

## CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Orcl No. \_\_\_\_\_

**Agenda Item No.: 9**

**Date: Dec. 14, 2011**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Joyce Masterson, Assistant to the City Manager

**SUBJECT:** Modification to Fund Balance Policy and Consulting Agreement for Economic Development Master Plan and CEDS

**RECOMMENDATION:**

It is requested that Council adopt Resolution No. 2011-151 modifying the Fund Balance Policy and authorizing the Mayor and City Clerk to execute a consulting agreement with Natelson-Dale Group, Inc. to complete an economic development master plan and Comprehensive Economic Development Strategy (CEDS), and authorize a budget adjustment in the amount of \$96,330 from the General Fund Economic Development Commitment Fund to the City Manager's Professional Services account (5131-001-002) to fund the project.

**FISCAL ANALYSIS:**

Currently, there is \$8,559,255 in the General Fund Economic Development Commitment Fund. If this request is approved, it will reduce the fund to \$8,462,925. As a reminder, Council has expressed its desire to use the General Fund Economic Development Commitment Fund, if needed, to protect the City's Redevelopment Agency.

**CORRELATION TO THE CITY COUNCIL ACTION PLAN:**

This item relates to the Council's Action Plan regarding Economic Development.

**PREVIOUS ACTION:**

None

**BACKGROUND:**

On September 14, 2011, the City Council approved the 2011-2012 City Council Action Plan. The Action Plan included the strategy of directing staff to contract with a consultant to build upon the draft Economic Development element of the General Plan to create a comprehensive economic development plan for Escondido, utilizing the General Fund Economic Development Commitment Fund.

The City of Escondido released a request for proposals (RFP) on September 1, 2011 for a consultant to complete an economic development master plan for the City. A revision to the RFP was released on September 22, 2011 requiring that the economic development master plan also qualify as a Comprehensive Economic Development Strategy (CEDS) based on Federal Economic Development Administration (EDA) criteria.

Proposals were received from the following six consultants: AECOM, Angelou Economics, BW Research Partnership, Chabin Concepts, the Natelson-Dale Group, Inc. and TIP Strategies. The proposal review committee consisted of the City Manager, City Attorney, Assistant City Manager, Assistant to the City Manager, Principal Planner and Management Analyst. Three of the six consultants, AECOM, Chabin Concepts and the Natelson-Dale Group, Inc., were invited to be interviewed by the proposal review committee and The Natelson-Dale Group, Inc. was selected. This recommendation was presented to the Economic Development Subcommittee at its November 29, 2011 meeting and was supported by the Subcommittee. If approved by the City Council, a Notice to Proceed is expected to be issued in January, with the project completion scheduled for April 2012.

A copy of the Natelson-Dale Group, Inc.'s proposal is included with this staff report as "Attachment A" of the Consulting Agreement. Roger Dale and Paul Hendershot, representing the firm, will provide Council with a brief presentation of their scope of work and approach to the project.

Respectfully submitted,

A handwritten signature in black ink, reading "Joyce Masterson". The signature is written in a cursive, flowing style.

Joyce Masterson  
Assistant to the City Manager



CITY OF ESCONDIDO  
BUDGET ADJUSTMENT REQUEST

Date of Request: 12/14/2011  
Department: City Manager's Office  
Division: \_\_\_\_\_  
Project/Budget Manager: Joyce Masterson 4621  
Name Extension  
Council Date (if applicable): 12/14/2011  
(attach copy of staff report)

**For Finance Use Only**

Log # \_\_\_\_\_  
Fiscal Year \_\_\_\_\_  
\_\_\_\_ Budget Balances  
\_\_\_\_ General Fund Accts  
\_\_\_\_ Revenue  
\_\_\_\_ Interfund Transfers  
\_\_\_\_ Fund Balance

Project/Account Description	Account Number	Amount of Increase	Amount of Decrease
Economic Development Commitment Fund	3011-001		\$96,330
Economic Development Consultant (Professional Services)	5131-001-002	\$96,330	

**Explanation of Request:**

Transfer funds from the Economic Development Commitment Fund to the City Manager's Professional Services account to execute a consulting agreement with Natelson Dale Group, Inc., in accordance with the 2011-2012 City Council Action Plan

**APPROVALS**

Department Head Jodi Coats 12/1/11  
Finance Date

CV 12/6/11  
City Manager Date  
City Clerk Date

RESOLUTION NO. 2011-151

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, MODIFYING THE CITY OF ESCONDIDO FUND BALANCE POLICY, GENERAL FUND RESERVE AND ECONOMIC DEVELOPMENT COMMITMENT FUND BALANCE FOR THE GENERAL FUND AND OTHER CITY FUNDS AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A CONSULTING AGREEMENT WITH THE NATELSON-DALE GROUP, INC. FOR COMPLETION OF THE ECONOMIC DEVELOPMENT MASTER PLAN AND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)

WHEREAS, the Governmental Accounting Standards Board ("GASB") has issued its Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions with the intent of improving financial reporting by providing fund balance categories that will be more easily understood; and

WHEREAS, the City Council of the City of Escondido has adopted Resolution No. 2011-56, the Fund Balance Policy; and

WHEREAS, the Fund Balance Policy provides that the City Council may commit General Fund balance for specific purposes by taking formal action and these committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same formal action to establish the commitment; and

WHEREAS, the City Council has determined that the General Fund Reserve balance be established at \$19,295,333; and that the General Fund Economic

Development Reserve be established at \$8,559,255; and

WHEREAS, the City Council has determined that the specific purposes for which the General Fund Economic Development Reserve be used to fund any capital project that spurs economic development, and funding the economic development master plan and CEDS for \$96,330 qualifies under this definition; and

WHEREAS, the 2011-2012 City Council Action Plan was approved on September 14, 2011, which directed staff to contract with a consultant to create a comprehensive economic development plan for Escondido; and

WHEREAS, the City staff selection committee conducted a thorough consultant selection process by releasing a request for proposals (RFP), reviewing proposals and conducting interviews with prospective consultants; and

WHEREAS, at the conclusion of the selection process, the City staff selection committee determined that the Natelson-Dale Group, Inc. was the best qualified consultant to complete the economic development master plan and CEDS, and recommends entering into a Consulting Agreement ("Agreement") with them for \$96,330 to complete the project; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to enter into said Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council hereby establishes and approves the new balance

of the General Fund Economic Development Reserve at \$8,462,925 as of the date of this Resolution, and \$96,330 for the City Manager's Professional Services account be established in the fiscal year 2011/12 budget.

3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, an Agreement with the Natelson-Dale Group, Inc. in the amount of \$96,330 to complete the economic development master plan and CEDS for the City of Escondido. A copy of the Agreement is attached as Exhibit "1" and is incorporated by this reference.



CITY OF ESCONDIDO  
CONSULTING AGREEMENT

This Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Between: CITY OF ESCONDIDO  
a Municipal Corporation  
201 N. Broadway  
Escondido, California 92025  
Attn: Joyce Masterson, Assistant to the City Manager  
(760) 839-4621  
("CITY")

And: The Natelson-Dale Group, Inc.  
24835 E. La Palma Ave., Suite I  
Yorba Linda, CA 92887  
Attn: Roger A. Dale, Managing Principal  
(714) 692-9596  
("CONSULTANT")

Witness that whereas:

- A. It has been determined to be in the CITY's best interest to retain the professional services of a consultant to complete an economic development master plan and Comprehensive Economic Development Strategy (CEDS); and
- B. The CONSULTANT is considered competent to perform the necessary professional services for CITY;

NOW, THEREFORE, it is mutually agreed by and between CITY and CONSULTANT as follows:

- 1. Services. The CONSULTANT will furnish all of the services as described in "Attachment A" which is attached and incorporated by this reference.
- 2. Compensation. The CITY will pay the CONSULTANT in accordance with the conditions specified in "Attachment A," in the sum of \$96,330. Any breach of this Agreement will relieve CITY from the obligation to pay CONSULTANT, if CONSULTANT has not corrected the breach after CITY provides notice and a reasonable time to correct it. If this Agreement is amended at any time, additional compensation of CONSULTANT contained in subsequent amendment(s) shall not exceed a cumulative total of twenty-five percent (25%) of the maximum payment provided for in this Section 2.

3. Scope of Compensation. The CONSULTANT will be compensated for performance of tasks specified in "Attachment A" only. No compensation will be provided for any other tasks without specific prior written consent from the CITY.
4. Duties. CONSULTANT will be responsible for the professional quality, technical accuracy, timely completion, and coordination of all reports and other services furnished by the CONSULTANT under this Agreement, except that the CONSULTANT will not be responsible for the accuracy of information supplied by the CITY.
5. Personnel. The performance of services under this Agreement by certain professionals is significant to the CITY. CONSULTANT will assign the persons listed on "Attachment B," which is attached and incorporated by this reference, to perform the Services described in Paragraph 1, and will not add or remove persons from the list without the prior written consent of the CITY. If no designation is made, then CONSULTANT may not assign services without obtaining the advance written consent of the CITY. CONSULTANT will not subcontract any tasks under this Agreement without obtaining the advance written consent of the CITY.
6. Termination. Either CONSULTANT or the CITY may terminate this Agreement with thirty (30) days advance written notice.
7. City Property. All original documents, drawings, electronic media, and other material prepared by CONSULTANT under this Agreement immediately becomes the exclusive property of the CITY, and may not be used by CONSULTANT for any other purpose without prior written consent of the CITY.
8. Insurance.
  - a. The CONSULTANT shall secure and maintain at its own cost, for all operations, the following insurance coverage, unless reduced by the City Attorney:
    - (1) General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
    - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
    - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
    - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
  - b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. CONSULTANT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the CONSULTANT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by CONSULTANT \_\_\_\_\_

Waiver appropriate by CITY \_\_\_\_\_



- c. Each insurance policy required above must be acceptable to the City Attorney.
  - (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
  - (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
  - (3) Both the General Liability and the Automobile Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The CITY includes its officials, employees, and volunteers. The endorsement must be ISO Form CG 20 10 11 85 edition or its equivalent for General Liability endorsements and CA 20 01 for Automobile Liability endorsements.
  - (4) The General Liability policy must include coverage for bodily injury and property damage arising from CONSULTANT's work, including its on-going operations and products-completed operations hazard.
  - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
- c. In executing this Agreement, CONSULTANT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.
- 9. Indemnification. CONSULTANT (which in this paragraph 9 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the CITY from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:
  - a. Any claim of liability arising out of the negligence or any acts or omissions of CONSULTANT in the performance of this Agreement;
  - b. Any personal injuries, property damage or death that CONSULTANT may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by the CITY, or from any dangerous condition of property; or
  - c. Any injury or death which results or increases by any action taken to medically treat CONSULTANT.
- 10. Anti-Assignment Clause. The CONSULTANT may not assign, delegate or transfer any interest or duty under this Agreement without advance written approval of the CITY, and any attempt to do so will immediately render this entire Agreement null and void. Unless CONSULTANT assigns this entire Agreement, including all rights and duties herein, to a third party with the CITY'S written consent, CONSULTANT shall be the sole payee under this Agreement. Any and all payments made pursuant to the terms of this Agreement are otherwise not assignable.
- 11. Costs and Attorney's Fees. In the event that legal action is required to enforce the terms and conditions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.

12. Independent Contractor. CONSULTANT is an independent contractor and no agency or employment relationship, either express or implied, is created by the execution of this Agreement.
13. Merger Clause. This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.
14. Anti-Waiver Clause. None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived by CITY because any other provision has been waived, in whole or in part.
15. Severability. The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
16. Choice of Law. This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in San Diego County, California.
17. Multiple Copies of Agreement/Counterparts. Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
18. Provisions Cumulative. The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the CITY.
19. Notices to Parties. Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party, at the address first above written.
20. Business License. The CONSULTANT is required to obtain a City of Escondido Business License prior to execution of this Agreement.
21. Compliance with Applicable Laws, Permits and Licenses. CONSULTANT shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. CONSULTANT shall obtain any and all licenses, permits, and authorizations necessary to perform services set forth in this Agreement. Neither CITY, nor any elected nor appointed boards, officers, officials, employees, or agents of CITY shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.
22. Immigration Reform and Control Act of 1986. CONSULTANT shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. CONSULTANT affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on

this public project. CONSULTANT agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

23. E-Verify Participation. CONSULTANT agrees to enroll in and begin use of the United States Department of Homeland Security's ("DHS") E-Verify program ("E-Verify") within thirty (30) days of the execution of this Agreement to confirm employment eligibility of all of CONSULTANT'S potential new hires. CONSULTANT agrees and understands that E-Verify enrollment requires CONSULTANT to sign a Memorandum of Understanding ("MOU") with DHS which provides the E-Verify terms of use. Any violation of the MOU by CONSULTANT is grounds for DHS' termination of CONSULTANT'S participation in the E-Verify program. Any such termination by DHS shall constitute grounds for City's immediate termination of this Agreement.

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: \_\_\_\_\_

\_\_\_\_\_  
Sam Abed  
Mayor

Date: \_\_\_\_\_

\_\_\_\_\_  
Marsha Whalen  
City Clerk

Date: \_\_\_\_\_

\_\_\_\_\_  
(Consultant name)

\_\_\_\_\_  
(Consultant signature)

\_\_\_\_\_  
Title

*(The above signature must be notarized)*

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY  
JEFFREY R. EPP, City Attorney

By: \_\_\_\_\_

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.

Proposal for  
Professional Services

**ECONOMIC DEVELOPMENT  
MASTER PLAN**

October 10, 2011

Submitted to:

City of Escondido

Submitted by:

THE NATELSON DALE GROUP, INC.  
24835 E. La Palma Avenue, Suite I  
Yorba Linda, California 92887  
Phone: (714) 692-9596  
Fax: (714) 692-9597  
[www.natelsondale.com](http://www.natelsondale.com)

Contact:

Roger A. Dale, Managing Principal  
Email: [dale@natelsondale.com](mailto:dale@natelsondale.com)

In Association with:

Hendershot Economics  
San Diego, California

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## I. Executive Summary

### Overview of the Team

**The Natelson Dale Group, Inc. (TNDG)** is a real estate and economic development consulting firm established in southern California in 1974. Our practice focuses largely on the planning and implementation of business retention/expansion/attraction programs. From this work, we have developed nationally recognized expertise in five key areas: 1) Industry Targeting Analysis, 2) Retail Attraction Strategies; 3) Downtown and Corridor Revitalization; 4) Integration of Economic Development with Workforce Development, and 5) Structuring of Local and Regional Economic Development Partnerships. Our work often involves direct linkages between a community's industry attraction plans and its real estate development potentials. In this regard, we have a strong understanding both of local real estate markets and of the larger regional economic trends that drive demand for commercial and industrial development.

TNDG is a "boutique" firm not only in terms of size, but also in terms of philosophy and approach. While we effectively compete with much larger firms for prominent contracts, we have a decided preference for mid-sized projects requiring a "hands on" approach and genuine strategic thinking. In this regard, the firm's principal personally manages every contract and maintains primary contact with the client. As our references will attest, exceptional responsiveness to the unique needs of each client is a hallmark of our approach.

Our work in economic development strategic planning includes the following prominent projects: an economic recovery strategy for the County of Los Angeles; a multi-disciplinary Economic Development Strategic Plan for the San Gabriel Valley Council of Governments; and a business development strategy relating to the City of Anaheim's development of fiber optics infrastructure. More recently, we have completed target industry analyses and economic development strategies for the City of Burbank, the City of Tracy, the County of San Joaquin, and the County of Kern, California; the County of Yuma, Arizona; the County of Guilford, North Carolina; and the Tri-Cities area of Northeast Tennessee/Southwest Virginia. We have also developed several strategies related to "clean tech" activities, including the economic development component of the Solar LA plan, and a comprehensive business plan for an "eco industry" park in the City of Ventura.

We also have considerable experience in forecasting demand for retail, office and industrial development, working both for private developers and for municipalities. In this regard, we have completed retail "leakage" analyses and related development strategies for the cities of Agoura Hills, Beverly Hills, Burbank, Calabasas, Canyon Lake, Chandler (Arizona), Chino, Escondido, Garden Grove, Glendora, Los Angeles, Ontario, Pasadena, Phoenix, Pomona, Poway, Redondo Beach, San Bernardino, San Clemente, Santa Maria, Simi Valley, Solano Beach, West Hollywood, and Ventura. In addition, we have prepared market feasibility studies for private retail development projects throughout California, Arizona and Hawaii.

**Hendershot Economics.** Paul Hendershot is an independent economist based in San Diego and also serves as Adjunct Professor of Applied Economics for the University of North Texas. He specializes in regional economic development strategies, impact analysis, public policy, technology, and research/survey programs. He has a strong working relationship with the San Diego Regional Economic Development Corporation (EDC) and currently serves as the EDC's

house economist/researcher. In this capacity he has prepared a "Welcome to San Diego" regional overview publication, and has also completed profiles of the Software and Defense/Security industries in San Diego County. He is currently completing work to define the southern California Life Sciences industry for BIOCOM.

His previous positions include the Director of Research for the Dallas Regional Chamber of Commerce. During his tenure with the Chamber, he completed over 100 unique economic development projects, resulting in the creation and/or retention of over 50,000 jobs. He was recognized by Gov. Rick Perry for collaborating with the Texas Department of Economic Development and awarded the Governor's Cup by *Site Selection* magazine.

### **Overview of Approach and Work Scope**

TNDG's Scope of Work for this project is presented, in the main body of this proposal, in a table format, in which the city's requirements are shown in the left column and the Team's approach to meeting those requirements is shown in the right-hand column. The approach also notes where the Team will be giving particular attention to incorporating the work performed into a CEDS document. The Team's scope of work essentially follows the outline as presented in the RFP, with a few additions. These additions include, early in the process, the preparation of a preliminary version of a market overview and a summary of key market conditions affecting each of the City's targeted development/redevelopment areas. With this addition, and throughout the overall scope of work, the Team's intent is to combine focused research with input from stakeholders, using the research to inform discussions with stakeholders, and vice versa. All research steps will begin with a review of existing reports and other relevant documentation.

As part of the needs assessment, the TNDG Team will prepare a matrix of market-related characteristics affecting the City's priority development areas: attributes, challenges, existing development "inertia," the potential for redevelopment, etc. – as these conditions pertain to retail/service development and the goal of growing the industry/job base. All of these areas, those of highest priority and other areas, will also be reviewed within the matrix in terms of how each fits with the overall vision of expanded retail/services and job development. Analysis of all these areas will include review of Specific Plans, Master Plans, and other related existing documents. For City-owned property within the redevelopment area, the TNDG team will propose and analyze strategies that leverage City ownership as an important strategic advantage and achieving success in this location.

For the review of fees, policies, regulations, codes, etc., the TNDG Team will review this issue in terms of the need to maintain an appropriate balance between the fiscal needs of the City and competitive realities. The Team's comparative analysis of other places will include a group of key competitive cities, and also recognize that the different development contexts among comparison cities must be included in the analysis.

TNDG's innovative and comprehensive approach to identifying specific industrial targets of opportunity will utilize multiple methodologies supported by stakeholder input. The four approaches will include: a) assessments of competitive positioning of the Escondido economy compared to a specified aspirational community, b) identification of industries demonstrating locally competitive, endogenous growth characteristics, c) cluster analysis based on trade flows, and d) competitive occupational targeting. The four methodologies, when combined, constitute a rigorous assessment that goes beyond what any single methodology can achieve.



## II. Summary of Experience and Technical Competence

### A. Key Projects / Client References

**Project:** CEDS for San Joaquin County  
**Date Completed:** 2010  
**Contract Amount:** \$40,000  
**Client Contact:** Mr. Fran Aguilera  
Economic Development Director  
Employment & Economic Development Department  
San Joaquin County  
(209) 468-3615  
[faiguier@sicworknet.org](mailto:faiguier@sicworknet.org)

Work completed: TNDG prepared a Comprehensive Economic Development Strategy (CEDS) document for San Joaquin County. In addition to writing the CEDS document, TNDG was responsible for facilitating the CEDS Strategy Committee (as required by the U.S. Economic Development Administration). TNDG also coordinated extensively with the individual cities in the County to define an integrated economic development strategy and to identify and rank candidate projects for EDA funding. As part of the technical/background research for the CEDS, TNDG completed a county-wide target industry/cluster analysis.

**Project:** Yuma County Workforce & Economic Development Summit  
**Date Completed:** 2011  
**Contract Amount:** \$189,000  
**Client Contact:** Mr. John O. Morales  
Executive Director  
Yuma Private Industry Council, Inc.  
(928) 329-0990  
[jmorales@ypic.com](mailto:jmorales@ypic.com)

Work completed: TNDG facilitated a Workforce and Economic Development Summit for Yuma County. The consultants' work for the six-month Summit process involved substantial background research and analysis; facilitation of a series of Summit meetings with approximately 70 local stakeholders; and preparation of a comprehensive Action Plan. As part of the analytical work, the consultants identified key industry "clusters" suitable for diversifying Yuma's economic base. The cluster analysis was premised on Yuma's strategic position within the Arizona/California/Mexico border region. The Summit process was originally completed in 2001; based on the success of the original effort, the client retained TNDG to repeat the process in 2010-2011.

**Project:** **Market Study for Route 66 (Alosta Avenue) Corridor Plan**  
**Date Completed:** 2001  
**Contract Amount:** \$70,000  
**Client Contact:** Mr. David Chantarangsu  
Planner  
City of Glendora  
(626) 914-8214  
[dchantarangsu@ci.glendora.ca.us](mailto:dchantarangsu@ci.glendora.ca.us)

Work completed: TNDG completed a detailed market analysis to define future development potentials and related implementation strategies for the Alosta Avenue Corridor (Route 66) in the City of Glendora. The study area encompassed three redevelopment project areas. TNDG's work provided the basis for a subsequent Specific Plan which has been successfully implemented.

**B. Other Relevant Project Experience**

***Preparation of Economic Development Strategies:***

**Los Angeles, California: Economic Development Strategy for Solar LA.** TNDG was retained by the Los Angeles Department of Water and Power in March 2009 to generate a Strategic Action Plan to expand solar-industry activity in Los Angeles. The work was part of LADWP's mission to implement the Solar LA plan/ The objective of the Strategic Action Plan is to leverage the investment associated with Solar LA to develop a solar industry cluster in Los Angeles and maximize the creation of cleantech jobs. TNDG's work involved an in-depth assessment of the solar energy "value chain" to identify the specific industry segments (with a particular focus on manufacturing activities) that would be viable for attraction to Los Angeles.

**Ventura, California: Development Strategy for "Eco Industry" Cluster.** TNDG completed a feasibility study and business plan for the development of an eco-industrial park (EIP) in the City of San Buenaventura. The intent of the program is to attract "eco industrial" users to major Brownfield sites currently occupied with abandoned oil production facilities. TNDG's work included a detailed market analysis of the eco industry cluster; review of "best practices" for EIP development based on a national survey of existing parks; identification of state and federal funding sources applicable to the project; and a detailed business plan for implementation. The plan focuses on positioning the EIP as the centerpiece of a countywide industry cluster focused on resource recovery, related manufacturing and alternative energy development.

**Ventura County, California: Tourism Development Plan for Heritage Valley.** TNDG served as the lead consultant for the preparation of an Implementation Plan for the Heritage Valley – a tourism-based economic development initiative for the Santa Clara River Valley area of Ventura County. TNDG's work involved a market demand analysis to project potential visitation levels to the area's existing and developing tourist attractions; a financial analysis to project the public and private costs and revenues associated with the potential visitation; and forecasts of the amount of commercial space (i.e., hotel, retail and restaurant facilities) necessary to accommodate the indicated visitation levels. In addition to the technical assessments, the final work product included a detailed action plan outlining the specific steps necessary to bring the indicated potentials to fruition.

**Burbank, California: Economic Diversification Strategy.** The team developed a comprehensive Action Plan to guide the City of Burbank's economic development programming over the next five to ten years. As background to the strategic recommendations, TNDG completed an industry "cluster" analysis to identify new sectors into which the City's economy can diversify, and a detailed "competitive assessment" identifying Burbank's competitive position within the state. Given Burbank's status as an international center of media firms, considerable attention was given to evaluating national and international trends in the entertainment and media industries.

**Anaheim, California: Industry Location Analysis and Marketing Program.** TNDG developed a comprehensive marketing program for the City of Anaheim conjunction with a national communications firm. TNDG's work focused on assessing Anaheim's strengths as they relate to industrial attraction and identifying specific industry clusters which the City should emphasize in its marketing efforts. TNDG's recommendations included a special focus on multi-media and high technology firms that would be attracted to the fiber optics network then under development in the City.

**Arvin, California: Comprehensive Economic Development Strategy (CEDS).** TNDG completed a target industry analysis and Comprehensive Economic Development Strategy (CEDS) for the City of Arvin, as part of the South Valley Economic Initiative of Kern County. The focus of TNDG's work was to identify immediate and longer-term opportunities to diversify the area's industry mix. The CEDS also included significant emphasis on improving the area's physical infrastructure and institutional capacity for workforce and economic development.

**Kern County, California: Economic Development Strategic Plan .** TNDG was retained in 1998 by the County of Kern to develop a strategic plan to create the approximately 20,000 new jobs needed for the County to fulfill its obligations under the CalWORKS (welfare-to-work) program. The consultants' work included a comprehensive assessment of the County's workforce development programs, as well as a detailed industry "cluster" analysis to identify the sectors with the greatest potential for employment growth meeting the needs of the county's workforce. The target industry analysis included an in-depth assessment of the county's and the state's competitiveness within a five-state region. The Strategy was developed over approximately a one-year time frame and involved a substantial public outreach effort.

**Greensboro (Guilford County), North Carolina: Industry Attraction Strategy.** TNDG prepared an industry "cluster" analysis and attraction strategy for the Greensboro Economic Development Partnership. The focus of the strategy is to expand the community's base of high-technology sectors to offset the ongoing declines of Greensboro's traditional mainstay industries (tobacco, apparel and furniture manufacturing). The analysis involved defining Guilford County's potential niche markets within a 13-county reference area, and also included a review of statewide potentials vis-à-vis the overall Mid-Atlantic region. Given Guilford's proximity to the Raleigh-Durham area, significant attention was devoted to identifying potential linkages to high-tech activities at the Research Triangle Park. The strategy also outlines an innovative proposal for a "virtual research park" to more fully leverage the unique concentration of colleges and universities in Greensboro.

**Northeast Tennessee/Southwest Virginia: Target Industry Analysis.** The TNDG team completed an industry cluster analysis for the Tri-Cities Economic Development Alliance. The purpose of the study was to identify target industries/clusters for this 10-county region in Northeast Tennessee/Southwest Virginia. The newly-formed Alliance is currently implementing a regional marketing and business attraction plan based on the study recommendations.

**Fresno, California: Federal Empowerment Zone (EZ) Application.** The TNDG team prepared a successful application resulting in Fresno's designation as one of only seven urban Empowerment Zones under Round III of the EZ program. Fresno's submission was ranked number one in the country during this application round. TNDG was responsible for the overall management of several hundred stakeholders involved in various aspects of the application process, including a diverse range of city, county, state and federal agencies; various California State University and University of California institutes; a number of private economic development organizations; key corporate stakeholders; and the general public.

**Los Angeles, California: Federal Empowerment Zone (EZ) Application.** TNDG was retained by the City of Los Angeles to prepare an application under Round II of the EZ program. The application focused on creating economic development strategies for three highly distressed areas of the City. The work was completed within an extremely compressed (five-week) timeframe and required developing an integrated strategic plan involving several dozen collaborating agencies.

**San Bernardino County, California: High Desert Industry Cluster Analysis.** TNDG completed an industry cluster analysis and developed related marketing recommendations for the High Desert Regional Economic Development Authority. The assignment involved a detailed analysis of employment sector trends throughout the five-county southern California region, and placed particular emphasis on identifying industry segments with a strong propensity to relocate from the Los Angeles basin to lower cost locations such as the High Desert. Based on the analysis, TNDG recommended a "short list" of three industry clusters that became focus of REDA's recruitment efforts and outlined a multi-pronged marketing approach consistent with the locational criteria of the target industries.

**Los Angeles, California: San Gabriel Valley Council of Governments (SGVCOG) Economic Development Strategic Plan.** TNDG served as prime contractor for an integrated study for the SGVCOG involving the development of an Economic Development Strategy for the region. This multi-jurisdictional plan involved integrating the distinct (and sometimes conflicting) agendas of 30 separate municipalities, and achieving ultimate consensus on mutual priorities for improving the region's overall business and development "climate." In addition to serving in this facilitation role, TNDG prepared a number of technical background studies to inform the policy-making process. These included an evaluation of the region's regulatory environment and an analysis of prospective target industries.

**The National and Regional Directory of Targeted Growth Industries.** TNDG published *The National and Regional Directory of Targeted Growth Industries*, an economic development resource publication. This research involved review and summarization of several hundred economic development strategic plans and industry trends analyses from throughout the U.S.

**Guam: Feasibility Study and Strategic Plan for Regional Distribution Center.** TNDG was part of multi-disciplinary team that completed a feasibility study and strategic plan for the development of a regional distribution center in Guam. The center would build upon Guam's existing airport and seaport infrastructure to position Guam as a distribution hub serving various Asian countries and the continental United States. TNDG was responsible for the economic analysis components of the assignment. These included a county-by-country analysis of regional economic trends and shipping patterns, as well as projection of the potential cargo volumes that could be attracted to Guam under the proposed plan.

**General Plan Economic Development Elements.** TNDG has served as the project economist for General Plan processes for jurisdictions of all sizes. These assignments typically involve market demand forecasts (for all land use types), fiscal impact evaluations and preparation of Economic Development Elements. TNDG's General Plan clients include the following cities in California:

• City of Agoura Hills	• City of Ontario
• City of Beaumont	• City of Port Hueneme
• City of Calabasas	• City of Redondo Beach
• City of Chino	• City of Rialto
• City of Fontana	• City of San Bernardino
• City of Garden Grove	• City of San Clemente
• City of La Quinta	• City of Santa Monica
• City of Los Angeles	• City of Santa Paula
• City of Malibu	

***Real Estate Market Studies and Development Strategies for Municipal Clients:***

**Santa Maria, California: Market Study and Implementation Strategy for Downtown Specific Plan.** TNDG completed a comprehensive market potentials analysis as part of a Specific Plan process for Downtown Santa Maria. The study addressed the following land uses: retail/restaurant, office, entertainment, residential and industrial. The residential analysis included a focus on artists' lofts and other live-work units. The overall Plan is intended to reposition Downtown Santa Maria as a regional destination for shopping and entertainment. In addition to the market study, TNDG developed policy recommendations to guide implementation of the Plan and attract the desired types of private development.

**Monrovia, California: ULI Advisory Services Panel for Transit Station and Downtown Connectors.** TNDG Senior Associate Joe McClure participated in an Urban Land Institute panel consisting of an international team of economists, planners, and private and public-sector developers. The group was charged with preparing plans and recommendations on how best to integrate a future light-rail transit station, in a redevelopment area, into the fabric of the community, with particular attention on designing the best connection to the existing historic downtown. Residential, retail, light industrial, and office uses were addressed for this assignment.

**Covina, CA: Mixed-use and Transit-Oriented Market Analysis for Downtown Specific Plan.** TNDG was retained by the City of Covina to prepare an analysis of real estate market potentials for the downtown area. The study considered retail, office and residential land uses. In addition to projecting demand for the individual land uses, the analysis also evaluated the feasibility of mixed use and transit-oriented development within the downtown area. TNDG's work was completed as part of a specific plan process.

**Los Angeles, California: Transited Oriented District Studies.** TNDG served as the project economist on three separate multidisciplinary teams charged with defining development strategies for the areas surrounding various transit stations in the City of Los Angeles. The studies considered ¼- and ½-mile radii around each site and involved detailed assessments of transit-related market opportunities. TNDG was also responsible for recommending City policies and incentives to attract the desired development.

**Panorama City, California: Market Analysis for CRA Project Area.** TNDG completed a market study to define current and longer-term demand for additional retail and office development along the Van Nuys Boulevard corridor in Panorama City. This work was completed for the Community Redevelopment Agency (CRA) to assist in defining work program priorities for this project area.

**San Clemente, California: Citywide Commercial and Industrial Market Analysis.** TNDG completed 20-year demand forecasts for the following types of development in the City: retail (including neighborhood, community, "big box", outlet center and traditional regional components); movie theaters; office/industrial (including mid-rise, corporate headquarters, garden office, R&D, and "flex-space" components); hotel/motel/timeshare facilities. This work was an update of the market analysis that TNDG completed for the City's General Plan process in 1991.

**Ontario, California: Retail Development Strategy for 60-Freeway Corridor .** TNDG completed a retail demand analysis for the 60 Freeway corridor in the City of Ontario. The purpose of the study was to define future retail development opportunities for the area based on the substantial population growth that is anticipated in the Chino and South Ontario areas over the next 20 years. The City will utilize the study's recommendations to improve its share of regional retail demand.

**Pasadena, California: Residential, Commercial and Transit-Oriented Market Analysis for East Colorado Boulevard.** TNDG completed a detailed market analysis to define future development potentials and related implementation strategies for the East Colorado Boulevard Corridor in the City of Pasadena. The market study considered residential, commercial and mixed-use development. This work was part of a Specific Plan process for the corridor. The recommended strategies include a focus on transit-related development opportunities relating to the Blue Line station.

**Escondido, California: Downtown Market Analysis and Economic Development Program.** The City required a focused analysis of the historic downtown area to establish realistic future development opportunities. The analysis involved an extensive series of surveys, including personal surveys of businesses in the area, intercept surveys at major assembly points in the community and a random telephone survey of the primary and secondary market support areas. Specific indicators of demand for use types responsive to market requirements were determined, together with associated physical factors necessary to assure the attractiveness and appeal of the area. Particular attention was given the relationship of the Civic Center, Transit Center and hospital complex to the Downtown and recommended strategies to maximize economic development potential in the Downtown related to those activities.

**C. Team Member Bios**

The following personnel would be assigned to this project. Complete resumes are provided in Appendix A.

**Roger A. Dale, Managing Principal**, will serve as **Project Manager** for the assignment. In this capacity, he will be responsible for primary client liaison, day-to-day completion of work products indicated, and coordination of the overall project team. Mr. Dale will lead all public meetings for the project and will have primary responsibility for the development of the draft and final Economic Development Master Plan and CEDS. Mr. Dale has been a project manager with TNDG for 23 years and managed TNDG's work on most of the previous projects listed in this proposal. He received his B.A. cum laude in Economics from Claremont McKenna College in Claremont, California and also holds a master's degree in Resource and Environmental Economics from the University of California at Riverside.

**Joseph E. McClure, Senior Associate**, will be a principal participant throughout the process and will support Mr. Dale in the development of the draft and final Master Plan/CEDS documents. Mr. McClure has more than 30 years' experience in economic consulting, including a substantial focus on economic development in rural and suburban communities. Joe has an M.S. in Urban Planning from the University of Arizona and completed additional post-graduate work in economic geography at UA. He has a B.S. in Architecture from the University of Cincinnati.

**Alan Levenson, Senior Associate**, will support Mr. Dale in facilitating the stakeholder meetings. He would also support the analytical work on the "business friendliness" analysis (a comprehensive review of the City's fees, policies, regulations, codes and organizational structure as they affect the potential for business expansion). Mr. Levenson has served in a similar capacity for a number of previous economic development strategic plans completed by the team, including previous projects in Fresno, Kern County, Burbank, Mt. Shasta, Yuma (Arizona), and Greensboro (North Carolina). Mr. Levenson joined TNDG in 2000 after receiving his B.A. with honors in Economics and Political Science from the University of California at Riverside. He also holds a Master's in Business Administration degree, with a concentration in Real Estate Finance, from UCLA's Anderson School of Management.

**Dustin Woodward, Associate**, would support the team in base data compilation and GIS mapping. Mr. Woodward has worked on a number of major economic development projects. His diverse academic and work experience background includes such disciplines as urban revitalization, economic and development trend analysis, sustainable development, GIS, visualization and geospatial modeling, and environmental policy and management. Mr. Woodward obtained a M.S. in Nature, Society and Environmental Policy from the University of Oxford in Oxford, England, a M.S. in Urban Design from Carnegie Mellon University in Pittsburgh, Pennsylvania, and a B.S. in Urban Planning from Arizona State University.

**Paul Hendershot, Principal of Hendershot Economics**, would lead the target industry/cluster analysis, with a focus on the Cleantech and Precision Manufacturing industries. He would also be a key participant in the stakeholder outreach/interview process. Mr. Hendershot has a diverse background in regional economic analysis and currently serves as the house economist/researcher for the San Diego Regional EDC. He holds a B.A. in Sociology and M.S. in Applied Economics from the University of North Texas.



### **III. Scope of Work and Proposed Method to Accomplish the Work**

#### **UNDERSTANDING OF THE ASSIGNMENT**

The city of Escondido needs an overall assessment of development potential in the broadest possible terms. The results of this assessment will lead to enhancements in the two major categories of economic activity:

1. The City's retail and service base, to both eliminate retail leakage and to maximize the City's opportunities within the larger surrounding region, and
2. Job-creating industries across the economic spectrum but with particular focus on the target industry clusters of cleantech and precision manufacturing.

Enhancing both retail/service and the export-oriented job base are mutually supportive endeavors, and both contribute to the local quality of life. While the TNDG team will address the specific areas of interest outlined in the RFP, we will do so with the "big picture" of what the City hopes to accomplish, and can reasonably expect to accomplish within forecast time frames, given:

- The underlying demographic and economic conditions within the city and the surrounding region, including both tangible measures of such conditions and less quantifiable indicators such as the extent to which residents and businesses seem prepared to engage in the best aspects of the networked, created society emerging from current economic upheavals.
- The resources that can be brought to bear, which will include those recommended as part of this assignment, and
- The goals and energy of the key stakeholders, who we will interview directly as part of this assignment, and the general citizenry (whose input should be available through the General Plan process).

#### ***EDA Requirements for CEDS Documents***

Based on the September 22, 2011 addendum to the City's RFP, TNDG understands that the output of this assignment must be compatible with and recognize the requirements for the preparation of a Comprehensive Economic Development Strategy (CEDS). The CEDS document is the heart of coordinated regional economic development implementation, as viewed by the US Department of Commerce's Economic Development Administration (EDA). Access to EDA funding opportunities is dependent upon having those projects for which funding is sought included in the CEDS. However, the CEDS also provides a framework for overall economic development coordination, including public and private development projects, policies, etc. that do not necessarily have a direct relationship with EDA programs. At the same time, the CEDS is not necessarily intended to replace any other policy-guidance documents within the City of Escondido.

Projects for which EDA funding might be requested will ideally meet the agency's criteria listed below. At the same time, these criteria can help focus and coordinate strategic direction across a series of discrete projects.

In order for the City's Economic Development Master Plan to fulfill the CEDS requirements, TNDG's work scope would include the following supplemental tasks:

- Organizing and facilitating the required CEDS Strategy Committee, and other appropriate stakeholder/public outreach.
- Compiling the economic base data which form the basis of the CEDS;
- Compiling and integrating economic development program information for inclusion in the CEDS. This compilation should summarize the City's existing and planned economic development initiatives, as well as the relevant activities of regional and private sector organizations such as chambers of commerce, the San Diego Regional EDC, workforce investment boards, etc.
- Coordinating with City departments (and any collaborating non-city entities) to compile information on candidate projects for EDA funding and to organize this information in a consistent format for all listed projects.
- Developing systematic criteria for prioritizing and ranking candidate EDA projects.
- Presentation(s) of draft and final CEDS documents to City Council for formal adoption.
- Preparing final CEDS documents for submission to EDA (this would be the Master Plan document, formatted in manner that fulfills all EDA requirements).
- Coordination with EDA (including necessary consultations, revisions, etc.) to facilitate final approval of the document.

#### ***EDA Investment Policy Guidelines***

A key function of a CEDS document is to identify and prioritize economic development projects that may be eligible for planning or infrastructure grants from the EDA. With this in mind, it is important that the CEDS be structured based on an understanding of the EDA's investment policy guidelines.

The EDA recently (in 2010) revamped its system for evaluating and processing grant applications. As part of this new process, EDA released a Strategic Priorities Worksheet that generally outlines the agency's current funding criteria. Although reflecting some "new" areas of emphasis relative to national strategic priorities, the listed criteria are largely consistent with EDA's longstanding criteria for evaluating grant applications. Our initial *general* interpretations of these longstanding criteria are summarized below, with the understanding that these will require further refinement within the CEDS process for Escondido. In general, however, we believe the CEDS should reflect these criteria.

**A. Market Based: Are the proposed investments market-based? How will this stimulate the private economy?**

Successful market-based investments are those that are efficient in competitive markets. The CEDS projects will focus on helping firms improve their competitive advantage and to help the region improve its overall comparative advantage. Stimulation of the private economy will come through promoting efficiency and expanding capacity.

**B. Proactive Investments: Are the proposed investments proactive in nature and scope? How will this further economic planning?**

A proactive approach is achieved in a number of ways, for example: 1) assessing recent changes in industry performance, 2) identifying emerging industries and trends, 3) allocating more investment to encouraging the expansion of sunrise industries than to delaying the demise of sunset industries, and 4) recognizing the need to introduce new quality upgrades, such as management information system (MIS) capabilities, into organizations that need to move into the next generation of capability. Economic planning is advanced through the documentation of these types of issues.

**C. Economic Changes/Diversification: Do the proposed investments look beyond the immediate economic horizon, anticipate changes, and diversify the local and regional economy? What are the implications for the CEDS process?**

Two types of strategies, as examples, can be applied to anticipate changes in markets and their supply and demand attributes. First, industries change in their utilization of labor and capital and these changes sometimes involve shifts in the location of production facilities. Changes in location of production and inputs and outputs can have substantial implications for firms and for regions. In some cases, problems can be avoided by anticipating negative shifts and diversifying the local production system. Second, in other cases a cluster<sup>1</sup> approach is recommended. The cluster approach involves building on existing strengths and expanding the variety of specific linked industries.

**D. Private Capital Investment: Are investments maximizing private capital investment?**

Any sustainable market-based investment must involve private capital investment. The "maximize private capital investment" test is often appropriate when evaluating the worthiness of a potential project. (Does the project encourage private investment, and are substantial private investments on the table to move the project forward?) Another dimension of this issue is how a project might lead to fuller utilization of existing private infrastructure in a region.

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<sup>1</sup> Broadly speaking, an industry cluster is an agglomeration of firms and economic institutions that derive advantages from their close proximity and economic relationships. These advantages are diverse, ranging from the pooling of labor, knowledge spillovers, related institutions, or historical events. Clusters are akin to biological principals as well, serving as an economic ecosystem in various stages of an industries unique life cycle.

**E. Success Anticipated: What is the probability of success?**

Good investments will leverage *matching funds* from private sources, local and state sources, and appropriate federal programs. *Local political capital* supplied by elected officials can bring legitimacy to investment projects. *Human resources* and *human capital*, including the right managerial and operation team, will assure the proper initiation and operation of the investment. In short, investors of many kinds must be willing to "stand and be counted." When all types of participants are willing to risk money and reputation, confidence in the worthiness of the investment is increased.

**F. Jobs Created: Will the proposed investment create an environment where higher paying, lucrative jobs are created?**

Job creation is a worthy goal, and in most cases is best thought of in combination with creating "second stage opportunities" that promote upward mobility, professional advancement, and improved quality of life for a region's residents. Second stage opportunities are consistent with cluster-based strategies. Furthermore, encouragement of higher paying jobs can enhance indirect and induced benefits to the region.

**G. Return on Taxpayer Investment: Does the proposed investment maximize return on Taxpayer Investment through benefits to the local economy and increases in tax base?**

Taxpayer return will be maximized through new investment that meets the other criteria discussed above and is also sustainable and helps leverage additional investment. This additional investment could be in the form of expanded cluster industries, or simply the result of having created indirect benefits to a region.

**SCOPE OF WORK**

The TNDG Team's response to the work scope is shown below in table form in which the original language of the RFP is shown in blue type in the left column, and the Team's response in the right column.

RFP Work Scope Element	Consultant Response
Describe how the Economic Development Master Plan will fulfill EDA's Comprehensive Economic Development Strategy (CEDS) requirements	The TNDG Team will note in italics throughout this Scope of Work those elements that will specifically address CEDS requirements
TNDG Recommended sequence insert	In preparation for the meetings described in Section 1 of the RFP below, the TNDG team will prepare preliminary versions of two "chapters" of the final report/CEDS document:  1) A market overview document that compiles data on demographics, retail sales, the job base, relationship of jobs available in the city to the jobs held by residents, the

	<p>jobs/housing ratio, and similar data, and compares the data for the city of Escondido with that of the surrounding San Diego region, and the state as appropriate. The market overview will include a summary-level review of short-term, recession-related issues as well as changing fundamentals of economic structure at the national to local level, in terms of the San Diego region's historic economic base and key attributes of location, etc.</p> <p>2) A summary of key market conditions affecting each of the City's targeted development / redevelopment areas.</p> <p>This task will be accomplished through a review of existing documents and compilation of the latest data from local databases, the Census, state agencies, etc., an on-site review of the targeted areas, and the like. The results of this preliminary work will be presented to the city and summarized in handout form for the purpose of guiding the discussions with key informants as called for in the RFP. This background documentation will be incorporated into the CEDS.</p>
<p>1. Needs assessment – In consultation with each local and regional stakeholder listed on Attachment B, provide a detailed assessment of "the way things are and the way they should be" with regard to Escondido's business environment</p>	<p>The preparation for these meetings will include the handout described above and review of all potential information needs related to this study, in coordination with the City. Issues addressed in these consultations will include, at a minimum:</p> <ul style="list-style-type: none"> <li>• Perceptions of current economic conditions, including short-term issues as well as the City's and County's position relative to long-term challenges and opportunities.</li> <li>• Identifying emerging opportunities for new or expanded existing economic activity, and challenges related to industry-wide setbacks and the like.</li> <li>• Reviewing and confirming existing goals for economic development.</li> <li>• Identifying challenges and opportunities associated with the geographic areas listed in the RFP.</li> <li>• Reviewing current target clusters and identifying new or revisions to industry clusters of interest, based on the above conditions and on other factors such as changes in the larger, surrounding region's economy, etc.</li> </ul>

	<p>This group, potentially with some augmentation, would be constituted as the CEDS-required <b>Strategy Committee</b>. <i>Per the EDA's CEDS guidelines, the Strategy Committee should include:</i></p> <ul style="list-style-type: none"> <li>• Public officials;</li> <li>• Community leaders;</li> <li>• Representatives of workforce development boards;</li> <li>• Representatives of institutions of higher education;</li> <li>• Minority and labor groups; and</li> <li>• Private individuals.</li> </ul>
a. Existing business and industry in Escondido with specific focus and attention paid to the following:	For all of these areas, the needs assessment will include an identification and preliminary prioritization and explanation of infrastructure and similar projects that will subsequently be included in the CEDS. The TNDG Team will coordinate closely with the City on the prioritization process, to maximize the usefulness of this list within the CEDS.
i. Areas of highest priority:	As part of the needs assessment, the TNDG Team will prepare a matrix of market related attributes, challenges, existing development "inertia," the potential for redevelopment, etc. – as these conditions pertain to retail/service development and the goal of growing the industry/job base. All of these areas, those of highest priority and other areas, will also be reviewed within the matrix in terms of how each fits with the overall vision of expanded retail/services and job development. Analysis of all these areas will include review of Specific Plans, Master Plans, and other related existing documents. The Team will incorporate appropriate business-related databases into the analysis. Specifically for the CEDS, this process will include a link between infrastructure needs and the areas supported by the infrastructure.
1. City-owned property in redevelopment area	The TNDG Team will propose and analyze strategies that leverage City ownership as an important strategic advantage in achieving success in this location.
2. Transit Center area	Issues here that the Team will address include scarcity of pedestrian-friendly retail in immediate vicinity, and some surrounding uses not fully compatible with TOD.
3. Downtown/Mercado	Assets here include the relatively large number of establishments, many locally owned shops, clothing, furniture, restaurants, bars, etc.
4. "Gateway" at Highway 78 and Broadway	Issues here that the Team will address include the presence of a Latino grocery store, the asset of the two plazas as anchors, and the issue of lower-end retail (Goodwill and Salvation Army). What is the potential compared to what exists? How important are the images associated with this and the EVP gateway?
5. East Valley Parkway	The Team will incorporate key relevant findings or previous study for this area into the discussions with stakeholders

	and analysis.
a. "Gateway" at Grand Ave/Valley Parkway	This typical big box retail plaza, with Target, Barnes and Noble, Michaels, Panda Express, Petco, Casual Male, and Bank of America, is occupied by retailers in varying degrees of long-term sustainability.
b. Central EVP	As part of the Needs Assessment, the TNDG Team will compile an inventory of existing uses/conditions in these areas, with a particular focus on identifying potential future "opportunity themes" and key development/redevelopment sites.
ii. Additional areas:	
1. Felicita Avenue and I-15 interchange	
2. Brotherton and Centre City Parkway	
3. Escondido Creek Trail	This topic will be addressed in Section 2, Market Analysis, below.
iii. Industry sectors identified in market analysis	
b. Fees, policies, regulations, codes and organizational structure related to business expansion, attraction and retention – Is Escondido a business-friendly City?	The TNDG Team will review this issue in terms of the need to maintain an appropriate balance between the fiscal needs of the City and competitive realities.
i. City, county and state level analyses	The TNDG Team will conduct a comparative analysis that includes a group of key competitive cities and recognizes that the different development contexts among comparison cities must be included in the analysis. The team will address comparison of San Diego County with other counties, and California with other states at a general level, based on existing reports.
c. Workforce – How can the City work to bridge the gap between employees and employers?	The workforce analysis will be based partly on the market overview materials described above, along with the interviews with key informants and other materials.
i. Employers' needs – Escondido and surrounding areas	In addition to the other workforce-related data prepared for this study as described above, the TNDG Team will examine data from third party providers indicating critical skill-sets for the industry sectors of interest to the City and otherwise included in this analysis. At a minimum, this will include data from Economic Modeling Specialists, Inc. (EMSI), which offers well-regarded labor market data and analysis tools. The Team will use these data to provide context and help define the magnitude of existing and likely demand for relevant skill sets. <i>For the CEDS, this information will help address the CEDS project-related criteria as described in the Introduction to this proposal.</i>
ii. Local training and educational resources	
iii. Profile of our local workforce – Education, income, commute patterns, etc.	
2. Market analysis of industries and geographic areas with a high probability of locating or expanding in the City and corresponding business attraction/expansion strategies:	The TNDG Team will conduct a target industry or "industry cluster" analysis that compares Escondido's business base with appropriate reference area(s). This analysis will indicate which industry clusters and sectors are likely to be successfully augmented in the community, and, by conducting parallel analyses on key competitive cities, also provide a sense of Escondido's major competitive

challenges. The results of the LQ analysis will be matched with the characteristics of the development areas referenced in this RFP.

While the analysis will give particular attention to the targeted clusters of Cleantech and Precision Manufacturing, it will also identify a broad range of prospective cluster targets on the basis of their existing local advantage. The cluster analysis will be accompanied by an assessment of how prospective targets relate to the programs of the San Diego Regional Economic Development Corporation.

The first step in the target industry and cluster analysis involves preparing an economic base analysis. Using the most recent data available, we will examine long-term and recent employment trends for businesses located in Escondido. The remaining portion of the cluster analysis involves the use of the following four analytic techniques, which are then combined as described below. By incorporating both employment-by-industry and employment-by-occupation data, the cluster analysis will have a strong workforce component.

- a. *Competitive Positioning Analysis:* This component of the analysis will utilize location quotient (LQ) empirical techniques that identify local comparative advantages and can identify industries for which goods or services must be imported.
- b. *Regional Competitiveness:* When conducting industrial analysis it is imperative to understand how the industries in a region are performing when compared to the same industry at a national level accounting for broad-based industry trends. To examine this activity we incorporate the shift-share technique. This technique is widely used by both academic and private sector economists. The output of this quantitative technique indicates which industries are demonstrating strengths based on local characteristics. Expert assessment and stakeholder input are then employed to identify the particular characteristics driving local competitive advantage for the best performing industries. This input can be obtained as part of the stakeholder involvement with other parts of this project.
- c. *Trade Flow Based Cluster Analysis:* Using regional data, we will examine trade flows of commodities

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Proposal for Professional Services



	<p>based on national "make" and "use" input-output tables. These tables identify the linkages among industries with estimates of spending at the regional level associated with specified industrial activities. This initial analysis will show the value of potential trade flows across as many as 500 industrial sectors, most of which are too small to be of interest or represent industries that do not match local development goals. Therefore, stakeholder input, obtained in conjunction with other project activities, will be applied to sensitize these findings.</p> <p>d. <i>Competitive Occupational Targeting</i>: This approach matches the availability of local labor with key industries of interest in this project.</p> <p>Each of these four analytic techniques will likely produce somewhat different outputs. However, there will be a "triangulation" of the findings related to identify industries common to multiple techniques. The research team, working with the stakeholders, will evaluate the results accordingly.</p>
a. Specific industry sectors including but not limited to:	
i. Cleantech	The Cleantech cluster is evolving and specialized in ways not generally reflected in traditional industry classifications, and consequently the TNDG Team will apply special techniques to its analysis.
ii. Precision manufacturing	The Team will examine potential linkages with medical activities.
3. Market analysis of prominent local companies (i.e. Escondido "Business Ambassadors") with whom the City could potentially form mutually beneficial partnerships and corresponding business retention and expansion strategies	The format, content, and other details relating to discussions with representatives of these organizations will be carefully coordinated with the City, and will reflect, as appropriate, the results of the research outlined above. The TNDG Team will also describe the relationship between the LQ analysis (above) and these specific firms.
Stone Brewing Company	These and other identified firms will be included in the stakeholder interviews and encouraged to participate in the CEDS Strategy Committee.
Palomar Pomerado Health	
Realty Income	
George Weir	
Westfield	
TNDG Recommended sequence insert	The TNDG Team will produce a draft of the findings of the analyses described in the scope of work above, along with associated recommend actions.
4. Analysis of the City's FY 2011-2013 Council Action Plan for	For this analysis, the TNDG Team will adopt the matrix concept requested in the RFP (below) for the

Economic Development (Attachment A) and recommendations on how to most effectively and efficiently achieve the goals of the plan	recommended strategies. The analysis will focus on how the existing action plan relates to the findings and recommendations of this study.
5. All analyses and recommended strategies must keep in mind the concurrent General Plan update, and work in conjunction with multiple variables dependent upon General Plan election outcomes.	The TNDG team will coordinate all of the work for this assignment with the General Plan update process to the maximum extent possible, with the goal of full compatibility between the Economic Development Master Plan and the General Plan
Strategies described in the Economic Development Master Plan should also be summarized in a clear matrix showing the baseline, goal, strategy and outcome measure for each recommendation.	This matrix will be prepared as part of the draft and final Economic Development Master Plan documents. The TNDG team will propose a set of quantifiable Performance Measures to incorporate into the Plan. For the ED Master Plan, the Team will prepare strategies, including revised strategies as appropriate, within an overall strategic plan, including, goals, objectives, and the applicable evaluation measures.

#### COMPLETION SCHEDULE

Consistent with the tentative timeline indicated in the City's RFP, the TNDG Team would complete this assignment within approximately five months of authorization to proceed. The chart on the following page shows our proposed schedule (including meeting and work product milestones) by major task.

**WORK PLAN SCHEDULE: Escondido Economic Development Master Plan**  
 The Natelson Dale Group, Inc. Team

Tasks	Dec-11				Jan-12				Feb-12				Mar-12				Apr-12			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Needs assessment background: preliminary a) market overview, and b) summary of key market conditions affecting each targeted development / redevelopment area	■				▲								■							■
1. Needs assessment, including discussions with key informants on specific geographic and topical areas as specified, including fees and other policies, workforce																				
2. Market analysis of industries and geographic areas and corresponding business attraction/expansion strategies:																				
3. Market analysis of prominent local companies (i.e. Escondido "Business Ambassadors")																				
4. Analysis of the City's FY 2011-2013 Council Action Plan for Economic Development and recommendations																				
5. Coordinate with, in process, substance, etc.the concurrent General Plan update, recognizing potential effects of General Plan election																				
CEDS coordination; Draft & Final CEDS documentation																				

 = Review period

**Milestones Legend**

In-person meetings with client / CEDS Strategy Committee = ■

Delivery of progress/interim reports = ▲

Workshop with Stakeholders = □

#### **IV. Knowledge and Understanding of Local Environment and Issues**

***Experience working in the local environment.*** TNDG has a strong existing familiarity with Escondido and the surrounding region based on the following project experience:

- TNDG completed a citywide retail market analysis for the City of Escondido in 2009 as part of the CEQA process for the Escondido Village shopping center expansion. On the basis of this work, TNDG is highly familiar with land use conditions along East Valley Parkway, as well as overall retail shopping patterns for the larger regional trade area.
- TNDG completed a similar retail market impact analysis in 2011 for a Walmart Supercenter in the City of Poway.
- TNDG completed a market analysis and business plan for a major commercial recreational facility for the City of Temecula in the early 2000's. The trade area evaluated for this facility extended into North San Diego County.
- In the early 1990's, TNDG completed a downtown market study and development strategy for the City of Escondido.

TNDG's other project experience in San Diego County includes assignments in the cities of San Diego, Oceanside, Carlsbad, Del Mar, Solana Beach, and Chula Vista.

TNDG's team member Paul Hendershot is based in San Diego County and has an intimate familiarity with county-wide industry targets and growth potentials based on his current work as the house economist for the San Diego Regional EDC.

***Understanding of local government operations and management decisions.*** Based on over 37 years' service to municipalities throughout southern California, TNDG has an in-depth understanding of local government operations as they relate to economic development, fiscal/budgetary considerations, and land use planning. TNDG is intimately familiar with the current conditions affecting the operation and funding of redevelopment agencies in California. Moreover, TNDG has extensive experience in preparing CEDS and other documents for submittal to USED. This base of understanding will be fully incorporated into the work effort for Escondido.

***Incorporation of local issues in the Master Plan/CEDS.*** Consistent with our normal approach to CEDS and other economic development strategic planning processes, our proposed work program for Escondido includes a substantial stakeholder outreach program. In our experience, this close interface with local stakeholders provides an invaluable mechanism for ensuring a seamless connection between our research/analytical process and on-the-ground conditions and opportunities. This multi-faceted strategic planning process provides a strong foundation for work products that are fully customized to the client's unique needs.

## **V. Cost Estimates**

The TNDG Team would complete this assignment for a total fee of \$96,330 (NINETY SIX THOUSAND THREE HUNDRED AND THIRTY DOLLARS), including professional fees and associated expenses. The table on the following page provides a breakdown of the total fee in terms of hourly billing rates and estimated staff hours by major task.

TNDG Team Itemized Budget for Project-Cost Estimating Purposes: Escondido Economic Development Master Plan

Task	Hourly rates >	Total hours	\$175.00	Roger Dale	\$155.00	Paul Hendershot	\$175.00	Joe McClure	\$155.00	Alan Levenson	\$85.00	Dustin Woodward	Total costs
Needs assessment background: preliminary a) market overview, and b) summary of key market conditions affecting each targeted development / redevelopment area.		100		16		4		40		20		20	\$15,220
1. Needs assessment, including discussions with key informants on specific geographic and topical areas as specified, including fees and other policies, workforce		240		60		40		60		40		40	\$36,800
2. Market analysis of industries and geographic areas and corresponding business attraction/expansion strategies:		96		12		80		4					\$15,200
3. Market analysis of prominent local companies (i.e. Escondido "Business Ambassadors")		28		16				12					\$4,900
4. Analysis of the City's FY 2011-2013 Council Action Plan for Economic Development and recommendations		36		8				24		4			\$6,220
5. Coordinate with, in process, substance, etc: the concurrent General Plan update, recognizing potential effects of General Plan election		40		16		8		16					\$6,840
CEDS coordination; Draft & Final CEDS documentation		58		24		6		12		8		8	\$9,150
													\$94,330

Expenses: travel, data, misc.

\$2,000

TOTAL

\$96,330