



DATE: October 12, 2021

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Scope of Services for Economic Vitality Strategy Professional Services Request for Proposal**

RECOMMENDATION

Approve the Scope of Services for the Economic Vitality Strategy Professional Services Request for Proposal.

BACKGROUND

In the beginning of 2021, the City Council engaged in a strategic planning and visioning process to create a Strategic Roadmap (See Attachment 1). The adopted Roadmap describes a vision of where the City strives to be in the next three to five years with seven strategic priorities to work toward that vision. It also includes a multi-year work plan that charts a thoughtful and achievable path forward to accomplish the community's highest priorities. One of the strategic priorities identified is Economic Vitality. An action item associated with the priority calls for developing an Economic Vitality Strategy during Fiscal Years 2021-23.

The City's last full economic development strategy was completed in 2003. A review and brief update was completed in 2008. A tremendous amount has changed within the City since the adoption of that first economic development strategy. According to the most recent U.S. Census Bureau information about Mountain View, the amount of new housing has grown by approximately 7.5%, the population has grown 13%, and the number of jobs has grown 59%. Over the last 18 months, local small businesses, office work environments, and other business sectors have undergone structural changes as they recover from the impact of the COVID-19 pandemic.

Recent City Efforts

Small Business Loans and Grants

In June 2020, in response to the impact the pandemic was having on small businesses, the City very quickly launched a loan program to assist small businesses in Mountain View. The Small Business Loan program resulted in loans to 83 businesses, totaling \$677,000. As the pandemic continued, the City approved a more robust Small Business Action Plan on September 22, 2020 that included 10 recommendations (See Attachment 2). The City and its partners have been working hard to implement the 10 recommendations, as further outlined below. Following the approval of the Small Business Action Plan, the City Council allocated \$250,000 toward the creation of a Small Business Grant Program (Round 1). In March 2021, the City awarded fifty \$5,000 small business grants. In June 2021, the City Council approved \$243,000 for additional Small Business grants (Round 2). The funding for Round 2 grants supported 26 businesses that were eligible under Round 1 but were not awarded grants due to available funding. Remaining funds of \$105,000 are available for new Small Business Grant applications. At the end of September 2021, the City launched Round 2.0 (new applications) of the Small Business Grants program, making available 21 additional \$5,000 small business grants. By the end of November 2021, a combined 180 small business loans and grants will have been distributed totaling \$1,162,000.

Small Business Action Plan Program Highlights

The goal of the Small Business Action Plan was to help Mountain View small businesses during the pandemic as well as increase their resiliency for the long term. The Plan identified 10 recommendations that the City could implement to support small businesses. The City and its partners have achieved nine of the 10 adopted strategies (see Attachment 3). The City partnered with the Mountain View Chamber of Commerce to launch a buy-local campaign called Shop Safe Shop Local. The Mountain View Marketplace, *ilovemv.org*, is a web-based platform that allows businesses to market themselves online and offer rewards or gift cards to prospective customers. Nearly 150 businesses created profiles in the marketplace, with 1,500 unique visitors, on average, visiting the web portal per quarter.

The Economic Development team also launched a biweekly business e-newsletter in English, Spanish, and Chinese. Distributed to 1,200 businesses, the newsletter provides valuable information on programs, important changes to health and safety protocols, and other information in an easily accessible format.

Castro StrEATs and Outdoor Mountain View

Since June 2020, the Mountain View community has enjoyed more space for walking, shopping, and dining outdoors via two programs, Castro StrEATs and Outdoor Mountain View. For retail and restaurant businesses, the outdoor space provided an opportunity to flex their business footprint during an unprecedented global pandemic. For the community and business patrons, the programs provided the opportunity to support local businesses while staying safe outdoors.

As the Castro StrEATs and the Outdoor Mountain View programs continue through the end of the year, the City will be reaching out to the community regarding the future of Castro Street and will return to Council with recommendations.

Long-Range Outlook

The goal of the Economic Vitality Strategy is to recognize the unique character of Mountain View's businesses community, identify and address the opportunities and challenges, and create a long-term, sustainable strategy for economic growth that will support businesses and be responsive to the evolving needs and opportunities of the local economy. The Strategy will also serve as a vision that focuses on strategic priorities that can be clearly communicated and supported in the community. The City seeks to develop the Economic Vitality Strategy with the help of consultant services and plans to issue a Request for Proposals to identify a consultant(s) that can respond to the scope of services as outlined in the Analysis section below.

ANALYSIS

Mountain View staff has outlined objectives, tasks, and a special-sector analysis (scope of services) to be included in a Request for Proposal for professional services to assist in the development of an Economic Vitality Strategy.

Scope of Services

Consultant Objectives to Be Achieved

- An Economic Vitality Strategy that covers both a short-term (three years) and longer-term (beyond three years) horizon.
- Recommendations should support new business entrepreneurs, start-ups, and emerging companies, as well as the retention, and expansion of existing Mountain View businesses.

- Community engagement to include input from businesses, community stakeholders, residents, and City staff. Conduct comprehensive outreach that uses focus groups, interviews, surveys, social media, and other innovative communication tools.
- Strategy should include compelling and understandable graphics and visual elements.
- Case examples and relevant best practices are also key deliverables of this assignment.
- A short-term strategy plan will be an economic recovery plan that primarily addresses ongoing social and economic changes resulting from the COVID-19 pandemic. Consider strategies, actions, activities, projects, policies, and programs that can directly and indirectly assist and support local businesses. Identify lessons learned from the economic impacts from the pandemic that will help businesses be better prepared for future disruptions.
- The longer-term strategy should address projected industry and market shifts and trends. In particular, it should assess the role of significant planned developments located within the City that combine residential, office, retail, and significant public amenities and how they will impact the City's future economic development. Identify what individual strategies and implementation actions the City should consider implementing to ensure economic development goals are achieved.
- Both short-term and long-term plans should include milestones and outcomes that are relevant, attainable, and measurable.

Specific Tasks to Be Undertaken

- Develop an economic dashboard of relevant demographics and statistics on Mountain View.
- Identify existing and emerging industry clusters and assets unique to Mountain View and evaluate their potential for job growth and expansion.

Special Sectors to Analyze

1. Business and visitor travel. The travel industry (both business and visitor) has been particularly impacted by the pandemic. Business travel is expected to recover slowly.
 - Assess the existing business and tourism sector with respect to local and regional assets and amenities, such as cultural attractions, events, meeting and conference facilities, and lodging (all types), to provide an estimate of market recovery or room occupancy, domestic and foreign air travel, and meetings/conferences.
 - Identify changes in corporate travel policies resulting from COVID-19 that will have an impact on recovery of this sector.
 - Provide an estimated projection of Transient Occupancy Tax revenue based on industry sources for the next three years.
 - Provide recommendations that could enhance economic recovery of this sector in the City.

2. Retail. The retail industry was already undergoing a major structural change that has been accelerated by pandemic impacts, such as increased online spending and changes in consumer behavior.
 - Prepare an inventory of retail space available Citywide that includes different types of retail centers, standalone buildings, vacancy, opportunity, and opportunity nodes.
 - Assess the strengths and weaknesses of major retail centers, neighborhood-serving retail, downtown, and commercial districts.
 - Identify existing brand retailers currently located in the City that are performing well and those that are at risk.
 - Conduct a retail gap or void analysis and align it with sales tax leakage occurring in the City to identify any new retail opportunities that may be a fit for Mountain View.
 - Provide an estimated projection of sales tax revenue based on above factors for the next three years.

- Identify any other barriers or threats to retail market and retailers located throughout the City.
 - Provide recommendations on policies or actions that better support mixed-use neighborhood-serving business storefronts by encouraging walkability and alternative transportation modes.
 - Provide recommendations with respect to actions and policies the City can utilize to address barriers, retain and attract large, small, and neighborhood retailers, and reduce vacancies by activating marginal or vacant storefronts and reuse of large store formats.
3. Small business. Small businesses are the backbone of the local economy. They have experienced the greatest economic impacts from the pandemic.
- Establish a profile of existing small businesses located in the City post-COVID-19.
 - Identify threats or impediments to small businesses (retail, personal services, restaurants, etc.) post-COVID-19 recovery.
 - Prepare a cost-of-doing-business analysis related to small business operations in Mountain View that includes regulatory permits/fees, rents, utilities, and labor costs.
 - Through outreach and other tools, identify current needs of small businesses to determine any City actions or policies that can support and sustain them.
 - Identify the lessons from the pandemic that can help businesses better prepare for future economic disruptions.
4. Biotech, medical, and health care. The biotech industry sector is expanding in other cities in the Bay Area, such as South San Francisco, San Carlos, and Burlingame. Diversifying its business base is a key priority for many cities.
- What types of business operations are currently growing and expanding in surrounding communities?
 - Assess whether any are appropriate for Mountain View.

- Identify the City’s location assets and advantages.
- Assess the City’s industrial land and space inventory to determine if there are appropriate locations for accommodating biotech or medical device expansions and identify any barriers or constraints.
- Assess current research projects under way at local medical institutions in the City that have the potential for future commercialization.

Other Factors to Analyze

- Mountain View’s identity. How the City is perceived as a place for doing business and how it is perceived as a place to live, work, and visit.
- Revenue. The traditional sources of general fund revenue are shifting, especially sales tax.
 - Assess the status of each source of major tax revenue for the City and provide projections for the next three to five years. Determine Mountain View’s areas of vulnerability
 - Identify any new opportunities available to cities for revenue generation.
- Develop performance measures that will be used to validate outcomes from implementation actions.
- Implementation budget. Develop an estimated budget needed to implement the Economic Vitality Strategy, including potential revenue sources (General Fund and State and Federal grants).

Next Steps

If Council approves the recommendation or the alternatives, staff will issue a Request for Proposal seeking responses from qualified consultants to assist the City in developing an Economic Vitality Strategy. At the conclusion of the Request for Proposal process, staff will return to Council at the beginning of 2022 for approval to enter into a professional services agreement.

FISCAL IMPACT

In the Fiscal 2021-23 adopted budget, Council approved \$200,000 to implement an Economic Vitality Strategy.

ALTERNATIVES

1. Should the special-sectors analysis be modified or augmented to reflect other Mountain View sectors?
2. Provide other direction.

PUBLIC NOTICING

The Council meeting agenda and Council report have been posted on the City's website and announced on Channel 26 cable television.

Prepared by:

John Lang
Economic Vitality Manager

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Audrey Seymour Ramberg
Assistant City Manager/
Chief Operating Officer

JL/6/CAM
819-10-12-21CR
201404

- Attachments:
1. City Council Strategic Roadmap
 2. Small Business Action Plan
 3. Summary of Small Business Action Plan Actions