





**DATE:** September 9, 2014

**TO:** Finance Committee

**Via:** Kate Noble, Acting Director, Housing and Community Development Department. *KN*

**FROM:** Fabian Trujillo, Economic Development Division Director. *F.T.*

**RE:** Santa Fe Business Incubator PSA – Amendment No 2

**Background:**

The Santa Fe Business Incubator (SFBI) has been a vital component of economic development in Santa Fe for the past 16 years. The incubator has successfully grown companies and diversified Santa Fe’s economy. Approximately thirty seven companies have graduated from the incubator program since 2006 and were still operating in Santa Fe as of 2011. They are also the foundation of Santa Fe’s entrepreneurial eco-system. Currently, the incubator manages facilities for client tenants, affiliate clients and co-working spaces for independent contractors and free lancers.. For FY 2013-2014, SFBI provided incubation services to 35 client participants and businesses. Five businesses graduated from the incubator and there are four co-located partners at the incubator The incubator generated the following key economic impact metrics this fiscal year:

1. Jobs Created: 78 (44 full time and 34 part time)
2. Average Wages Paid: \$10.51 - \$126.00 per hour
3. Total Payroll: \$1,478,713.60
4. Capital Investment Funding Attracted: \$614,500.

Additionally, the City of Santa Fe invested in incubator software for the incubator. The incubator software allows SFBI to manage the incubator property more efficiently and effectively; it will also improve the tracking of the coaching and mentoring of client companies. The other areas that the incubator software is assisting SFBI staff is developing baseline company profiles, trade pre-incubation stage services and will improve the reporting of company demographics and key economic impact reports.

Next, the City of Santa Fe also approved a project participation agreement to refinance the HUD loan for the business incubator. This refinance of the HUD loan will make it easier for City to support SFBI’s mission. The refinance of the loan closed in August 2014.

Finally, SFBI had a grand opening of the Bio-Science Lab on April 15, 2014. The new \$1.25 million bio-science lab will provide a boost to life science entrepreneurs. The lab has attracted BioDirection, Inc, an Arizona based start-up to move into the incubator. As the bio-lab matures, it will provide more high paying life science jobs in Santa Fe.

**Item and Issue:**

In 2012, SFBI was awarded a four year professional services agreement under RFP 12/23/P for business incubations services. They are in the second year of this professional services agreement. Amendment No 2 will continue to provide incubation services for FY 2014-2015 for \$200,000. The incubator will provide providing coaching, mentoring and technical assistance for client/businesses, affiliates and co-working tenants; manage a professional facility for entrepreneurs which includes office, service, production rental units, break rooms, conferencing and meeting spaces. They will use their new incubation software to set-up “milestones” to track the mentoring and coaching services provided; manage and track pre-incubation stage prospects, leads and technical assistance; and develop better reports on the demographics of each company served and the key economic metrics generated by the client/businesses in the incubator. EDRC Sub-Committee reviewed the Amendment #2 on September 8, 2014 and unanimously recommended to approve the PSA. The item is scheduled to be reviewed on CBQL on September 10, 2014.

**Action**

Staff is submitting the enclosed Professional Services Agreement (PSA) for review and approval. This PSA will be paid from business unit and line item: 22116.510300. Staff recommends approval of the professional services agreement amendment No 2 in the amount of \$200,000 for a total contract amount of \$600,000 so that SFBI may provide incubation services for businesses in Santa Fe.

**CITY OF SANTA FE**  
**AMENDMENT No. 2 TO**  
**PROFESSIONAL SERVICES AGREEMENT**

AMENDMENT No. 2 (the "Amendment") to the CITY OF SANTA FE PROFESSIONAL SERVICES AGREEMENT, dated August 28, 2012 (the "Agreement"), between the City of Santa Fe (the "City") and Santa Fe Business Incubator (the "Contractor"). The effective date of this Amendment shall be retroactive to July 1, 2014.

**RECITALS**

A. Under the terms of the Agreement, Contractor has agreed to provide business development services to the City.

B. Pursuant to Article 18 of the Agreement, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the City and the Contractor agree as follows:

1. SCOPE OF SERVICES

Article 1 of the Agreement is amended so that Article 1 reads in its entirety as follows:

The Contractor shall provide business incubation services for the City, including the following:

A. A program to assist early stage businesses to launch, grow and prosper in Santa Fe and regularly measure and track program effectiveness.

1) Business training, mentoring, coaching and workshops directly and/or in collaboration with other business development service providers.

2) Connect client companies to sources of capital, such as loan programs, Angel funding, venture capital, research grants, individual investors and other programs and resources.

B. A program to assist and encourage individuals interested in starting a business by providing: general assistance as appropriate, connections to other entrepreneurs, collateral materials and referrals to business resources.

C. Professional facility and shared infrastructure for early stage businesses including: office and light production spaces, conference and meeting rooms, common areas, lunch rooms, shared equipment, telecommunications and high speed internet service and/or access.

D. Operation of the shared bio-science laboratory.

E. Promote and market SFBI and its available services and the activities of client companies through a SFBI website, social media, traditional media , in-person outreach and presentations, and other activities and communications highlighting news and activities of SFBI and client companies.

F. Work collaboratively with other key community economic and business development organizations and enterprises to provide additional resources and refer clients and others to appropriate resources and make referrals to City business development programs to provide assistance and resources to clients and other as needed.

G. Provide metrics and reports in accordance with the scope of work as described in sections A-F. The City of Santa Fe entered into a separate professional services agreement with SFBI to purchase a Business Incubator facility and operations management software, IncuTrack, and SFBI shall continue to coordinate with the City Economic

Development Department to provide data and reports required in Paragraph 1. H. utilizing IncuTrack.

H. Provide quarterly reports (see Exhibit A, Sample Quarterly Report) which include but are not limited to:

(1) The number of client companies/entrepreneurs assisted including SFBI client-tenants, affiliate client-members, and other program participants. Include the number of new clients/members and graduates.

(2) Number of new jobs added by clients/members. These shall be measured according to a full-time annual equivalency.

(3) Sales and revenue (as available quarterly) amount of investments attracted and loans received. .

(4) Note observations and trends in business assistance requests and referrals, including common types of technical assistance needed, (ie: concept development; financing; workforce; marketing; etc.).

(5) Number of general inquiries and walk-ins assisted.

(6) Identify general industry sectors of clients/members and others.

(7) Notable changes or additions to facility or infrastructure including rental spaces, shared equipment, or other. Any notable information about demand for infrastructure provided or needed.

(8) Any other highlights, relevant trends, and developments of note or special interest regarding client companies and SFBI.

I. Provide an annual Report (inclusive of the 4<sup>th</sup> quarter report). In addition to quarterly report metrics, other key metrics shall be gathered on an annual basis and reported in the 4<sup>th</sup> quarter report.

2. COMPENSATION.

Article 3 of the Agreement is amended to increase the amount of compensation by a total of two hundred thousand dollars (\$200,000), so that Article 3, reads in its entirety as follows:

A. The City shall pay to the Contractor in full payment for services rendered a sum not to exceed six-hundred thousand dollars (\$600,000), inclusive of applicable gross receipts taxes.

B. The Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums paid under this Agreement.

C. Payment shall be made upon receipt and approval by the City of detailed statements containing a report of services completed and satisfactory deliverables. The Contractor shall invoice quarterly for services provided in an amount that does not exceed forty percent (40%) of the total compensation for any given quarter (See Exhibit B).

3. TERM AND EFFECTIVE DATE.

Article 5 of the Agreement is hereby deleted. A new Article 5 of the Agreement is inserted to extend the term of the Agreement, so that Article 5 reads in its entirety as follows:

A. This Agreement shall be effective retroactive July 1, 2014, and shall terminate on June 30, 2015, unless terminated sooner pursuant to Paragraph 6, *infra*.

B. Option to Renew. The City retains the right to renew this Agreement one (1) additional year contingent upon parties reaching an agreement as to the terms and conditions.

The option may be exercised by the City by notifying Contractor in writing at least 45 days prior to the expiration.

4. AGREEMENT IN FULL FORCE.

Except as specifically provided in this Amendment, the Agreement remains and shall remain in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment No.1 to the City of Santa Fe Professional Services Agreement as of the date signed by the City set forth below.

CITY OF SANTA FE:

CONTRACTOR:  
SANTA FE BUSINESS  
INCUBATOR

\_\_\_\_\_  
JAVIER M. GONZALES, MAYOR

\_\_\_\_\_  
MARIE LONGSERRE  
PRESIDENT and CEO

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

MDM      9/4/14  
\_\_\_\_\_  
KELLEY A. BRENNAN, CITY ATTORNEY

APPROVED:

\_\_\_\_\_  
TERESITA GARCIA, FINANCE DIRECTOR

22116.510300  
BUSINESS UNIT/LINE ITEM

## EXHIBIT A

### **SFBI SAMPLE REPORTS**

*Note: Certain metrics, as noted, are collected and reported on a quarterly basis from interim client reports and surveys. These may not be assumed to represent all activity and outcomes in a particular quarter due to differences in client rotations and their fiscal and accounting systems. Other key metrics, as noted, are collected and aggregated on an annual basis. When interim reports are not available from all clients, SFBI reports the most recent data available and notes the approximate percentage of clients/data reported in a quarter. Aggregate metrics are reported annually.*

SFBI will note compliance with the contractual scope of work items in a quarterly summary: see Section I. SFBI will submit the following metrics and details quarterly: see Section II. SFBI will submit an annual metrics report: see Section III.

**I. COMPLIANCE WITH CONTRACT SCOPE OR WORK.** Description of contractual items not covered in Quarterly Metrics Section II or Annual Report Section III.

**II. QUARTERLY METRICS REPORT.** Percentage of clients reporting in quarter: \_\_%

1. Current Client Companies and Members. Total all current clients/members: \_\_#\_\_ *List of core client companies, see attachment #x.*

A. Core Client Companies Total: \_\_#\_\_

i. Client Company Tenants Total: \_\_#\_\_

ii. Client Company Affiliates:   #  

B. Other Members Total:   #  

i. Co-Working:   #  

ii. Launch Pad or Runway, Pre-Incubation   #  

iii. Other:   #  

2. New and Other. Total all new clients/members in current quarter:   #  

A. New Core Clients in the Quarter. Total:   #  

i. New Client Company Tenants Total:   #  

ii. New Client Company Affiliates:   #  

B. New Members/Other in the Quarter:   #  

i. New Co-Working:   #  

ii. New Launch Pad or Runway, Pre-Incubation:   #  

iv. New Other:   #  

C. Number of General Inquiries & Walk-Ins Assisted in Quarter:   #  

D. Number of participants in incubator hosted trainings, business development activities and events in Quarter:   #  

3. Service Providers, Business Development Organizations, Partners Hosted On-Site during the Quarter. Total Number:   #  

A. Resident Service Providers, Business Development Organizations, Partners. See list in attachment #x.

B. Hosted Service Providers, Business Development Organizations, Partners. See attachment #x.

4. Types of Clients and Participants

A. Current Clients and Members by Type. Companies involved in multiple categories are counted in most applicable category:

i. Technology Development, Services, Other

1. Bio-Tech/Life Sciences \_#\_

2. Software/IT \_#\_

3. Energy \_#\_

4. Green Tech (other than energy) \_#\_

5. Material Science \_#\_

6. Other Technology \_#\_

ii. Manufacturing

1. Technology Manufacturing \_#\_

2. Other General Manufacturing \_#\_

iii. Non-Technical, Service Providers, Other: \_#\_

iv. Other/Unspecified: \_#\_

B. New Clients and Members by Type. Companies involved in multiple categories are counted in most applicable category:

i. Technology Development, Services, Other

1. Bio-Tech/Life Sciences \_#\_

2. Software/IT \_#\_

3. Energy \_#\_

- 4. Green Tech (other than energy) \_#\_
- 5. Material Science \_#\_
- 6. Other Technology \_#\_
- ii. Manufacturing1. Technology Manufacturing \_#\_
- iii. Other General Manufacturing \_#\_
- iv. Non-Technical, Service Providers, Other \_#\_
  - v. Other/Unspecified \_#

C. Any notable observations or trends including from general inquiries.

5. Client Graduates/Exits in Quarter. Total: \_#\_

- A. Tenant: -#-
- B. Affiliate Companies: \_#\_
- C. Other members: \_#\_ D.
- D. Average length of client stay and number of years as tenant/affiliate.

6. Note observations and trends in business assistance requests and referrals, including common types of technical assistance needed, (ie: concept development; financing; workforce; marketing; etc.).

7. Infrastructure provided (per Scope of Services). Describe notable changes or adaptations of the following quarterly:

- A. Describe Notable Changes to Facility Provisions of:
  - i. Client Rental Space

- ii. Common areas
- iii. Shared equipment
- iv. IT and Telecommunications Infrastructure
- v. Other

B. Describe the infrastructure needs that were identified and how those needs are being met or dealt with, and/or identified unmet needs.

8. Key Economic Impact Metrics Surveyed Quarterly:

A. New jobs created in Quarter (full time annual equivalent):   #  

i. Full Time employees/contractors:   #  

ii Part Time employees/contractors:   #  

B. Total Current full time employees/contractors:   #  

C. Total Current part-time employees/contractors:   #  

9. Developments of note or special interest

A. Client company highlights:

B. SFBI highlights

C. Other

10. Description of support/services offered and notable program successes and impacts.

Attach training and business development activities and events list; see attachment #x.

A. Core tenant clients and affiliates

B. Co-working members

C. Launch pad or Runway, pre-incubation participants, other

D. General inquiries and walk-ins

E. Co-located and collaborative service providers

11. Narrative update on program plans and goals

**III. ANNUAL REPORT: Key Economic Metrics in Aggregate**

A. Total number new positions/jobs in year (full time annual equivalent):   #  

i. Full time:   #  

ii. Part time:   #  

B. Payroll/wages Annual: \$  xxxx  

C. Wage Ranges paid. *Wages, see attachment #x.*

D. Number of high-wage jobs in year:   #  

E. Sales and revenue Annual: \$  xxxx  

F. Capital/investment funding attracted Annual: \$xxxxx

G. Loan funding Annual: \$xxxx  

H. Grant/contract/research grants-contracts/other revenue Annual: \$xxxxx

I. Number of Core Client Resident/Affiliate Served Annual:   #  

J. Number of Member/Other Clients Served Annual:   #  

K. Number of General Inquiries and Walk-Ins Served Annual:   #  

L. Number of event and training attendees annual:   #  

M. Description of the attraction and development of potential SFBI clients and how the pipeline is managed.

N. Description of potential for expansion, additions or improvements to operations and programs in the next fiscal year.



## City of Santa Fe Summary of Contracts, Agreements, & Amendments

**Section to be completed by department for each contract or contract amendment**

1 **FOR:** ORIGINAL CONTRACT  or CONTRACT AMENDMENT

2 Name of Contractor Santa Fe Business Incubator

3 Complete information requested  Plus GRT  
 Inclusive of GRT

Original Contract Amount: \$200,000.00

Termination Date: June 30, 2013

Approved by Council Date: October 2, 2012

or by City Manager Date: \_\_\_\_\_

**Contract is for:** Provide business incubation services for the City of Santa Fe.

Amendment # 2 to the Original Contract# \_\_\_\_\_

Increase/(Decrease) Amount \$ 200,000

Extend Termination Date to: June 30, 2015

Approved by Council Date: \_\_\_\_\_

or by City Manager Date: \_\_\_\_\_

**Amendment is for:** Provide business incubation services for the City of Santa Fe.

4 **History of Contract & Amendments:** (option: attach spreadsheet if multiple amendments)  Plus GRT  
 Inclusive of GRT

Amount \$ 200,000.00 of original Contract# 12-0678 Termination Date: 06/30/2013

Reason: Provide business incubation services to the City of Santa Fe.

Amount \$ 200,000.00 amendment # 1 Termination Date: 06/30/2104

Reason: Provide business incubation services to the City of Santa Fe.

Amount \$ 200,000.00 amendment # 2 Termination Date: 06/30/2015

Reason: Provide business incubation services to the City of Santa Fe.

Amount \$ \_\_\_\_\_ amendment # \_\_\_\_\_ Termination Date: \_\_\_\_\_

Reason: \_\_\_\_\_

Total of Original Contract plus all amendments: \$ \$600,000.00



City of Santa Fe
Summary of Contracts, Agreements, & Amendments

5 Procurement Method of Original Contract: (complete one of the lines)

RFP# 12/23/P Date:

RFQ Date:

Sole Source Date:

Other

6 Procurement History: Third of four year contract.
example: (First year of 4 year contract)

7 Funding Source: Economic Development Fund BU/Line Item: 22116.5103

8 Any out-of-the ordinary or unusual issues or concerns:
N/A
(Memo may be attached to explain detail.)

9 Staff Contact who completed this form: Fabian Trujillo
Phone # 955-6912

10 Certificate of Insurance attached. (if original Contract)

Submit to City Attorney for review/signature
Forward to Finance Director for review/signature
Return to originating Department for Committee(s) review or forward to City Manager for review
and approval (depending on dollar level).

To be recorded by City Clerk:

Contract #

Date of contract Executed (i.e., signed by all parties):

Note: If further information needs to be included, attach a separate memo.

Comments:

Large empty rectangular box for comments.