



STAFF REPORT
3/24/2021

TO: Honorable Mayor and City Council Members
FROM: Gabriel Martin, Economic Development Director
SUBJECT: Coachella Opportunity Zone Challenge

STAFF RECOMMENDATION:

Staff recommends that the City Council approve the following items for the Coachella Opportunity Zone (OZ) Challenge:

1. Approve Memorandum of Understanding (MOU) with the City of Coachella and MasterCard to join City Possible;
2. Approve Opportunity Coachella proposal to launch city wide engagement and entrepreneurship competition with \$15,000 payable to MasterCard for prizes; and
3. Approve a Professional Services Agreement with Blended Impact, Inc. for the amount of \$6,975 in administer and market the Coachella Opportunity Zone Challenge.

BACKGROUND:

On June 26, 2019, the City Council executed a grant agreement with the Accelerator for America's California Sparks Grant Program in the amount of \$50,000 to support the City of Coachella's opportunity zone endeavors. Opportunity Zones are a new federal incentive introduced in the Tax Cuts and Jobs Act of 2017 and are centered on the deferral, reduction, and elimination of capital gains taxes. They represent the latest in a long line of efforts to expand economic opportunities for places and people left behind.

The Sparks Grant funds will help the City of Coachella create an "investment prospectus" that would:

- Identify areas that demonstrate both social need and market traction. Use a social needs index and job cluster data as the primary screen and then identify the deeper potential for equitable development by analyzing additional employment data along with transportation access data.
- Link capital investments to human capital strategies to maximize impact for lower income residents. Focus on aligning skills upgrading with existing and future job growth both within and outside eligible investment areas.

- Use Opportunity Fund investment capital as integral to a comprehensive, multi-year investment strategy that leverages and partners with additional public, private, and independent sector debt and equity providers to build sustainable businesses, ensure a skilled workforce and strengthen community development both within eligible zones as well as in contiguous areas.
- Ensure a high quality data system to collect information on investments and provide a feedback loop for ongoing measurement and improvement. We are less interested in expensive evaluation models than the ongoing disciplined use of data to inform ongoing operations and maintain long-term accountability.
- Advance energy efficiency and or renewable energy in the community through the City's Opportunity Zones and greater Economic Development efforts.

DISCUSSION/ANALYSIS:

In August 2020, the City of Coachella Economic Development Department engaged several partners in discussion regarding an opportunity zone prospectus, marketing plan, and community engagement process to promote and market the City's opportunity zones. The parties included:

1. City Possible: Team within MasterCard to promote thought leadership, co-development, prototyping, and scaling of solutions emerging technologies among its partner cities, and advising on the best practices for community engagement.
2. MasterCard: Providing prepaid cards for distribution of prizes.
3. MySidewalk: Digital platform hosting the City's Opportunity Zone prospectus.
4. County of Riverside Economic Development Agency (EDA): Providing county information regarding OZ's.
5. Blended Impact, Inc.: Consulting services that include marketing, survey creation, Spanish translation services, update City's OZ website and final reporting.

The Coachella Opportunity Zone Challenge will launch the Opportunity Zone prospectus to the public and run a citywide engagement and entrepreneurship competition, both intended to grow businesses and investments within our Opportunity Zone communities in the city and adjacent unincorporated areas. The first goal of the challenge will be to engage and educate the residents of the community regarding the opportunity zones in the city and adjacent unincorporated areas, and provide a manner and incentives for them to submit their suggestions for input. The first 100 people to respond to the community survey will receive a \$50 prepaid MasterCard, announced at the end of the competition period, totaling \$5,000 in community prizes. To ensure prizes can be extended to all residents, documented and undocumented, the City will allow the prepaid Master Cards to be issued without the need for a social security number.

The second goal of the challenge will be to attract new businesses to the community in targeted areas. The target businesses should fall in the following categories:

- Clean energy and Clean-tech
- Manufacturing and Logistics
- Recreation, Restaurants and Entertainment

Within these categories, three (3) businesses seeking to relocate, expand, or start within the area would be eligible for a 1st prize of \$5,000, 2nd prize of \$3,000 and 3rd prize of \$2,000 for a total of \$10,000 in business prizes chosen by a panel of judges. The anticipated panel of judges may consist of a City Official, City EDA, County EDA, SBDC, Chamber of Commerce, City Possible, Accelerator for America, or other relevant parties not to exceed ten.

The goals of the challenge will be to provide opportunity for community engagement for Opportunity Zone development; promote entrepreneurship and small business start-up opportunities through community engagement; and educate residents on the benefits and purpose of Opportunity Zones

ALTERNATIVES:

1. Recommend no action
2. Provide alternative direction

FISCAL IMPACT:

If the City Council approves the recommendation, there is no fiscal impact to the General Fund. The funds will come out of the Accelerator for America Sparks Grant funds. Council appropriates the full amount of the grant award for \$50,000 in the City's Grants Fund (152) to cover expenditures under this grant program.

ATTACHMENT(S):

- MOU with the City of Coachella and MasterCard
- Opportunity Coachella Proposal
- Professional Services Agreement – Blended Impact, Inc.
- Presentation – Coachella Opportunity Zone Challenge