



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	6/27/2023
<b>AGENDA SECTION:</b>	New Business
<b>SUBJECT:</b>	Consideration of Economic Development Consultant (Scope of Work and Goals) and Direction to Staff
<b>FROM:</b>	City Manager's Office

## **RECOMMENDATION / CITY COUNCIL ACTION**

The City Manager recommends that the City Council provide direction to the City Manager as to the scope of work and goals sought for the economic development consultant contract included as part of the approved FY2023-24 Budget.

## **BACKGROUND / ISSUE**

The City Council unanimously approved the City Manager's Proposed FY2023-24 Budget at its regular meeting on May 23, 2023.

The only change made by the City Council to the City Manager's Budget proposal upon adoption was to not transfer \$50,000 from the General Fund to help replenish the Risk Management Internal Service Fund (diminished during the COVID-19 pandemic) nor transfer \$50,000 from the General Fund to create an Information Technology Capital Fund (information technology needs are widespread throughout the City organization).

A consensus of the City Council instead requested that up to \$100,000 be dedicated to an economic development consultant contract. The City Council further requested that the City Manager place an item on a future City Council agenda to allow the City Council to provide specificity as to the scope and work and goals for this consultant.

## **POLICY / RULE**

All powers of the City shall be vested in the City Council except as otherwise provided by the City Charter. Section 2.02 of the City Charter.

## ANALYSIS

Successful economic development calls for continuing to cultivate a high quality of life within Folsom that supports and strengthens existing businesses, attracts new businesses, and creates employment opportunities in the community while also, ideally, enhancing City revenues.

Since it is unknown at this time whether dollars set aside for this purpose will be ongoing in future budget years, staff recommends that the scope of work for the economic development consultant include specific, measurable, achievable, relevant, and time-bound deliverables that are meaningful and helpful to City leadership. The scope of work could include any combination of the following possibilities, and staff also welcomes input from the City Council as to other possibilities:

1. Dovetailing with and building on the three-year strategic plan the City Council recently adopted, prepare a three-year economic development action plan. The economic development action plan would provide recommendations for business retention and attraction programs specific to Folsom, including special focus on means and methods to help spark and support Folsom's start-up business community; ideas for "place-making" special events; a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis; an assessment of key City properties (following through on the work of the Council ad hoc committee); an assessment of major shopping centers and strategic retail areas within Folsom to understand future opportunities for retail development and redevelopment possibilities; and suggestions as to how the City could best move forward at the conclusion of the contract in terms of ensuring there is sufficient in-house and/or third-party staffing capabilities to help carry the plan forward.
2. Assess development projects presented to the City through an economic development lens, providing analysis for inclusion in correlating City Council reports as to projected sales tax revenue and other benefits helpful to the City's financial position, as well as demographic, employment, consumer habits, consumer demand, and market supply profiles and assessments as needed and appropriate. This would include participating in the master planning processes already or soon to be underway for the River District and the Central Business District.
3. Conduct a regional comparison of the City's fees, taxes, rates, incentives, and processes that most impact the business community to assess the City's competitiveness in terms of attracting and retaining quality businesses.
4. Conduct a void analysis to highlight possible businesses to target to attract to Folsom. These businesses would ideally complement and grow Folsom's existing and emerging industry sectors (including health care and technology). A void analysis would include possible businesses and their retail class along with the nearest location, approximate size needed, and estimated sales tax revenue.

5. Develop an e-gift card program to encourage residents to shop locally during the upcoming holiday season, including identifying interested businesses for participation, setting up an online account, creating associated branding and community outreach materials, monitoring sales and usage, and serving as the point of contact for business owners. (Staff understands through recent conversations that Choose Folsom may already be planning a program like this; if Choose Folsom does decide to move forward, the City would help support that program rather than lead it.)
6. Provide third-party economic development staffing services to support the City of Folsom in this critical area, including serving as a primary point of contact for the City on these issues; providing “concierge” services for new businesses, business expansion, reuse possibilities, and/or development opportunities; creating customized marketing materials; and facilitating the completion of key tasks identified in the economic development action plan.

Any final scope of work would, of course, be implemented in communication, coordination, and partnership with Choose Folsom.

### **FINANCIAL IMPACT**

There are sufficient funds available in the General Fund (Fund 010) for the approved FY2023-24 Budget for an economic development consultant contract not to exceed \$100,000.

### **ENVIRONMENTAL REVIEW**

The recommended action of the City Council is not a project as defined by the California Environmental Quality Act (CEQA) and therefore does not require environmental review.

Submitted,

Elaine Andersen, City Manager

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