

“Bridge to Sustainability” \$1 Million Fundraising Campaign Frequently Asked Questions

Q: What is LACI?

A: The Los Angeles Cleantech Incubator (LACI) is a City-conceived, private non-profit that accelerates the commercialization of clean technologies in the Los Angeles region and beyond. Carefully vetted cleantech entrepreneurs (“Portfolio Companies”) receive flexible office space, CEO coaching, continuing education, and access to a robust network of experts and capital for a modest monthly fee. These LACI Portfolio Companies operate in a range of cleantech sectors relevant to Los Angeles, including Smart Grid infrastructure, energy efficiency, energy storage, electric transportation, recycling and materials science. LACI also works closely with the region’s universities, business community, government institutions, capital markets and utilities to foster innovation and to grow the region’s green economy.

Q: Why Cleantech?

A: Los Angeles represents one of the largest clean technology markets in the world. With cleantech innovation a priority at three of the premier research universities in the nation (UCLA, USC, and Caltech), Los Angeles is well-positioned to develop the nation’s leading cleantech industry cluster. Given the City’s environmental mandates and commitment to sustainability and green collar job creation, a sector-based economic development strategy targeting cleantech was developed under Mayor Villaraigosa’s leadership. LACI’s role in this cleantech ecosystem is to serve as the equivalent of baseball’s farm system – identify talent, nurture it, and get it into the marketplace.

Q: Why Incubation?

A: Incubation is a good investment on many levels. From a municipal perspective, the US Economic Development Administration (EDA) found that incubators create 20 times more jobs than community infrastructure investments. In addition, incubators generate an average of \$30 in tax revenue from every \$1 in funding according to the National Association of Business Incubators (NBIA). NBIA also reveals some encouraging national statistics, in that 87% of incubated companies are still in business after 5 years, and 84% stay in the same area where they started operations.

Q: Is LACI a public agency, for-profit corporation, or non-profit organization?

A: LACI is a private 501(c)3 non-profit that represents a new model for public / private partnership, leveraging resources and connections from the public sector, yet operated as a private non-profit organization run by entrepreneurs.

Q: What is the relationship between LACI and the City of Los Angeles?

A: While LACI is a private non-profit, it is also the City’s official cleantech incubator. The City’s green economy and cleantech innovation initiatives were born from Mayor Villaraigosa’s vision to build Los Angeles into a 21st Century economy. LACI works closely with the Mayor’s business development staff to identify, attract, support and incubate or accelerate businesses with clean technologies that will support the agencies and departments of the City of Los Angeles in meeting their environmental, renewable energy, energy efficiency and related clean technology goals.

In addition, the Los Angeles Department of Water and Power (LADWP) is one of the founding partners of LACI, providing essential funding and favorable terms for its

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permanent facility at the La Kretz Innovation Campus. Moreover, the LADWP has a close strategic relationship with LACI as it pursues innovative sustainability technologies for the conservation of water and power. LADWP will house its Smart Grid Demand Response Demonstration Lab and parts of its new Energy Efficiency initiative at the La Kretz Innovation Campus.

Q: What is the La Kretz Innovation Campus?

A: The La Kretz Innovation Campus will serve as a cleantech industry hub—a place where entrepreneurs, engineers, scientists, and policymakers can interact to promote and support the development of clean technologies and Los Angeles’ green economy. Located at 5th and Hewitt Streets in the dynamic Arts District of Downtown LA and the Cleantech Corridor, the Campus site comprises 3.2 acres. Upon completion, the Campus will feature offices, conference rooms, wet & dry labs, a prototype manufacturing workshop, and a classroom in a fully renovated 60,000 square-foot, building – plus a new Arts District Park and surface parking with a photovoltaic solar canopy.

The Los Angeles Cleantech Incubator (LACI) will serve as anchor tenant on the Campus, joined by the LADWP Smart Grid Demand Response Demonstration Laboratory (DRDL), a LADWP energy efficiency center, Clean Tech Los Angeles (CTLA), and a workforce training facility.

Q: Where is LACI located?

A: LACI’s temporary facility is just one block away from the future permanent campus, on 4th and Hewitt Streets in the heart of Los Angeles’ historical industrial core. When the permanent facilities at the La Kretz Innovation Campus are complete, LACI will be the northern keystone to a four mile stretch of commercial / industrial / residential land that follows the LA River known as the “Cleantech Corridor.” The southern border of the Corridor will be anchored by the new Cleantech Manufacturing Center, a 20-acre development by Trammell Crow.

Q: Is LACI focused solely on downtown Los Angeles?

A: Not at all. Building a cleantech innovation hub is a regional challenge and opportunity. While the La Kretz Innovation Campus represents a tremendous opportunity for the Arts District and Cleantech Corridor downtown, LACI programs serve the entire region. We offer resident and non-resident programs, and work closely with the region’s leading sustainability stakeholders including USC, UCLA, Caltech, NASA’s Jet Propulsion Laboratory (JPL), the Los Angeles Area Chamber of Commerce, the Los Angeles Economic Development Corporation (LAEDC), the area’s venture capital and angel investment groups, the Port of Los Angeles, and LAX.

Q: How is LACI funded?

A: LACI is a public / private partnership that relies on both for financial support. The Community Redevelopment Agency of Los Angeles (CRA/LA) provided operating funding for its start-up and initial year of operation while the LADWP provided significant capital to purchase and build the La Kretz Innovation Campus. LACI and the La Kretz Innovation Campus have received grants from federal, state and local governments, local foundations, and the region’s business stakeholders.

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Q: Is LACI a financially self-sustainable organization?

A: Not yet. In the short term, LACI depends on public and private financial support to sustain operations. However, LACI will become a self-sustaining organization as soon as it moves into the La Kretz Innovation Campus and achieves a 50% occupancy rate.

Q: How much money do you need?

A: LACI needs \$1 million to bridge the gap between temporary facility operations and permanent facility operations at the La Kretz Innovation Campus. The bridge will sustain LACI for a period of 18 months that we expect will be sufficient for breakeven and self-sustaining operations.

Q: Why do you need funding now?

A: LACI’s expected source of interim operating funding, the CRA/LA, was disbanded in January, 2012, thus creating a short-term funding deficit. In addition, LACI needs to scale its operations as it prepares to move into the La Kretz Innovation Campus, a facility that is 10X the size of its current facility and that will handle 10X the number of companies.

Q: How will the funds be used?

A: LACI will use operating funds as follows (in thousands):

* La Kretz Move-In Costs:	\$ 110
* Scaling Current Programs	\$ 230
* New Program Development	\$160
* General Operating Capital	\$ 415
* Contingency	\$ 85
Total:	\$ 1,000

Q: Who has contributed funds to LACI to date?

A: LACI has been funded by a combination of public and private contributions. LACI has received operating funds from the CRA/LA and the Broad Foundation. Funding for its capital projects have come from the LADWP, the CRA/LA, Mr. Morton La Kretz, the US Economic Development Administration, and the City of Los Angeles among others.

Q: How does LACI select portfolio companies?

A: LACI selects its portfolio companies via a six step, six week vetting process that includes: (1) Assessment of the company’s technology, go to market strategy, management team and financial model; (2) Sector/Strategic fit evaluation to determine if the company leverages LACI partner initiatives and has the potential to make a significant economic impact for Los Angeles; (3) Appraisal by industry/sector domain experts, including the venture and angel investing community; and (4) A multiple interview process in which LACI executive team meet with each portfolio company’s executive team as part of the due diligence process.



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Q: How many Portfolio Companies has LACI accepted?

A: As of September 2012, LACI has accepted nine portfolio companies. These companies are in the energy storage, energy efficiency, transportation, recycling, EV infrastructure, and alternative generation sectors. One LACI company has received Angel financing and “graduated,” and a second company has been acquired to form the largest EV charging network in the country. LACI reviews between 5-10 companies per month.