



Staff Report

TO: Mayor and City Council Members
FROM: Kyle Warsinski, Economic Development Manager
DATE: December 15, 2020
SUBJECT: **Professional Services Agreement with The Retail Coach for Retail Market Analysis and ongoing Economic Development Support**

Background and Analysis:

The City of Beaumont's Economic Development Strategic Plan was approved in August 2019 and provides a blueprint for attracting targeted new development and business investment, creating jobs, and contributing to the City's long-term fiscal health. The Plan identifies key industries to be the focus of Beaumont's business retention, expansion, and attraction efforts and includes action on closely related issues such as infrastructure, land use and workforce development.

The Economic Development Strategic Plan (EDSP) is based on a comprehensive research and stakeholder outreach process and reflects consensus views on the most promising opportunities and the most pressing challenges facing Beaumont's economy. While the EDSP places primary emphasis on actions and initiatives to be pursued directly by the City, action items also reflect the fact that a wide array of public- and private-sector entities have roles in influencing the economic vitality of Beaumont.

One of the key action items within the EDSP is industry targeting both for job creators and local serving businesses. The latter consists of retailers which provide the goods and services Beaumont residents have come to expect in their community. In 2020, the retail market is as competitive as ever, and consumer spending habits related to online shopping has forced brick and mortar retailers to shift and adapt to the changing landscape. It is imperative that the City develop a strategy for retail recruitment which incorporates elements retailers desire.

The next step in the Strategic Plan process is to establish a formal retail recruitment strategy, which addresses the complexities in the retail market and allows the City to adapt to the industry's ever-changing environment. In order to develop and implement a retail recruitment strategy the City needs to perform a retail market analysis. The

analysis will provide in-depth details of demographics, psychographics, consumer preferences and resident and visitor cellphone data. When this data is coupled with a void analysis, it is possible to identify retailers that are most compatible within the Beaumont trade area.

Staff published a Request for Proposal (RFP) to perform a Retail Market Analysis on August 31, 2020. The scope of work described in the RFP entailed conducting a site assessment of the City's market trade area and profile the customer's buying habits, lifestyle characteristics and media habits. The results of the assessment would be used to guide the City in its efforts to grow the retail sector. These results would also be used to shape and refine City goals and policies over the long term. The Retail Market Analysis was specified to include the following key points:

Market Analysis Report:

- Population and household increases,
- Consumer and household demographic profiles,
- Consumer demand and market supply assessment,
- Drive time analysis for five areas in the City,
- Competition,
- Existing retail firms,
- Retail leakage and surplus,
- Retail development in similar cities,
- Market cannibalization,
- Retail trends,
- Key psychographics,
- Market viability, and
- Report tools for existing and local retailers.

The RFP also included the following *optional scope of work items*:

- Assess the retail potential of commercial sites in the City and unique demographics attributes.
- Match the City's customer profiles with profiles of specific retailers and restaurants that would consider the City for a location or expansion.

- Conduct outreach efforts for each of the retailers and restaurants identified, including the preparation of custom marketing materials as appropriate.

The City received six proposals to perform the market analysis and optional items. These were reviewed and scored by a three-member committee consisting of the Economic Development Manager, City Manager and the Riverside County Business and Community Services Deputy Director. Those firms receiving the highest scores were then interviewed by the City. At the conclusion of the interviews, one firm was selected which best represented the ability to perform all the functions listed above. City staff felt that The Retail Coach best fit the City's current needs of working to accomplish the vision and goals set forth in the EDSP and the 2040 General Plan. The Retail Coach specializes in retail market analysis, determining market opportunities, marketing municipal clients and recruiting retailers and developers. The scope of work for the contract is detailed in the RFP document (Attachment A). The work performed under the contract shall identify the City's consumers, both residents and visitors alike, and work to determine retail opportunities, including identification of development sites and retail companies. Marketing materials will be created for the City as a whole, and customized packages will be developed for each retailer identified. The Retail Coach will be partnering with Staff for actual recruitment efforts for new businesses as well as business retention and expansion efforts for existing businesses.

The proposed contract will enhance ongoing work across four of the EDSP Strategy groups: Marketing, Real Estate Development and Redevelopment, Industry Targeting for local service businesses, and Business Retention and Expansion. All four groups were identified with either a medium or high priority in the EDSP strategy group hierarchy. The contract aids in the implementation of many programs detailed in the 2040 General Plan update and addresses four economic development and fiscal goals, including creation of a dynamic local economy, support for the growth and prosperity of local businesses, development of vibrant shopping areas, and keeping Beaumont a financially stable community.

Fiscal Impact:

Staff estimates the costs related to RFP to be \$3,500. The proposed contract's annual cost breakdown is as follows:

Year 1: \$48,500
Year 2: \$31,500
Year 3: \$31,500
Total: \$111,500

The proposed contract cost is a not to exceed amount of \$111,500 over the next three years.

Recommended Action:

Approve the Professional Services Agreement with The Retail Coach for retail market analysis and ongoing economic development support.

Attachments:

- A. Professional Services Agreement and Proposal