

Framework for the initial \$500,000 payment to the City

OED staff's recommendation outlined below is consistent with Council's direction and will allow work to move forward on several fronts, with a focus on building capacity among vendors to play an active role in shaping the future market. This includes the following consultants and studies:

1. Advisory Group consultant

- a. A critical path is to hire an Advisory Group consultant to help get the group established as soon as possible and put that group in the driver's seat for subsequent funding decisions and ongoing vendor outreach and support.
- b. Staff recommends having a consultant to facilitate a timely and high-quality process. Without a consultant, the process will take longer.
- c. The consultant will be responsible for convening stakeholders and lead development of a charter.
- d. OED will use the City's master agreement RFQ process to select a consultant. The plan is for the vendor team to have at least one representative on the evaluation panel to set up the master list and to be involved with choosing the consultant from that list (specifics TBD).
- e. The proposed budget for this amount is assumed to cover the process of drafting the Advisory Group charter, selecting its initial members, and the initial Advisory Group meetings. It does not include sufficient costs for ongoing administration of the Advisory Group, which will likely require ongoing consultant services.
- f. See draft scope for additional detail.

2. Economic and Social Impact Study

- a. Another critical path is to hire a consultant to prepare this study.
- b. This is a requirement of City Council direction.
- c. It will provide value insights for stakeholders and potential partners and incorporate metrics that reflect the social value of the market.
- d. See draft scope for more detail.

3. Alternative Site Assessment

- a. The purpose of this task would be to explore the feasibility of potential off-site locations for a new market (based on list provided by vendors, with City staff input) and to conduct a search for other potential sites to explore. It should identify the strengths and opportunities of the sites in addition to any challenges and constraints.
- b. This work would also include an assessment of the existing site for potential interim or long-term configurations of the market from a real estate perspective.
- c. The vendor team has expressed urgency to complete this work.
- d. OED recommends completing the Economic Impact Study first in order to inform the metrics for evaluating the feasibility of potential off-site locations. We will learn a lot about the economics of the market and the characteristics of sites that will affect success.
- e. While the Economic Impact Study is underway, work can begin to identify potential sites and evaluate them from land use, financial, legal, and political perspectives.
- f. This work would be completed by a Real Estate Advisor and/or Development Feasibility Consultant.

4. Public Market Research

- a. The Council direction allows some of the Fund to go towards “data, relevant existing models of public/private markets, and examples of self-sustaining operational methods” in order to inform the design, operation, and associated parking of the Urban Market. With this intent in mind, staff recommends hiring a consultant to research public market models, including design, ownership, financial, and operational factors.
- b. This work would inform the alternative site assessment and design of a new market at the existing site and/or a different site, as well as inform the design of any interim configuration of the existing market as the site redevelops.
- c. This would build upon the Economic Impact Study.
- d. Some of this work may be most effective in alignment with planning for the market on the existing site, in coordination with the developer.

5. Language Access and Communications Support

- a. This includes live interpretation at events and translation of documents, in addition to printing of materials and potential other services related to outreach and communication.
- b. Staff recommends allocating some funds to ensure opportunity for inclusive involvement of vendors as part of the Advisory Group set-up process and initial Advisory Group meetings prior to allocation of additional funding (through 2022). This is consistent with Council direction to staff to involve vendors in the Advisory Group set-up and initial studies, as well as to the Advisory Group on their role to communicate with and involve the broader vendor community.

OED will use the City’s RFP process to select one or more consultants to prepare the Economic Impact Study and provide the Real Estate, Development Feasibility, and Public Market services. Proponents will have the option to bid on one or more task or partner with other firms on a joint proposal to cover all tasks identified in the RFP. The vendor team will have at least one representative on the evaluation panel (specifics TBD). Through involvement with these studies, vendors will build a deeper understanding of the various processes and factors associated with developing and operating a public market.

Recommended Budget Breakdown for first \$500,000

Use	Budget
Advisory Group consultant	\$ 125,000
Economic Impact Study, Alternative Site Assessment, and Public Market Research	\$ 350,000
Language Access and Communications Support	\$ 25,000
TOTAL	\$ 500,000

Potential Future Uses of the future \$7 million to be guided by the Advisory Group

- Business Development
 - Technical assistance and training for vendors to support business resiliency, such as assistance completing grant applications, financial literacy, marketing, etc.
 - Loan Program: backing for a financial institution to provide low or zero interest loans to vendors up to \$15,000 to cover short-term capital costs to sustain, grow, or relocate their business.
- Capacity Building

- Training and assistance to vendors in support of running a non-profit, marketing, and/or starting new market under a new operating model.
- This would build previous studies of economic impact, real estate, development, and public market research.
- Relocation Assistance/Mitigation
 - Per the approved rezoning, the primary purpose of the Fund is to mitigate direct expenses the vendors may experience when moving to any temporary site and/or Urban Market area on site, some other market location, or any other retail location in San Jose. The funds should assist existing vendors with transitioning to interim and/or permanent locations, given the pending changes to the existing market.
 - This could include legal expenses for the review and negotiation of leases or purchase agreements associated with relocation.
 - The vendor representatives have expressed interest in using some of this funding to help buy land for a new market.