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CITY OF OAKLAND

CITY OF OAKLAND
REDEVELOPMENT AGENCY AGENDA REPORT

2004 MAR -4 PM 6:15

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: March 9, 2004

RE: SUPPLEMENTAL REPORT REGARDING REDEVELOPMENT AGENCY RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO A CONSULTING SERVICES AGREEMENT WITH TONI COOK TO PROVIDE MAIN STREET CONSULTING SERVICES FOR ESTABLISHMENT OF A MAIN STREET PROGRAM IN COUNCIL DISTRICT SIX IN AN AMOUNT NOT TO EXCEED \$68,000.

SUMMARY

The Community and Economic Development (CED) Committee considered a request for approval of a contract for Main Street services in District 6. Following preparation of the prior report, the City Attorney's office determined that an informal bid process must be followed prior to contracting for service using Community Development Block Grant Funds. The CED Committee continued the item and directed staff to return with process descriptions and time frames for a request for proposal process and an informal bid process. This supplemental report sets forth the requested information, the advice from the City Attorney regarding conflicts of interest, and an optional plan for Agency staffing of Main Street programs.

BACKGROUND

Funding for Main Street programs has been approved in the FY03-05 budget adopted by the Council. \$375,000 total was approved for Districts 3 and 6 (\$187,500 each). The District 3 Main Street program is being developed with input from the Project Area Committee of the West Oakland Redevelopment Area. All Main Street programs consist of at least four main components as follows:

1. Design: Enhancing the physical appearance of the commercial district by rehabilitating historic buildings, encouraging supportive new construction, developing sensitive design management systems, and long-term planning.
2. Organization: Building consensus and cooperation among the many groups and individuals who have a role in the revitalization process.
3. Promotion: Marketing the traditional commercial district's assets to customers, potential investors, new businesses, local citizens and visitors.
4. Economic Restructuring: Strengthening the district's existing economic base while finding ways to expand it to meet new opportunities.

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All activities break down into two categories: a) physical improvements, and b) support services. Once a Main Street program is instituted there is usually a need for continued staff assistance in the areas of merchant organizing and promotion.

Three Methods To Obtain Main Street Assistance

1. Informal Bid

The City Attorney's office advises that use of CDBG funds requires at least an informal bid process to select a consultant. The informal bid process best lends itself to meeting the need for price comparison when one or two qualified consultants have already been identified. Staff, using the same scope of services, would fax the scope to various consultants/organizations experienced in the field and solicit an informal price quote. Normally, such a price quote is an estimate of total cost with few details. At least three informal bids are needed to meet the requirements of this process.

Pros

- Shortest time frame requiring about two weeks maximum to complete process prior to report preparation.
- Best suited to small contracts such as mailing services where quality does not vary much between service providers.
- Best suited when one or two qualified consultants are under consideration and only verification of fair pricing is needed.

Cons

- Low level of detail in consultant price estimate responses.
- Low level of price competition due to small population of consultants contacted. May not generate best price.
- May not yield best qualified consultant due to small population of consultants contacted.
- May require follow-up questions and interviews for more complicated projects, which can add to processing time.
- Once consulting services are discontinued, there will be need to provide staff support for the new merchant organization and on-going promotional efforts.
- Consultants work independently from staff and do not report activity on a day-to-day basis. There is less control over the activity compared with a full-time staff position.

2. Request for Proposal Process

Use of the Request for Proposal (RFP) process is another way to meet the HUD requirement for bidding of consultant services. This process involves soliciting proposals that contain more detail than the informal bid process. Circulation is broader, thereby both allowing more opportunity for consultants and organizations to make proposals, and providing more assurance that the City obtains the best price for services. The RFP process requires at least 6 weeks to complete prior to preparing a recommendation for a contract, one week to prepare the document, four weeks for circulation, and one week for evaluation, interviews, reference checking, and general follow-up.

Pros

- Meets bidding requirements.
- More detailed proposals.
- More likely to obtain best pricing.
- Better suited to larger, more complex projects than informal bid process

Cons

- Takes at least four weeks more than informal bid process.
- Once consulting services are discontinued, there will be need to provide staff support for the new merchant organization and on-going promotional efforts.

2. Limited Duration Employee

An alternative to the informal bid and RFP processes is the hiring of a half-time staff person for a limited duration. The staff person position could be expanded to full time and utilized to set up more than one Main Street program, covering both the East Oakland and West Oakland, Districts 3 and 6, Main Street programs. There would be more direct control and reporting responsibility to CEDA management. A half-time staff position at the same classification as those currently handling Main Street activities would cost about \$70,000, fully loaded, for one year.

Pros

- More direct control over the Main Street process.
- Better ability to coordinate with other Neighborhood Commercial Revitalization efforts.
- Approximately the same cost as outside consultant contract (\$68,000 for 6 months work vs. \$70,000 for one half-time position)
- One staff person could conduct both Main Street activities in the two Council districts.

- At the end of one year, CEDA can evaluate if funding is available to continue funding this position, thereby giving new merchant organizations continued support.
- If the limited duration employee is converted to a permanent position at the end of a year, then there would be continuity between the staff assistance and the merchant organizations set up through the Main Street process.
- Recognizing that new merchant organizations will need continued staff support, this is the only option that would provide continuous, consistent support by allowing the City to create a permanent position in FY05-07 if funding is available.
- Easier for NCR staff to coordinate through one in-house Main Street staff person, compared to two outside consultants.

Cons

- Hiring would take at least four-five months unless a qualified staff person is redeployed from another unit.
- Any redeployed staff person may not have the best available skill set for Main Street programs and would have to rely on other in-house expertise for training.

RECOMMENDATIONS AND RATIONALE

Staff is recommending utilizing \$70,000 of the \$187,500 to hire a limited duration, half-time employee to conduct three of the Main Street establishment tasks in District 6, and utilize the remaining \$117,500 for the fourth Main Street task (façade and other design improvements) in this district. Following the last CED Committee meeting the City Attorney's office determined that a conflict of interest exists which prohibits the recommended consultant, Toni Cook, from utilizing CDBG funds. A representative from the City Attorney's office will be available at the meeting to provide details. As a result, staff changed its recommendation as set forth above.

This action would provide the most consistent implementation of the Main Street program in the districts subject to this earmarked funding. At the end of the program establishment effort, if it is determined that continued merchant support and marketing is needed in the new Main Street area, then the staff position could be made permanent and merchants would be provided with continuity and support from a staff person familiar with their respective issues and needs. If, in the future, the Council wishes to fund additional Main Street and merchant organizing efforts, there will be staff capacity for those efforts. No further action by the full Council would be needed to implement this course of action.

Alternative Recommendation

If the Committee desires to utilize outside consulting services, then the Request for Proposal process is recommended to attain the best qualified person and best price for this program. Staff would then conduct the RFP process and return to the CED Committee with a recommended contract for services.

ACTION REQUESTED OF THE AGENCY

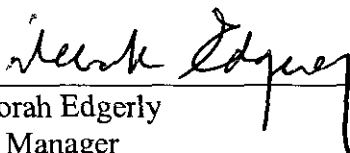
Adopt a motion directing staff to utilize \$70,000 of the \$187,500 to hire a limited duration employee to conduct three of the Main Street establishment tasks in District 6, and utilize the remaining \$117,500 for the fourth Main Street task (façade and other design improvements) in these two districts.

Respectfully submitted,



Dan Vanderprie
Director of Redevelopment, Economic
Development and Housing

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE



Deborah Edgerly
City Manager