



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Jason Simpson, City Manager

Date: June 28, 2022

Subject: Professional Services Agreement with Urban Futures, Inc. (UFI) to Provide Economic Development Services

Recommendation

Approve and authorize the City Manager to execute the Professional Services Agreement with Urban Futures, Inc. to provide economic development implementation and management services to the City of Lake Elsinore through FY 2023-2024 in substantially the form attached and in such final form as approved by the City Attorney.

Background

On October 1, 2014, the City entered into an Agreement with Urban Futures, Inc., to provide financial advisory and consulting services. Due to recent changes in economic development services, UFI has assembled a team of finance, economic development, and former redevelopment specialists to move forward with a robust economic development strategy. The Team offers a remarkable breadth of experience and expertise to provide professional economic development services. The City's residential development has continued briskly, exceeding 400-500 units per year. The City's pursuit of development opportunities fits within a phase often used in economic development circles called "rooftops to retail." We expect additional options to open up as the City continues to develop and draws on the expertise of the new Team.

Discussion

Strategically, the next development phase of the City's aggressive capital improvement planning is a funding plan for circulation and pavement rehabilitation projects. We believe preparation leads to opportunity, and as we continue forward-thinking, opportunities for retail, commercial and site-specific industrial development will come to fruition. Currently, the City has 1,299 housing units in active development and construction efforts, with another approximately 20,000 residential units entitled. Combine this with the significant investments in our infrastructure at I-15/Railroad Canyon Road Interchange, Main Street Interchange, and as we plan to bid on I-15/Central Avenue Interchange improvements, it provides an opportunity for a private development to invest in these vital corridor areas. As such, transition and a change in the approach to our economic development efforts are essential and need to be measured and monitored continuously.

As such, the plan is to bring a team of experts (an efficient economic development "think tank" for the City) to focus on the specific needs of the community for the development of strategically significant vacant land as well as the reuse of vacant or underutilized buildings and properties throughout the City. In addition, economic development is more than building places for people to spend money; it includes taking the Lake Elsinore Dream Extreme 2040 Plan and developing and directing resources and efforts to bring in events, water parks, wave parks, and other outdoor venues to not only attract people, but increase foot traffic, and bolster tourism but also attract investors.

With UFI's expertise, we are confident they can engage the resources above in areas of expertise within the existing budget allocation. In doing so, the City will bring more economic development and strategic planning horsepower. In addition, UFI will continue addressing the following matters:

1. Transition existing City project efforts in the existing pipeline.
2. Take a "team" approach with City staff.
3. Create a robust economic development program that incorporates the Dream Extreme 2040 Plan.
4. Focus on areas other than brick and mortar development that increases tourism.
5. Private development financing opportunities.
6. Coordination with City staff leading to the implementation of the City's Economic Development Strategic Plan.
7. As requested, participation in Economic Development Sub-Committee meetings and presentations.
8. Participation and recruitment for the planned Brokers Breakfast with the Mayor.
9. Assist with the design and Updating of the City's ED page.
10. Add Economic Development Data, Studies, and available sites for development.
11. Review the City's 5-year CIP projects to evaluate prioritization to foster economic development and reinvestment.
12. Develop a Business Growth and Retention Plan to 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.
13. Serving as a sub-consultant through UFI, Kallenberger Jones & Co. will prepare a study of the potential market support for hotel development.
14. Serving as a sub-consultant through UFI, 3-D advisors will provide project ombudsman services for highly desired projects.
15. Prepare development and retail leads (generated at ICSC and other Economic Development venues).
16. 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.
17. Direct and manage HdL to provide demographic research for the City of Lake Elsinore and the surrounding market area.

18. Direct and manage Tierra West to provide retail market opportunity analysis for the City of Lake Elsinore and the surrounding market area.
19. Customized research for growth opportunities for the City of Lake Elsinore targets location, expansion, and/or relocation.
20. Presentations to business prospects (retail, commercial and industrial) in support of efforts to attract additional investment into the community.
21. Direct and Manage RSG to prepare economic, employment, and/or fiscal impact analysis of proposed development projects to provide information to the residents properly, businesses, council members, and staff within the City of Lake Elsinore.
22. Preparation for and representation of the City of Lake Elsinore at the International Council of Shopping Centers (ICSC) Las Vegas International and other requested venues.

The proposed Agreement has a two (2) year term. City staff and UFI concur that a long-term commitment is needed to continue fostering a pipeline of projects.

Fiscal Impact

The two-year proposed Agreement is based on a fixed fee of \$20,000 for the Hotel Study and a monthly retainer based on 30 hours a month at \$250 per hour, plus cannabis-related services billed at the hourly rate of \$250 for a total annual contract amount not to exceed \$140,000. Applications reviews funded by applicant deposits will be billed at a fixed fee of \$10,000 for the duration of the Agreement (Fiscal Years 2022-23 to 2023-24).

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

Exhibits

A – Agreement

B – Proposal