

"Placerville, a unique historical past forging into a golden future."



City Manager's Report
June 26, 2018 City Council Meeting
Prepared by: Cleve Morris, City Manager
Item #: 12.1

Subject: Adopt a Resolution Authorizing the City Manager to negotiate and enter into an agreement with HdL Companies to Provide Business Attraction Services for Select Businesses.

Purpose: To contract for assistance in attracting new businesses to the City of Placerville.

Background: Over the past year the City contracted with HdL Companies to assist in providing business attraction services to the City of Placerville. The purpose was to boost economic development by recognizing and attracting businesses in those areas where an identified sales tax leakage was found. Attached are two reports prepared by HdL. The first is the Insight Analysis Report which provides information for Placerville in the following four areas:

Consumer Demographic Profile

An ECONSolutions Consumer Demographic Profile uses the STI: PopStats database with over 1,200 variables with a bottom-up methodology to deliver the highest accuracy level and dependable demographic data. The side by side comparison helps users visualize consumer changes as the market size differs.

Household Segmentation Profile

An ECONSolutions Household Segmentation Profile provides a deep understanding of consumer preferences, behaviors and habits. Utilizing the Personix Lifestage database the report segments 70 household clusters into one of 21 Lifestage Groups and ranks the top 10 individual clusters allowing the user to identify the most concentrated groups with ease. The document includes links to the Personix Online Guide that provides clients with an in depth summary of each group and cluster.

Employment Profile

An ECONSolutions Employment Profile provides insight on the employment market located within a specific trade area. The Employment Profile breaks down Industry Groups as well as Occupational sectors to allow an accurate evaluation of the daytime population and workforce for the defined region. Understanding the types of businesses and the types of workers that are positioned near key areas of interest can greatly influence decisions.

Consumer Demand & Market Profile (GAP Analysis)

An ECONSolutions Consumer Demand & Market Supply Assessment examines opportunity/surplus gaps across 31 retail segments and 40 major product and service lines to provide insight on potential opportunities within a defined market. The assessment evaluates the

overall trade area, not just an agencies boundaries, making it a useful tool to assist in development planning, recruitment strategies, and overall market analysis.

The purpose of these reports is to look at areas or programs the City should focus on to increase business development in the City. Following the review of this report, a Void Analysis Summary and Market Profile was prepared. This report identifies those specific businesses that would be a good fit for the City and where there is shown a leakage of sales. The document also provides other summary information to assist in the attraction of identified businesses.

Discussion: The reports were reviewed by the Placerville Economic Advisory Committee (PEAC) who made recommendations regarding what businesses they felt could meet the greatest need in the City. The PEAC recommended two tiers of businesses for the City to attempt to attract. The first tier or highest priority includes the following:

1. Smart and Final
2. Burlington Coat Factory
3. Wingstop
4. DSW Shoe

The second tier or second priority of stores includes the following:

1. Dunkin' Donuts
2. Five Guys
3. Panera Bread
4. El Pollo Loco

The next step in the process is to proceed with business attraction services to contact and negotiate with the above mentioned businesses. HdL has a program in which they will provide these attraction services to the City. Payment would be made at the time a business comes to the City. HdL would receive 15% of the new sales tax attributed to the business for a period of 3 years. For example, if we were able to attract a Smart and Final Store, the City would receive an estimated \$28,000 per year in sales tax (minimum average of City's share of sales tax excluding Measures L, H, and J). HdL would then receive 15% of the \$28,000 for a period of 3 years or \$4,200 per year. The same formula would apply for other businesses on the list.

At this time staff is looking for Council direction to proceed with the business attraction services. Staff is recommending we focus on the Tier one businesses for a period of approximately one year and then reevaluate. A new agreement will be negotiated with HdL for these services.

Options:

1. Authorize the City Manager to enter into the agreement as recommended.
2. Direct the City Manager to negotiate different terms to the proposal.
3. Take no Action at this time.

Cost: Total cost will depend on businesses brought into the City. Contract will be set at 15% of Bradley Burns Sales Tax for a period of three years from the date the business opens.

Budget Impact: None, No costs will be expended except minimal staff time to support the contract.

Recommendation: Adopt a Resolution Authorizing the City Manager to negotiate and enter into an agreement with HdL Companies to Provide Business Attraction Services for Select Businesses.

A handwritten signature in blue ink, reading "M. Cleve Morris", is positioned above a horizontal line.

M. Cleve Morris, City Manager

Attachments:

- 1. Resolution*
- 2. Insight Market Analytics*
- 3. Void Analysis and Market Profile*