



**Agenda Item C.1**  
**DISCUSSION/ACTION ITEM**  
**Meeting Date: February 3, 2009**

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**TO:** Redevelopment Agency Chair and Agency Members

**FROM:** Dan Singer, Executive Director

**CONTACT:** Vyto Adomaitis, Redevelopment, Neighborhood Services & Public Safety Director  
Jaime Valdez, Sr. Management Analyst

**SUBJECT:** Economic Development Strategic Plan

**RECOMMENDATION:**

Authorize the Executive Director to execute a professional services agreement with Kosmont Companies for the creation of an Economic Development Strategic Plan in an amount not to exceed \$30,000.

**BACKGROUND:**

On June 17, 2008 in a joint City Council/Redevelopment Agency meeting Staff received authorization to issue a Request for Proposals (RFP) for consulting services to develop an Economic Development Strategy Plan (EDSP). A copy of the RFP is available upon request.

Economic Development can have different meanings in different communities. The purpose of an EDSP is to help the communities better understand existing economic conditions (strengths, weaknesses, opportunities, and threats) and to guide future economic decisions and actions. In light of the current turbulent economic conditions, protecting our existing businesses and helping them explore opportunities to expand their economic viability is crucial.

Moreover, an EDSP would provide guidance and advice on recruiting of new business, enhancing employment and business opportunities, and identifying sales and property tax generation to support City operations. Such an analysis would be conducted in view of the City's adopted Strategic Plan vision for the character and values the City wants to maintain. In addition, an EDSP performed for the City of Goleta would also look to preserve and enhance the academic and "incubator" environment based upon the City's proximity to the University of California, Santa Barbara.

**DISCUSSION:**

After the RFP was released, seven (7) proposals were received and reviewed by Staff. At the conclusion of this initial review, staff chose four (4) consultant firms to interview. The interview panel was headed by the Redevelopment and Planning and Environmental Services Directors, as well as the Goleta Valley Chamber of Commerce's President and CEO. This panel provided a unique opportunity to pose the kinds of questions germane to each panelist's area of expertise while preserving a unified goal of selecting a consultant with both the technical and communicative expertise needed to create a successful EDSP.

The interview provided consultants with an opportunity to discuss their firm's strengths, show previous work products and explain how they would approach a strategy for Goleta. The panel asked specific questions on how the firm would work in our unique community, how the public process would be conducted, what type of public outreach would be offered, how studies would be conducted and what information would be provided, and the level of familiarity each team had with the Goleta community.

Though the evaluation process included a number of distinctly qualified and competent consultants, Kosmont Companies was chosen as the preferred firm to conduct the EDSP (see Attachment 1 for company profile).

Based upon direction and feedback received from City Staff, Kosmont Companies has submitted a revised Scope of Work and Timeline (see Attachment 2). The modifications maintain the intent of the City's original August 2008 RFP. The revisions also offer welcome ideas to help streamline and support other efforts associated with economic development. These other ancillary and complimentary economic development efforts include exploring potential funding sources that may accelerate the implementation of certain economic development strategies related to public infrastructure.

The goal of the EDSP will be to leverage Goleta's existing assets and accommodate economic development within the framework established by the General Plan. In doing so, Kosmont will evaluate the demand for various potential tax generators and/or land uses. This analysis includes an evaluation and discussion of how the proposed diversification of tax generators within the City might better preserve the City's revenue base in unfavorable market conditions. Finally, Kosmont will prepare performance measures and a recommended action plan for implementation as part of the final EDSP.

Lodging Study

As part of the initial EDSP discussion with the Council, Staff was directed that a lodging and conference room study be folded into the EDSP. Given the unique qualities endemically needed for such a study and anticipated costs above the authorized budget amount, Staff recommends that a separate study would be more appropriate. As such, Staff is pleased to report that initial estimates for a study covering hotel/conference/meeting demand and space requirements is in the range of \$18,000 to \$54,000.

The following is a summary of tasks that could be completed to help provide the information Council seeks:

- Task 1—Complete a market survey which includes an inventory of hotels/motels within a defined trade area, and a survey of occupancy rates, average daily room rates, revenues per available room, and room supply.
- Task 2—Evaluate the appropriateness of existing signage in promoting existing accommodation facilities in the City, and inventory the food and dining facilities available in the City which may attract visitors.
- Task 3—Evaluate existing and potential market demand for meeting, banquet and conference/convention space. This analysis will include an evaluation of potential facility size, seating, staging area, and/or other elements influential on facility demand.
- Task 4—Collect specific market data to understand where City visitors are coming from, the duration of visits, reasons for visits, frequency of visits, and likelihood of returning to the City. This task will likely be completed by a consumer survey.

A hotel study that completes only Task 1 would cost \$18,000. A study that completes Tasks 1, 2 and 3 would cost \$32,000. If Tasks 1-4 were completed, the cost would be \$54,000.

Council is asked to provide direction to staff on moving forward with this effort or returning with further information.

#### Conclusion

The selection committee unanimously recommends Kosmont Companies to develop an economic development strategy plan (EDSP) for the City of Goleta. This recommendation is based on the firm's experience and significant expertise in working with similar communities in the past, and the depth and conclusive research they recommended for this study. Kosmont Companies will be available to provide an overview of their firm and the components of an economic development strategic plan for the City. Should the Council decide to move forward with the selection of an economic development consultant, Staff would immediately begin working with them to provide relevant data and familiarize them with our community and move appropriately as outlined in the revised work plan.

#### **GOLETA STRATEGIC PLAN:**

The EDSP is consistent with the Goal in the Goleta Strategic Plan entitled, "Promote a Healthy Business Climate." Specifically, this plan meets the Objectives to: "Develop Business Outreach Program," and "Establish Economic Development Strategies," and moves the City closer towards realizing its vision as defined within the City's Strategic Plan.

**FISCAL IMPACTS:**

At the February 19, 2008 City Council/RDA meeting, Staff requested a one-time allocation of \$40,000 be made within the RDA Projects fund to facilitate activities including an economic development strategic plan. RDA Resolution 08-01 amended the operational RDA budget for Fiscal Year 2007-2008, and specifically allocated \$38,000 to account #601-5-6100-500 for Professional Services. These funds have been carried over into the RDA's FY 2008-09 budget and are available for use on this project.

The estimate submitted on June 17, 2008 for the completion of an EDSP was \$30,000. The revised scope of work from the selected consultant maintains the not-to-exceed \$30,000 amount.

**ALTERNATIVES:**

The Council may decide to take no action or to defer award of the contract for the EDSP until a later time. Council may also direct staff to re-circulate the RFP in order to solicit additional proposals for this project.

Submitted By:

Reviewed By:

Approved By:

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Vyto Adomaitis  
RDA, NS & Public Safety  
Director

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Michelle Greene  
Administrative Services  
Director

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Daniel Singer  
Executive Director

**ATTACHMENTS:**

1. Kosmont Companies Profile
2. Kosmont Companies Revised Scope of Work and Work plan—Economic Development Strategic Plan, Dated January 13, 2009

# **ATTACHMENT 1**

## **Kosmont Companies Profile**

## KOSMONT COMPANIES PROFILE

Kosmont Companies, a certified Minority Business Enterprise (MBE), is a full-service, Los Angeles-based real estate and economics advisory firm specializing in public/private transactions since 1986. The diverse and uniquely qualified development services team at Kosmont, consisting of the President/CEO, two Senior Vice Presidents, one Vice President, three Senior Consultants, one Project Analyst, one Controller, and administrative support staff, provides the depth and expertise required to help clients conceptualize, structure and implement projects of all product types, sizes and complexities. We serve an extensive range of clients including cities, counties, public & quasi-public agencies, private trusts, landowners, developers, corporations, non-profit organizations and financial institutions. Kosmont Companies has been successfully conducting business and assisting hundreds of local governments throughout the State of California and private sector parties for 22 years.



Mr. Larry J. Kosmont, CRE, is the President and CEO of Kosmont Companies, which he founded in 1986. He is Managing Partner of Renaissance Community Fund, which invests and develops mixed use, residential and commercial projects throughout California. Mr. Kosmont's 32-year career encompasses negotiations, development, and management of real estate transactions exceeding \$10 billion. He has an extensive track record as a public/private real estate advisor and developer, with expertise in creating and managing real estate transactions, entitlement approvals, negotiation, financing, and project implementation.

Mr. Kosmont has assisted hundreds of local government agencies in land development policy decisions ranging from large-scale economic development to site-specific real estate strategies and projects. He has guided over 1,000 private sector projects in obtaining public approvals, structuring deal terms, and securing public/private financing.

From 1975 to 1986, Mr. Kosmont served in the roles of City Manager, Director of Community Development, and Redevelopment Director in the cities of Santa Monica, Seal Beach, Bell Gardens, and Burbank. He served as President of the City Managers Association in Southeast Los Angeles County for two consecutive years.

In 1995, Mr. Kosmont conceived of and created the Kosmont-Rose Institute Cost of Doing Business Survey<sup>®</sup>, which is now recognized as the industry standard for comparing city taxes and economic incentives. The Survey covers 400 cities in all 50 states, and is published annually by California's Claremont-McKenna College.

In 1996, Mr. Kosmont was named Service Professional of the Year in the Los Angeles Business Journal's "Who's Who of Commercial Real Estate."

Mr. Kosmont has served as a State Commissioner on the California Economic Development Commission, and until December 2007, as a Los Angeles City Commissioner on the Industrial Development Authority.

- California Redevelopment Association (CRA)
- California Association for Local Economic Development (CALED)
- USC Lusk Center for Real Estate

## **ATTACHMENT 2**

### **Kosmont Companies Revised Scope of Work and Workplan—Economic Development Strategic Plan, Dated January 13, 2009**



January 13, 2009

Vytautas P. Adomaitis  
Redevelopment, Neighborhood Services & Public Safety Director  
City of Goleta  
130 Cremona Drive, Suite B  
Goleta, CA 93117

**RE: Revised Scope of Work – Economic Development Strategic Plan**

Dear Mr. Adomaitis:

Kosmont Companies is pleased to submit a revised Scope of Work and Timeline based upon direction and feedback we received from you and Steve Chase. The revisions continue to meet the intent of the City's original August 2008 RFP and also reflect a streamlined approach which enables focus on potential funding sources that may accelerate the implementation of certain economic development strategies related to public infrastructure. Some of the infrastructure projects are multi-jurisdictional and may help advance cooperation between local and regional agencies and institutions.

Accordingly, the scope modifications reflect City's primary goal of building a stronger working relationships with the Goleta Valley Chamber of Commerce, Old Town merchants and property owners, the County and the University of California at Santa Barbara, while concurrently enabling the City to take advantage of the forthcoming state and Federal economic stimulus monies. With continued contraction in the private credit market, it is widely anticipated that government money will be a primary source of investment funding over the next 12 to 36 months, and among other collateral objectives, the Economic Development Strategic Plan should take advantage of available public funds as appropriate.

While programs and regulations are not yet drafted, it is expected that federal "shovel-ready" infrastructure projects money will initially be available directly from federal agencies or through the State. Projects that are environmental sensitive/green in approach will likely get priority, and it is anticipated that the economic stimulus funding programs will be competitive.

We look forward meeting with you and the City Council on February 3, 2009. In the meantime, please feel free to call us if you have any questions.

Yours truly,

A handwritten signature in blue ink that reads 'Larry J. Kosmont'. The signature is written in a cursive style and is positioned above the typed name and title.

Larry J. Kosmont, CRE  
President & CEO



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# B – Revised Project Workplan

## 1. Project Understanding

The Redevelopment, Neighborhood Services & Public Safety Department (“Department”) of the City of Goleta (“City”) desires to retain a qualified consultant to prepare an Economic Development Strategic Plan (“EDSP”) to help the City better understand existing conditions (strengths, weaknesses, opportunities, and threats) and to guide future economic decisions and actions. As stated by the City, the EDSP should be locally based and preserve and enhance the academic and “incubator” environment based upon proximity to the University of California, Santa Barbara.

Goleta is a recently-incorporated city of 7.9 square miles with a current population of 30,400, located along the southern coast of Santa Barbara County. Based upon the September 2006 General Plan Goleta’s estimated build-out will include 38,100 residents, approximately 3,880 additional dwelling units and 2.08 million square feet of additional commercial and industrial space. The goal of the EDSP will be to leverage Goleta’s existing assets and accommodate economic development within the framework established by the General Plan. As a recently incorporated City it is important that Goleta has a solid foundation for making economic development decisions. We also understand that one of Goleta’s attractions is its natural setting and beauty, of which an EDSP must respect the existing natural environment.

As Kosmont understands, the following criteria are required by the Department for development of the EDSP:

- Facilitation of Community Visioning workshops and creation of a Vision Statement.
- Preparation of an economic development action plan that:
  - A. continues to build strong relationships with the City’s strategic partners
  - B. sets up the City to take advantage of forthcoming state and Federal economic stimulus monies
- Preparation of performance standards and timelines to gauge success.

## 2. Project Approach:

In order to undertake development of the EDSP, Kosmont will meet with key City staff, brokers and tenants to gather data on current trends in the local marketplace. Our experience shows that those in the community have some of the best insights. This data along with published reports and independent research will allow us to identify various segments of the market that have the greatest potential for growth. Kosmont will also lead the community through two Visioning workshops and use that data to prepare a Strength, Weaknesses, Opportunities, and Threats (“SWOT”) analysis.

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Based on the information collected through interviews, research and the SWOT analysis, Kosmont will evaluate the demand for various potential tax generators and/or land uses. This analysis will include an evaluation and discussion how the proposed diversification tax generators within the City might better preserve the City's revenue base in unfavorable market conditions. Finally, Kosmont will prepare performance measures and an action plan as part of the final EDSP.

### **3. Scope of Work**

Kosmont will work directly with and on behalf of City of Goleta Redevelopment Department staff to analyze existing economic market conditions and create an EDSP through the following tasks:

#### **Task 1: Review of Existing Economic Development Documents and Trends Analysis**

To better understand the City's current economic development policies and guiding principles, Kosmont will review existing reports or documents that either the City or the City's consultants have produced. These may include the General Plan, existing market analyses, job demand studies or economic development implementation plans. Kosmont will also identify future demographic, employment and economic trends based upon what is happening in California and at the county level.

Kosmont will also summarize the pending state and Federal economic stimulus package and outline projects that could qualify for those monies.

#### **Task Deliverables:**

1. Prepare existing conditions and future trends summary, describing where the City is currently and where economic development trends are pointing.

#### **Task 2: Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis**

Conduct up to two (2) facilitated workshops where Kosmont will lead the community through a SWOT analysis. Through this analysis Kosmont will outline the City's existing economic conditions in terms of strengths, weaknesses opportunities and threats.

The SWOT analysis will also allow us to explore future opportunities and gauge community support for those opportunities. The final product of the SWOT analysis will be a Vision Statement for the future of economic development in the City of Goleta.

Kosmont Companies will work with City staff to develop the visioning workshop format and agenda, and suggest various participants who should attend. We will rely upon City staff to finalize the workshop attendees list,

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schedule and secure a meeting place, distribute invitations and provide notice for the two workshops.

Task Deliverables:

1. Conduct Community-wide Visioning Workshop(s) focusing on economic development.
2. Based upon input received through the Community Visioning workshops, prepare a draft Vision Statement and summary report for the EDSP.

Note: The Consultant will prepare the agenda, manage and facilitate the two workshops. The City will be responsible for securing the meeting space, copying meeting material, providing refreshments and notifying all participants and the community.

**Task 3: Development of Desired Goals, Objectives and Programs**

Information gained in Tasks 1 and 2 will be used in conjunction with the Client to prepare a series of city-wide goals, objective, and programs to be incorporated into the EDSP. Kosmont will also prepare an action plan with specific and measurable performance measures and timelines.

Task Deliverables:

1. Identifying long-term fiscal objectives;
2. Potential revenues from redevelopment activities;
3. Job creation and workforce education;
4. Potential to utilize State and Federal finding programs to accelerate the implementation certain economic development oriented infrastructure projects

Task Deliverables:

1. Memorandum containing a draft set of Goals, Objectives and Programs for staff review.

**Task 4: Completion of Draft EDSP and Action Plan.**

Upon receipt of comments on draft report from the City, Kosmont will prioritize the goals and prepare the final draft of the Economic Development Strategic Plan. Kosmont will also prepare an action plan with specific and measurable performance measures and timelines.

Task Deliverables:

1. Final Draft EDSP
2. Action plan

**Task 5: Presentation of Final EDSP**

Upon review and approval by the City Manager and other key City staff, the final EDSP will be presented to the City Council.

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Task Deliverables:

1. Attendance at up to two (2) City Council meetings for the purpose of presenting the final Draft EDSP. Comments from City Council will be incorporated if deemed appropriate by the City.

This Proposal envisions a maximum total of six meetings including meetings with staff, general community and the City Council. On an as-needed basis, Kosmont will be available to attend other meetings as deemed necessary by staff. These meetings would be outside the total budget provided herein and billed on a time and materials basis as in the Fee Schedule for services enclosed herewith the proposal.

### **3. Work Program and Timeline**

<b>Name</b>	<b>Duration</b>	<b>Start</b>	<b>Finish</b>
<b>Task 1.0</b>	<b>37 days</b>	<b>2/16/2009</b>	<b>4/7/2009</b>
1.1 Project kickoff	0 days	2/16/2009	2/16/2009
1.2 Review existing data	11 days	2/17/2009	3/3/2009
1.3 Future trends	11 days	2/23/2009	3/9/2009
1.4 Prepare report	21 days	3/10/2009	4/7/2009
<b>Task 2.0</b>	<b>43 days</b>	<b>4/7/2009</b>	<b>5/20/2009</b>
2.1 Conduct community workshop #1	0 days	4/14/2009	4/14/2009
2.2 Conduct community workshop #2	0 days	4/28/2009	4/28/2009
2.3 Prepare SWOT analysis	21 days	4/29/2009	5/20/2009
2.4 Prepare draft vision statement	21 days	4/29/2009	5/20/2009
<b>Task 3.0</b>	<b>14 days</b>	<b>5/20/2009</b>	<b>6/3/2009</b>
3.1 Draft goals, objectives & programs	14 days	5/20/2009	6/3/2009
<b>Task 4.0</b>	<b>35 days</b>	<b>6/3/2009</b>	<b>7/8/2009</b>
4.1 City review of Draft EDSP	14 days	6/3/2009	6/17/2009
4.2 Edit Draft EDSP per City comments	7 days	6/17/2009	6/24/2009
4.2 Draft final EDSP	7 days	6/24/2009	7/1/2009
4.3 Draft EDSP action plan	7 days	7/8/2009	7/8/2009
<b>Task 5.0</b>	<b>14 days</b>	<b>7/21/2009</b>	<b>8/4/2009</b>
5.1 Attend City Council meeting #1	0 days	7/21/2009	7/21/2009
5.2 Attend City Council meeting #2	0 days	8/4/2009	8/4/2009



**CITY OF GOLETA – REVISED ECONOMIC DEVELOPMENT STRATEGIC PLAN BUDGET**  
 Summary Matrix of Proposed Budget and Allocation of Work Hours by Project Staff

	Larry	Loren	Mark	Harpal	Total Hrs	Budget \$
<b>1.0 - Kickoff/Existing Conditions Rpt</b>	3.0 Hrs		20.0 Hrs	15.0 Hrs	38.0 Hrs	\$ 8,100
<b>2.0 - Workshops/SWOT/Vision Statement</b>	2.0 Hrs	15.0 Hrs	17.0 Hrs		34.0 Hrs	\$ 7,150
<b>3.0 - Draft goals, objectives, programs</b>	2.0 Hrs		15.0 Hrs	15.0 Hrs	32.0 Hrs	\$ 6,700
<b>4.0 - Complete Draft EDSP &amp; Action Plan</b>	2.0 Hrs		3.0 Hrs	15.0 Hrs	20.0 Hrs	\$ 4,000
<b>5.0 - Attend City Council Meetings 1 &amp; 2</b>	8.0 Hrs		8.0 Hrs		16.0 Hrs	\$ 4,000
<b>Total</b>	<b>17.0 Hrs</b>	<b>15.0 Hrs</b>	<b>63.0 Hrs</b>	<b>45.0 Hrs</b>	<b>140.0 Hrs</b>	<b>\$ 30,000</b>

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<b>Hourly Rate</b>	\$ 275	\$ 185	\$ 225	\$ 185		
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