



**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

**Department: ECONOMIC DEVELOPMENT**

**Prepared by: Danielle O’Leary,  
Director**

**Victoria Lim,  
Senior Management Analyst**

**City Manager Approval:** \_\_\_\_\_

**TOPIC: ECONOMIC DEVELOPMENT STRATEGIC PLAN**

**SUBJECT: RESOLUTION APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KOSMONT COMPANIES TO PREPARE THE CITY OF SAN RAFAEL ECONOMIC DEVELOPMENT STRATEGIC PLAN IN A NOT-TO-EXCEED AMOUNT OF \$157,590**

**RECOMMENDATION:** Adopt Resolution approving and authorizing the City Manager to execute a professional services agreement with Kosmont Companies to prepare the City of San Rafael Economic Development Strategic Plan in a total not-to-exceed amount of \$157,590.

**BACKGROUND:**

The economic recovery efforts to support San Rafael businesses impacted by the COVID-19 pandemic has taken many iterations over the past two years. The short-term objectives were to help businesses stay afloat. Immediate relief programs included small business disaster relief grants, developing industry specific reopening protocols in partnership with the County of Marin Public Health, San Rafael Chamber of Commerce and Downtown Business Improvement District (BID), as well as promoting all federal, state, and local COVID-19 relief programs.

As the pandemic persisted, the City of San Rafael and the San Rafael Chamber of Commerce partnered to host a series of Going the Extra Mile (GEM) industry focus groups, to gain better understanding on the current challenges businesses were facing. In addition, Mayor Kate Colin conducted walkabouts throughout San Rafael’s various commercial districts to connect with business owners and provide support and updates on the city’s ongoing recovery efforts.

In January 2022, staff placed the Economic Development Strategic Plan (“EDSP”) on the Agenda for the Economic Development Subcommittee to consider and provide feedback on the EDSP’s key strategic elements and goals.

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**FOR CITY CLERK ONLY**

**Council Meeting:** \_\_\_\_\_

**Disposition:** \_\_\_\_\_

The strategic elements defined by the Economic Development Subcommittee include the following:

- Leverage the prior work staff have done via the City's General Plan
- Provide meaningful data-driven analysis
- Create actionable multi-step plans with clear metrics for performance
- Integrate technology, partnerships, and innovative thinking into the EDSP wherever possible
- Leverage external partnerships, resources, funding to achieve goals

The goals defined by the Economic Development Subcommittee include the following:

- Business retention, expansion, and recruitment / attraction
- Workforce development strategy
- Improve public safety and beautification

**ANALYSIS:**

Staff conducted a nationwide search for consulting firm candidates with the best match of experience, analytical skills, technology tools, and dedicated team members and identified 10 candidate firms. The City's economic development team conducted informal phone conversations with all 10 firms, assessing their ability to deliver an actionable EDSP incorporating the aforementioned strategic elements and goals.

From the 10 original candidate firms, 4 were selected to participate in formal interviews with an interview panel composed of Mayor Kate Colin, Chamber of Commerce President Joanne Webster, Chamber of Commerce liaison Josh Townsend, Business Improvement District Board of Directors President Jed Greene, Economic Development Department Director Danielle O'Leary, and Economic Development Department Senior Management Analyst Victoria Lim. The 4 consulting firms interviewed were Natelson Dale, Chabin Concepts, Strategic Economics, and Kosmont Companies.

The interview panel reviewed each consulting firm's work product completed for other comparable cities as well as the detailed feedback from former client references. Upon deliberation, the panel members unanimously decided upon Kosmont Companies to recommend to the City Council for an engagement as the consulting firm to prepare the City of San Rafael's Economic Development Strategic Plan. The interview panel determined Kosmont possesses the unique real estate focus, technology tools, and analytical horsepower to deliver insightful recommendations that will provide measurable benefits and value for the City of San Rafael's economic vitality.

**COMMUNITY OUTREACH:**

Since the beginning of 2022, staff attended monthly meetings of both the Chamber of Commerce as well as the Business Improvement District Board Meetings, where members of the business community are invited and regularly attend. Staff provided updates on progress of the EDSP candidate search and selection process at these meetings. Attendees of these meetings were provided the opportunity to share their thoughts and feedback as well on important factors to include in the EDSP.

**FISCAL IMPACT:**

Kosmont provided a typical cost range of \$75,000 to \$200,000 for strategic plans prepared for other comparable cities. Based on their initial analysis and in response to staff's request, Kosmont prepared a description of what would be included in each of approximately \$75,000, \$100,000, \$125,000, and \$150,000 cost package options. There is an additional \$7,500 estimated in additional out-of-pocket expenses such as technology tool subscriptions, travel, and administrative expenses.

Staff believes the \$150,090 package will deliver optimal results and aligns best with the desired strategic elements and end goals of the EDSP. Staff cross checked with the other finalist firms to check that Kosmont's fees are within a comparable market rate and found them to be so. The cost of the

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recommended \$157,590 to complete the EDSP will come from the City's American Rescue Plan Act (ARPA) funds.

**OPTIONS:**

The City Council has the following options to consider on this matter:

1. Adopt the Resolution as proposed by staff.
2. Adopt Resolution with modifications to the Scope of Work or Cost.
3. Reject the Resolution and direct staff to return with more information.

**RECOMMENDED ACTION:**

Adopt the Resolution approving and authorizing the City Manager to executive a professional services agreement with Kosmont Companies to prepare the City of San Rafael Economic Development Strategic Plan in a total not-to-exceed amount of \$157,590.

**ATTACHMENTS:**

1. Attachment 1 - Resolution
2. Attachment 2 - Scope of work proposal submitted by Kosmont Companies
3. Attachment 3 - Cost proposal submitted by Kosmont Companies

**RESOLUTION NO.**

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KOSMONT COMPANIES TO PREPARE THE CITY OF SAN RAFAEL ECONOMIC DEVELOPMENT STRATEGIC PLAN IN A NOT-TO-EXCEED AMOUNT OF \$157,590**

**WHEREAS**, the City of San Rafael seeks to hire a consultant to create an Economic Development Strategic Plan that will deliver insightful recommendations that provide measurable benefits and value for the City of San Rafael's economic vitality; and

**WHEREAS**, as detailed in the staff report for this resolution, Kosmont Companies provides the skills and experience needed to fill this role; and

**WHEREAS**, sufficient funds have been appropriated through the City's American Rescue Plan funds to support this contract.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of San Rafael does hereby approve and authorize the City Manager to execute an Agreement for Professional Services, subject to final approval as to form by the City Attorney, with Kosmont Companies in a not-to-exceed amount of \$157,590.

I, **LINDSAY LARA**, Clerk of the City of San Rafael hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on Tuesday, the 21<sup>st</sup> day of June 2022, by the following vote to wit:

**AYES: COUNCILMEMBERS:**

**NOES: COUNCILMEMBERS:**

**ABSENT: COUNCILMEMBERS:**

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**LINDSAY LARA, City Clerk**



## **San Rafael Economic Development Strategy Kosmont Companies Scope and Budget**

Kosmont Companies (“Kosmont” or “Consultant”) is pleased to provide the following Scope of Work and Budget for an Economic Development Strategy (“Strategy”) for the City of San Rafael (“City” or “Client”).

Kosmont will prepare the Strategy based on the following tasks to address existing economic conditions, regional real estate trends and opportunities and provide tactical recommendations on business attraction, expansion, and retention through place-making recommendations and community feedback, with emphasis on both mall revitalization and needs for small business support in the City.

### **SCOPE:**

**Approach to Tasks:** The prospective assignment and consulting services that Kosmont will provide will be of a relatively limited scope and duration, and advisory in nature. Kosmont will be making recommendations only, which advise the Client and jurisdictions, including its elected officials, appointed officials and staff, which they can accept or reject. None of Kosmont's staff will act in a capacity as an elected official, nor appointed official, nor as staff, nor as serving in a "designated" position.

#### **Task 1: Kickoff Meeting**

Kick-off meeting with City staff to establish communication protocols, review scope and schedule, take a tour of the City commercial and employment areas, and review key planning, budget and economic documents.

#### **Task 2: Group Meetings**

City staff / Council member / business group meetings (list to be provided by City and agreed upon by Kosmont), coordinated to be efficiently part of the kick-off meeting, to gain an overview of City goals, objectives, opportunities and challenges facing the City, its residents and business community.

#### **Task 3: Demographic and Economic Conditions**

Assessment of current demographic and economic conditions for the City and its commercial / industrial and employment districts.

#### **Task 4: Market Assessment**

Research Retail, Office, Hotel, Industrial and Apartment market data and identify site specific opportunities in the City. The market assessment will include a Strength, Weakness, Opportunities and Threat (“SWOT”) analysis of commercial districts and sites. Kosmont will work with City to identify 2-3 key districts or key sites and suggest development strategy options based on high level financial analysis.

#### **Task 5: Community Workshops (2)**

An initial community workshop to solicit feedback and public insights as to the challenges and opportunities facing residents and the business community, and provide initial overview of economic

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#### **Kosmont Companies**

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Manhattan Beach, CA 90266

trends and existing market conditions. Kosmont will participate in an additional workshop following further research and analysis to present preliminary findings, opportunity sites and potential recommendations and solicit feedback.

#### **Task 6: Zoning / Policy Review**

High level review of zoning and permit policies and regulations and their impact on business attraction / retention / expansion. Kosmont will consider workforce attraction / development strategies and assess marketing efforts / special events programming / social media platforms in the context of increasing daytime and overnight visitation.

#### **Task 7: Northgate Mall**

During the Strategy process, Kosmont will provide site specific market, financial and fiscal analysis related to the Northgate Mall redevelopment planned by Merlone Geier Partners. Kosmont will do case study research of successful mall revitalization strategies to provide City with options to consider for Northgate Mall revitalization.

#### **Task 8: Economic Development Tools**

Overview and feasibility analysis of key economic development / implementation tools for the City to use (e.g., Development Opportunity Reserve D.O.R.<sup>®</sup>, Sales Tax Assessment Revenue STAR<sup>®</sup>, Community Facilities District CFD, Enhanced Infrastructure Financing District EIFD).

#### **Task 9: Strategy**

Prepare a draft Strategy in PowerPoint format within five to six months from start of assignment and make presentation to Economic Development Committee via Zoom (or alternative group as directed by City). Kosmont will recommend a near-term and long-term action plan and establish metrics for City to measure success of the strategies. Following receipt of comments from City, Kosmont will prepare the final Strategy and make a presentation to the City Council.

*It is important to note that the tasks outlined are in approximate order of completion. Kosmont will accelerate or delay certain tasks based on the outcome of community meetings and staff priorities. Kosmont and City will mutually agree on format of meetings whether in person (up to 4) or via Zoom in consideration of available budget and expenses.*

*Following the completion of the Strategy, Kosmont will be available for additional contract services to assist City in evaluating development opportunities and implementation.*

## **BUDGET**

Compensation for above Tasks is not to exceed \$150,090 based on Kosmont professional services (hourly) fees at Consultant's billing rates as shown on Attachment A. Additional expenses 1) and 2) on Attachment A are estimated at \$5,000 to \$7,500 for a maximum total of \$157,590. Future increases in budget will require approval by Client in advance. Budget may be increased by Client at any time.



**ATTACHMENT A**  
**Kosmont 2022 Public Agency Fee Schedule**

**Professional Services**

Chairman & CEO	\$395.00/hour
President	\$365.00/hour
Senior Vice President/Senior Advisor	\$325.00/hour
Vice President/Project Advisor	\$225.00/hour
Senior Project Analyst	\$195.00/hour
Project Analyst/Project Research	\$165.00/hour
Assistant Project Analyst/Assistant Project Manager	\$125.00/hour
Project Promotion/Graphics/GIS Mapping Services	\$ 95.00/hour
Clerical Support	\$ 70.00/hour

**Additional Expenses**

In addition to professional services (labor fees):

- 1) **Out-of-pocket expenditures**, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost.
  - 2) **Project/Market data sources** for support of evaluation and analysis e.g., ESRI, Placer.ai, CoStar/STR, IMPLAN and other based on quoted project cost.
  - 3) If Kosmont retains **Third Party Vendor(s)** for Client (with Client's advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
  - 4) Consultant's **attendance or participation at any public meeting**, whether such participation is in person, digital, video and/or telephonic (e.g., *City Council, Planning Commission, Public Agency Board, other*) requested by Client and are beyond those specifically identified in the Scope of Work will be billed at the professional services (hourly) fees as shown on this Attachment A.
- **Charges for Court/Deposition/Expert Witness-Related Appearances**  
Court-related (non-preparation) activities, such as court appearances, depositions, mediation, arbitration, dispute resolution and other expert witness activities, will be charged at a court rate of 1.5 times scheduled rates, with a 4-hour minimum.

*Rates shall remain in effect until December 31, 2022.*

<b>CITY OF SAN RAFAEL</b>					
<i>Kosmont Economic Development Strategy Budget</i>					
TASKS	Cost / Task	Hours / Task	President \$365	SVP/Senior Advisor \$325	Vice President \$225
Task 1: Kick off Meeting and Document Review	<b>\$14,980</b>	52	12	16	24
Task 2: Group Meetings	<b>\$9,150</b>	30	10	10	10
Task 3: Demographic / Economic Trends	<b>\$13,600</b>	48	10	14	24
Task 4: Market Assessment	<b>\$19,380</b>	68	12	24	32
Task 5: Community Workshops (2)	<b>\$19,710</b>	62	24	24	14
Task 6: Zoning / Policy Review	<b>\$13,180</b>	44	12	16	16
Task 7: Northgate Mall	<b>\$19,320</b>	64	18	24	22
Task 8: Economic Development Tools	<b>\$16,040</b>	56	16	12	28
Task 9: Strategy Report / CC Presentation	<b>\$24,730</b>	82	22	32	28
<b>TOTAL BUDGET</b>	<b>\$150,090</b>	<b>506</b>	<b>136</b>	<b>172</b>	<b>198</b>
<i>Reimbursable Expenses</i>	<b>\$5,000 - \$7,500</b>				
<b>Maximum TOTAL</b>	<b>\$157,590</b>				

*Task budgets can be reallocated as deemed appropriate by Consultant*