



COMMUNITY DEVELOPMENT DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: May 18, 2021

Subject

Proposed amendment to the Professional/Consulting Services Agreement between the City of Cupertino and HdL ECONsolutions of an additional \$40,800 as an extension of the contract terms and conditions to provide supplemental Economic Development (ED) staffing services for the City of Cupertino through the fiscal year ending on June 30, 2021.

Recommended Action

Approve the proposed amendment of an additional \$40,800 for economic development staffing services through the fiscal year ending on June 30, 2021.

Discussion

City Council on the April 20, 2021 regularly scheduled meeting reviewed the request to amend the Professional/Consulting Services Agreement between the City of Cupertino and Hinderliter de Llamas & Associates (HdL) ECONsolutions. The request included an additional \$40,800 as an extension of the contract terms and conditions to provide supplemental Economic Development (ED) staffing services for the City of Cupertino through the fiscal year ending on June 30, 2021. The request would prevent an interruption in economic development staffing services.

City Council did not approve the item and directed staff to bring the item back after providing the following additional requested information. This memo provides the additional information and discussion.

- History and materials on the original contract services, invoices to date, and salary comparisons.
- Scope of work including number of hours and a description of services.
- City staff covering Economic Development Manager duties after departure to HdL ECONsolutions.
- City funds allocated for ED staffing services.

History of Contract Services and Invoices

The City's in-house Economic Development Manager position has been a part-time position. However, the staff resigned on November 2, 2019 to join HdL. Since the City had already contracted with HdL for sales, property, and transient occupancy tax and

economic development services, the City added the additional ED functions to the existing contract. The added function increased the contract amount from \$16,000 to \$141,000.

The staff who had resigned was the individual assigned by HdL to assist the City for the ED functions. The result was minimal interruptions in operations since the assigned individual from HdL had already been well versed on ED topics and services in the City. A recruitment process would have taken the City approximately three months to complete. There would have also been an onboarding process that would have resulted in additional time for any new staff to become familiar on tasks and issues.

On July 30, 2020, the City entered a new contract with HdL for ED services for Fiscal Year 2020-2021. The contract identified a total amount of \$170,000 at an hourly rate of \$170. \$10,000 of the total amount were designated specially for data research. The remaining \$160,000 would equate to approximately 941 hours, within the maximum 995 hours for a part-time non CalPERS employee.

To date, the City has received invoices under the current contract from August 2020 through March 2021. The total amount for services rendered up to March 30, 2021 is \$184,250, \$14,250 over the contract amount of \$170,000. It is anticipated that the additional \$40,800 request would cover the overage and prevent a prolonged interruption in staffing services through the fiscal year ending on June 30, 2021.

Salary Comparison

City staff explored options to maintain the ED function in-house and evaluated the budget differences. With the increase in assignments and projects identified in the City's Work Program, a full-time staff would be necessary. The full budgeted costs had the City decided to recruit for a full-time position was estimated at \$252,886 (\$172,013 salaries, \$80,873 benefit). The estimate exceeds the total contract amount of \$170,000. Therefore, a cost savings for the City. The estimate also assumed, consistent with budgetary consideration of vacant positions, Step 3 for salary (mid step) and Employee + 1 health coverage.

Below is the salary and benefits for the last three years for the City's in-house part-time Economic Development Manager.

Fiscal Year	Work Hours	Salary	Benefit	Total
2017-2018	1312	\$95,025.96	\$24,969.01	\$119,994.97
2018-2019	1333	\$101,122.31	\$25,451.18	\$126,573.49
2019-2020	498	\$40,726.25	\$12,237.07	\$52,963.32

Scope of ED Work and Descriptions

The current contract that expires on June 30, 2021 identifies the following ED staffing services for the City of Cupertino.

- As needed and directed by the City Manager the scope of work may be refined to best meet the needs of the City of Cupertino.
- HdL shall be the point of contact for interested parties looking for information about economic development possibilities in Cupertino including new businesses, business expansion, reuse possibilities and/or development opportunities in Cupertino.
- HdL staff working on the ED services for Cupertino shall be knowledgeable and informed about the Cupertino community and economic development opportunities available for Cupertino.
- HdL staff shall maintain relationships with property owners, property managers and commercial brokers to stay knowledgeable and informed of space availabilities and tenant needs.
- HdL staff shall assist business owners, property owners and commercial brokers in navigating through the planning, entitlement and permit process in Cupertino.
- HdL staff shall manage the City's minimum wage annual increase and notification process, as well as oversight of the enforcement contract.
- HdL staffing for Cupertino will be Angela Tsui, Senior Advisor.
- HdL shall support work as outlined in the City Work Program, as well as work on additional economic development or business-related projects as needed, including:
 - Serving as the business liaison to provide guidance, support, and resource updates to local small businesses affected by the COVID-19 pandemic.
 - Supporting the City's executive management team's efforts in providing pertinent information and resources to the Cupertino community during the COVID-19 pandemic.

COVID-19 Impacts

The COVID-19 Pandemic that occupied most of 2020 and continues to impact the community also has had an impact on the workload. To support the community and local businesses during the pandemic the following unanticipated projects and tasks were undertaken:

- Small Business Emergency Relief Grant Program providing \$5,000 grants to 37 eligible Cupertino small businesses: developing a new grant program, qualification criteria, application process; program launch; promoting the program to businesses, answering questions; review of applicant eligibility; oversight of the program and program administrator; compliance (ongoing).
- COVID Resources for Businesses webpages and Re-opening Toolkit for Businesses www.cupertino.org/covid19businessinfo: coordinate useful business information and resources, maintain webpage, continually update, created a comprehensive guide for all business types to operate safely during the pandemic (ongoing).
- Temporary Outdoor Dining (TOD) Permit: assisted with ordinance, program development and application process, business outreach and assistance.

- Special Temporary Outdoor Operations Permit (STOOP): assisted with ordinance, program development and application process, business outreach and assistance.
- Face mask distribution to local businesses and organizations of over 60,000 masks to date (ongoing).
- Coordinating and hosting small business webinars (ongoing).
- Increased outreach and communication with businesses: phone/video calls, emails, site visits, and more frequent Business Buzz newsletters (ongoing).

Ongoing and Routine ED Tasks

Additional ongoing routine work includes, but is not limited to:

- Regular communication and outreach to businesses and residents
- Mobile Vendors ordinance completed, but CC has asked for a Study Session on Motorized Vendors
- Council Work Program items (if prioritized by CC):
 1. *Pilot Online Store for City-branded items* (pursuant to Mayor's request, Fine Arts Commission at its May meeting is scheduled to discuss their recommendations on items to sell)
 2. *Small Business Development Center Counseling Hours* (virtual office hours now available every Wednesday from 11am-12:00 Noon)
 3. *Targeted Marketing Programs to Assist Small Businesses* (I Love Cupertino e-Gift card program – City is covering processing fees for purchases of cards)
 4. *Study Session on Diversified Retail Uses* (work to begin on research and outreach with retail brokers and Chamber)
- Negotiations and acquisition of the 10455 Torre Avenue property completed but assisting with the operational transition.
- Assisting the WCFMA in finding a new permanent location for the Sunday Farmers Market.
- Continued business attraction and retention efforts (e.g., assisting Bagel Street Café in identifying possible relocation sites, food retailers, pickleball center, medspa, etc.).
- Ongoing assistance to business applicants through the City's permitting process.
- Oversight of City's annual minimum wage program: working with San Jose's Office of Equality Assurance and monitoring wage increases in surrounding communities.
- Tracking economic development issues and market trends: including Third-Party Delivery Fee cap, Hero Pay/Hazard Premium for essential workers, SB 314 and outdoor dining, annual demographic data.
- Serve as liaison for City departments to engage with the business community.

Sustainability Impact

No sustainability impact.

Fiscal Impact

The City Manager's Contingency fund balance will fund the \$40,800 proposed amendment amount.

Prepared by: Benjamin Fu, Director of Community Development

Reviewed by and Approved for Submission by: Dianne Thompson, Assistant City Manager

Attachments:

A – Proposed Amended Professional/Consulting Services Agreement

B – Economic Development Tasks and Transition Plan