



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 14, 2021

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: ALL
DEPARTMENT**

SUBJECT: TWO-YEAR ECONOMIC OPPORTUNITY GRANT AGREEMENTS, FOR FISCAL YEARS 2021-2022 AND 2022-2023, WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA NON-PROFIT CORPORATION, ON BEHALF OF ITS RIVERSIDE CAMPUS EPIC SMALL BUSINESS DEVELOPMENT CENTER PROGRAM, AND WITH EXCITE RIVERSIDE, A CALIFORNIA NON-PROFIT CORPORATION IN THE COLLECTIVE AMOUNT OF \$100,000 TO SUPPORT CLEAN AND GREEN STARTUP BUSINESSES AND TECHNOLOGY/INNOVATION ENTREPRENEURS (AMONGST OTHERS) THROUGHOUT THE INNOVATION DISTRICT AND THE CITY

ISSUE:

Approve two-year Economic Opportunity Program Grant Agreements, for Fiscal Years (FYs) 2021/22 and 2022/23, with the Regents of the University of California, a California non-profit corporation, on behalf of its Riverside Entrepreneurial Proof of Concept and Innovation Center Small Business Development Center Program (EPIC SBDC), and with ExCITE Riverside, a California non-profit corporation. Each agreement totals \$50,000 for a combined total request of \$100,000 to support clean and green startup businesses and technology/innovation entrepreneurs (amongst others) throughout the Innovation District and the City.

RECOMMENDATIONS:

That the City Council:

1. Approve a two-year Economic Opportunity Program Grant Agreement, for FYs 2021/22 and 2022/23, in the amount of \$50,000 per fiscal year, with the Regents of the University of California, a California non-profit corporation, on behalf of its Riverside campus Entrepreneurial Proof of Concept and Innovation Center Small Business Development Center (EPIC SBDC) Program, (Attachment 1) to support clean and green startup businesses and technology/innovation entrepreneurs (amongst others) throughout the Innovation District and the City;
2. Approve a two-year Economic Opportunity Program Grant Agreement, for FYs 2021/22 and 2022/23, in the amount of \$50,000 per fiscal year, with ExCITE Riverside, a California non-profit corporation (Attachment 2) to support clean and green startup businesses and technology/innovation entrepreneurs (amongst others) throughout the Innovation District and the City;
3. Authorize the City Manager, or his designee, to execute the Economic Opportunity Program

Grant Agreement with the Regents of the University of California, on behalf of its Riverside campus EPIC SBDC Program, including making minor and non-substantive changes to complete the transaction; and

4. Authorize the City Manager, or his designee, to execute the Economic Opportunity Program Grant Agreement with ExCITE Riverside, including making minor and non-substantive changes to complete the transaction.

COMMITTEE RECOMMENDATION:

On November 18, 2021, the Economic Development, Placemaking and Branding/Marketing Committee reviewed and unanimously recommended that the City Council 1) approve a two-year Economic Opportunity Program Grant Agreement, for FYs 2021/22 and 2022/23, in the amount of \$50,000 per fiscal year, with the Regents of the University of California, on behalf of its Riverside campus EPIC SBDC Program, to support clean and green startup businesses and technology/innovation entrepreneurs (amongst others) throughout the Innovation District and the City; 2) approve a two-year Economic Opportunity Program Grant Agreement, for FYs 2021/22 and 2022/23, in the amount of \$50,000 per fiscal year, with ExCITE Riverside to support clean and green startup businesses and technology/innovation entrepreneurs (amongst others) throughout the Innovation District and the City; and 3) authorize the City Manager, or his designee, to execute both subject Economic Opportunity Program Grant Agreements including making minor and nonsubstantive changes to complete the transactions.

BACKGROUND:

In 2018, ExCITE Riverside (ExCITE) and the University of California, Riverside's campus Entrepreneurial Proof of Concept and Innovation Center Small Business Development Center (EPIC SBDC), came together in a single downtown Riverside location supported by a partnership between the City of Riverside, the University of California, Riverside (UCR), and the County of Riverside. The collaboration between these two non-profit organizations, under the ExCITE Riverside name, brings together a well-rounded combination of services to support the ExCITE purpose: facilitating the successful acceleration of startup companies engaged in entrepreneurial research and development of advanced technologies with the intent to create high technology jobs throughout Riverside and the region.

EPIC SBDC has a pool of seasoned professionals who serve as "Entrepreneurs in Residence" that provide business consulting to help local tech startups launch and grow. They offer individualized support to early-stage tech entrepreneurs and companies to grow their businesses at no cost. Services include specialized consulting, training programs, and workshops as well as access to capital and Small Business Investment Research and Technology Transfer (SBIR/STTR) program assistance.

ExCITE complements EPIC SBDC's services by providing an incubator space for clean and green and technology/innovation startups (amongst others) to launch, grow and scale their companies while leveraging EPIC SBDC's programming, expertise, and network to accelerate company growth. In addition, ExCITE coordinates tech-focused meetups, annual pitch competitions, semi-annual investor preparation events, and access to angel investors. These opportunities are available to both incubator and non-incubator companies, which allows ExCITE to continue to be a beacon of support and growth services for companies after they graduate from the program.

DISCUSSION:

The collaboration between the two non-profits of ExCITE Riverside focuses exclusively on the acceleration of advanced technology startup companies engaged in entrepreneurial research and development. By doing so, ExCITE Riverside provides a set of unique services to startup companies in the Innovation District and the City that differ from other local and regional business support providers. This targeted industry approach also makes ExCITE Riverside an especially valuable asset in the City's Innovation District and throughout the City. Their presence facilitates the necessary partnerships that attract and support innovation entrepreneurship companies. Also, ExCITE Riverside is committed to not only aggressively pursuing and engaging new Riverside-based startups and entrepreneurs from UCR but also from local partners such as California Baptist University, La Sierra University, Riverside Community College, and other regional higher learning institutions to ensure equitable and resilient economic opportunities for Riverside's local workforce. Supporting and retaining these startups encourages local investment and activity in the Innovation District and throughout the City.

In addition, ExCITE is located in a HUBZone, which creates strategic advantages for Riverside's startup and innovation entrepreneurship companies. Eligible SBIR companies will have the ability to compete for the SBA program's set-aside contracts. HUBZone-certified businesses also get a 10 percent price evaluation preference in full and open contract competitions.

Without support from the City, ExCITE would not be able to maintain their location in downtown Riverside, leaving local clean and green and technology/innovation entrepreneurs (amongst others) without access to the described services and diminishing the likelihood of retaining home-grown entrepreneurs in the field of innovation and technology.

The Purchasing Manager concurs that the financial support requested for the UCR EPIC SBDC Program is in accordance with Purchasing Resolution 23256, Section 702(c) which states Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: When the Procurement can only be obtained from a sole source or timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated; and Purchasing Resolution 702 (f) which states Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: Where payment for Services is to be made to a Federal, State, and/ or other public entity. The financial support requested for ExCITE Riverside is an appropriate sole source exemption.

The Purchasing Manager concurs with the recommendation in accordance with Purchasing Resolution 23256 702 (c) and 702 (f).

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 3 – Economic Opportunity** and aligns with EACH of the Cross-Cutting Threads as follows:

1. **Community Trust** – Review of the grant agreements is transparent given the review occurs in public meetings at Committee and City Council, and is based on sound policy given its alignment with Envision Riverside 2025 City Council Strategic Priority 3 – “Economic Opportunity”, Goal 3.1—Facilitate partnerships and programs to develop, attract and retain innovative business sectors and Goal 3.4—Collaborate with key partners to implement policies and programs that promote local business growth and ensure equitable opportunities for all. The incubator and support services will assist with City efforts to retain local talent from UCR, CBU, LSU and RCC and other regional higher learning institutions, as well as, provide

opportunities for entrepreneurs in the Riverside ecosystem.

2. **Equity** – These endeavors establish a pipeline of opportunity, resources and technical expertise and support for all entrepreneurs as these establish businesses and scale up. The creation of new, local businesses will result in the creation of new job opportunities for Riverside’s local workforce and a more robust economy that allows all to prosper.
3. **Fiscal Responsibility** – The financial contribution of the City is in concert with significant investment by UCR. EPIC SBDC was created and continues to be supported in full by UCR. Dedicated full-time UCR staff and subject matter expertise are engaged in EPIC SBDC. This investment leverages City dollars to support the future success and retention of local talent for a long-term return on investment through enhancing economic activity and opportunity that benefits the community as a whole.
4. **Innovation** – Entering into these grant agreements to support EPIC SBDC and ExCITE fosters the development of innovative technologies and a flourishing entrepreneurial ecosystem that provide inventive ways for meeting the changing needs and future challenges of the Riverside community and beyond. EPIC brings together a pool of seasoned professionals who serve as “Entrepreneurs in Residence” that provide business consulting to help local tech startups launch and grow. They offer individualized support to early-stage tech entrepreneurs and companies to grow their businesses at no cost. Services include specialized consulting, training programs and workshops as well as access to capital and technical assistance.
5. **Sustainability & Resiliency** – Entering into these grant agreements to support EPIC SBDC and ExCITE fosters the development of innovative clean and green technologies that result in sustainable outcomes. These collaborations foster new technologies and have the potential to create diverse new industries. In addition, this sets up Riverside to innovate, incubate and grow from within to address both community needs and world challenges.

FISCAL IMPACT:

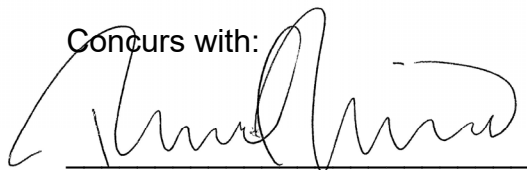
The total fiscal impact of this action is \$100,000 for FYs 2021/22 and 2022/23. Sufficient funds for FY 2021/22, in the amount of \$50,000 are budgeted and available, split equally between General Fund, Community & Economic Development, Small Business Development and Innovation District accounts, numbers 2815001-453101 and 2815001-450063, respectively. Appropriations for future fiscal years will be included in the Department’s Budget submissions for those fiscal years to be presented to City Council for approval.

Prepared by: David Welch, Community & Economic Development Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Economic Opportunity Program Grant Agreement with the Regents of the University of California, on behalf of its Riverside Campus for EPIC Small Business Development Center
2. Economic Opportunity Program Grant Agreement with ExCITE Riverside
3. Presentation

Concurs with:

A handwritten signature in black ink, appearing to read 'Ronaldo Fierro', written over a horizontal line.

Ronaldo Fierro, Chair

Economic Development, Placemaking, and Branding/Marketing Committee