



## Legislation Text

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**File #:** 23-421, **Version:** 1

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Adopt a Resolution to Approve and Authorize the City Manager to Execute a Consulting Services Agreement with Strategic Economics for Production of the Economic Development Strategy for \$120,000 and to Negotiate and Approve Cumulative Contract Amendments up to 25% of the Contract Amount for a Total Not to Exceed Amount of \$150,000

### **COUNCIL PRIORITY**

- Community & Business Development
- COVID Recovery (ARPA Spending Plan)
- Fiscal Sustainability and Transparency
- Community Engagement and Outreach

### **SUMMARY**

Staff is moving forward with a new Economic Development Strategy that will:

- Articulate a clear vision and pathway for economic development in line with Council policies;
- Organize the City's economic development resources and efforts in the most efficient and effective way possible;
- Update the most recent policy document (from 2016) to respond to recent market changes, post-COVID trends, demographic shifts, and other factors; and
- Expand the City's status and visibility in the Bay Area development community.

After going through an extensive Request for Qualifications (RFQ) process, staff recommends Strategic Economics as the most qualified consultant for the project. Staff recommends that City Council approve a Consulting Services Agreement with Strategic Economics.

If approved by Council, Strategic Economics will begin work immediately on the Economic Development Strategy, including: performing community outreach and gathering stakeholder input, and completing technical analysis of existing conditions, real estate opportunities, industry trends, workforce development issues, financial feasibility, infrastructure, and other issues. The final document is expected to be completed by the end of 2024.

### **RECOMMENDATIONS**

Staff recommends the City Council adopt a Resolution approving and authorizing the City Manager to enter into a Consulting Services Agreement with Strategic Economics for production of the Economic Development Strategy for \$120,000 and to approve cumulative contract amendments up to 25% of the contract amount for a total not to exceed amount of \$150,000.

### **BACKGROUND**

In 2016, the City approved the *Economic Development Element to the General Plan*, which sets the vision, goals, and priorities for San Leandro's Economic Development Program. Since then, the arena for economic development has changed radically due to the COVID-19 pandemic, e-commerce, demographic shifts, changing financial markets, changing office and retail trends, and other factors. In response, staff began planning a comprehensive Economic Development Strategy that will:

- Assess San Leandro's current market position, strengths and weaknesses, and most compelling opportunities for high-quality job growth and development.
- Organize, focus and prioritize City budget and staff resources.
- Include initiatives to improve access to capital, technical assistance, and economic opportunity to all San Leandro businesses, including groups who historically have been underserved or experienced discrimination.
- Incorporate meaningful community input and involvement.
- Place San Leandro in a leadership position among other Bay Area cities by using the most current best practices in economic development planning and analysis.

## **Analysis**

The Economic Development Strategy will require in-depth analysis and community engagement. On July 5, 2023, staff issued a Request for Qualifications (RFQ) to identify and select the best professional consultant team for the project.

The City received 11 proposals that were reviewed and scored based on the criteria set forth in the RFQ. As a result of this pre-screening process, six experienced consultant teams were invited to proceed to the interview stage.

The RFQ selection process included interviews, careful review of submittals, and scoring by the selection panel. Strategic Economics ranked highest through this process, based on their technical expertise, focus on community engagement, and knowledge of the local and regional economy.

Strategic Economics is a nationally recognized urban economics consulting firm, whose areas of work include Economic Development and Retail Strategies, Market and Feasibility Analyses and Transit-Oriented Development. They are familiar with the City of San Leandro and have worked with the City on a variety of projects since 2000, most recently the Economic Development Element of the General Plan and the Bay Fair Transit-Oriented Development Specific Plan.

As outlined in the attached Project Scope, the approach that Strategic Economics and staff will take to develop the Economic Development Strategy includes:

- Overall project management and regular communications amongst the project team
- Analysis of current economic conditions, identifying recent changes and emerging trends
- Outreach to a diverse set of small and large businesses through stakeholder interviews and focus groups
- Community Workshops to gain input on community vision, goals and priorities
- "SWOT" Analysis highlighting challenges and opportunities in attracting and retaining businesses, developing opportunity sites and improving specific areas.
- Economic Development Strategy that includes specific strategies for the City overall and for specific business subareas,
- Implementation Work Plan Matrix that identifies specific actions, schedule and phasing,

necessary resources and staffing, and potential funding sources

The development of the Economic Development Strategy is anticipated to take 12-15 months. The estimated budget and contract amount at this time is \$120,000. However, staff anticipates that additional areas of research, outreach or deliverables may be identified through the development of the Strategy. Additional Economic Development ARPA funding is available, and staff recommends that contract amendments up to 25%, or \$150,000, should be authorized for negotiation by the City Manager or her designee at this time. This flexibility will allow for a higher quality and more complete Strategy.

Staff recommends the approval of a resolution to authorize a \$120,000 Consulting Services Agreement with Strategic Economics, which includes the authorization for contract amendments up to 25% (see **Attachment A**). The scope of services and budget for the project are included in **Attachment B**.

### **Previous Actions**

- Resolution No. 2016-457 - Adoption of the San Leandro 2035 General Plan, including Economic Development Element - September 19, 2016
- Resolution No. 2021-150 - Adoption of ARPA Budget for Fiscal Years 21-22 and 22-23 and Authorizing the City Manager to Approve Carryovers/Unspent ARPA Funds to Future Fiscal Years' Budgets - November 1, 2021

### **Applicable General Plan Policies**

- Action ED-1.11.A: Economic Development Strategy Updates - Periodically update and revise the City's Economic Development Strategy in response to changing market conditions and economic trends.
- Action ED-4.1.A: Retail Action Strategy - Develop a Retail Action Strategy, including evaluations of retail shopping patterns and leakage to other communities in particular sectors. The Strategy should include programs to retain San Leandro's retailers, and attract new retailers in under-represented sectors.

### **Legal Analysis**

This Agreement was reviewed by the City Attorney and approved as to form. The consultant has agreed to the terms of the contract.

### **Financial Impacts**

On November 1, 2021, the City Council Adopted the American Rescue Plan Act (ARPA) Budget for Fiscal Years 2021-2022 and 2022-2023 and Authorized the City Manager to Approve Carryovers/Unspent ARPA Funds to Future Fiscal Years' Budgets.

The ARPA Budget included the allocation of \$750,000 for Commercial Relief Grants, of which approximately \$221,000 remains, and \$75,000 for an Economic Development Strategic Plan. Utilizing ARPA funds, the Economic Development Division has provided \$528,000 in grants to over 50 businesses for rent relief, outdoor dining and facility improvements, and is finalizing plans for the

remaining grant funds.

Sufficient funds are available in the Fiscal year 2023-2024 Budget for ARPA-funded programs and services, including:

- \$75,000 - Account 190-41-835-5120 - Economic Development Strategic Plan
- \$75,000 - Account 190-41-830-8507 - Commercial Relief Grants

This Council action will not impact fund balance because there are funds available in the FY2023-2024 adopted budget.

**ATTACHMENTS:**

***Exhibit A:** Resolution to Approve and Authorize the City Manager to Execute a Consulting Services Agreement with Strategic Economics for Production of the Economic Development Strategy for an Amount of \$120,000 and to Negotiate and Approve Cumulative Contract Amendments up to 25% of the Contract Amount for a Total Not to Exceed Amount of \$150,000*

***Exhibit B:** Scope of Work and Budget*

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