

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: 2024 On-Call Economic Consultant
Services Selection

DATE: June 10, 2024

City Administrator Approval


Jestin Johnson (Jun 27, 2024 21:13 PDT)

Date: Jun 27, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution (A) Awarding Professional Services Agreements For On-Call Economic Consultant Services For An Initial Three-Year Term With A Two-Year Option In An Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000) Each To: (1) Century Urban, LLC, (2) Economic & Planning Systems, Inc., (3) Hausrath Economics Group, And (4) HR&A Advisors; and (B) Waiving The City's Local/Small Local Business Enterprise Program Requirements For Economic & Planning Systems, Inc.

EXECUTIVE SUMMARY

The proposed resolution will authorize the City Administrator to award, negotiate, and execute professional services agreements (PSAs) with four firms to provide economic consulting services for the City of Oakland (City). The PSAs will be for an amount not to exceed \$500,000 per firm. These agreements will allow for various economic development related services, such as financial, economic and real estate consulting services, to be delivered in an efficient and timely manner.

The selected consultants have demonstrated an expertise in economic analysis, finance, and real estate transactions pertaining to redevelopment and economic development. The proposed agreements are for a three-year term, with an option to extend each of the agreements for an additional two-years. Extending the term of the agreement would not increase the not-to-exceed limit per firm.

Approval of the proposed resolution will not result in appropriation of funds. All services will be funded through appropriations within the various individual projects. Actual expenditures must be approved through the requisite appropriations process.

CED Committee
July 9, 2024

BACKGROUND / LEGISLATIVE HISTORY

The Economic and Workforce Development Department (EWDD) works to bring about a vibrant, equitable and resilient economy in Oakland. The various divisions within EWDD have historically demonstrated a need for economic consultants to provide services on numerous projects and programs such as assistance with market studies, development financial feasibility analysis, real estate negotiations, specific plans, housing strategy studies, and fiscal impact studies. In addition, EWDD on-call economic consultant services have historically been used by multiple departments, including the Planning and Building Department (PBD), Housing and Community Development Department (HCD), and the City Administrator's Office (CAO).

Previous Consultant Selection Process and Extensions

On July 21, 2015, the City Council adopted Resolution No. 85717 [C.M.S.](#) authorizing seven selected on-call economic consultant firms for three-year PSAs, with options for three one-year extensions, for the total PSA amount of \$500,000 per firm. One of the seven selected firms was unable to meet all of the City's contracting requirements and was thus unable to enter into a PSA. The remaining six firms entered into PSAs with the City for the original three-year term. The initial three-year contract period terminated in 2018, and an internal evaluation led staff to pursue extensions with five of the six remaining firms. The options to extend were utilized for the remaining five firms for the authorized three one-year terms, with the final one-year option of 2020-21 terminating July of 2021.

On June 1, 2021, the City Council adopted Resolution No. 88677 [C.M.S.](#) authorizing amendments to the contract amount and contract duration for the five remaining firms (Century Urban, David Rosen Associates, Economic & Planning Systems, Hausrath Economics Group, and Keyser Marsten Associates). The City Council also authorized a two-year extension of the services with an option for an additional one-year extension, subject to City Council approval. As a result, the PSAs with each firm were extended through July 2023. The amount of each agreement was also increased by an additional \$500,000 per firm, for a total of \$1,000,000 per firm for the total duration of the PSA. On July 18, 2023, the City Council adopted Resolution No. 89846 [C.M.S.](#) authorizing the final amendments to the contract amount and duration. The PSAs with four firms (Century Urban, Economic & Planning Systems, Hausrath Economics Group and Keyser Marsten Associates) were extended through July 2024. The amount of each agreement was also increased by an additional \$200,000 per firm, for a total of \$1,200,000 per firm for the total duration of the PSA.

Given that this extension expires on July 21, 2024, staff initiated a new Request for Qualifications (RFQ) process to create a new list of on-call economic consultants.

ANALYSIS AND POLICY ALTERNATIVES

The proposed resolution would allow the City to enter into on-call contracts for economic consultants prior to the expiration of the existing contracts. Entering into the PSAs meet the Citywide priorities of "housing, economic and cultural security" because the economic consultants will help contribute towards projects that will address such issues as economic development and housing within Oakland.

2024 Consultant RFQ Process

A new RFQ for as-needed economic consultants was initially released via iSupplier on April 3, 2024. Ads for the RFQ were published in multiple publications, and outreach was also done to the heads of five chamber of commerce groups (Oakland Chamber of Commerce, Oakland Vietnamese Chamber of Commerce, Oakland Latino Chamber of Commerce, Oakland Chinatown Chamber of Commerce and the Oakland African American Chamber of Commerce) to disseminate the information to their membership. A pre-proposal meeting was held on Wednesday, April 17, 2024 by staff from EWDD, Department of Workplace and Equity Standards (DWES), and the Budget Bureau's Contracts Division to present the necessary requirements for a proper response to the RFQ, as well as allow attendees to submit any questions regarding the process.

Responses to those and other questions were issued as addenda and uploaded to iSupplier Friday, April 26, 2024. The initial deadline to respond was set for Friday May 2, 2024. On May 5, 2024, staff became aware of an administrative error that impacted the outreach and accessibility of the RFQ, limiting the original response pool to two submittals.

A re-release of the RFQ was subsequently issued on May 10, 2024 with an updated deadline of May 24, 2024. In addition to the previous outreach methods (legal ads, outreach to the various chambers of commerce), extended outreach via the City's social media presence and via additional iSupplier methods occurred. There was no additional pre-proposal meeting, but additional questions were gathered, issued as an addendum and uploaded to iSupplier Wednesday May 22, 2024. The May 24, 2024 deadline resulted in six responses submitted to iSupplier from interested firms.

Consultant Evaluation, Scoring and Selection

Each consultant team (which includes the prime consultant and all associated sub-consultants) was evaluated based upon their qualifications and experience in the following areas:

- Pro Forma Analysis and Review
- Real Estate Market and Feasibility Studies
- Financing Plans
- Highest and Best Use Analysis
- Parking Studies (feasibility, demand and pricing analysis)
- Parking Construction Estimates
- Fiscal Impact Analysis
- Impact Fees Analysis
- Public Financing Analysis
- Affordable Housing Analysis
- Housing Strategy Studies
- Establishing the value of a ground lease or sale of public property
- Evaluating land disposition or ground lease business terms and City financial participation in development projects
- Financing of public infrastructure
- Negotiations with developers and community officials

- Economic development and business development strategies
- Industry cluster analysis and strategy implementation (retail, food processing, green/clean tech, health services/life sciences, digital media)
- Business incentives negotiation and financial analysis for business attraction, retention and expansion

The RFQ also identified the method with which the submittals were evaluated by staff (maximum possible score of 120):

- Technical Expertise – 25 points
- Qualifications and Relevant Experience – 25 points
- Project Experience – 20 points
- Approach and Organization – 10 points
- Overall Submittal Quality – 15 points
- Fee Proposal – 10 points
- Local/Small Local Certified Business Participation – 5 points
- Other Factors – 10 points

An evaluation panel comprised of staff from EWDD's Public Private Development and Business Development Divisions reviewed each of the responses according to the identified criteria and scoring methods. The average score of the panel was taken to give each team a final score for the proposals. Five of the six teams scored at least 80 points, qualifying them for an interview.

The interview process consisted of an hour-long interview, with 15 minutes for presentation and 45 minutes for questions and answers. Each presentation evaluated the respective team's experience analyzing housing/residential projects and non-residential development projects, as well as the team's experience working with the City or other local government agencies. The question-and-answer session focused in more detail on the team's experience, availability, and competitiveness. The selection panel scored each team's interview and once again the average score of the panel was used to produce the final interview score. Four of the interviewed teams scored at least 70 out of 100 possible points.

Staff determined that the four teams had met the required criteria, were in compliance with the Equal Benefits Ordinance, and were appropriately qualified and experienced, and each team was selected to provide on-call economic consultant services. The fifth firm, that scored under an average score of 70 in the interview process, was determined to not meet the required criteria and staff chose not to select that firm.

Waiver of the Local Business Enterprise/Small Local Business Enterprise Program Requirements

Three of the four selected firms (Century Urban, Hausrath Economics Group and HR&A Advisors) met or exceeded the City's minimum 50 percent Local Business Enterprise/Small Local Business Enterprise (LBE/SLBE) requirements. The fourth firm (Economic & Planning Systems, Inc.) has an Oakland office, but lost their LBE certification in December of 2023 and expressed an intent to work with DWES to resolve the issue. Staff determined that a waiver from the LBE/SLBE requirements could be issued at the time of selection, while the firm works to regain their certification or partner and or work with certified LBE/SLBE sub-contractors.

The Local Business Enterprise/Small Local Business Enterprise (LBE/SLBE) Program, Ordinance No. 13647 C.M.S., requires a minimum 50-percent (50%) participation for all professional service contracts valued at or over Fifty Thousand Dollars (\$50,00) when there are at least three certified businesses listed in the industry, trade, or profession that constitutes a major category of work; and if at least three LBE/SLBEs are not certified, then the requirement is either waived, or the 50% requirement may be set at a percent from 50% to 0%, but not less than 20% if at least one LBE/SLBE is certified and available. The Council may waive the City's LBE/SLBE program requirements pursuant to Part I of the Program guidelines, adopted by Ordinance No. 13647 C.M.S. Staff recommends that City Council waive the LBE/SLBE program requirements due to Economic & Planning Systems, Inc.'s current efforts to be re-certified as a LBE/SLBE with the City. The services to be provided by Economic & Planning Systems, Inc. under the professional services agreement for economic consulting are of a professional, scientific, or technical and temporary nature and shall not result in the loss of employment or salary by any person having permanent status in the competitive service.

Contracting Process and Contract Amounts

The contracts, which are set with a limit of \$500,000 per firm, will not guarantee a minimum amount of work to any of the selected consultants, nor will they guarantee an associated minimum amount of payment. Due to the \$500,000 contract amount, staff will be able to select firms that continue to provide effective and efficient service over the three-year contract period. The City Administrator will have the option to extend the initial 3-year term for an additional two years for each of the selected firms.

The selection of firms from the new on-call list of economic consultants will be made in a way that is most conducive to the requirements of the specific project or need. One assignment method would be a type of "micro-bid" process that allow staff to issue project descriptions on a project-by-project, as needed basis, to the firms under contract that specialize in that particular aspect of economic consulting, such as expertise in public financing or financial feasibility analysis). Staff would request a written proposal and cost estimate necessary to complete the work. Staff would select the firm that had the preferred proposal and cost estimate. Another possible assignment method would be to select a firm based upon previous familiarity with an ongoing project, likely resulting in a quicker turnaround and lower cost. For example, a firm that provided a pro forma analysis of a project could be selected for a follow up task of analyzing business terms for a ground lease as they would already have expertise in the specific project.

By entering into PSAs with these four firms for a maximum of \$500,000 dollars over a three-year term, with a two-year option to extend, staff will be able to assign the most qualified and cost-efficient consultant to any potential economic project, service or assignment. Staff will not be obligated to select a firm that may not be the best fit for a particular task, but instead can use its discretion to best utilize the pool of available consultants.

Alternatives

Not authorizing the City Administrator to enter into a service agreement for on-call economic consulting services will result in staff not being able to access on-call economic consultant services effective July 21, 2024, when the previous on-call economic consulting service pool's PSAs expire. This would negatively impact both ongoing and future economic development and

real estate projects, including high priority affordable housing and commercial development deals on city property that require these services. Many projects may be delayed or not be able to move forward.

FISCAL IMPACT

The proposed course of action will result in \$500,000 to be distributed per firm in contract authority only. Awarding work will be contingent on an approved task's scope and budget, and identification of a budgeted funding source. The on-call agreements will continue to be funded by local, regional, State, and Federal sources, as well as various other grant sources, committed to specific projects. As a result, approval of the proposed resolution does not result in additional appropriation of City funds. Funds will be identified prior to execution of each task order. As an example: Economic and Workforce Development Department real estate deals acquire funding through multiple sources, including Project Expense Payment funds from the developer. Funds such as these can be used to pay economic consultants for studies or analyses related to the specific projects.

PUBLIC OUTREACH / INTEREST

Notifications of solicitations for the 2024 RFQ were distributed by several means. The first mean was the City's iSupplier system, which was utilized to notify Oakland-certified local and non-local professional service providers (e.g., finance, accounting, architects, and marketing firms). Companies that register in iSupplier wait a few days before receiving access to review proposal requests in this system. If a company enters a North American Industry Classification System (NAICS) code, they are notified about projects with this code. For this specific RFP/Q for On-Call Economic Consultants in 2024, the specified NAICS code resulted in providing notifications to 108 firms.

A legal notice for the RFP/Q was also advertised in the Oakland Tribune/East Bay Times, El Mundo and the Oakland Post. Both the iSupplier notification and the legal notice provided the website address and a link to the RFQ on the City's website.

Outreach was also conducted to five Oakland chamber of commerce groups: 1) the Oakland Chamber of Commerce; 2) the Oakland Vietnamese Chamber of Commerce; 3) the Oakland Latino Chamber of Commerce; 4) the Oakland Chinatown Chamber of Commerce; and 5) the Oakland African American Chamber of Commerce). The notice was also advertised in social media via the City's LinkedIn account.

COORDINATION

The City Attorney's Office, DWES, Department of Race and Equity, and the Budget Bureau were involved in the On-Call Economic Consultant selection process, and the City Attorney's Office and Budget Bureau were consulted in the preparation of this report and legislation. The On-Call Economic Consultant services have historically been utilized by the CAO, PBD and HCD.

SUSTAINABLE OPPORTUNITIES

Economic: The economic consultant services will support projects throughout Oakland that positively impact the economic development and growth of the City, including new affordable housing and commercial real estate projects and investments. Three of the four firms met or exceeded the City's minimum 50 percent LBE/SLBE requirements and received preference points when selected.

Environmental: This report and its requested actions do not directly provide any specific sustainable environmental opportunities. Indirectly, the economic consultant services could provide assistance on projects throughout Oakland that would adhere to City environmental standards and positively impact Oakland and its citizens.

Race & Equity: This report and its requested actions do not directly provide any specific sustainable race and equity opportunities. However, the economic consultant services provide assistance on projects that could create new jobs, as well as lead to the expansion of commercial, housing and other economic opportunities for the citizens of Oakland, including supporting projects that provide affordable housing to extremely low- and very low- income housing on city property.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution (A) Awarding Professional Services Agreements For On-Call Economic Consultant Services For An Initial Three-Year Term With A Two-Year Option In An Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000) Each To: (1) Century Urban, LLC, (2) Economic & Planning Systems, Inc., (3) Hausrath Economics Group, And (4) HR&A Advisors; and (B) Waiving The City's Local/Small Local Business Enterprise Program Requirements For Economic & Planning Systems, Inc.

For questions regarding this report, please contact Kimani Rogers, Urban Economic Coordinator, at 510-238-6204.

Respectfully submitted,



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