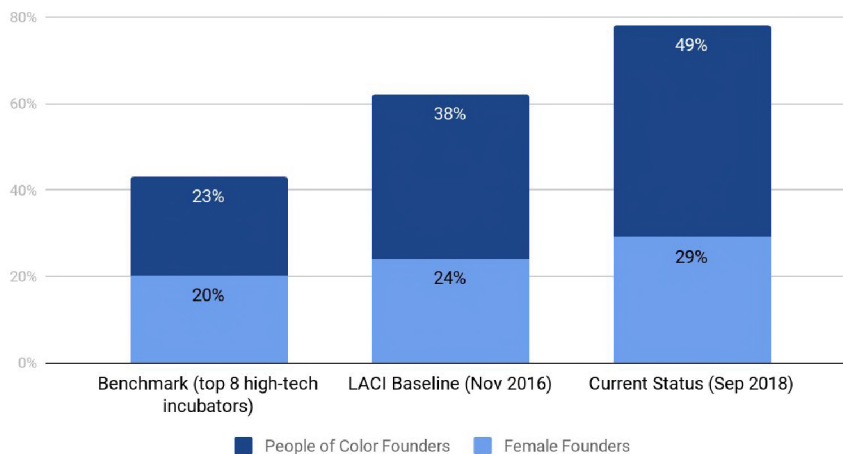
- Global Forum
- LA CoMotion



DIVERSE COMPANY FOUNDERS & FOUNDER’S BRIDGE PROGRAM

As a City-aligned effort, LACI’s existing organization-wide focus on diversity and inclusion has borne fruit. Diversity among LACI portfolio companies has grown substantially thanks to the commitment of the organization’s leadership, LACI’s Diversity in Entrepreneurship Committee, Diversity & Inclusion Advisory Council, community outreach programs, and updated application and acceptance criteria.

Founder Diversity at LACI





Founder's Bridge Program

With the increased PY44 CDBG funding, thanks to the Mayor and City Council, this year LACI is launching the new, innovative *Founder's Bridge* program in concert with the City to bring the organization's expertise, assets and assistance directly into disadvantaged communities throughout Los Angeles to help diverse small business founders thrive, and those thinking of creating a startup to get help to start.

A natural extension and next phase of LACI incubation programs, Founders Bridge provides **inclusive, foundational and practical training** in sustainable business and entrepreneurship for **underrepresented Angelenos in diverse communities**, delivered **locally in each community**, and **leveraging proven LACI impact-driven programs, methods and assets**.

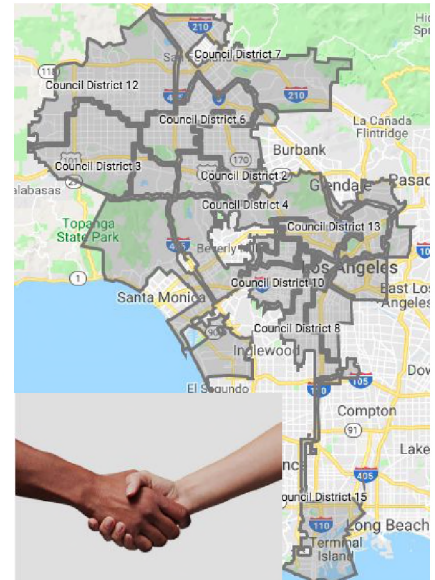
For each community identified and served, we will hold an outreach workshop, followed by a one-month acceleration program, with twelve-month follow on engagement and tracking for standout participants. **Each outreach workshop will have a goal of reaching 300 individuals, thus recruiting 100 to participate in the Founder's Bridge program.**

This subset of participants in the *Founder's Bridge* program will be ready to move into LACI portfolio company programs and other business assistance programs throughout Los Angeles, and will have access to small business loans, technical assistance and other City and partner services.

Working with the BusinessSource Centers (BSC) will be an important part of *Founder's Bridge*. If the BSCs are like undergraduate education, *Founder's Bridge* is like graduate school. We will work with BSCs to identify promising and diverse entrepreneurs, and give those entrepreneurs the opportunity to take their skills and success to another level of mastery.

The funding extension will allow LACI to double the current plan from 2 to 4 instances of the program in disadvantaged communities. Continued funding will allow us to:

- Formalize and deliver the Founders Bridge program in **four (4) disadvantaged neighborhoods, with the aim to deliver it locally in every City Council District in subsequent budget years.**
- **Deliver additional resources for participants** to receive the value of creative, legal, financial, recruiting, and related services to accelerate their success.
- **Create training and "train the trainer"** content for partners to continue to deliver acceleration services year round.
- **Showcase and extend awareness of these businesses, using communication tools to proactively tell the success stories of participants.**



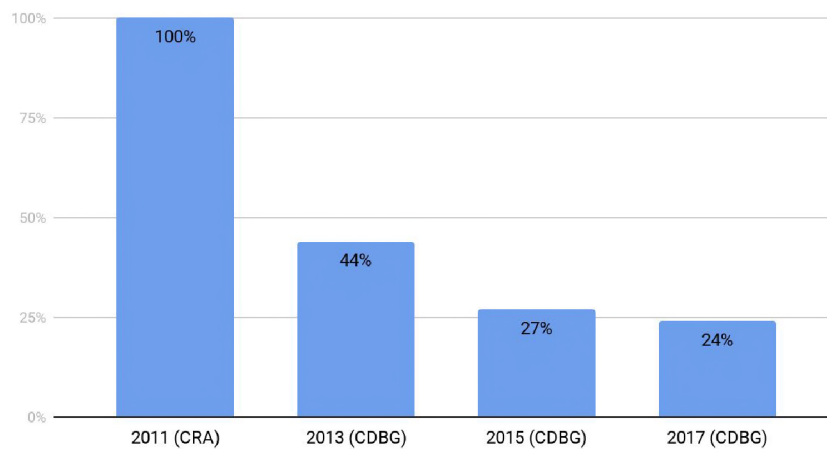


It is through the City’s continued support that LACI is able to fulfill its vision of bringing its resources and expertise to all of Los Angeles, with primary focus on reaching and serving its disadvantaged communities to help see all Angelenos thrive. With LACI’s growing success in one location at the La Kretz Innovation Campus, the time is right to scale LACI’s success throughout the City with advanced business support services and partnerships that BusinessSource Centers, SBDC, and other programs currently do not provide. This expansion model will also help provide greater access to and leverage of the La Kretz Innovation Campus as a City asset, functioning as a central hub for a network of satellite programming.

DIVERSIFIED FUNDING

LACI has successfully leveraged City funding to expand its network, reach, and engagement of resources that greatly enhance its incubation and innovation programs. The City’s early and continued support has led to LACI being recognized as the top CleanTech incubator in the world by UBI. Per the business plan for LACI commissioned by the City of Los Angeles in 2010, LACI has diversified and grown its sources of revenue over time. Diversification and growth of varied revenue streams enables LACI to **leverage crucial baseline funding from the City of Los Angeles** for economic, environmental and social impact that exceeds both goals and expectations.

CDBG Funding as % of Total LACI Funding



During this period, LACI’s total annual budget has grown from \$650k in 2011 to \$7M in 2018.

The funding sources listed and described below each have their own program requirements that are independent of LACI incubation and acceleration services.

Broadly, LACI leverages City funding to supplement revenue from sponsors, partners, donors and foundations for specific programs that complement its incubation services and provide additional exposure for LACI portfolio companies. Significant funders of LACI programs and services, in addition to the City of Los Angeles, include:



Funder	Amount	Term	Purpose
California Energy Commission	\$5M	6 years	Energy network, ecosystem, and pilots
Emerson Collective	\$5M	10 years	Establish independent fund to invest in portfolio companies -- to be launched Q1 of 2019
State of California	\$2M	2 years	Cleantech pilots and workforce development in disadvantaged neighborhoods
California State University Northridge	\$1.9M	3.5 years	Develop entrepreneurial programs
JPMorgan Chase	\$1.4M	4 years	General operations, Diversity & Inclusion
US Department of Energy	\$1.4M	4 years	Multiple - network, pilot, Capital Access Program
Wells Fargo	\$485k	4	General operations, Impact Framework
National Renewable Energy Labs	\$375k	3	Pilot engagement and technical assistance
Eli Broad Foundation	\$250k	1	General operations

To help startups, workforce development, and the local economy, LACI is bringing in high level partnerships into Los Angeles with companies like **BMW** via the [Transportation Electrification Partnership](#), partners like **Emerson Collective** who are investing for the first time in LA to fund portfolio companies, and the **State of California** who is funding pilots of zero emissions technologies in low income communities concurrent with workforce development. These types of initiatives supercharge portfolio company success as pilots are deployed and diverse employees hired here in LA.

Diversified funding sources increases and enhances LACI portfolio company development because these independently funded programs are layered on top of its core services. Examples of work LACI is doing, which is made possible by leveraging City supported initiatives that attract additional funding from 3rd party partners, include:

Transportation Electrification Partnership (TEP)

LACI is leading an unprecedented partnership of Mayor Eric Garcetti, the County of Los Angeles, LADWP, SCE, California Air Resources Board, and Metro--along with corporate, labor, agency, and university partners--are joining forces to reduce statewide greenhouse gas emissions and regional air pollution by accelerating zero emissions transportation by the time the world arrives for the Olympic and Paralympic Games in 2028. LACI sees the collaboration as a critical next step in its mission to build an inclusive green economy through cleantech innovation and market transformation.

The multi-year partnership is funded separately by corporate partners like BMW, regional utilities (including LADWP), IBEW Local 11/NECA, SCAQMD, and others will create **tangible collaborations with industry, LACI’s current portfolio companies, and disadvantaged communities** on pilot projects and demonstrations as well as seeking new transportation startups, developing key markets, and helping develop a diverse workforce.



Diversity and Inclusion

LACI has made an organizational commitment to diversity and inclusion by building a fair and just ecosystem that integrates women, people of color, and other underrepresented groups into the cleantech sector and the tech industry overall. Although LACI is currently outperforming a diversity benchmark of incubators and accelerators across the US, there is still ample opportunity for additional progress.

Women and people of color continue to be underrepresented in the rapidly growing green job market, leading to missed opportunities in new idea generation and wealth creation. Diverse teams and inclusive work environments lead to increased innovation, higher employee retention rates, and better financial performance.

Watts Rising

LACI recently partnered with the Housing Authority of the City of Los Angeles (HACLA), Tree People, Community Healing Gardens (CHG), Grid Alternatives on a successful \$35M grant from the Strategic Growth Council's Transformative Climate Communities (TCC) program. The partnership is known as Watts Rising. As part of this program, LACI will work with Community Healing Gardens to create a first-of-its-kind Community Healing Tech Garden in Watts featuring clean technology deployment, a community tree planting program, STEM education, new paths for green jobs and community engagement. The program provides a working model for Title 1 schools across the country and will feature demonstrations of LACI portfolio company technologies in the garden.

Workforce Development

LACI's Workforce Development Training Program is part of LACI's multi-pronged approach towards empowering underrepresented groups to participate in the green job market and building a talent pipeline for local companies. Examples include the:

- *YPI Electronics Program*: During Summer 2017, LACI hosted our first workforce development program in partnership with Youth Policy Institute (YPI), providing youth ages 18-24 from disadvantaged communities with electronics and embedded programming training, preparing them for jobs in the cleantech sector. At the completion of the program, half of the graduates were placed into jobs and the other half enrolled back in higher education.
- *STEM Portfolio-Building Program*: In the Fall of 2017 LACI ran a workforce development program in collaboration with the LA Coalition, providing hands on training for students coming out of Community Colleges to learn how to design, iterate, and manufacture prototypes with a focus on placement in jobs in transportation infrastructure that paid twice as much as the average job coming out of community college. The learnings from these two pilot programs will now be incorporated into a full scale workforce development program being launched by LACI in the Spring of 2019, expected to touch over eighty students per year.



SELF-SUFFICIENCY STRATEGY

LACI's sustainability and self-sufficiency strategy comprises 5 organizational priorities:

1. **Maintain Core Incubation Capacity** - Continue City operational support to leverage past CDBG allocations and allow LACI to continue its core business incubation services to current and additional portfolio companies and continue its proven job creation performance.
2. **Diversify Funding Streams and Bring New Partners to LA** - Continue to aggressively pursue additional funding from federal, state, corporate and philanthropic sources to increase the impact of the City's incubation program. Additional related and complementary programs at LACI have the advantage of exposing LACI PCs to additional growth and investment opportunities, and provide additional underpinning to LACI administrative and related support functions. This also results in bringing new partners, funders, and investors to Los Angeles.
3. **Expand Investment Pipeline** - Develop relationships with new and existing external investment sources to help portfolio companies grow, scale, and graduate from the LACI incubation program to increase the path toward successful exits and return of equity revenue to LACI and to the City of LA. This includes establishing an independent capital fund for direct investment into LACI portfolio companies (under active development; expected Q1 2019).
4. **Maintain Equity Participation in LACI Portfolio Companies** - Continue the policy of requiring portfolio companies to provide LACI a small percentage of equity (1% - 5%) in exchange for LACI support and services to help them grow. As a long term strategy, LACI hopes such equity will produce a future modest to significant source of funds to support the core incubation program. Nonprofit incubators similar to LACI located in other parts of the U.S. do not sustain their operations and/or portfolio company services based on equity participation alone--all primarily fund those services via grants, corporate sponsorship, or local/state government support.
5. **Remain Strategic** - At the direction of the board, evaluate long-term self-sufficiency strategies, such as the viability of a long-term endowment campaign.

As LACI builds on the important funding from the City via CDBG, that funding remains critical given incubating startups – particularly those with founders from underrepresented communities who are challenged in access to capital, along with clean technology solutions in general – takes significant time and effort. . It is critical the City continues to support LACI to increase job creation, local investment and greening of LA as we continue to build a path toward sustainability. This is especially important as LACI uniquely fills an essential market gap for companies in this sector in the LA area, providing hands on, one on one coaching from business experts during the time known as the startup “valley of death” when most companies fail.

A reduction in City support to the core incubation program would require a reduction of services to current portfolio companies and reduction of the ability to accept new startup business over time.



With the City's vital and visionary support, LACI inclusively seeks and nurtures diverse businesses that traditional for-profit incubators and accelerators – who seek maximum financial return on their investment – often neglect. While LACI, not unlike private investors, always seeks entrepreneurs that have potential for long-term success, by remaining civic-minded we also seek solutions that:

- Help the City of Los Angeles meet its economic development, environmental, renewable energy, energy efficiency, transportation, and related sustainability goals;
- Increase access to both services and clean technology solutions by underserved communities of color, veterans and women;
- Seek and include entrepreneurs from underserved communities to ensure businesses with diverse leadership teams that reflect the fabric of Los Angeles;
- Train disadvantaged and underrepresented communities on how to use the tools of tomorrow's advanced manufacturing and innovation economies; and
- Engage the minds and imaginations of today's youth and tomorrow's entrepreneurs.

Without current ongoing City funding for LACI incubation and innovation programs, our impact would lose significant traction in inclusivity, diversity, alignment with City needs, community engagement, and job creation / economic impact, among other cascading effects.

LACI PROGRAM BUDGET

LACI utilizes CDBG funds exclusively for incubation and acceleration services, with all funds allocated between staff and contractors that fulfill our needs to deliver exceptional value and experience to diverse small businesses.

Program Year 44 CDBG funding for LACI has enabled us to scale our existing incubation programs to deliver more services to more startups, creating more LMI jobs in the process. In addition, CDBG funding has enabled the creation of the Founder's Bridge program to leverage LACI's proven programs to inclusively reach underserved communities and diverse founders throughout the City.

LACI annually undergoes an independent audit, including a Federal Single Audit (A-133), and is a fully compliant and low-risk auditee. LACI utilizes contract services ("Other Costs" in the budget) where applicable to maintain flexibility, to maximize efficiency, and to apply targeted expertise to specific initiatives.

(See attached for budgets)

SUMMARY

LACI believes strongly that the City's cleantech incubator is a proven economic development investment that consistently delivers unparalleled results. LACI has delivered double its CDBG job creation requirements for 4 years in a row and we're on track at least double that requirement again. LACI is a stable investment, showing consistent year-over-year growth with clean federal A-133 audits. Our programs and impact can be scaled with existing infrastructure.



Additional CDBG funding will leverage the City's prior capital investment in LKIC and the start-up operational support to LACI itself, scaling capacity to substantially increase documented low-moderate income jobs in an expanded portfolio of cleantech and sustainable companies; to support outreach and training in concert with established community partners in order to increase sustainable business starts, expand inclusion and readiness of entrepreneurs from underrepresented groups in the cleantech and sustainability sectors, and develop a stronger pipeline of local and diverse businesses for LACI signature incubation programs; to leverage the expertise of LACI Executives-in-Residence by delivering best practices in underserved communities; and to increase workforce training opportunities of disadvantaged constituencies, such as at-risk youth and the formerly incarcerated.

LACI is deeply appreciative for the continued support of the City of Los Angeles. Please let us know if we can answer any additional questions that you may have.

Thank you,

Matt Petersen
President & CEO
LACI

Attachments:

Approved Program Year 44 Budget
Proposed Three-month Con Plan Supplemental Budget ("15 Month Con Plan Budget")
Current LACI Portfolio Companies

Cc:

Members, Housing Committee
Gilbert A. Cedillo, Councilmember, First District
Paul Krekorian, Councilmember, Second District
Marqueece Harris-Dawson, Councilmember, Eighth District
William Chun, Deputy Mayor for Economic Development
Richard H. Llewellyn, Jr., City Administrative Officer
Sharon M. Tso, Chief Legislative Analyst
Jan Perry, General Manager, Economic and Workforce Investment Department
Rushmore Cervantes, General Manager, Housing and Community Investment Department

Attachments

BUDGET SUMMARY

Economic and Workforce Development Department, City of Los Angeles

Contractor:	Los Angeles Cleantech Incubator								
Contract No.:	C-129463						Contact Name:	Ben Stapleton	
Program:	Clean Tech Business Incubator (La Kretz Innovation Campus)		Amendment No.:	1			Telephone No.:	213.358.6520	
Funding Stream:	(WIA Only)		Contract Period:	4/1/18 - 3/31/19			Fax No.:	n/a	
Contract Amount:	\$1,789,000						E-mail Address:	ben@laci.org	

Schedule of Costs

Cost Classification	No.	Name	CITY SHARE		Program Income	Leveraged Resources	Total Estimated Costs	Fiscal Notes
			Total	Breakdown (WIA Only)				
			City	Admin				
	1000	PERSONNEL COSTS	1,001,831	0	0	0	1,001,831	
	2000	OTHER COSTS	650,385	0	0	0	650,385	
	2100	PARTICIPANT-RELATED COSTS	0	0	0	0	0	
	2200	SUBCONTRACTOR(S) COSTS	0	0	0	0	0	
	3000	FURNITURE & EQUIPMENT	0	0	0	0	0	
	4000	INDIRECT COSTS	136,783	0	0	0	136,783	
	5000	CAPITAL COSTS	0	0	0	0	0	
		T O T A L C O S T S	1,789,000	0	0	0	1,789,000	

Spending Plan

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
PLAN FOR THE MONTH	104,633	108,157	98,601	113,775	127,683	138,395	212,829	185,535	177,327
TOTAL - CUMULATIVE	104,633	212,789	311,391	425,166	552,849	691,244	904,073	1,089,608	1,266,934
	Month 10	Month 11	Month 12						TOTAL
PLAN FOR THE MONTH	186,591	168,062	167,413						1,789,000.00
TOTAL - CUMULATIVE	1,453,526	1,621,587	1,789,000						

NARRATIVE WORKSHEET FOR PROPOSED BUDGET LINE ITEMS				
Legal Name of Agency: Los Angeles Cleantech Incubator		Preparer's Name: Ben Stapleton		
Program: Clean Tech Business Incubator (La Kretz Innovation Campus)		Preparer's Telephone & Email: 213.358.8520 ben@laci.org		
A	B	C	D	E
COST CATEGORY	LINE ITEM	PROPOSED	LINE ITEM %	NARRATIVE EXPLANATION OF PROPOSED FUNDING
#1000 - PERSONNEL COSTS				
	SALARIES	\$801,140.25	45%	Labor to assist commercialization of portfolio companies and management of the grant
	FRINGE BENEFITS	\$200,691.19	11%	Fringe expenses related to salaries including: paid time off, health insurance, employment taxes, worker's compensation, and other payroll related expenses
#2000 - OTHER COSTS:				
	EIR ThreeG Capital	\$73,375.00	4%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	EIR Tracy Denise Gray	\$69,937.50	3%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	EIR John A Siegler	\$39,843.75	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	EIR DPAA Group	\$32,082.50	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	EIR Erik Johnson	\$32,000.00	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	EIR Tracy Randall	\$34,000.00	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Additional EIR TBD	\$21,000.00	1%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Creative / Brand Support - contract	\$84,583.33	5%	Expertise and assistance via professional branding and creative services to help portfolio companies market and sell their products and services.
	Legal Support - Sustainable Law Group	\$67,083.33	4%	Legal resource to support for portfolio companies
	HR / Recruiting Support - contract	\$50,000.00	3%	HR and recruiting resources to provide support for portfolio companies
	IT / Systems Support - Front Line	\$20,000.00	1%	IT and systems support for portfolio companies
	Earned Media / PR Support - contract	\$36,000.00	2%	PR support for portfolio companies
	Accounting Support - contract	\$50,000.00	3%	Accounting support for portfolio companies
	Mentor & Advisor Recruiting	\$25,000.00	1%	Recruiting support of specialized mentors and advisors for portfolio companies
	Investment Support (Pitchbook)	\$25,500.00	1%	Investment support for portfolio companies, PitchBook is a financial data and software company.
#2100 - PARTICIPANT RELATED COSTS				
#2200 - SUBCONTRACTOR COSTS				
#3000 - FURN. & EQUIPMENT COSTS				
#4000 - INDIRECT COSTS				
	Indirect Costs (10% Approved Rate)	\$136,783.14	8%	LACI has elected to charge a de minimis rate of 10% of modified total direct costs (MTDC) for Indirect Costs.
#5000 - CAPITAL COSTS				
	Total	\$1,789,000.00	100%	

BUDGET SUMMARY

Economic and Workforce Development Department, City of Los Angeles

Contractor:	Los Angeles Cleantech Incubator								
Contract No.:	C-129463						Contact Name:	Ben Stapleton	
Program:	Clean Tech Business Incubator (La Kretz Innovation Campus)		Amendment No.:	1			Telephone No.:	213.358.6520	
Funding Stream:	(WIA Only)		Contract Period:	4/1/18 - 6/30/19			Fax No.:	n/a	
Contract Amount:	\$2,236,250						E-mail Address:	ben@laci.org	

Schedule of Costs

Cost Classification	No.	Name	CITY SHARE		Program Income	Leveraged Resources	Total Estimated Costs	Fiscal Notes
			Total	Breakdown (WIA Only)				
			City	Admin				
	1000	PERSONNEL COSTS	214,318	0	0	0	214,318	
	2000	OTHER COSTS	211,500	0	0	0	211,500	
	2100	PARTICIPANT-RELATED COSTS	0	0	0	0	0	
	2200	SUBCONTRACTOR(S) COSTS	0	0	0	0	0	
	3000	FURNITURE & EQUIPMENT	0	0	0	0	0	
	4000	INDIRECT COSTS	21,432	0	0	0	21,432	
	5000	CAPITAL COSTS	0	0	0	0	0	
		T O T A L C O S T S	447,250	0	0	0	447,250	

Spending Plan

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
PLAN FOR THE MONTH	0	0	0	0	0	0	0	0	0
TOTAL - CUMULATIVE	0	0	0	0	0	0	0	0	0
	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15			TOTAL
PLAN FOR THE MONTH	0	0	0	145,987	155,527	145,737			447,250.00
TOTAL - CUMULATIVE	0	0	0	145,987	301,513	447,250			

Proposed 3-Month ConPlan Supplemental Budget (15-month ConPlan Budget) Attachment 3

NARRATIVE WORKSHEET FOR PROPOSED BUDGET LINE ITEMS				
Legal Name of Agency: Los Angeles Cleantech Incubator		Preparer's Name: Ben Stapleton		
Program: Clean Tech Business Incubator (La Kretz Innovation Campus)		Preparer's Telephone & Email: 213.358.8520 ben@laci.org		
A	B	C	D	E
COST CATEGORY	LINE ITEM	PROPOSED	LINE ITEM %	NARRATIVE EXPLANATION OF PROPOSED FUNDING
#1000 - PERSONNEL COSTS				
	SALARIES	\$171,440.83	10%	Labor to assist commercialization of portfolio companies and management of the contract
	FRINGE BENEFITS	\$42,877.35	2%	Fringe expenses related to salaries including: paid time off, health insurance, employment taxes, worker's compensation, and other payroll related expenses
#2000 - OTHER COSTS:				
	Executive in Residence - Gray Awad (ThreeG Capital)	\$18,000.00	4%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Executive in Residence - Tracy Denise Gray	\$15,000.00	3%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Executive in Residence - John A Siegler	\$10,500.00	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Executive in Residence - Jim WInnett (DPAA Group)	\$9,000.00	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Executive in Residence - Erik Johnson	\$12,000.00	3%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Executive in Residence - Tracy Randall	\$10,500.00	2%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Additional EIR TBD	\$0.00	0%	Executive in Residence (EIR) - coaching to support commercialization of portfolio companies
	Creative / Brand Support - contract	\$36,250.00	8%	Expertise and assistance via professional branding and creative services to help portfolio companies market and sell their products and services.
	Legal Support - Sustainable Law Group	\$28,750.00	6%	Legal resource to support for portfolio companies
	HR / Recruiting Support - contract	\$25,000.00	6%	HR and recruiting resources to provide support for portfolio companies
	IT / Systems Support - Front Line	\$10,000.00	2%	IT and systems support for portfolio companies
	Earned Media / PR Support - contract	\$15,000.00	3%	PR support for portfolio companies
	Accounting Support - contract	\$21,500.00	5%	Accounting support for portfolio companies
	Mentor & Advisor Recruiting	\$0.00	0%	Recruiting support of specialized mentors and advisors for portfolio companies
	Investment Support (Pitchbook)	\$0.00	0%	Investment support for portfolio companies, PitchBook is a financial data and software company.
#2100 - PARTICIPANT RELATED COSTS				
#2200 - SUBCONTRACTOR COSTS				
#3000 - FURN. & EQUIPMENT COSTS				
#4000 - INDIRECT COSTS				
	Indirect Costs (10% Approved Rate)	\$21,431.82	5%	LACI has elected to charge a de minimis rate of 10% of modified total direct costs (MTDC) for Indirect Costs.
#5000 - CAPITAL COSTS				
Total		\$447,250.00	64%	



Ampaire

Ampaire develops high performance, zero emission aircraft to transform the landscape of aviation. With key innovations in energy storage, propulsion, and aircraft architecture, their team is maximizing the potential of the aircraft industry.



arensis

arensis creates renewable energy projects using small combined heat and power units, which feeds on biomass fuels.



Avisare

Avisare is a modern SaaS platform that levels the playing field for small businesses to compete for government contracts while simplifying and streamlining the bidding processes for government agencies and Tier 1 contractors.



BK Litec

LED solutions that enable a cheaper, simpler way to deploy both energy efficient lighting and IoT hardware through existing light sockets.



CLB Americas Inc.

Ramping up commercial production of a disruptive very high capacity Silicon-Carbon composite lithium battery anode material.



Chai Energy

Empowering consumers to understand and reduce their home energy usage through a free mobile app.



Connect Homes

Beautiful modern green homes for half the price. Delivered anywhere.



diviningLAB LLC

Data-driven decision support tools for water-smart planning and design in drylands.



Ferraris Power

Electromagnetic power harvesting solutions that enable rapid IoT hardware deployment without batteries or transformers.



FreeWire

A commercialized energy storage platform for the mobile power market using second-life electric vehicle batteries.



Green Commuter

Disrupting commuting and mobility by offering a synergistic model of all electric vanpooling, car sharing and fleet replacement services.



Hive Lighting

Manufactures high performance, energy efficient Plasma and LED lights for Entertainment, Architecture, Sports and Science.



Hollywood Electrics

The global leader and pioneer in all-electric 2-wheelers offering the widest range of electric motorcycles, scooters and the world's first EV performance kits.



Homeboy Recycling Powered by Isidore (recently acquired)

A triple bottom line social enterprise combining best practices in e-waste management with training and employment for previously incarcerated Angelenos.



Juicer - Fine Electric Motorbicycles

Juicer makes faster, more powerful electric bikes in a classic style.



Nevados Engineering

Improve solar project economics with an all-terrain solar tracking system driven by intelligent controls.



OnRobot

OnRobot provides innovative Plug & Produce End-of-Arm Tooling that help manufacturers take full advantage of the benefits of collaborative robots: ease of use, cost-effectiveness and safe use alongside human workers.



Pick My Solar

A simple, trusted way for homeowners to go solar. Below market-value bids and in-depth analysis provided to homeowners at no charge.



Rain Systems

Patented process that installs a cross-link polymer into existing turf, at root level, which reduces irrigation requirements by 50%.



Repurpose

The leading consumer brand in eco-friendly tableware. Repurpose products are 100% made from plants, non-toxic, renewable and compostable - a sustainable and affordable alternative to single use plastic products. Welcome to a cleaner world.



Saya

Saya's "AQUACERO" monitors water usage and prevents damage and waste caused by leaks and frozen pipes.



Water Canary

Water Canary is a real-time water quality data provider.



Xtelligent

Bridging today's traffic signals to tomorrow's connected and autonomous future.