



REPORT TO THE CITY COUNCIL

TO: Honorable Mayor and Members of the City Council

FROM: Grant Yates, City Manager

DATE: June 26, 2018

SUBJECT: Professional Services Agreement with Development Management Group, Inc. to Provide Consulting Services

Recommendation

Approve and authorize the City Manager to execute a professional services agreement with Development Management Group, Inc. ("DMG Economics") to provide economic development professional consulting services to the City of Lake Elsinore for the period of FY 2018/2019 through FY 2020/2021, in a final form approved by the City Attorney.

Background

Beginning in April 2014, the City of Lake Elsinore engaged Development Management Group, Inc. (AKA DMG Economics) to provide specific economic development professional services related to market research, retail recruitment and serving as a project ombudsperson. In June 2015 the City of Lake Elsinore engaged DMG Economics under a three (3) year contract to provide said services under a retainer agreement.

Since beginning first entering a contract with the City, Development Management Group, Inc. assisted in the following economic development priorities:

1. Served as a project ombudsman on the proposed Wal-Mart project. The project is now fully entitled. The project plans have been submitted for approval and the 3rd Street Flood Control project is at bid. Construction is slated to begin in the 3rd quarter of 2018 with Wal-Mart opening in September 2019.
2. Represented the City at ICSC-Las Vegas and Western Regional ICSC (San Diego and Los Angeles). We have both hosted various brokers, developers and retailers and participated in 20+ meetings at each event. This has led to several developer and retailer relationships that have manifested themselves in new businesses in the City of Lake Elsinore (or under construction). These include: Peninsula Retail Partners Central Plaza, Marshall's, ULTA, Skechers, Panera, Starbucks, Pieology, Aldi, Chick-Fil-A.

3. Participated as an economist in the evaluation of Alberhill Villages Specific Plan. Our work helped the City successfully negotiate a development that is (at least) revenue neutral versus the original proposal that would have put significant financial strain on the City.
4. Generated a Long-Term Economic Development Strategic Plan that addresses retail, office, industrial and residential.
5. Completed Retail and Hotel Market Analysis that has been used by various developers and retailers (along with hoteliers) to make investment decisions (some of the users have included Diamond Indoor Sports, Civic Partners, Lake Elsinore Outlets, La Quinta Inn & Suites)
6. Created Annual Market Demographics and Retail Market Opportunity that is used by retailers, brokers and developers (distributed via email, hardcopy and at special events).
7. Working with City Attorney and Administration, formed new JPA and negotiated agreements with SMER Research 1, LLC for the City of Lake Elsinore to take advantage of fixed pricing for electricity purchases (20-year agreement). Project is currently under construction.
8. Leading negotiations with six (6) landowners and developers in the La Strada area to reach agreement for a Road and Bridge Benefit District (RBBD) and related Development Agreements (in process).
9. Leading negotiations with industrial developer to bring new manufacturing operation to Lake Elsinore on former RDA property (in process).

Discussion

In working with DMG Economics over the four (4) years, it is apparent they have the expertise, contacts, organizational, marketing and salesmanship skills necessary to continue to drive economic investment into the City of Lake Elsinore. Below is a synopsis of what they will continue to provide under the proposed agreement:

1. DMG Economics shall have professional and functional responsibility for the implementation of the Economic Development Strategic Plan during the period of the contract proposed.
2. During the time that the Plan is being generated, DMG Economics shall continue to serve as a project ombudsman for Wal-Mart, Proposed New Car Dealership, Central Plaza and others as they are submitted to the City.
3. DMG Economics shall continue to follow-up regarding development and retail leads (generated at ICSC, Retail Live, ACRE and organically within the City/community).
4. DMG Economics shall coordinate with the Lake Elsinore Chamber of Commerce to provide appropriate professional support to assist them with franchise recruitment. Said support may include general and specialized market studies, providing contacts and assisting with an understanding of project financing.

5. Demographic research for the City of Lake Elsinore and the surrounding market area.
6. Retail market opportunity analysis for the City of Lake Elsinore and the surrounding market area.
7. Produce an ongoing electronic marketing campaign (specific to retailers, developers and industrial/office users)
8. Customized research for companies that the City of Lake Elsinore is targeting for location, expansion and/or relocation.
9. DMG Economics presentations to business prospects (retail, commercial and industrial) in support of efforts to attract additional investment into the community.
10. 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.
11. Preparation for and represent of City of Lake Elsinore at industry trade-shows including the International Council of Shopping Centers (ICSC) Las Vegas International and Western Regional Conference(s).
12. Generate customized market research for a variety of industries (in addition to retail, which is specified above).
13. Project management and ombudsman services to the City of Lake Elsinore serving as a go-between and on-going communicator between the City and a developer/development project.
14. Provide Economic Development Training to City of Lake Elsinore staff, business leaders, appointed and elected officials.
15. DMG Economics shall serve as a project coordinator, ombudsperson and liaison with funding sources at the County, State and Federal level as it pertains to helping achieve economic development objectives in the City of Lake Elsinore.
16. Additional economic development and post-redevelopment related services as needed (and mutually agreed upon).

The proposed agreement has a three (3) year term. City staff and DMG Economics concur that a long-term commitment is needed to continue fostering a pipeline of projects. That said, the proposed allows for a 30-day Notice of Termination that can be "triggered" by either party with or without cause.

Fiscal Impact

The three-year proposed agreement is based on a monthly retainer of \$11,000 per month for Fiscal Year 2018/19 increasing by \$500 per month in FY 2019/2020 and FY 2020/2021.

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Exhibit(s)

- A. Agreement for Professional Services between Development Management Group, Inc. and the City of Lake Elsinore (Economic Development Services)
- B. Copy of Development Management Group, Inc. Firm Profile (as of June 2018)