



Legislation Text

File #: 24-0154, **Version:** 1

Planning and Building Department, Economic Development Division, recommending the Board consider the following:

- 1) Receive and file an update on Policy J-9, Startup and Entrepreneur Technical Assistance Program;
- 2) Receive and file brief presentations from six selected El Dorado County Startups and Entrepreneurs eligible for funds under Policy J-9;
- 3) Award J-9 awards to six eligible Startups/Entrepreneurs, in a cumulative amount of \$172,500;
- 4) Approve use of the J-9 Funding Agreement template; and
- 5) Delegate authority to the Planning and Building Department Director to execute J-9 awards and all other documents necessary to award J-9 funds.

FUNDING: Discretionary Transient Occupancy Tax. (General Fund)

DISCUSSION/BACKGROUND

The purpose of Policy J-9, Startup and Entrepreneur Technical Assistance Program, is to provide funding for the technical assistance to El Dorado County Startups and Entrepreneurs applying to enroll in regional or local accelerator/incubator programs that serve El Dorado County. The primary focus for technical assistance incentives is on business sectors that generate high economic impact through job creation, high wage offerings, large capital investments, high export value, or that provide a variety of employment opportunities for County residents, with priority given to existing businesses seeking to expand and remain in El Dorado County.

The Planning and Building Department, Economic Development Division and The Growth Factory have collaborated with key partners in the region to source, screen, and select El Dorado County Startups and Entrepreneurs that meet the criteria and are eligible for funds under Policy J-9.

Application and Review Process: Following social media publications, email outreach, invitations, and a dynamic launch event, the Department and Growth Factory received twenty-five (25) applications from aspiring startups seeking J-9 funds for accelerator support. Subsequently, the Department and Growth Factory began the vetting process, which focused on the applicant's alignment with J-9 objectives, innovation, and business potential. Applications were then scored for team, market, traction, and County fit. Twelve (12) applicants advanced and were invited to interview and to provide additional materials for review including their most recent financials, key milestones, thoughts on use of proceeds, and updates on product development.

After a thorough investigation of the remaining companies, a comprehensive assessment, including financial viability, market potential, scalability, and potential economic impacts, was performed. Industry experts from El Dorado County in the fields of venture capital, economic development, innovation, technology, and ecosystem partners were convened to interview the short list of remaining companies. After further analysis and review the list of companies was then reduced to the companies before your Board today.

Recommendations: These founders/founding teams are developing solutions that could provide

direct benefits to the citizens and/or businesses in El Dorado County. Additionally, they have demonstrated the ability to make meaningful progress in one or more areas including product development, early customer validation, securing research grants and/or private investment, and all have a plan for use of proceeds that will support them in reaching a key milestone or advancing a business goal.

It is important to note that funding early-stage companies involves risk. There will always be unknown and unpredictable challenges. However, with funding, active mentorship, and community support, these companies have a strong opportunity to succeed.

Companies that receive funding through a county grant program must submit periodic progress reports as outlined in their funding agreements and the current agreement with the Growth Factory. These reports will provide a comprehensive overview of how the allocated funds are used and will outline the milestones that have been reached. The purpose of these reports is to ensure transparency for both the grantee and the County, enabling them to evaluate the funding's impact and ensure accountability in achieving the intended objectives.

This round of funding recommendations has a strong representation from El Dorado Hills, where the majority of startup/entrepreneurial efforts are taking place. As these companies grow, there is a possibility that they will expand into other regions of the County. For future rounds of this program, staff and the Growth Factory will focus their outreach efforts on other regions within the County, including the Tahoe Basin, to ensure a balanced distribution of funds. Outreach efforts are already underway with the overall goal of promoting a business-friendly environment in El Dorado County.

Applicant: AmCyt

Founder(s): Alejandro Mendoza and Gary Wilson

Location: El Dorado Hills

Sector: Research & Development

Recommended Amount: Up to \$50,000, fund distribution will be milestone based

Use of Funds: Completion of beta product and testing for a targeted October 2024 commercial release.

Description: AmCyt is a medical device company focused on creating a device that can quickly assess fine needle aspiration (FNA) biopsy samples at the location of the procedure. The device aims to offer prompt evaluation for determining sample adequacy and providing preliminary diagnostic information.

Grant Alignment:

- Strong founder fit with extensive expertise
- Partnership with local business for development of beta product
- Recipient of Small Business Innovation Research (SBIR) Phase 1 grant and pre-seed venturing funding to support Research & Development
- Potential for employee growth
- Local product manufacturing
- Innovative cost saving solutions and improved patient care and outcomes

Applicant: Happy Ladders

Founder(s): Amy Jacobs-Schroeder and Sean Schroeder

Location: El Dorado Hills

Sector: Health & Wellness

Recommended Amount: Up to \$50,000, fund distribution will be milestone based

Use of Funds: Product development and Go-to-Market.

Description: Happy Ladders is a mobile therapy platform designed for parents to use with their toddlers and preschoolers with development needs, such as autism.

Grant Alignment:

- Strong founder fit with extensive expertise
- Regional traction with regional center contracts
- Potential for employee growth
- Local value to residents, especially in rural areas

Applicant: Clapsel

Founder(s): Anuj Kanish, Bryan Verduzco, and Ramna Sharma

Location: El Dorado Hills

Sector: High-Value Startups and Entrepreneurs

Recommended Amount: Up to \$50,000, fund distribution will be milestone based

Use of Funds: Support employer engagement and talent pipeline development efforts within the County.

Description: Clapsel is a seamless artificial intelligence (AI) powered talent platform that uses proprietary AI algorithms to match highly technical staff to employers.

Grant Alignment:

- Local talent
- Potential for employee growth
- Support of non-profit initiatives of the region

Applicant: Biosense

Founder(s): Luis Bojorquez, Paul Lambert, and Steve Fry

Location: El Dorado Hills

Sector: Health & Wellness

Recommended Amount: \$10,000

Use of Funds: Purchase of equipment and materials to complete prototype for athlete adoption.

Description: Biosense is a medical technology company that has developed extremely sensitive nanomaterial-based biosensors that enable rapid measurement of important biofluids from a small sample of saliva.

Grant Alignment:

- Local talent
- Extensive expertise
- Opportunity for local manufacturing of the device early on

Applicant: Redline Safety

Founder: Scott Holman

Location: Greenwood

Sector: Research & Development

Recommended Amount: \$10,000

Use of Funds: Support pilot of product within County

Description: Redline Safety is an early-stage company developing a data collection and tracking system for first responders made up of four (4) independent but wirelessly connected platforms.

Grant Alignment:

- Early-stage company/pre-market company addressing a niche market with a targeted solution
- Extensive expertise
- Opportunity to support customer acquisition and early revenue
- Local testing may result in innovative technology and increased first responder safety
- Potential for employee growth

Applicant: Foodom

Location: El Dorado Hills

Founder: Reneta Jenik

Sector: Health & Wellness

Recommended Amount: \$2,500

Use of Funds: Support of an employer/corporate partner engagement event to test value proposition and support potential pilot activations and customer acquisition.

Description: Foodom is a marketplace to prevent, manage, and reverse diabetes with food as medicine.

Grant Alignment:

- Local talent
- Potential for employee growth
- Potential for local partnerships
- Improved health and wellness

ALTERNATIVES

The Board could choose not to approve the proposed Funding Agreements as proposed, or direct staff to make additional modifications.

PRIOR BOARD ACTION

On March 14, 2023 (File No. 23-0392, Item No. 13), the Board adopted revisions to Policy J-7 and adopted a new Policy J-9. Adopted revisions to Policy J-7 include the addition of a new incentive, Technical Assistance for Local Startups and Entrepreneurs. This incentive proposes a one-time commitment of up to \$500,000 in TOT funds to support small businesses and entrepreneurs that have been accepted into a cohort of an approved incubator or accelerator located in El Dorado County. In addition to revisions to Policy J-7, Policy J-9 was adopted to put in place a procedure for use of these allocated funds. Policy J-9 requires that any funds awarded to eligible small businesses and entrepreneurs be issued to the accelerator/incubator for distribution.

On December 5, 2023 (Item No. 23-1997, File No. 35), the Board approved Agreement 8279 with Growth Factory for the provision of accelerator services, with a not-to-exceed amount of \$100,000 and approved a budget transfer amending the Fiscal Year 2023-24 Adopted budget increasing revenue and appropriations by \$500,000 in the Economic Development budget and increase in TOT budget with \$500,000 in transfers out.

OTHER DEPARTMENT/AGENCY INVOLVEMENT

Chief Administrative Office, County Counsel

CAO RECOMMENDATION

Approve as recommended.

FINANCIAL IMPACT

There is no change to Net County Cost associated with this item. Funding for the proposed Funding Agreements was added to the Fiscal Year 2023-24 budget.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Economic Development: This Agreement furthers the Strategic Plan goals of retaining, developing, and attracting businesses that provide economic sustainability and quality job creation.

CONTACT

Kyle Zimbelman, Economic and Business Relations Manager
Planning and Building Department