

City of Lake Elsinore

STRATEGIC ECONOMIC DEVELOPMENT IMPLEMENTATION & MANAGEMENT SERVICES



June 15, 2022

Prepared by:

UFI URBAN FUTURES | Incorporated

UFI URBAN FUTURES | Incorporated

June 15, 2022

Jason Simpson
City Manager
City of Lake Elsinore
130 South Main Street
Lake Elsinore, California 92530

Dear Mr. Simpson,

Thank you for the opportunity to provide this proposal to provide strategic economic development Implementation and management services to the City of Lake Elsinore (the “City”) as part of the City’s economic development program. The services will involve follow-up from ICSC, continued engagements with commercial real estate brokers and developers and supporting the City’s economic development efforts through Ombudsman Services and the evaluation of strategically important public and privately held properties. The focus of our work will be in support of the identification of development strategies to meet the City’s economic development goals and objectives through creative leveraging of assets and by fostering win-win development opportunities on strategically significant real property.

It would be a pleasure to continue assisting the City with these important initiatives. UFI is uniquely qualified to provide such services and is quite interested in doing so.

ABOUT URBAN FUTURES, INC.

UFI’s Public Land Use Specialist (PLUS) Group specializes in helping local government leaders. Over its 50-year history, UFI has worked with municipal management and development professionals to implement economic development projects, provided real estate pro-forma analysis and land economic services, review resources to ensure effective property asset management, institute performance management techniques, and perform rigorous property disposition analysis to help bring economic development goals to fruition. Our firm and its partners are comprised of former city managers, economic development and public finance experts, and other professionals providing expertise in specialty areas such as economic development program creation, advanced planning, and implementation. Our team of professionals assigned to this assignment has provided similar services to several local governments and private developers throughout California and UFI is confident that our experience will ensure that your organization receives a high quality and useful work product.

Our assignments demonstrate a well-established history of helping public sector organizations and we are excited to bring our experience and first-hand knowledge of economic development through leveraging public and private real property assets and economic development strategy implementation to the City. UFI is distinguished by the fact that each team member engaged have actual experience in economic development and advanced planning through public asset management and in working together as a team. The work we do is not an academic exercise – it is grounded in the real world of customer service and accomplishment in the public sector. UFI is unique in that regard!

UNDERSTANDING OF THE ENGAGEMENT

Currently, the City is 35% buildout. The future development of the City will require a significant effort to develop private and City owned real property. Furthermore, given the needs of the City to meet its Dream Extreme 2040 Plan, the strategic development of real property necessary to meet the City's short and long-term economic development goals has become a priority. The City and private individuals hold significant, and strategically important, real property valued in the 100's of millions of dollars. Currently, vacant City owned property is off the tax rolls, which results in zero property tax collected on those properties. Additionally, with the current constraints in the economy and difficulty in obtaining capital financing private properties sit idle or underutilized.

UFI is prepared to provide the highest level of services to the City to develop and facilitate economic development strategies and supporting analysis.

This proposal is created to facilitate the development of economic development strategies leading to the implementation and management of an Economic Development Resource Team consisting of following firms and responsibilities:

- Tierra West Advisors (ICSC and Implementation Services)
- RSG (Fiscal Impact Analysis)
- HdL Econ Solutions (Demographics, Analysis, Impact Reports)

Together, UFI and the Economic Development Resource Team will provide the City with a cost-effective economic development strategy with the necessary economic development horsepower to execute Dream Extreme 2040 Plan Vision "Lake Elsinore will be the ultimate lake destination where all can live, work, and play, build futures and fulfill dreams" through the following objectives:

- Real property development analysis and strategic planning with the flexibility to implement the City's short and long-term economic development goals
- To prepare a strategy for the development of strategically important real property assets, publically and privately owned, consistent with the City's current economic development objectives
- To facilitate opportunities with local real estate brokers and success-oriented developers for the sale and development of property assets, while providing independent real estate advisory services to the City necessary to maintain the highest value of the property
- To provide the City with high level independent advisory services as expected by the City Council
- Leverage HUBZone Empowerment Contracting Program, Foreign Trade Zones, and potentially Enhanced Infrastructure Financing Districts Opportunities
- Implementation of residential and cannabis industry development into the City overall economic development plans and

OUR APPROACH

For each client, UFI customizes the methodology needed to meet and exceeds the expectation of its clients. In our view, a one size approach will not deliver the Dream Extreme 2040 Plan. Therefore, for the

City of Lake Elsinore, we propose an approach that comprises four discrete, but interactive phases as described below:

Learning. The success of an economic development program is often a result of a well throughout process requiring a significant amount of preparation. It has long been the UFI motto, “preparation leads to opportunity”. Our work plan below includes a balanced approach of preparation, study, and implementation. Our objectives and performance must be measurable to determine success. Through a continued review of data, written documentation and direction of City Council and the Economic Development Sub-Committee, UFI will develop a clear understanding of these specific goals and objectives, and the overall economic development mission of the City. This learning phase (i.e., preparation) will allow us to fully understand the operating constraints and impediments to success faced by the City.

Diagnosis. As our team listens and learns as such, we will focus on current economic development opportunities as well as the future development goals established by City staff and its elected officials. UFI professionals concentrate on how economic development opportunities are planned, managed, and executed. We will also examine and analyze each opportunity to understand how each opportunity meets the City’s economic development objectives goals and the degree to which performance measures and performance standards existed and are being utilized.

Opportunity Identification. The City is experiencing a continued commitment of capital investment in housing, retail/commercial and public infrastructure. To this fact, UFI build will assist the City in building a bridge between current economic development goals necessary to develop an effective economic development strategy to the development of strategically important privately held real property that will most appropriately meet these goals. To meet this challenge, best practices in the industry must be explored and implemented to identify areas of the economic development having the highest potential for meeting economic development goals within the City.



Action. UFI has a strong bias for implementation. As practitioners, we have an orientation to achieve results and our work moves from sound analysis to concise, actionable recommendations. Our professionals working with the Economic Development Resource Team will execute the work plan below consisting of strategies which will serve as a detailed roadmap outlining how to implement the recommendations that we make to achieve the economic development goals of the City while meeting the mandates of the Dream Extreme 2040 Plan. It is at this point, preparation meets opportunity.

WORK PLAN

UFI and the Economic Development Resource Team will work collaboratively with the City’s management team to conduct this high-level review of active and proposed development opportunities. In doing so,

we will identify all strategically important privately held real property for future development. Additionally, we will lead a discussion on objectives for leveraging opportunities to create synergy with the City's economic development goals. Through the course of our analysis, we expect to learn about other economic development issues for which our team can and will create recommendations for improvement.

The overall work plan that we are proposing first calls for the collection of data through a variety of sources, including interviews, real property inventory, and a review of various City economic development studies and reports. UFI, working with the Economic Development Resource Team, will then analyze that data, apply our expertise about best practices to meet assignment objectives. UFI will review preliminary observations and recommendations with management prior to finalizing our work and will then conclude this assignment with the preparation of an implementation action plan. Throughout this process, team members will meet regularly with management to provide updates on our progress.

Based on our extensive economic development and our understanding of the City's desired outcomes, we propose the following scope of work.

SCOPE OF WORK

- Coordination with City staff leading to the implementation of the City's Economic Development Strategic Plan
- As requested, participation in Economic Development Sub-Committee meetings and presentations
- Participation and Recruitment for the planned Brokers Breakfast with the Mayor
- Assist with the design and Updating the City's ED page.
 - Add Economic Development Data, Studies, and available sites for development
- Review of the City's 5-year CIP projects to evaluate prioritization to foster economic development and reinvestment.
- Develop a Business Growth and Retention Plan as a hedge against the possibility of a significant recession. This may take the form of a "Shop Local" program reaching out to the individuals of the City's top tax producers for a "One-on-one "Lunch with the Mayor" and CM.
- Serving as a sub-consultant through UFI, Kallenberger Jones & Co. will prepare a study of the potential market support for hotel development
- Serving as a sub-consultant through UFI, 3-D advisors will provide project ombudsman services for highly desired projects
- Prepare development and retail leads (generated at ICSC, and other Economic Development venues)
- Work with City staff, the Economic Development Resource Team, and the Lake Elsinore Chamber of Commerce to provide appropriate professional support to assist them with franchise recruitment.
- Direct and manage HdL to provide demographic research for the City of Lake Elsinore and the surrounding market area.
- Direct and manage Tierra West to provide retail market opportunity analysis for the City of Lake Elsinore and the surrounding market area Including the following:
 - Customized research for growth opportunities the City of Lake Elsinore is targeting for location, expansion and/or relocation.
 - Presentations to business prospects (retail, commercial and industrial) in support of efforts to attract additional investment into the community.

- Direct and Manage RSG to prepare economic, employment and/or fiscal impact analysis of proposed development projects to properly provide information to the residents, businesses, council members and staff within the City of Lake Elsinore.
- Preparation for and represent of City of Lake Elsinore at the International Council of Shopping Centers (ICSC) Las Vegas International and other requested venues.

PROJECT TEAM

Given the nature of this engagement, UFI proposes to assemble a project team based on the unique needs of the City and Successor Agency. Michael Busch will provide overall direction, Douglas Dumhart and Chris Harrison will serve as project managers. Additional support staff from UFI will be utilized, as necessary.

Michael Busch, President & CEO, joined UFI following a successful career in municipal government. He has a unique background having served as a Planner, Finance Director, City Treasurer, Deputy City Manager, and Assistant City Manager. In those roles, Mike has demonstrated experience in capital improvement plan development, developer negotiations, development agreements, and capital project implementation. This professional background has given him experience in strategic planning, municipal finance, economic development / redevelopment, and project implementation, leading to the issuance of over \$200 million in tax-exempt debt offerings as well as implementation of several redevelopment and infrastructure projects.

Mike has a bachelor's degree in urban and regional planning from California State Polytechnic University, Pomona, and a master's degree in public administration (with an emphasis in finance and public works) from California State University, Long Beach. In 2012 and 2013, he served as an adjunct faculty member at the University of Southern California, Graduate School of Policy, Planning, & Development.

Douglas Dumhart is Managing Member of 3D advisors. Douglas has 3 decades of local government experience encompassing: City Administration, Building and Safety, Code Enforcement, Community Development, Economic Development, Housing, Planning and Redevelopment. Douglas left municipal government in 2017 and founded 3-D Advisors, LLC to assist development interests in managing government and community relations regarding entitlement processing and permitting. His extensive municipal experience as to how local government operates is essential knowledge for those considering development of challenging in-fill projects. During his tenure of public service, he earned the respect of elected leadership, his peers, and the communities he has served, by being highly competent, responsive, ethical, and dependable. As an entrepreneurial and strategic thinker, he is proficient in consensus building and negotiations among diverse community groups. His project management skills are evident through a successful history of administering complex projects from concept to completion.

Douglas possesses a bachelor's degree in economics and a master's degree in Business Administration. He served for five years as a Board Member on the Oversight Board for the La Palma Successor Agency, Vice-Chairman on the Orange County Housing Authority's Cities Advisory Committee (CAC), Secretary to the San Juan Capistrano Housing Advisory Committee (HAC), and maintained active memberships in the Planning Directors Association of Orange County (PDAOC), The American Planning Association (APA), the California Association for Local Economic Development (CALED), and Municipal Management Association of Southern California (MMASC).

Mark Kallenberger has served as a principal of Arthur Andersen & Co. and West Coast partner in hospitality consulting firm of Berins & Co. He held various positions with the international CPA firm, Pannell Kerr Forster in Hawaii, and Southern California.

While he is primarily involved in evaluating existing and proposed hotels, he has considerable “hands-on” experience in the development of resort and hospitality projects. He managed the development of a 550-unit resort housing project in Hawaii for a subsidiary of the Swire Group. He also served as a principal in Pentagram Development Corporation and was responsible for much of the development of a variety of projects, including site acquisition, entitlement process, arranging of financing, and supervision of construction. He was also employed as the Director of Hotel Development for the Carver Companies, where he was charged with development of hotels on lands owned by the company in Southern California.

He has considerable experience with large resorts and tourism and is the co-author of Integrated Tourist Resorts: Case Study Evaluations published by the World Tourism Organization. Mark is a member of the International Society of Hospitality Consultants and is a licensed Certified General Real Estate Appraiser in California.

Hank Jones has 30 years of experience in hospitality real estate consulting and has worked in over 100 national and international hotel and resort markets.

Prior to the formation of Kallenberger Jones & Co., Hank spent five years in the hospitality industry-consulting group at Arthur Andersen & Co. While at Arthur Andersen, Hank specialized in consulting for international hotels and spent several months in Europe and the Caribbean evaluating resort properties. He has also held consulting positions with Berins & Co. (a hotel consulting firm which was acquired by Arthur Andersen in 1989) and Laventhol & Horwath. In addition, he has worked in management and staff positions for Hyatt Hotels and Holiday Inns.

Mr. Jones holds a BA in Economics from UCLA and a Masters in Hotel Administration from Cornell University. Hank is a visiting lecturer at the School of Hotel and Restaurant Management, Cal Poly Pomona and has taught courses in Hotel Development and Hospitality Finance and Accounting. Mr. Jones is a member of the International Society of Hospitality Consultants (ISHC) and has served on the boards of the ISHC, Raymond Alf Museum of Paleontology, Temple Beth David, and South Pasadena Educational Foundation.

Chris Harrison has over 20 years of professional experience as a Land Use Planner and Project Manager working closely with all levels of jurisdiction staff, stakeholder groups, landowners, and community organizations. His career includes private sector, public sector, and quasi-public sector work with an emphasis in the northern San Diego region with an emphasis on preparation and processing of all types of entitlement and construction related permit documents. Chris has experience negotiating for preferred design solutions in both the pre (at the jurisdiction) and post (in the field) approval process and has regularly met with City management, department heads, field supervisors and inspectors to resolve project review and implementation issues. Uniquely, Chris has successfully negotiated short term agreements with agencies that allow vital projects to move forward while the long-term procedural guidelines were still in development including the development of design solutions that address multiple jurisdiction policies while still meeting project goals. Chris has assisted his clients with amendments to long range planning documents such as the General Plan and Zoning Code that successfully addressed the issue of “precedent setting” that jurisdictions are cautious of.

Chris holds a Bachelor of Science in Urban & Regional Planning from California State Polytechnic University at Pomona.

REFERENCES

UFI has completed projects for hundreds of local government jurisdictions since our founding in 1972. We are proud of our record of satisfied clients. Many of them have contracted with us on more than one occasion. A complete list of firm references, staff, and capabilities can be found on our website at <http://www.urbanfuturesinc.com/>.

HOURS, SCHEDULE, AND COST

UFI is unable to estimate the required hours for each phase of the project. However, we believe a fixed fee of \$20,000 for the Hotel Study and monthly retainer based on 30 hours a month at \$250 per hour is an effective approach to budgeting and work plan execution.

Cannabis related services are billed at the hourly rate of \$250. Applications reviews funded by applicant deposits will be billed at a fixed fee of \$10,000.

Additional value-added services that are beyond the scope of work shall be agreed to by both parties via written amendment to the contract with a specific scope of work at \$250 per hour. These additional services may include general plan amendments, entitlement audits, zone changes, site plan development, and crafting/revising specific plans.

CONCLUSION

We look forward to working with the City of Lake Elsinore. Please feel free to contact me if you have any questions.

Best regards,
Michael P. Busch


President & CEO