

# CITY OF PALM DESERT STAFF REPORT

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MEETING DATE: November 16, 2023

PREPARED BY: Eric Ceja, Director of Economic Development

REQUEST: APPROVE A CONTRACT WITH THE CALIFORNIA STATE UNIVERSITY  
SAN BERNARDINO SCHOOL OF ENTREPRENEURSHIP FOR THE  
OPERATIONS OF THE PALM DESERT IHUB

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## **RECOMMENDATION:**

1. Approval of a Contract between the City of Palm Desert and the California State University of San Bernardino School of Entrepreneurship for operations of the Palm Desert iHUB.
2. Authorize the City Attorney to make necessary, non-monetary changes to the agreement.
3. Authorize the City Manager to execute the agreement.

## **BACKGROUND/ANALYSIS:**

On November 21, 2021, the City of Palm Desert opened the iHUB located at 37023 Cook Street, Suite 102 to attract technology-based, entrepreneurial startup businesses and promote the creation of high wage-earning jobs. The City contracted with the Coachella Valley Economic Partnership (CVEP) for operations of the facility and at its meeting of June 8, 2023, the City Council approved an amendment to the contract with CVEP to continue operations of the iHUB through the end of the facilities lease (February 28, 2027). Also, at that meeting, the City Council inquired if there were any other operators that could potentially operate the facility and expand on the reporting of work being done at the facility. Staff continued to explore the matter to look for other operators.

Staff has been in discussions with the California State University San Bernardino School of Entrepreneurship (School) about their programs offerings and how they perform business development through their curriculum. The School has recently partnered with other cities, including the City of San Bernardino and the City of Temecula, to open and operate “Entrepreneurial Resource Centers” in those respective cities. Those centers are similar to the Palm Desert iHUB in that they offer technical assistance service, business counseling, and trainings to small businesses, entrepreneurs, and students. The School has submitted a proposal that expands on the existing offerings of the Palm Desert iHUB and offers a more structured program including:

- 3-day Startup Program
- Mini-MBA in Entrepreneurship and Business Growth
- Student Startup Initiative
- Entrepreneur training series
- Family Childcare Start-up
- Financial Bootcamp
- Use of Student consulting teams

The entrepreneurial programs are aligned with the mission of the iHUB which focuses on: Education, providing a co-working space, and Business Incubation. In addition to the program offerings, the School has identified annual and quarterly reporting on key metrics, including:

- No. of Business Start-Ups assisted, counseled and trained,
- Business Networking events and attendees
- Client Economic Impact
- Jobs Supported
- Minority and Women-owned Businesses assisted
- No. of companies in residence
- No. of graduating companies
- Client success stories

**Legal Review:**

This report has been reviewed by the City Attorney’s office.

**Strategic Plan:**

The establishment of the Palm Desert Innovation Hub (iHUB) aligns with the City’s Strategic Plan – Economic Development Priority 1: Expand job and business creation opportunities.

**Appointed Body Recommendation:**

Staff presented the proposal from the School to the iHUB Subcommittee (MPT Quintanilla and Councilmember Harnik) on October 31, 2023. The Subcommittee recommended terminating the contract with CVEP and extending a contract to the School.

**Project Description:**

CSUSB is willing, able, and capable of achieving the objectives of the Palm Desert iHUB and is now operating similar facilities in the Inland Empire. A partnership with the School helps the city to build a stronger relationship with the Palm Desert Campus and helps achieve the mission of the Palm Desert iHUB. In addition, the reporting requirements contained in the School’s proposal better align with the City’s goals for performance indicators on how the facility is operating and its impact on the broader Coachella Valley business community.

Should the City Council wish to extend a contract to the School for operations of the Palm Desert iHUB, the existing contract with the CVEP will need to be terminated. The contract with CVEP allows for a 30-day written notice for termination by either party. Staff discussed this provision with CVEP and will provide a 30-day notice pending approval of a contract with the School.

**FINANCIAL IMPACT:**

Funds in the amount of \$87,500 are available in the existing iHUB Contract. A portion of those funds will be available to the new operator upon termination of the prior agreement.

**ATTACHMENT:**

1. DRAFT Contract