

summarizes the City's efforts over the last few years to support business incubators and provides an update on the incubator projects the City has supported.

ISCA Incubator (1230 Springs St.)

In March 2006, the Redevelopment Agency provided a potentially forgivable loan for the purchase of lab equipment and incubator space rent abatement to ISCA Technologies, an R&D and manufacturing company involved with studying novel chemical pathways to produce insect semiochemicals (pheromones), using cutting edge electronic technologies to solve pest problems.

In 2007, ISCA closed escrow on the future incubator space and in 2008 they completed the first phase of construction. This initial phase included office space and production facilities for their SPLAT product, an environmentally-friendly material used to deliver semiochemicals and pesticides. Although the economic downturn impeded their ability to secure funding for the second phase of construction, which will include 4,000 to 5,000 square feet of shared lab space, ISCA is confident that future sales of their SPLAT product will help to complete the project in the near future.

Under the terms of the loan agreement, ISCA has until August 2016 to reduce the principal amount of the loan through incubator-user longevity and/or job creation requirements. At that time, ISCA will start repayment on the balance of the loan amortized over five years.

Bourns Incubator (1200 Columbia)

Located in Riverside for over 60 years, Bourns Inc. is a global leader in the manufacturing of automotive and aerospace electronic components, circuit protection, and magnetic and restive products. Established in 2010, the Bourns Technology Center features approximately 24,000 SF of multipurpose, light manufacturing and lab space.

The space features a wide range of amenities including conference rooms, a cafeteria and workout room, shipping and receiving area as well as access to the talent and resources of one of Riverside's most successful technology companies.

Currently, the Bourns Technology Center is home to several emerging tech companies and start-ups, including:

- Ambryx Biotechnology;
- Carbon Solutions Inc.;
- Andromeda Scientific LLC; and
- Paramount Sensors.

The City continues to work with Gordon Bourns, CEO, to secure additional tenants. Last year, SmartRiverside awarded Mr. Bourns a \$20,000 grant from the SmartRiverside Tenant Improvement program to assist in build-out of the incubator.

Surado Bio Incubator (588 Technology Ct.)

In March 2010, the City participated in a project with SPMD Enterprises for the establishment of a biotechnology incubator in the University Research Park by providing an economic development grant via the Federal Housing and Urban Development Department. The goal of the project was to establish an incubator on the first floor of local entrepreneur Sundip Doshi's Surado Corporate Center. Unfortunately, the economic recession and other market forces prohibited Surado Solutions from securing additional private investment to complete the project.

Innovation Center (1650 Spruce St.) and CDBG Allocation

In 2010, local entrepreneur, Amro Albanna, established the Innovation Economy Initiative (IE Initiative), a business acceleration program designed to assist in the commercialization of emerging technology companies by providing in-depth business guidance, entrepreneurial education and access to capital and service providers. The City partnered in launching the IE Initiative by providing a \$390,000 grant from redevelopment funds.

Since that time, Mr. Albanna established the Innovation Economy Corporation (IEC) and has branded his location as the Innovation Center and, by offering space at a reduced rate, assisted in recruiting gaming company Broken Circle Studios to Riverside. Broken Circle is a developer of entertainment software for a variety of platforms including Microsoft, Apple and Xbox Live. Since moving into the building, Broken Circle has added several employees and recruited a number of interns from UCR's Computer Science and Engineering department.

IEC has created 20 professional jobs and three administrative jobs; raised private capital; leased nearly 18,000 square feet of office and industrial space and created two new businesses, Olfactor Laboratories and Nano Engineered Applications.

Mr. Albanna continues to market the Innovation Center to local entrepreneurs and start-ups. In an effort to help facilitate their rapid growth and continue to provide entrepreneurs with office space and business resources, IEC has requested assistance to support their incubation activities and in turn will assist in the creation of new business enterprises. The Innovation Economy Corporation supports the *Seizing Our Destiny* Route 1, "Strong Innovative Economy that Builds Community," by providing fertile ground for the development of new ideas and business innovation.

It is proposed to provide this assistance in the form of a \$91,000 grant using Community Development Block Grant (CDBG) funds. The allocation of CDBG funds will require an amendment to the City's 2012-13 HUD Annual Action Plan. A public notice was issued announcing the proposed amendment to the HUD Annual Action Plan and provided a 30-day period for public comment as required by HUD regulations. The notice was published in the Press Enterprise on Wednesday, December 19, 2012 and included the date this action would be considered by the City Council.

The proposed activity is eligible under the HUD CDBG National Objective of job creation for low- and moderate income individuals.

NEXT STEPS:

Moving forward, staff will continue to market the growing inventory of incubators and resources to entrepreneurs and start-ups considering the region. In addition, a number of organizations have approached the City looking to establish strategic partnerships that would help facilitate the creation of new business incubators. One of these groups, Vocademy, is planning to create the region's first membership-based, do-it-yourself workshop, that would provide members the use of tools and equipment and classes as well as a co-working space for start-ups in the manufacturing or engineering space. Such a facility would offer members a productive and comfortable environment to create prototypes and develop their ideas into products. Another organization has discussed the idea of creating "co-working" space for entrepreneurs in the downtown area.

Entrepreneurs can find more information about these incubators and other business resources by visiting www.riversideca.gov/econdev/business-resources or by contacting the City's Technology Ombudsman, Greg Lee, at (877) 748-7433.

FISCAL IMPACT:

There is no fiscal impact to the City General Fund. Sufficient funds of \$91,000 are available in the CDBG Unprogrammed Fund Account No. 2835100-453001.

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