

Executive Summary

Glendale Tech Strategy – From Idea to Implementation
Updated May 10, 2020

BACKGROUND – GLENDALE TECH STRATEGY’S INCEPTION

In recent years, the Glendale Economic Development Division has focused efforts on fulfilling the Glendale City Council’s vision of creating a vibrant Downtown district, including attracting office users to fill downtown office vacancies. As a result, Downtown Glendale is flourishing with a variety of shopping, dining, business, and residential options. Cultivating the technology sector in Glendale was seen as the next step in invigorating Downtown, as it supported the notion that diversifying the local office market leads to a stronger local economy and more vibrant downtown. On February 23, 2016, the City Council engaged Estolano Advisors to develop a roadmap for Glendale’s tech sector.

The Glendale Tech Strategy report, published in 2017, revealed the diversity of Glendale’s tech economy and a highly-educated workforce. The report offered strategies to support and enhance the variety of industry subsectors, as well as called for creating high-quality space for the tech industry to grow and thrive in Glendale.

Data was updated in this report prior to the release of the RFP related to any employment changes in top sectors. Among the findings included:

- The U.S. Census estimates a total of 107,504 jobs in the City of Glendale. NAICS industry sectors with the highest employment in Glendale include Health Care and Social Assistance (31,989), Retail (12,312), and Manufacturing (8,128).
- With regard to the tech industry, the top high-tech subsectors for employment in the City include Management, Scientific, and Technical Consulting; Computer Software, Design, and Services and Online Publishing; and Architectural and Engineering Services. Similarly, the subsectors with the highest number of firms located in Glendale are Management, Scientific, and Technical Consulting; Architectural and Engineering Services; and Computer Software, Design, and Services and Online Publishing.

HIGH QUALITY OFFICE SPACE

Creating a physical environment that attracts and promotes innovation requires a focus on providing high-quality and diverse real estate product for start-up companies of all sizes. Downtown Glendale is becoming the hub for emerging and established companies, including Age of Learning, Service Titan, and more. New, modern co-working spaces have also moved into Glendale since the adoption of the Tech Strategy, including Regus, Industrious, and soon, WeWork. The City also offers flexible, industrial options in West Glendale for companies in need of space for prototyping or assembly.

ACCOMPLISHMENTS TO DATE

Since the adoption of the Tech Strategy in January 2017, staff has implemented many of the recommendations. Highlights of the activities include:

- The creation of the Glendale Relationship Initiation Team (GRIT) to engage Glendale's top tech employers to further promote Glendale as a tech hub and business-friendly city;
- The success of Glendale Tech on Tap, a monthly meet-up event that features tech entrepreneurs in a casual environment. Tech on Tap has held more than 75 events with approximately 2,000 members. Virtual events continue through the COVID-19 pandemic;
- Hosting four Glendale Tech Weeks, a community conference that highlights the ecosystem of innovation and technology across all sectors and age groups. Tech Week 2019 attracted 5,500 attendees;
- Launched the Glendale Tech Week Pitchfest. Since its inception, more than 250 companies have applied and prize packages valued in nearly \$150,000 have been allocated;
- Received Glendale Chamber of Commerce Award for Project of the Year in 2018;
- Held the first ever Executives in Innovation Roundtable at Age of Learning on June 1, 2018. Chief Executive Officers, Founders, and Human Resources Executives of nearly 20 Glendale-based companies came together to forge new relationships, discuss talent attraction and address common issues facing their businesses;
- Assisted in the retention and expansion of large tech companies such as Service Titan, Age of Learning and Beyond Limits; and,
- Attracted high-end co-working space operators such as Industrious and We Work.

While these have been our most successful efforts, more can still be done to support the ecosystem of innovation, particularly for early stage founders.

CREATING AN ACCELERATOR

For start-ups, accelerators offer a time-bound cohort based program that includes mentorship and educational components that often end with a public demonstration event. These start-ups generally have developed an idea and need some assistance to bring it to reality or further advance their small business. Applicants are rigorously screened and only a small percentage are accepted. Once accepted, applicants have access to seasoned entrepreneurs and mentors, and may be provided with seed money

in return for equity in the company. Cohorts often work near one another in a co-work setting to facilitate idea sharing and collaboration. Depending on the program focus and cohort size, accelerators utilize physical spaces that range from 2,000 to 10,000 square feet or more. Other programs offer participants access to co-working offices, like WeWork or Industrious. Accelerators can have a broad or more narrowed focused (e.g. digital media, energy, healthcare). Accelerators provide a suite of services that individually would be more costly and would likely take years to access. Instead, a program like this would allow access to these services over a few intensive months.

Accelerators have been shown to have a positive impact on regional entrepreneurial environments. According to a Harvard Business Review article dated March 1, 2016, entitled, “What Startup Accelerators Really Do:”

Metropolitan areas where an accelerator is established subsequently have more seed and early-stage entrepreneurial financing activity, which appears not to be restricted to accelerated start-ups themselves, but spills over to non-accelerated companies as well – occurring primarily from an increase in investors.

Glendale has the makings of an innovation hub and is slowly but surely establishing its identity and self-awareness as a tech center. It has a mix of long-established tech and innovation companies, including the Walt Disney Company, DreamWorks, Avery Dennison, and LegalZoom, combined with growing technology companies such as Beyond Limits, Disqo, Mobileforming, Phonexa, Age of Learning and Service Titan. Launching an accelerator program will further highlight the innovation occurring locally and will also provide local companies with the tools and support they need to succeed and thrive in Glendale.

ACCELERATOR RFP RELEASE - 2018

To further stimulate the growth of the start-up ecosystem, the City has been working on the development of an accelerator program.

In July 2018, the City Council authorized staff to release a RFP seeking qualified accelerators. The City Council authorized a program budget of \$50,000 a year over a three-year period. Ultimately, five proposals were received, two of which did not meet minimum qualifications and were consequently not invited to move forward. The selection committee held oral interviews on September 26, 2018.

Following the comprehensive review of the proposals and the oral interviews, the top ranked firm was asked to submit additional information, with the goal of gaining an understanding of how and whether the firm would be able to address certain weaknesses in their proposed plan, including clarification on metrics, curriculum, and proposed partnerships with qualified venture capital firms or an experienced accelerator.

After reviewing the top proposer's answers to the supplemental questions, staff determined the proposal, as is, was still unfit for recommendation to City Council.

Following the first RFP experience, staff used it as an opportunity to refine the RFP in an effort to get a high-quality accelerator program. Staff conducted a series of interviews with past proposers as well as accelerators that did not propose on the first RFP, to gain an understanding on why they did not apply. Among the reasons was that the \$50,000/a year budget was not sufficient. One suggestion to develop more funding was to research grant opportunities through the State of California.

ADDITIONAL FUNDING RECEIVED

In June 2019, Senator Anthony Portantino announced that he successfully secured a \$1 million grant for the City of Glendale from the State of California Governor's Office of Business and Economic Development (GO-Biz) to launch and support a Start-Up Tech Accelerator ("Accelerator"). In order to obtain those funds, the State requested a draft Operating Budget, Scope of Work, Stakeholder Engagement Strategy, and Schedule.

On October 19, 2019, the Governor's Office of Business and Economic Development executed a Local Assistance Grant Agreement ("Agreement") with the City of Glendale.

On November 15, 2019, the City of Glendale received a \$1 million check from the State of California, and as part of the Agreement, the City will be responsible for allocating these funds to a qualified accelerator or accelerators over a period of three years. The City of Glendale is required to submit annual reports to the State of California, and to notify the State of any changes to the proposed budget and project scope.

OUTREACH

Since the announcement that the City would be receiving the funds, Economic Development staff engaged in an aggressive outreach strategy to the start-up community, potential corporate businesses and accelerator operators. Outreach efforts included:

- **September to October 2019:** Community Engagement and Survey of Accelerator Program
 - Issued survey to potential start-ups identifying resources needed and top sub-sectors.
 - Announced grant at Glendale Tech Week, Sept. 14 to Sept. 21. Established interest list, and continued seeking feedback.
- **October 2019:** Stakeholder Engagement
 - Hosted interest meeting to Start-Up community on October 17 at Industrious. 75 people attended.
 - Hosted interest meeting for potential Operators, Non-Profits, Educators and Corporate Partners event on October 22 at Beyond Limits. Nearly 50 people attended.
 - Hosted one-on-one meetings and calls with existing accelerators, start-up-focused non-profits, and potential partners. More than 75 meetings, phone

calls and email inquiries were received. These meetings included such companies as: Service Titan, Dot 818, Disney Accelerator, Glendale Community College, Glendale Chamber of Commerce, Children's Hospital Los Angeles, Alliance for So Cal Innovation, City of Burbank, TechStars, WeWork, and Small Business Development Center, among others.

- **November 2019: Operator Engagement**
 - Hosted Outreach Meeting on Nov. 12 at 250 N. Orange to discuss potential physical needs of an accelerator. Nearly 40 people attended.
 - Visited Bay Area on Nov. 20 – 21 as Business Development research. Meetings were held with the following:
 - Plug & Play – Accelerator
 - 500 Start-ups – Accelerator
 - Next Cubed – Accelerator
 - HIVE Ventures – Private VC fund
 - City of San Jose – A City-run Accelerator Program

This due diligence was helpful in determining the following:

- 1) There is a strong need for an accelerator program in the Tri-Cities region. Currently, start-up companies travel outside of Glendale, Burbank and Pasadena to obtain services such as mentorship and access to investors. An accelerator program in Glendale will be a benefit not just to the City, but to the region.
- 2) There is a thriving start-up community in Glendale, and many champions here to support them. Through programs such as Glendale Tech Week, Tech on Tap, and the meetings hosted as part of the due diligence, Staff has met with dozens of local start-ups, entrepreneurs and founders eager for local services. Among their top needs: Access to Investors, Learning How to Fundraise, Legal Assistance, Marketing Assistance and Mentorship.
- 3) A successful accelerator will rely on strategic partnerships, including support from local non-profits like the Glendale Chamber of Commerce, neighboring cities, colleges and universities, local companies and continued support from the City of Glendale.
- 4) A foundation for success has been laid with efforts the Glendale City Council has undertaken through the development and implementation of the Tech Strategy. This work is not just about technology, but of developing the start-up ecosystem. This accelerator will only further stimulate our efforts.
- 5) Start-Ups have the potential to be high growth companies that may evolve into top revenue generators, job creators and problem solvers. Supporting entrepreneurs, from small business owners to start-ups that will hopefully grow into billion-dollar companies and large employment centers, remains a priority of the City's Economic Development Strategy.

This due diligence combined with the 2018 RFP experience was used to re-draft a RFP with the goal of yielding proposals that can have a greater impact to Glendale and the region.

On December 13, 2019, the Glendale City Council authorized staff to move forward with the release of a Request for Proposal, utilizing the \$1 million State grant. The intent was to hire a qualified accelerator operator or operators over a period of three years, depending upon successful completion of the evaluation requirements. The \$1 million grant fund will be allocated to tenant improvement costs, contractual services, and to the implementation of an accelerator program. Per the Agreement with the State, the City is expected to financially contribute approximately \$150,000 over the three-year period. Assuming the Accelerator operator utilizes City-owned property at 250 N. Orange, this funding can come in the form of a subsidized rent and associated tenant improvements.

The goals of the Accelerator include:

1. Showcase the local start-up community and provide emerging companies with the tools and support they need to succeed and thrive in Glendale and the Tri-City Region;
2. Promote Glendale and the region as an innovation hub; and,
3. Drive local economic development through supporting entrepreneurs and potential high-growth start-ups that may generate revenue, create high-wage paying jobs, and creating products/ideas that are solving problems.

The primary objectives of the qualified respondent will include the following:

1. Establish, launch, and operate a Start-up Accelerator;
2. Develop a marketing and recruitment plan for companies;
3. Develop programming that would include, but is not limited to: business coaching, networking, mentoring, and investment opportunities;
4. Develop quantifiable metrics to gauge Accelerator success;
5. Maximize \$1 million in grant funding over three (3) years and identify funding sources and/or in-kind services for continued operation of the accelerator beyond three years; and,
6. Emphasize recruitment of local Glendale and Tri-City-based companies and market the accelerator as a way to promote the region.

The City released the RFP on January 15, 2020, and advertised the RFP in the following locations: City of Glendale social media, City of Glendale RFP page, Economic Development newsletter, Glendale Chamber of Commerce, Glendale Tech on Tap announcements, Alliance for So Cal Innovation, Pasadena Angles, and distributed to all those that expressed interest during our due diligence period.

A summary of key business terms in the RFP include:

- Term: A three-year term. Funds will be disbursed each year following successfully fulfilling metrics.
- Operating Date: The City will have an agreement with the operator to be tentatively executed by June 2020.
- Companies Supported: A minimum of ten companies per cohort, with preference for running at least two cohorts per year. In addition to events for accelerator participants, programming including events to support the start-up community at large is encouraged.
- Glendale Stakeholders: Applicant must demonstrate a commitment and a plan to engage the Glendale tech ecosystem with partners such as Glendale Community College and other local businesses, schools and non-profits.
- Accelerator Location: The Accelerator must have a physical location within the City of Glendale. As an option, it is suggested that the City offer a city-owned commercially zoned space at 250 N. Orange Street (former Plaza Bank site).
- Lease: As part of the City's economic development program, staff proposes leasing the tenant space located at 250 N. Orange Street for \$1 per year for the first three years (not including utilities).

A full copy of the RFP and other information associated with the release of the RFP can be found at this website: <https://www.glendaletechweek.com/accelerator>.