

STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: BRUCE BUCKINGHAM, COMMUNITY DEVELOPMENT DIRECTOR *BAB*
SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT TO PREPARE AN ECONOMIC DEVELOPMENT STRATEGY UPDATE

BACKGROUND

In 2014, the City was awarded a Planning and Technical Assistance Grant from the Community Development Block Grant (CDBG) program which included approximately \$60,000 for the update of the Economic Development Strategy.

On February 1, 2016, the Council reviewed a draft Request for Proposal (RFP) and directed staff to circulate the RFP. The City received five proposals in response to the RFP and staff is recommending that the City Council award the contract to BAE Urban Economics.

DISCUSSION

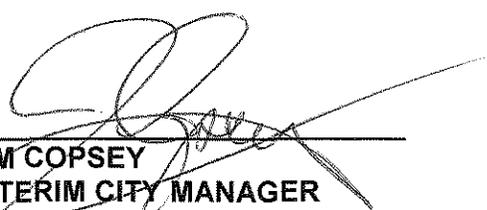
The City received five Proposals to prepare the Economic Development Strategy. The name of the firm and the base price of the Proposal are as follows:

- Applied Development Economics - \$57,290
- BAE Urban Economics - \$50,476
- Citygate Associates - \$50,923
- Kosmont & Associates - \$65,965
- Lisa Wise Consulting - \$60,763

A committee of four City staff members reviewed the Proposals and determined that BAE Urban Economics was the most qualified firm. The decision was based on the information provided in the Proposal and discussion with provided references (reference Attachment 2). The not to exceed cost to prepare the Economic Development Strategy is \$50,476. The project is scheduled to be completed by August 2016.

There are two optional tasks totaling \$8,392 for preparing a community survey and attendance at an additional Council meeting, if needed. The consultant will make a presentation to the Council on the overall work program and solicit input from the Council early in the process once they have completed some initial background. At any time during the process the Council can consider contracting for the optional tasks. Therefore, staff is recommending the Council

APPROVED FOR FORWARDING


JIM COPSEY
INTERIM CITY MANAGER

Meeting Date: March 21, 2016

Please Review for the Possibility of a Potential Conflict of Interest:

- | | |
|--|----------------------------------|
| <input checked="" type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Bright |
| <input type="checkbox"/> Shoals | <input type="checkbox"/> Nicolls |
| <input type="checkbox"/> Lee | <input type="checkbox"/> Shah |

Agenda Item No. 11

authorize the City Manager to enter into a contract with BAE Urban Economics to prepare the Economic Development Strategy update.

ALTERNATIVES

The Council has the following alternatives to consider:

1. Adopt the Resolution authorizing the City Manager to enter into an agreement with BAE Urban Economics for professional services to prepare an Economic Development Strategy Update; or
2. Provide alternate direction to staff.

RECOMMENDATION

It is recommended that the City Council adopt the Resolution authorizing the City Manager to enter into an agreement with BAE Urban Economics for professional services to prepare an Economic Development Strategy Update.

FISCAL IMPACT

The City was awarded a Planning and Technical Assistance Grant from CDBG that has \$60,000 remaining for preparing the Economic Development Strategy. The contract to prepare the Economic Development Strategy has a not to exceed costs of \$50,476. There are two optional tasks that the Council may add at their discretion totaling a not to exceed amount of \$8,392. Therefore, the total cost including the two optional tasks would not exceed \$58,868, which is within the budgeted amount. The project will require approximately 100 hours of staff time for managing the consultant, reviewing documents, and assisting when needed.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act. All firms submitting a proposal were sent a copy of this staff report and the meeting agenda.

ATTACHMENTS

1. Draft Resolution
2. BAE Urban Economics Scope of Work

RESOLUTION NO. 16-____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH
AUTHORIZING THE CITY TO ENTER INTO A PROFESSIONAL SERVICES
AGREEMENT WITH BAE URBAN ECONOMICS TO PREPARE AN
ECONOMIC DEVELOPMENT STRATEGY**

WHEREAS, the City was awarded a Planning and Technical Assistance Grant from the Community Development Block Grant (CDBG) program which included approximately \$60,000 for the update of the Economic Development Strategy; and

WHEREAS, BAE Urban Economics has submitted a Scope of Work to prepare an Economic Development Strategy; and

WHEREAS, City staff has evaluated the proposed scope of work and costs for services be BAE Urban Economics and it to be appropriate and within budget.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Grover Beach, California, does hereby:

1. Authorize the City Manager to enter into a Professional Services Agreement with BAE Urban Economics for the not to exceed cost of \$50,476 to prepare an Economic Development Strategy;
2. There are two optional tasks identified in the Scope of Work for a community survey and attendance at an additional Council meeting with a not to exceed amount of \$8,392 that the City Council may enter into at its discretion; and
3. Direct that the Scope of Work, Schedule and Budget identified in the Staff Report, dated March 21, 2016, be incorporated into said agreement.

Upon motion by _____, second by Council Member _____, and on the following roll call vote, to wit:

AYES: Council Members -
 NOES: Council Members -
 ABSENT: Council Members -
 ABSTAIN: Council Members.-

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a Regular meeting of the City Council of the City of Grover Beach, California, this 21st day of March, 2016.

 JOHN SHOAF, MAYOR

DRAFT

Attest:

 DONNA L. McMAHON, CITY CLERK

SCOPE OF WORK

The following is a description of the tasks that BAE will complete in the preparation of the Economic Development Strategy for the City of Grover Beach:

1. Start-Up Meeting

BAE will attend a kick-off meeting with the City's project manager and other City staff as appropriate, to review overall project objectives, work scope, and schedule. The City may wish to have staff from other departments participate, to provide technical input on the Economic Development Strategy and ensure coordination between the Economic Development Strategy, other relevant City efforts, and any related efforts that are ongoing within the broader Grover Beach community. During this meeting, the consultant team will request a briefing on recent economic development-related issues and activities within the City of Grover Beach and the surrounding region. Likely topics may include ongoing progress on the development of Grover Beach Lodge and the Municipal Broadband Project/Virtual Port, among other topics. BAE and City staff will coordinate to schedule the start-up meeting so that BAE can also attend a City Council meeting during the same visit to Grover Beach. Attendance at the City Council meeting will give BAE and City staff the opportunity to present an outline of the overall work program, and also to solicit comments from each City Council member on their thoughts, concerns, and priorities for citywide economic development efforts. In addition, the City Council may wish to solicit comments from the public on economic development matters.

During the initial visit to Grover Beach, BAE will also tour the area, including areas with existing commercial and tourist-serving development, as well as sites available for future job-generating development. This will include, at a minimum, touring the length of West Grand Avenue, the Grover Beach Lodge site, and any opportunity sites fronting on US 101. Following the meeting, BAE will review any relevant background materials provided during the kick-off meeting including, but not limited to, the 2004 Grover Beach Visioning Project report and the 2004 Buxton Study, the 2008 Economic Development Strategy, the 2010 Land Use Element, the 2010 SWOT Analysis, the 2010 Economic Vitality Corporation Clusters of Opportunity Economic Strategy, the 2011 West Grand Avenue Master Plan, the 2012 Development Code, the Fiscal Year 2016 Goals and Work Program summary, and other pertinent materials.

2. Evaluate Existing Economic Conditions and Trends

For this task, BAE will review and summarize relevant demographic and economic data in order to document the existing economic development context. Where possible and appropriate, this analysis will leverage existing documents and data, rather than collecting and processing new information, recognizing the City's desire to focus the strategic planning process on the development of key strategies and actions, rather than data collection.

However, this task will serve an important role in documenting baseline economic conditions and establishing a mutual understanding of the existing economic development context that sets the stage for the development of strategies and actions that are appropriate for the challenges and opportunities that are particular to the City of Grover Beach. Following is a brief summary of the data points that BAE will address as part of this task:

- Information on critical demographic trends identified during the review of background materials. Where necessary and appropriate, BAE will collect select supplemental information on local demographic characteristics and trends, from the Census Bureau and Claritas, Inc. (a private demographic data vendor).
- Detailed data regarding the structure of the local economy, based on specific establishment-level data for the City of Grover Beach, from the State Employment Development Department. This information will provide an understanding of the profile of local businesses present within the City of Grover Beach and the surrounding area, by type of business and number of employees. BAE will also discuss the availability of the QCEW CIPSEA 'SAFE' data and will work with City staff to determine if that data would be appropriate for use as part of the existing conditions analysis.
- In order to evaluate the market for retail development, primarily along the West Grand Avenue corridor and at opportunity sites adjacent to US 101, BAE will prepare a retail leakage analysis that compares retail demand and supply within the City of Grover Beach with a larger trade area to determine which retail categories are well-served and which provide opportunities for additional retail development. This will include a review of the 2004 Buxton study and will discuss, to the degree possible, the extent to which conditions have changed within the retail sector since that time.
- Information on local real estate market conditions, including information regarding vacant commercial and industrial buildings, and vacant commercial and industrial sites that are available within the City and its sphere of influence, to support future economic growth. Data collection for this type of information will include a review of data available through CoStar, a private data vendor, as well as interviews with knowledgeable local real estate brokers, property managers, and developers, and County Assessor's information, to the extent available.
- The consultant team will request and analyze local transient occupancy tax data, and county-level data from the California Travel and Tourism Commission, to identify current conditions and recent trends in local lodging demand and county visitor activity. This analysis will be further supplemented using other local data, where available, such as usage statistics for the Pismo Beach State Recreation Area.

- Information regarding potential future economic opportunities will be drawn from local and regional growth projections published by the U.S. Census Bureau, the California Department of Finance and Employment Development Department, and the San Luis Obispo Council of Governments, which BAE will interpret based on our understanding of the City's competitive advantages and economic positioning.

The existing conditions and trends analysis will serve as the basis for the consultant team to preliminarily identify local economic development strengths, weaknesses, opportunities, and threats (SWOT), and will provide a starting point for further community discussion. The team will prepare an Administrative Draft Existing Conditions Report in Microsoft Word format and submit it to the City's project manager.

3. City Council Meeting #2 – Review Administrative Draft Existing Conditions Analysis, Refine SWOT Analysis, and Review Possible Prototype Projects

The consultant team will coordinate with the City's project manager to schedule a City Council workshop session, to review and discuss the Administrative Draft Existing Conditions Report. BAE will prepare the meeting agenda, provide a PowerPoint presentation to present highlights of the Existing Conditions Analysis, facilitate the meeting, and prepare a meeting summary. The workshop format will be interactive, and the first portion will be designed to solicit input from the public and the City Council on any necessary updates, revisions, or additions to the Existing Conditions Analysis. For the second portion of the workshop, the consultant team will lead an interactive exercise to expand and refine the preliminary list of economic development strengths, weaknesses, opportunities, and threats. For the final portion of the session, BAE will initiate a conversation with the City Council and members of the public regarding development prototypes that may feature sufficient market demand to warrant consideration for development at opportunity sites along West Grand Avenue, adjacent to the US 101, or at other sites, as appropriate, throughout the City of Grover Beach. Based on the analysis of information gathered to date, BAE will collaborate with City staff to determine whether it may be beneficial for the City to commission an optional community economic development survey, to be completed as part of Task 5. See further discussion below. The City Council could consider whether to accept this recommendation as part of the feedback that the Council would provide at the second meeting.

4. Pro-Forma Financial Feasibility Analysis for Development Prototypes

Following the City Council workshop session, BAE will confer with City staff and confirm up to two prototype development projects for a study of financial feasibility. BAE will prepare a pro-forma model to evaluate the anticipated financial feasibility of the two prototype development projects. These may be modeled on the development that the City would like to see along the West Grand Avenue corridor, or on other opportunity sites within the community. The results of this analysis will be useful as part of the overall economic development strategic planning

process, by helping to identify any potential gaps in project feasibility and the level of public subsidies, incentives, or other supports that may be necessary in order to attract developers. BAE will then prepare a brief memorandum summarizing the structure and results of the pro-forma modeling exercise, detailing the identified gaps in project feasibility, and outlining a menu of potential supports and mechanisms that may facilitate attraction of the desired development.

5. Economic Development Stakeholder Interviews

The consultant team will coordinate with City staff to identify a range of local economic stakeholders to target for a series of telephone interviews. The purpose of the stakeholder interviews will be to gather input from knowledgeable individuals on potential implementing Actions that can be incorporated into the Economic Development Strategy. BAE will contact each stakeholder, explain the Economic Development Strategy project, and provide them with a working copy of the Goals and Strategies that are under development, for review. BAE will then conduct a telephone interview with each stakeholder in order to gather input on fine-tuning the suite of Strategies, brainstorming implementing Actions that should be considered for inclusion, and identifying potential partners to collaborate with the City for implementation of specific Actions, as well as potential funding sources or other resources needed. Potential stakeholders may include, but are not limited to, private sector economic development professionals, such as Chamber of Commerce representatives, key property owners, commercial real estate brokers, and/or developers. While BAE does not expect that the stakeholder interviews will yield all of the information necessary to fully flesh out the Action Plan, this input from local experts will help to ensure that the Economic Development Strategy will incorporate key input from individuals representing local economic development interests, and whose support will likely be important to the Strategy's ultimate success.

Optional Task:

As an optional task, BAE can work with City staff to develop and implement an online community economic development survey. The survey content is flexible pending initial analysis that will indicate the types of questions that will be most useful to the overall study effort. For example, it may assess the opinions and/or preferences of community members regarding a variety of potential economic development topics, such as economic development strategies, programs, and/or priorities. Alternatively, the survey could be more business oriented, and it could focus on key business retention, expansion, and attraction issues.

Following the completion of the existing conditions analysis, BAE will consult with City staff to identify the subject areas where the City would like to solicit additional community input. BAE will then develop and administer the survey tool using the SurveyMonkey online platform. The budget for this task assumes that the City will be responsible for publicizing the survey using various means, such as newspaper ads, public service announcements, announcements in City utility bills, posting on the City's web site, circulation via e-mail to City contact lists,

promotion via local social and business networks (e.g., distribution via social media and to contact lists of local community organizations, schools, etc.) BAE will provide an online link to the survey via a customized URL that the City can publicize.

6. Prepare Administrative Draft Economic Development Strategy

Based on the input from the first and second City Council meetings and the Stakeholder Interviews, BAE will prepare an Administrative Draft Economic Development Strategy that identifies the City's targeted economic development Goals and Strategies. BAE will organize the input gathered from the Stakeholder Interviews, and fill in any Actions or details that BAE deems necessary in order to provide a comprehensive and coordinated Economic Development Strategy. The Administrative Draft Economic Development Strategy will embrace the key guiding principles mentioned above, and will reflect the realities of the SWOT analysis and financial feasibility analysis, including strategies to mitigate or remove weaknesses and threats, and strategies that build on existing strengths and target market opportunities. The number of strategies identified in the report will be dictated by the specific needs that evolve from the Existing Conditions Analysis, the Financial Feasibility Analysis, and the public and stakeholder input. Descriptions will be included to explain which Goals, strengths, weaknesses, opportunities, and threats each Strategy will specifically address. The Action Plan will provide direction for specific implementation measures, actions, or initiatives that the City and its partners should pursue in order to implement the City's Strategies and achieve its economic development Goals. Each recommended Action will identify the responsible party and potential partners, appropriate timing, the estimated order of magnitude for implementation costs, and recommendations regarding potential funding sources. BAE will seek to identify a range of implementing Actions that can address short-term opportunities that may require relatively modest resources, as well as long-term initiatives that may require sustained, concerted effort and more substantial funding commitments.

BAE will submit the Administrative Draft Economic Development Strategy to City staff in electronic format, for review and comment.

7. Prepare Draft Economic Development Strategy

Upon receipt of a single, consolidated set of comments from City staff on the Administrative Draft Economic Development Strategy, BAE will prepare an updated Draft Economic Development Strategy and submit it in electronic format to City staff.

8. City Council Meeting #3 – Review Draft Economic Development Strategy

BAE will coordinate with the City's project manager to schedule an Economic Development Strategy workshop session on the City Council agenda, to review the Draft Economic Development Strategy, with the objective of confirming or refining the Goals, Strategies, and

Actions. BAE will prepare a presentation to briefly recap the Existing Conditions analysis, summarize the findings from the financial feasibility analysis, present the Draft Economic Development Strategy, and explain how the Draft reflects the input collected during the Stakeholder Interviews. Then, BAE will solicit public comments on the Draft Economic Development Strategy. Finally, the City Council will give direction for any necessary revisions or refinements to the Economic Development Strategy. Following the City Council meeting, BAE will confer with City staff to confirm the revisions to the Draft Economic Development Strategy, and then prepare the Final Economic Development Strategy. BAE will submit the Final Economic Development Strategy to City staff in electronic form, in both Microsoft Word and Adobe PDF formats.

9. City Council Presentation/Adoption

Anticipating that the direction provided at the third City Council meeting will be fairly minor and straightforward, this work scope anticipates that City staff will present the Final Economic Development Strategy for the City Council's acceptance. It is assumed that the City's project manager will prepare the staff report to accompany the Final Economic Development Strategy, along with any necessary resolution for adoption.

Optional Task:

If the City deems it desirable, BAE staff can attend the final City Council meeting as an optional task.

SCHEDULE AND BUDGET

Schedule

Per the Request for Proposal (RFP), BAE proposes to conduct the study over a five-month period that would begin on March 28th, 2015. Exhibit A, below, summarizes the general project work flow. The initial project kick-off meeting is assumed to occur in early April, promptly following the award of the contract in late March. Upon execution of the contract, BAE will begin the review of existing background materials under Task 2, which will continue through the completion of that task in mid-May, allowing for a 4 to 6 week turnaround time for completion of the existing conditions report. Following completion of that report, BAE will plan to attend the City Council meeting scheduled in late May or early June. Following the selection of the two final development prototypes, BAE will begin the stakeholder interviews, the financial feasibility analysis, and development of the Administrative Draft Economic Development Strategy. Following the completion of those tasks, BAE will deliver the Administrative Draft to the City in late June or early July. Following the receipt of comments on the Administrative Draft, BAE will revise the document and produce the Draft Economic Development Strategy, suitable for public review. BAE will then plan to attend a third City Council meeting in late July or early August to review the Draft document. BAE will then prepare the Final Economic Development Strategy for delivery to the City of Grover Beach on or before September 1st, 2016, with the optional attendance of a fourth City Council meeting to present the Final Draft Economic Development Strategy.

Exhibit A: Project Timeline

Task	Description	April	May	June	July	August
1	Start-Up Meeting	■				
2	Existing Conditions Analysis	■	■			
3	City Council Meeting #2 - Review Existing Conditions		■	■		
4	Financial Feasibility Analysis			■	■	
5	Stakeholder Interviews			■	■	
6	Prepare Admin. Draft ED Strategy			■	■	
7	Prepare Draft ED Strategy				■	■
8	City Council Meeting #3 - Review Draft ED Strategy				■	■
9	City Council Presentation/Adoption					■

Budget

Exhibit B, below, outlines BAE's proposed personnel assignments, along with associated costs, calculated based on our current hourly personnel costs, plus overhead and profit. Costs are provided for each task identified in the scope of work, along with associated staff hours, by job classification. BAE will complete the scope of work for a fixed-fee total of \$50,476. Auto usage is billed at standard IRS reimbursement rates. Other expenses, like lodging, are passed through without markup. BAE will bill on a percent of task complete basis and will submit invoices no more than monthly. At the City's discretion, BAE can also complete one or both of the optional tasks described above. The additional cost for the optional community economic development survey is \$5,058, and the additional cost for the optional attendance at the final City Council meeting is \$3,334.

Exhibit B: Personnel Assignments and Associated Costs

Task	Description	BAE						BAE Subtotal	
		Kowta, Principal		Nousaine, Sr. Assoc.		Fairris, Analyst		Hours	Cost
		Hours	Cost	Hours	Cost	Hours	Cost		
1	Start-Up Meeting	12	\$2,884	16	\$2,163	0	\$0	28	\$5,046
2	Existing Conditions Analysis	8	\$1,922	20	\$2,704	80	\$6,968	108	\$11,594
3	City Council Meeting #2 - Review Existing Conditions	12	\$2,884	16	\$2,163	0	\$0	28	\$5,046
4	Financial Feasibility Analysis	4	\$961	40	\$5,407	20	\$1,742	64	\$8,110
5	Stakeholder Interviews	0	\$0	20	\$2,704	0	\$0	20	\$2,704
6	Prepare Admin. Draft ED Strategy	8	\$1,922	25	\$3,380	0	\$0	33	\$5,302
7	Prepare Draft ED Strategy	4	\$961	20	\$2,704	0	\$0	24	\$3,665
8	City Council Meeting #3 - Review Draft ED Strategy	14	\$3,364	24	\$3,244	0	\$0	38	\$6,609
9	City Council Presentation/Adoption	0	\$0	0	\$0	0	\$0	0	\$0
Total, Direct Labor Only, excluding optional tasks		74	\$14,899	181	\$24,468	100	\$8,710	355	\$48,076
<i>Hourly Billing Rates</i>			<i>\$240.30</i>		<i>\$135.18</i>		<i>\$87.10</i>		
Reimbursable Expenses, excluding optional tasks									
Travel (a)									\$1,900
Misc. expenses (b)									\$500
PROJECT TOTAL, excluding optional tasks								\$50,476	
Optional Tasks									
<i>Community Survey (Optional)</i>		<i>4</i>	<i>\$961</i>	<i>20</i>	<i>\$2,704</i>	<i>16</i>	<i>\$1,394</i>	<i>40</i>	<i>\$5,058</i>
<i>City Council Meeting #4 (Optional)</i>		<i>12</i>	<i>\$2,884</i>	<i>0</i>	<i>\$0</i>	<i>0</i>	<i>\$0</i>	<i>12</i>	<i>\$3,334</i>
PROJECT GRAND TOTAL, including optional tasks								\$58,868	

Notes:

(a) Includes transportation for attendance at the startup meeting/first City Council meeting, two additional City Council meetings, plus meals and lodging. Attendance at the optional City Council meeting would require an additional \$450 in travel expenses.

(b) Includes estimates for all miscellaneous printing and data purchase costs.