



Business Accelerator Operator Request for Proposals

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BUSINESS ACCELERATOR OPERATOR PARTNERSHIP OPPORTUNITY

INTRODUCTION

The City of San Diego (City), through its Economic Development Department, has a long history of supporting and growing business enterprises and improving the City's economy. The City's vision and strategic accomplishments have helped foster early-stage startups, small business, workforce development, educational programming and community development.

The City is inviting proposals from qualified respondents with a large entrepreneurship network, proven business development success and real estate asset management experience to partner with the City in the establishment and operation of an Accelerator. The Accelerator will be dedicated to companies addressing business development needs and services for established urban communities. The Accelerator will provide a state-of-the-art facility for start-ups and small businesses, in partnership with educational institutions, to develop and grow these businesses into sustainable enterprises.

PROJECT GOALS AND OBJECTIVES

The primary GOALS of the Accelerator are to:

- a. Help to diversify the City's economy by supporting entrepreneurship and innovation for startups and small businesses that create high-quality jobs throughout the City;
- b. Continue to cluster sector companies, research, and programming into a connected community;
- c. Create and nurture small business enterprises solving community challenges, creating a smarter and more sustainable and resilient City; and
- d. Provide additional investment and employment opportunities within a low and moderate income community.

To address these GOALS, the City, in partnership with an Operator, will develop an Accelerator that dedicates space for two primary functions:

- Dedicated Workspace: providing affordable and flexible co-working and office spaces for entrepreneurs, start-ups and small companies; and
- Support Services: standard office resources, such as, phones, high speed internet, copy machines, video conference infrastructure, printers and flex-space resources.

The OBJECTIVES of the Operator should include, but are not limited to:

- Identify, design and launch a well-managed, fully equipped Accelerator;
- Develop a strategic plan and financial plan for the Accelerator;
- Provide staff to manage the facility and tenants;
- Develop criteria for tenant recruitment to include eligibility and selection criteria;
- Offer affordable (i.e. less than or equal to market rates on a per square foot or per desk basis), flexible rents to tenants;
- Enable basic support services (i.e. IT, and communication services);
- Develop programming, including, but not limited to, business mentorship, workforce development and networking opportunities;

- Develop tenant success metrics;
- Encourage local, regional and international collaborations to enhance community, establish market opportunities, and support and attract talent and resources;
- Enhance the value of start-ups and small businesses by increasing their probability of success;
- Develop branding and marketing materials to promote the services of the Accelerator;
- Recruit “anchor” tenants to off-set operating costs;
- Develop a self-sustaining Accelerator operation by the time City funding support has been exhausted;
- Emphasize and implement diversity in recruitment and selection of tenants; and
- Provide both quarterly and annual reports to the City.

RESPONDENT PROFILE

The lead respondent may be a non-profit organization, industry group, academic or research institution, co-working space, private company, venture capitalist, real-estate developer, Accelerator manager, or individual.

While the lead respondent may be a single organization, the City welcomes joint ventures and partnerships, as there are multiple elements to the proposal that require specific areas of expertise.

CITY OF SAN DIEGO'S ROLE

The City's role will be to: (1) make an initial capital investment (including tenant improvements) to prepare the Accelerator facility, once the site is secured by the Operator; and (2) provide operating capital to the entity operating and managing the Accelerator. The Accelerator facility must be located in a low and moderate income community within the City of San Diego and be on a site properly zoned and permitted. The maximum amount of capital available for the build out and operations in the first year will be \$1,000,000 (up to \$500,000 for build out and up to \$500,000 for operations). The City expects to fund operation of the Accelerator at similar levels over the next four years, subject to funding availability. In addition to funding assistance, the City will assist with planning and permitting assistance.

ACCELERATOR SITE AND FACILITY

The Operator, in partnership with the City, will be responsible to secure an appropriate facility/site, either through purchase or long-term lease. The Operator, in partnership with the City, will be responsible for the complete initial build out and tenant improvements.

FUNDING AND BUDGET

The City's funding commitment is being made through its Reinvestment Initiative for expenditure of Community Development Block Grant (CBDG) funds. Specifically, the City will make an initial capital investment in the Accelerator facility to prepare it for operation up to \$500,000. In addition, the City will provide up to \$500,000 per year for a total of four years to the successful respondent for operation with a total potential contribution of \$2.5 million.

REQUEST FOR PROPOSALS (RFP) ANTICIPATED TIMELINE

The table below presents the major RFP solicitation milestones and related time periods:

Time Period	Major Milestones
April 14 th , 2017	Submission Due Date for Proposals
Week of May 1 st 2017	Review Panel Selection of Accelerator Operator
July 31 st 2017	Soft Launch of Accelerator and Programs
June 30 th 2018	Official Launch of Fully Operational Accelerator

SUBMITTAL REQUIREMENTS

Respondents must submit a proposal that includes all of the information outlined below.

PROGRAMMING CONCEPT AND TIMELINE

- Concept

Respondents must describe their operating and programming concept, including their vision or approach to each of the Objectives, a description of the services offered to Tenants, including which entities will provide these services, and a demonstration of an understanding of the demand for the proposed Accelerator space and services.

- Timeline

Respondents must include a timeline that outlines their proposal and expected milestones, including an anticipated Accelerator launch date.

SPACE PLAN AND WORKSPACE OFFERINGS

Respondents must provide a detailed description of the proposed workspace offerings, which should describe various workspace options, the proportions of such options within the floor plan, and the specific equipment required for each space (working, meeting, testing, and demonstration/event).

MARKETING STRATEGIES

- Recruitment Plan

Respondents must include a tenant recruitment plan, describing their strategies for conducting outreach and securing companies to locate in the Accelerator. This plan should also include profiles of the types of Tenants the Respondent will target (differentiating anchor Tenants from other potential organizations), lease-up timelines, an approach to maintaining full occupancy after the initial build-out and general strategy on marketing the Accelerator.

- Sponsorship Strategy

Respondents must detail how they plan to raise additional funds for the Accelerator from sources other than the City and where the funds would originate.

MANAGEMENT AND OPERATIONS STRATEGY

Respondents must include a management and operations plan, including, but not limited to, staffing information (e.g. role descriptions, organizational structure, governance structure) and operational information (e.g. services offered, hours of operation).

FINANCIAL STRATEGY AND CAPACITY

The selected Operator is expected to develop a self-sustaining operation. Respondents must demonstrate their ability to successfully launch and operate the Accelerator.

In addition to the City's initial contribution of up to \$500,000 for facility improvements and up to \$500,000 annually for four years of operating expenses, Respondents must submit an annual cash flow analysis for the initial three years, starting from the official Accelerator launch date, and presenting: (1) the amounts Respondent will invest to cover start-up and operating costs, and (2) the amounts they will seek to raise from other sources to cover start-up and operating costs.

The annual cash flow analysis must include capital and operating budgets detailing expenses for space layout, any capital improvements, other upfront and on-going expenses (including repairs and maintenance), rents incurred by the Operator, rents or other fees charged to Tenants, and any other potential funding sources for operating expenses funding gaps.

If applicable, Respondents may include letters of interest from potential financial partners.

EQUAL OPPORTUNITY CONTRACTING

The City is strongly committed to equal opportunity in the solicitation of business contracting to assure that persons or businesses doing business with or receiving funds from the City are equal opportunity businesses and employers. The City endeavors to do business with firms sharing the City's commitment to equal opportunity and will not do business with any firm that discriminates. The City strongly recommends that persons and businesses doing business with the City take positive steps toward diversity, expanding their sub-contracting solicitation base and offering opportunities to all eligible persons, businesses and organizations.

Individuals, contractors, vendors, consultants, grantees, lessees, and banks contracting with the City must comply with the City's Equal Opportunity Contracting Program. The Respondent selected, and each of its subcontractors, shall comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; San Diego Municipal Code sections 22.2701 through 22.2707, and any other applicable federal or state laws or regulations currently existing or enacted after the date of this RFP.

STATEMENT OF QUALIFICATIONS AND RELEVANT EXPERIENCE

Each Respondent submitting a proposal must demonstrate sufficient financial resources/capacity and relevant experience to manage and operate the Accelerator.

Each proposal must include:

- Name, address, telephone number and qualifications of the Respondent team;
- Background information and experience on all members of the Respondent team and their role, including the principal members of the team involved in the development and operation of the Accelerator;
- Listing of names and affiliations of the members of its Board of Directors or other governing body of each Respondent team member;

- Financial management policies and procedures;
- Operating policies and procedures;
- Certificate of Good Standing;
- Bylaws and most recent Annual Report;
- Financial statements for the past three years. If the most recent annual statements are more than six months old, submit an interim statement;
- Documentation or information evidencing the relevant experience of the Respondent team and its demonstrated ability to manage the Accelerator. This information should include any past experience with similar Accelerators, and business development, and partnerships with community, educational, financial or other organizations that would support the viability of the Accelerator;
- Documentation of each of Respondent's potential partner's relevant experience and an explanation of the additional value the partner (s) add to the team, as detailed immediately above;
- Demonstrated commitment to comply with the City's Equal Opportunity Contracting Program;
- Demonstrated ability to secure project funding, including a list of current funding partners, type of funding, amounts, term, purpose etc...;
- Detailed strategy for effective marketing, leasing, operation and maintenance of the Accelerator facility.
- Listing of references and contact information for other completed or ongoing Accelerator projects, including, but not limited to, successful start-up companies, sponsoring agencies and capital contributors.

Respondent may attach letters of support from investors, funders and community partners.

SELECTION CRITERIA

In addition to achieving the program goals and objectives, the City will evaluate each proposal according to the criteria described below, taking into account the information provided in the proposal, references and any other information about the Respondent team and its performance available to the City. Proposals that are not complete or do not conform to the requirements of this RFP may not be considered.

SCORING

Proposals will be evaluated across the following areas and assigned points up to the following maximum point amounts for each evaluation category:

Criteria	Maximum Possible Points
Experience Working with Startup Companies	20
Organizational Capacity	15
Experience Providing Business Services	20
Organizational Financial Strength	15
Experience Operating Incubator/Accelerator	30
Total	100

CRITERIA

In order to provide more clarity on the evaluation criteria, below is a guide to the criteria that will be used to evaluate Respondents and their proposals:

- Qualifications and Experience
 - 1) Quality of information submitted in response to the RFP
 - 2) Credentials of the Respondent team, both lead and partners relevant professional experience, business acumen, level and depth of professional network with the Accelerator industry, such as universities, investors, technology organizations, youth and veteran services, industry groups etc.
 - 3) Evaluation of past projects and performance
 - 4) Past experience in public-private partnerships with an Accelerator or similar ventures
 - 5) Real estate asset management experience with ground lease arrangements, marketing, leasing and tenant management
 - 6) Demonstrated commitment to comply with the City's Equal Opportunity Contracting Program and Conflict of Interest Code
- Financial Strength, Independence and Capability
 - 1) Respondent's financial resources and business acumen
 - 2) Experience in receiving and managing grant, seed capital and loan funds, specifically Community Development Block Grant program funds.
 - 3) Demonstrated ability to secure independent project funding and sponsorships, including current relationships with major private lenders, philanthropy, and academia.
 - 4) Demonstrated ability to timely expend funds and implement programs.
 - 5) Level of funding that can be raised and invested in the Accelerator in addition to the City funds.
- Proposed Accelerator Program and Business Model
 - 1) Strength, creativity, and feasibility of the overall Accelerator program and business model.
 - 2) Presentation of Accelerator work space management, strategies and equipment/operational support.
 - 3) Demonstrated experience and approach to tenant recruitment, marketing, leasing, tenant management and services, and property management.
 - 4) Project consistency with CDBG program national objectives. The following is a link to Policy Guidance on the Use of CDBG Funds for Small Business Accelerators http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/community_development/rulesandregs/memoranda/cpd8814
 - 5) Support and education to startups, including access to industry partners.
 - 6) Level of and strategies to support environmental sustainability

- Community Impacts
 - 1) Level of potential economic impact to the immediate community such as the number, type and quality of jobs the Accelerator will produce, and economic impact dollars to be created.
 - 2) Extent and level of engagement regarding workforce development, employment placement and educational opportunities.
 - 3) Level of integration/synergy of the project with the immediate neighborhood (both businesses and residents), from both physical and economic development perspectives.

PRE-SUBMITTAL INFORMATIONAL MEETING

A pre-submittal informational meeting will be provided for potential RFP Respondents and allow Respondents to ask questions. The informational meeting will be:

Date: Thursday, March 23, 2017
 Time: 2:00 p.m. – 4:00 p.m. (PDT)
 City of San Diego
 San Diego Civic Concourse, **SILVER ROOM**
 202 "C" Street
 San Diego, California, 92101

RFP CONDITIONS, TERMS & LIMITATIONS

By submitting its Proposal, each respondent authorizes the City of San Diego to contact any and all other persons identified in its Proposal or in any inquiry conducted by or on behalf of the City of San Diego and to obtain the release of pertinent financial and other information, as well as to obtain verification of the information provided by each Respondent.

The City of San Diego will not be responsible for any costs incurred by any respondent for work performed in the preparation and production of a Proposal, including any requests for additional information, interviews or negotiations; nor for any work performed prior to written authorization from the City of San Diego to proceed. All proposals submitted will become the property of the City of San Diego.