

Strategic Economics

Questions

1. Explain how you believe an Economic Development Implementation Plan (EDIP) should create wealth (equity) for the entire community and result in all neighborhoods rising. Please provide an example.

There are two general categories in which the EDIP can address the issue of wealth creation and equitable development:

- 1) Identifying which industries offer the best opportunities to create high quality jobs, especially for people without a post-secondary education.
- 2) Making sure that new development projects and investments (public and private) can create community benefits for lower income and disadvantaged residents.

Examples:

- **Downtown Oakland:** Strategic Economics is working on an equitable development strategy for the City of Oakland's Downtown Specific Plan. The strategy is about creating better opportunities for leveraging new development and construction investments to garner community benefits (affordable housing units, apprenticeships in construction/building trades, BMR commercial spaces, community facilities, etc.)
- **Memphis:** We are also working in Memphis to develop an equitable economic development strategy to be folded into the comprehensive plan. Our approach recommends that the City and its Economic Development partners shift their approach from targeting recruitment of large headquarters and corporations and to growing their small and mid-sized businesses, especially in innovation sectors that have high multiplier effects. However, in order to achieve equitable outcomes, the agencies need to focus any incentives to make sure that those industries are creating a wage premium or creating job opportunities for the unemployed.

2. Explain how your proposed retail strategy can prevent the displacement of local retail (mom and pop) businesses. Please provide an example.

Small businesses all face challenges and need support – this may be exacerbated by recent trends in the retail sector. Some of the most common challenges are access to capital (especially smaller loans) that make it difficult for businesses to expand.

Examples:

- **Berkeley Revolving Loan Fund:** The Berkeley Revolving Loan Fund is a source of financing for small businesses that otherwise do not qualify for conventional bank loans. Borrowers still need to be creditworthy and satisfy other criteria, such as demonstrating that their business creates local employment opportunities. The fund was started in 1984 with a \$500,000 grant from the federal Economic Development Administration, initially targeting minority-owned businesses in the South Berkeley neighborhood. In 2011, the City expanded the program to be citywide, and brought in an independent underwriter.

Loans are approved by a Loan Administration Board composed of members with expertise in business operations, legal issues, and commercial lending. The target loan size is between \$35,000 to \$50,000, with a term of up to seven years. Borrowers have flexibility to use the credit for working capital, tenant improvements, or asset purchases. Since the program began, the fund has grown to \$700,000. The total amount loaned since 1984 is nearly \$1.6 million, with 38 borrowers. It is estimated that the program has created 176 new private sector jobs, and saved 38 private sector jobs. Currently, there are six borrowers with active loans totaling \$405,000. These borrowers include a high-end tent manufacturer, a reseller of biofuels, and a cooking school.

- **San Francisco 24th Street District /Calle 24 Cultural District:** Strategic Economics worked with the City of San Francisco on a strategy to strengthen the 24th Street/Calle 24 commercial corridor, which traditionally had served Latino businesses and was facing the threat of gentrification and displacement. Property owners were acquiring contiguous properties that had small storefront spaces that used to be occupied by Latino businesses and merging them to create larger spaces that were tenanted by high-end restaurants. To prevent this the City updated its land use regulations to prevent storefront mergers on this corridor. In addition, the City helps to fund extensive branding/promotions that are led by nonprofit partners (MEDA) for the district, which benefits the small businesses that cannot afford to do it themselves.

3. Explain how the fiber backbone can be utilized to promote mesh networks and a “smart city” perspective that is scalable and easily upgradeable. Please provide an example.

Strategic Economics recommends that the City first review the results from the survey that the City of Culver City recently administered, which will help to understand the types of data connections that different types of businesses really need/value, and phase the expansions to serve those areas.

Example:

- **Santa Monica City Net case study:** In Santa Monica, it was clear that while large tenants and developers can absorb the drop cost (connecting to the building), it is a huge cost for smaller businesses. By installing and operating their own fiber network (City Net), the City of Santa Monica was able to save \$700,000 per year in internet service costs, quickly recouping the cost of fiber installation. The City was then able to reinvest these savings to expand its network, and improve internet access to a wide range of residents. Cost savings from the installation of City Net are currently being used to fund the operation of 32 Wi-Fi hotspots in the City, and to connect local affordable housing projects to the network.

4. Explain how the Culver City can partner with LA City to provide workforce housing. Please identify at least one strategy.

Strategic Economics has a long track record on working on multijurisdictional strategies for workforce housing. In fact, we worked on the Westside Workforce Housing Strategy about a decade ago, which identified some potential strategies to incentivize workforce housing in the

region. In addition, we have worked with the cities of San Mateo County to implement a countywide approach to funding and financing affordable housing. This has primarily been through the establishment of impact fees and commercial linkage fees, as well as a shared housing trust fund. The countywide approach allows smaller cities in the county to each contribute to affordable housing needs, even if their own jurisdiction is not raising enough revenues to be able to fund a stand-alone affordable housing project.

In Culver City, there may be potential strategies to partner with the City of Los Angeles to pool existing housing revenues and use them to establish a site acquisition fund, and develop/rehabilitate units for workforce housing. Similarly, the two cities could work together to create an inventory of publicly owned lands or opportunity sites that could be developed or rehabbed for workforce housing.

5. Explain how you believe how Cultural Tourism can be implemented in Culver City. Please provide an example.

First, there is a need to analyze the potential for cultural tourism to grow in Culver City, and factor in the potential impact of the Olympics, future new facilities, etc. The City already has a great understanding of its creative economy and many related assets from that analysis. The assets that the City provides are already known to many, such as architecture in Hayden Tract, restaurants among foodies. The stakeholder groups can be used to identify the true issues in supporting attractors of cultural tourism. Is it affordable space? Is it branding? Is it collaboration? Is it a need for critical mass?

In the City of Alameda's Economic Development Strategic Plan, the stakeholders identified a need to create events to better brand city and create critical mass among the many dispersed assets. The plan included strategies to facilitate special events for artists, making it very clear how they can get permits, coordinating amongst different city departments, etc.

6. Explain how project related community benefit contributions (streetscape improvements, pocket parks/public open space, low/moderate/workforce housing, mobility contribution/improvements or other items approved by the City Council) can be used to improve underserved areas.

This is an area that could have a lot of overlap with the General Plan update, because it touches on land use regulations and zoning strategies. Strategic Economics has worked with cities like Mountain View and Berkeley to develop community benefits zoning strategies, TDR, or negotiated agreements with developers to achieve objectives such as: additional affordable/workforce housing units, below-market rate commercial spaces, school facilities, and community spaces.

7. Explain how your proposal would change if the project budget were \$150,000 and the EDIP must be adopted by the City Council no later than April 2019. Please be specific.

See attached budget, scope and schedule

8. Explain why you're the best firm for Culver City.

While there are many firms that can do different components of the scope of work, we believe that we are the only firm that has the ability to conduct all the analyses that the City of Culver City requires, including: identifying industries of opportunity, addressing the City's workforce housing needs, developing strategies for anti-displacement of small "mom and pop" businesses, and examining the real estate development potential on opportunity sites.

Strategic Economics has a strong track record of developing implementation-oriented plans, with senior staff involvement all along the way. We work closely with our clients to ensure that our analyses are helping to answer their questions and achieve their policy goals. We are experienced meeting facilitators, and are able to ensure that stakeholders feel that they are engaged in the process.

Our firm is based out of Northern California, but we are actively working in many Southern California communities, and are very familiar with the market context in Culver City.