



# STAFF REPORT

## SAUSALITO CITY COUNCIL

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**MEETING DATE:** November 12, 2019

**AGENDA TITLE:** Consideration of Agreement with Kosmont Companies for Land Economics Study

**LEAD DEPARTMENT:** Administration

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### RECOMMENDED MOTION:

Adopt a motion of the City Council of the City of Sausalito that:

1. Authorizes the City Manager to Execute a Professional/Consulting Services Agreement with Kosmont Companies for the Land Economics Study.
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### SUMMARY

At the August 27, 2019 City Council meeting, the Council approved moving ahead with an Economic Development program and the issuance of a Request for Proposals (RFP) for a Land Economics Study. The RFP was issued, proposals from two firms were reviewed and an agreement with Kosmont Companies to perform this study is being recommended to the Council by the Finance Committee, Economic Development subcommittee, City Staff, and the Economic Development Advisor (Contract).

### BACKGROUND

A report on a City Economic Development program, a Land Economics Study and Request for Proposal (RFP) and short term economic development initiatives including data on business activity and revenues by Geo Zone and a proposed RFP for Digital Platform and Marketing Services was presented to a Joint Meeting of the Business Advisory Committee (BAC) and Hospitality Business Development Committee (HBDC) and the Finance Committee earlier this year.

All three committees recommended to the City Council that the Council move forward with the Economic Development program, the Land Economics Study RFP and the short-term initiatives described above.

This recommendation was referred to the City Council and was considered and approved by the City Council at the Council meeting held on August 27, 2019.

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## **RFP and Selection Process**

On August 30, 2019, the City issued the Land Economics Study RFP with a proposal submittal deadline of September 27, 2019. The City received responses to the Land Economics Study from Kosmont Companies and Warren Cooley.

Both responses were reviewed and interviews with the two firms were held on October 9, 2019. The interview panel included with representatives from the Economic Development Subcommittee (Mark Flaherty – HBDC, Bruce Huff – BAC, Aaron Singer – BAC), the City (Yulia Carter, Assistant City Manager), City Council Liaisons (Council Member Ray Withy – BAC Council Liaison, Mayor Joe Burns – HBDC Council Liaison) and Brian Moura, Economic Development Advisor (Contract) from RGS.

The interview panel unanimously recommended that the City work on an agreement with Kosmont Companies for the Land Economics Study. At that point, three cities – St. Helena, Santa Barbara, and Daly City – were contacted to discuss their experiences with the recommended firm.

## **Reference Checks**

The three cities that were contacted had all done work with Kosmont Companies. These projects included reviews of tourism, hotel, retail, waterfront, and downtown businesses as well as economic opportunities available in the future in each City.

Representatives from the three cities all recommended Kosmont Companies to the City of Sausalito. They found the firm to be:

- Well qualified and very responsive
  - Effective in presenting to groups
  - Provided market data on the opportunities in the business districts of the City
  - Demonstrated skills in economic development – in retail and in other sectors (tourism, waterfront, downtown)
  - Offered creative approaches to adding amenities and parklets while minimizing the impact on parking spaces
  - Identified underutilized parcels in the City
  - Provided advice on infrastructure needs and financing options
  - Offered options to bring more business activity to the City to balance the local economy
  - Assisted City Staff with negotiating DDAs (Disposition and Development Agreements) as well as exploring opportunities and marketing properties carried over from a former Redevelopment Agency
  - Analyzed staffing needs for the City to move forward with their Economic Development program
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It is also worth noting that all three cities were not only satisfied with their experiences with the firm, they had each hired Kosmont for additional projects.

## **LAND ECONOMICS STUDY**

### **Proposed Agreement**

Based on comments and suggestions from the interview panel as well as the reference checks, a proposed agreement with Kosmont Companies for the Sausalito Land Economics Study was developed. The tasks in the Land Economics Study for the City of Sausalito will be done by three principals in the Kosmont Companies firm – Ken K. Hira, President, Tom Jirovsky, Senior Advisor and Robert Valenti, Senior Project Analyst.

This proposed agreement includes the provisions of the City's standard Professional and Consulting Services Agreement, the RFP response from Kosmont Companies and some additional tasks. The added tasks include an optional second meeting and presentation with the City Council, a meeting and presentation to a Joint Meeting of the BAC and HBDC and an Executive Summary of the findings in the Sausalito Land Economics Study.

The proposed agreement has a not to exceed amount of \$59,000 which is below the original project estimated cost of \$75,000. A copy of the proposed agreement is attached to this report as **Attachment 1**.

### **Key Features of Land Economics Study**

Kosmont Companies has detailed the key milestones of the Land Economics Study in the Project Understanding and Scope of Work shown as Exhibit "A" of the agreement. They include:

1. Kick-off Meeting and Assessment of Current Land Use Conditions
2. City Outreach
3. Economic Trends and Market Potential
4. Land Use Planning / Case Studies
5. Special Events, Marketing
6. Permits, Regulatory Tools & Policies
7. Draft Report / Final Presentation
8. Follow Up Presentation to City Council (Optional)

The City will provide Kosmont with requested documents, revenue information and other resources to aid in the timely preparation of the Land Economics Study.

### **Links to General Plan & Economic Development Program**

During the August 27, 2019 City Council meeting there was discussion and interest in how the Land Economics Study and the Economic Development program will fit and work together.

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**General Plan** - Since that meeting, information on the 8 Business Area Geo Zones including revenues from each area (Property Tax, Sales Tax and Business License Tax) and an analysis of key revenue generating businesses in the Marinship Geo Zones 4 and 5 have been provided to the M-Group for use in the continued development of the General Plan Update and to the Business Advisory Committee. This information is included in this report as **Attachment 2** (Geo Zones), **Attachment 3** (Business Revenues by Geo Zones) and **Attachment 4** (Analysis of Marinship Business Uses from Sales Tax Data).

**Economic Development** - The link between these projects is also noted in the Scope of Work for the Land Economics Study. Kosmont Companies has requested that the City provide information on the General Plan Update and the revenue information provided above in their work. Kosmont also notes in its Scope of Work that the results of the Land Economics Study will be a useful resource for the City when it develops an Economic Development Strategic Plan in the future.

## **RECOMMENDATIONS & NEXT STEPS**

### **FISCAL IMPACT**

The 2019-20 City Budget includes a roll-over of \$50,000 in unspent Economic Development funding from last year and an additional \$150,000 in funding for a total of \$200,000 in the Capital Projects budget. These funds are more than enough to move forward with the Land Economics Study.

### **FINANCE COMMITTEE RECOMMENDATION**

On November 7, 2019, the Finance Committee (Mayor Burns and Vice Mayor Cleveland-Knowles) reviewed a report on the proposed Land Economics Study, the RFP and selection process and the Professional/Consulting Services Agreement with Kosmont Companies.

The Finance Committee reviewed the item and made the following comments and recommendations:

1. Include information on the 8 Business Geo Zones and revenue data in the report to the City Council.
  2. Discuss how the Land Economics Study relates to the General Plan Update and the Economic Development program.
  3. Consider an Economic Development “Sister City” program with the City of St. Helena to share best practices and lessons learned as both cities develop new Economic Development programs.
  4. The level of detail in the proposed agreement and the selection of a firm with three principal members on the Sausalito assignment is a factor in the committee’s recommendation.
  5. Recommend that the City Council approve the proposed agreement with Kosmont Companies for the Land Economics Study.
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## **STAFF RECOMMENDATION**

Adopt a motion of the City Council of the City of Sausalito that:

1. Authorizes the City Manager to Execute a Professional/Consulting Services Agreement with Kosmont Companies for the Sausalito Land Economics Study.

## **ALTERNATIVES**

If the Council wishes to explore alternatives to the Staff Recommendation, it could also consider:

1. Adopting the Staff Recommendation with modifications from the Council.
2. Other action and direction by the City Council.

## **ATTACHMENTS**

- Attachment 1 – Agreement with Kosmont Companies
- Attachment 2 – Business Geo Zones
- Attachment 3 – Business Revenue by Geo Zones Report
- Attachment 4 – Analysis of Marinship Business Uses from Sales Tax Data

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REVIEWED BY: Mary Anne Wagner, Esq.  
City Attorney

REVIEWED BY: \_\_\_\_\_

SUBMITTED BY: Adam W. Politzer  
City Manager

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