



STAFF REPORT

3/26/2024

AGENDA ITEM

**TO: HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO
CITY MANAGER**

**BY: CARLO TOMAINO
CITY MANAGER**

SUBJECT: REQUEST FOR PROPOSALS TO PREPARE AN ECONOMIC ANALYSIS AND LAND USE STUDY FOR THREE PROPOSED OPPORTUNITY STUDY AREAS

Summary:

One of the City’s primary objectives is to strengthen and diversify the local economy. The City’s most important tool to incentivize redevelopment and create new economic development opportunities is its ability to update land uses. Cities update zoning regulations to better accommodate evolving market demands, encourage investment, and foster innovation. Developing an integrated approach that begins with data-driven economic analysis to inform future land use decisions may incentivize development of underutilized properties, increase property values, and diversify the City’s tax base. With these goals in mind, staff prepared a Request for Proposals (RFP) to develop an economic analysis and land use plan for three potential Opportunity Study Areas (OSAs). Staff recommends the City Council authorize staff to issue an RFP to engage qualified consultants to conduct the necessary economic, land use, and technical studies to explore potential overlay zone options. Based on the proposed schedule, staff would anticipate recommending a contract award in June 2024.

Strategic Plan Goal(s):

- Goal No. 1 Financial Stability: Ensure the City’s long-term financial stability and resilience.
- Goal No. 3 Economic Development: Improve the local economy, support local businesses, and create a vibrant downtown core.
- Goal No. 4 Infrastructure: Maintain and Improve the City’s physical infrastructure, waste system, and recreational spaces.

Recommendation:

Staff recommends the City Council authorize staff to issue a Request for Proposals to solicit proposals from qualified consultants to prepare an economic analysis and land use study for three proposed Opportunity Study Areas.

Fiscal Impact:

The Fiscal Year 2023-24 Economic Development division budget has sufficient funds in its Contract Services account (#100-47-5400) to fund the cost of the proposed economic and land uses studies. Staff would carryover funds not utilized in the current fiscal year to Fiscal Year 2024-2025.

Background:

One of the City's key strategic goals is to improve the local economy, support local businesses, and create a vibrant downtown core. For many decades, cities across California relied on tax increment funding, associated with redevelopment activities, to promote economic growth and incentivize land use transformation into commercially productive areas. In Signal Hill, having a dedicated funding source to promote economic development enabled the City to enter into public-private partnerships that resulted in the successful development of auto dealerships and commercial centers. In Signal Hill, the commercial corridor along Cherry Avenue is a primary example of the many positive outcomes that redevelopment agencies had on our local economy.

With the dissolution of redevelopment, cities have fewer options to address blight, improve public infrastructure, and create significant redevelopment opportunities. In today's post-redevelopment landscape, the most important tool cities have is the ability to update local zoning ordinances to create new economic development opportunities. By updating zoning regulations, cities can better accommodate evolving market demands, encourage investment, and foster innovation. Updated local zoning ordinances can bring the City's land use plan closer to current market demand, streamline the permitting process for new businesses, and better repurpose underutilized properties. This flexibility allows for a more dynamic urban environment, attracting diverse economic activities and enhancing the City's attractiveness to both businesses and residents.

The most common land use scenario at the local level tends to be more incremental and occurs when a developer applies for a proposed change to zoning, typically limited to the scope of its proposed development. The advantage of this approach is that cities can consider individual land use applications within the specific context of nearby uses and concentrate on the project's impacts. A disadvantage of this approach is that when cities rely exclusively on an individual development proposal to advance economic growth without a defined plan, these development proposals may become incompatible with the City's broader economic development priorities. Without careful planning, a series of individual development proposals over time may create an unintended land use plan that fails to integrate with the broader community and its underlying economic development and housing goals.

Cities typically initiate a comprehensive rezoning process to achieve specific long range land use planning economic development goals. Staff believes initiating a comprehensive review of specific sectors of the community at this time could have beneficial outcomes. Developing a comprehensive plan for key sectors of the community has significantly broader benefits to support the City's long-term planning and economic development goals. Proactively rezoning properties mitigates developer

risk and increases opportunities for development in alignment with local land use policies set by the City Council. Staff believes identifying sectors of the City suitable for comprehensive land use changes, consistent with the current and future economic landscape, would provide greater opportunities to attract and accelerate redevelopment.

Analysis:

Given Signal Hill's rich history, strategic location near major freeways, and proximity to residential and commercial zones, there exists a unique opportunity to leverage these advantages for comprehensive community and economic development. Unfortunately, Signal Hill was not historically developed with a traditional "main street" downtown. The recent Strategic Plan update highlighted the community's continued desire for a centralized downtown core with a greater selection of shops and restaurants. To work toward this goal, the City will need a comprehensive study to identify areas of the community ready for redevelopment.

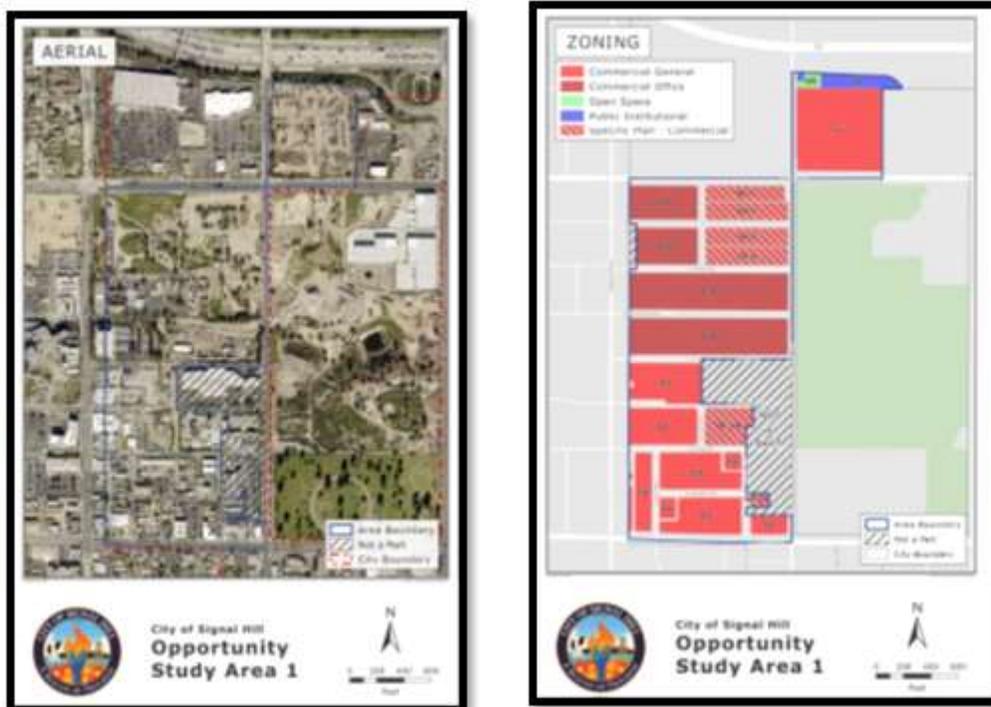
In keeping with the strategic goal note above, staff developed the concept of Opportunity Study Areas (OSAs) for future development. The OSAs consist primarily of areas with heavy and light manufacturing, industrial flex, office buildings, vacant properties, and minimally developed parcels with expansive storage yards. Staff identified the OSAs based on their potential for redevelopment and economic growth over the next several years. The OSAs include older underdeveloped industrial properties that no longer attract strong interest for redevelopment, especially smaller lots that may require consolidation to be economically viable projects. The OSAs also include parcels that likely require significant environmental remediation needs, including the abandonment of oil wells, and new infrastructure. Without a strong and consistent vision that address challenges in these areas, staff believes many of these parcels will remain undeveloped or underdeveloped for many years.

Based on an economic study to assess current market demand, the OSAs could become candidates for possible overlay zones that would act as a financial incentive for future redevelopment. The overlay zones would preserve the underlying land use while permitting for a potential land use conversion by the property owner or future developer.

Importantly, staff would note that while an OSA encompasses various properties, not all parcels within each zone may undergo potential changes in land use. Nonetheless, staff deem it prudent to analyze each area within a broader context to better position each OSA to align with the City Council's land use and economic policy objectives. The section below describes each of the OSAs proposed by staff to be included in the study.

Opportunities Study Area 1

This study area includes the westernmost section of the City. The general boundaries of this area include Atlantic Avenue to the west, California Avenue up to the 405-Freeway to the north, and Willow Street to the south. The OSA 1 includes the Spring Street and Atlantic Avenue property owned by the City. The General Plan Land use designations for this OSA includes Commercial General, Commercial Office, Commercial Industrial, General Industrial, Public Institutional, and Open Space (Attachment A).



Opportunities Study Area 2

This study area is located toward the mid-section of the community. OSA 2 is generally bordered by Orange Avenue to the west, East 29th Street to the north, Cherry Avenue to the east, and East Willow Street to the south. The General Plan Land use designations for this OSA includes Commercial Town Center, Commercial Industrial, General Industrial, Light Industrial, and Public Institutional. This study area includes the sites for the two proposed workforce housing sites, Heritage Square, and Town Center Northwest (Attachment B).

AERIAL MAP



ZONING MAP



Opportunities Study Area 3

This study area is located adjacent to OSA 2 and is generally bordered by Cherry Street to the west, East 28th Street to the north, Temple Avenue to the east, and East Willow Street to the south. The General Plan Land use designations for this OSA includes Commercial Town Center, Commercial Industrial, General Industrial, and Light Industrial (Attachment C).

AERIAL MAP



ZONING MAP



Request for Proposals

The proposed RFP outlines the scope of services required, including economic analysis, community outreach, coordination with the pending Land Use and Circulation General Plan Element updates, and the development of a comprehensive redevelopment plan (Attachment D). The formation of the OSAs aims to achieve several strategic objectives, such as developing a community-driven vision, engaging stakeholders, assessing land use, identifying economic incentives, as well as addressing infrastructure needs and potential funding mechanisms.

Project Goals

Staff's goal is to select a consultant team with expertise in economic development, urban planning, and community engagement. The RFP process is designed to ensure the selected team can deliver a

holistic redevelopment strategy that aligns with the community's vision and the City's economic development objectives. The RFP outlines a comprehensive scope of services aimed at achieving several strategic objectives for the Opportunity Study Areas including:

1. **Vision and Branding:** Develop a well-defined, community-driven vision for the Opportunity Study Areas that is reinforced by distinct branding and an inspiring district name that resonates with the community.
2. **Stakeholder Outreach:** Engage with property owners and community stakeholders in a robust outreach process to formulate effective and inclusive redevelopment strategies.
3. **Business and Development Outreach:** Conduct outreach to businesses and the broader development community to gain a comprehensive understanding of market demands and untapped opportunities.
4. **Land Use Evaluation:** Thoroughly assess the current land uses within the Opportunity Study Areas and conduct a detailed analysis of potential optimum land uses based on prevailing and projected economic trends.
5. **Opportunity Areas-Boundary Identification:** Define the recommended boundaries through a combination of community outreach, economic analysis, and market assessment to ensure the district's feasibility and effectiveness.
6. **Vibrant Downtown:** Recommend and identify potential locations suitable for the creation of the downtown area. The establishment of a vibrant downtown area within one of the identified opportunity study areas. The creation of a downtown space aims to enhance community engagement, economic development and urban vitality.
7. **Leveraging Land Use Authority:** Discern the most effective means to utilize the City's land use authority to motivate existing and future property owners to redevelop their properties, particularly with a focus on creating new housing opportunities and commercial centers.
8. **Economic Feasibility and Incentives:** Conduct an economic feasibility study analysis to assess the potential viability within each opportunity area. Evaluate factors such as market demand, business potential, and revenue generation opportunities. Develop a list of economic incentives that promote lot consolidation and redevelopment and encourage existing owners to collaborate with potential developers on transformative large-scale projects.
9. **Infrastructure:** Develop a plan that incorporates current and future infrastructure needs of the Opportunity Study Areas; prepare a series of recommendations related to potential opportunities to fund desired improvements, including recommendations for the upcoming updates to the Land Use, Circulation, and Safety Elements estimated to begin this calendar year.
10. **Comprehensive Redevelopment Plan:** Create a holistic development plan, inclusive of development standards and zoning regulations, either through an Overlay District or Specific

Plan. This approach will provide the City with the opportunity to translate the community's vision into actionable plans, complimenting updates to the Land Use Element, and diversity City revenues.

- 11. Conceptual Designs and Planning:** Develop conceptual designs and plans for the Opportunity Areas. Develop an implementation strategy outlining the recommended approach. Identify specific action steps and milestones.

Scope of Services

The proposed scope of work, further detailed below, encompasses a process that evaluates market demand for sites location within the study areas, engages the community, and prepares the areas for comprehensive rezoning, including the required environmental analyses. Alongside the implementation of the stated Objectives, the selected Consultant Team will be expected to complete the following comprehensive set of services:

- 1. Economic Analysis:** The Consultant will prepare an economic gap analysis, to provide critical insights into the local commercial environment and identify unfulfilled needs within the broader Signal Hill market. The Consultant will identify and recommend the highest and best use land development proposals that enhance ongoing revenue opportunities for the City within the Opportunity Study Areas. The City is specifically interested in understanding whether Opportunity Study Areas are candidates for new commercial, mixed-use, research/development, and hotel uses. The economic analysis should provide data-driven strategic decision-making regarding potential land use decisions.
- 2. Community Outreach:** The Consultant will undertake a comprehensive outreach initiative engaging diverse stakeholders including the Signal Hill Chamber of Commerce, property owners, local businesses, residents, potential developers, and other community stakeholders. The goal is to ensure a broad-based consensus for the OSA districts.
- 3. Public Infrastructure Improvements:** Segments of the Opportunities Study Areas lack infrastructure such as sidewalks and stormwater improvements. The Consultant will identify ways to overcome these obstacles to attract future development opportunities.
- 4. Fiscal Analysis:** The Consultant will prepare a fiscal analysis that broadly outlines the potential revenue and cost impacts to the City's General Fund resulting from the proposed land use changes. The City's goal is to ensure that proposed changes in land use create a positive return to the General Fund.
- 5. CEQA Documents:** The Consultant will prepare an environmental document in accordance with the CEQA guidelines. This document will analyze the potential environmental impacts of the new land uses, densities, and development intensities that would be established through potential Overlay Zones.
- 6. Comprehensive Land Use Plan:** The Consultant will prepare a comprehensive land use plan

through an Overlay District or Specific Plan. This plan should align with the City’s outlined objectives and reflect the community’s vision, setting the path for transforming the OSAs into vibrant, economically prosperous, and community-oriented destinations. The Consultants must include proposed recommendations in conjunction with the updates to the Land Use, Circulation, and Safety Elements estimated to begin this calendar year.

7. District Naming and Branding: The Consultant will create an inspiring, community-driven name for the Opportunity Study Areas, complemented by associated imagery and/or a logo that captures the unique identity and aspirations of the Opportunities Study Areas. This effort should promote the City as a place for art, culture, education, and scientific achievement.

8. Direct Marketing to Development Partners: Once the analysis is complete, the City will retain the Consultant to provide direct marketing of opportunity sites to the development community. The Consultant should have a demonstrated history of working with various development partners to implement the City’s redevelopment goals. As part of its proposals, the Consultant will identify prior work examples of which resulted in bringing new development to the community.

Proposed Schedule

The RFP process will establish a ranking for each firm based on the qualifications and requirements. The following schedule shows the timeline for the RFP process and selection of firms:

1	RFP Release Date	Thursday, March 28, 2024
2	Q & A Deadline	Thursday April 18, 2024, 4:00 p.m.
3	Proposal Due Date	Thursday, May 9, 2024, 5:00 p.m.
4	Estimated City Council Award Date	Tuesday, June 11, 2024
5	Estimated Project Start Date	June 2024

The RFP is scheduled to be released on Thursday, March 28, 2024. Notice will be posted in the following locations:

- PlanetBids website
- City website
- City public notice locations

Staff would convene a Selection Committee to evaluate all proposals and make a professional recommendation regarding the most qualified firm to perform these services. As reflected in the above schedule, staff estimates the review, selection, and award of the contract would take approximately two months.

Staff recommends the City Council authorize staff to issue a Request for Proposals to solicit proposals from qualified consultants to prepare an economic development plan and land use study for the Signal Hill Redevelopment OSAs and the Atlantic Avenue and Spring Street property.

Conclusion:

The OSAs provide the City with an opportunity to evaluate these areas for potential redevelopment with the goal of transforming these areas into vibrant, economically sustainable, and community-centric spaces. Selecting a consultant team with expertise in these strategic areas is critical to realizing the project's objectives and leveraging the unique opportunities presented by the Signal Hill area. This initiative represents a significant investment in the community's future and would provide a roadmap for potential developers to follow, enhance the fabric of our community and create a vibrant, centralized space that serves as a potential future downtown for Signal Hill. Subject to City Council authorization, staff would keep the City Council and the community apprised of the project's progress.

Reviewed for Fiscal Impact:

Sharon del Rosario

Attachment(s):

- A. RFP - Opportunity Study Area
- B. Opportunity Study Area 1
- C. Opportunity Study Area 2
- D. Opportunity Study Area 3