



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER

File #: 21-433

Board Meeting Date: 6/8/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Manager
Peggy Jensen, Deputy County Manager

Subject: Agreement with Colu to Provide a Shop Local Consumer Application to Support Small Businesses in San Mateo County

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Colu Technologies (US) Inc. for the development, licensing, and maintenance of a San Mateo County Shop Local application for a five month term beginning on June 8, 2021, with an option to extend the term for up to six months, and for an amount not to exceed \$100,000 and granting of a waiver of the request for proposal process for acquisition of these services pursuant to Section 2.83.050(e) of the San Mateo County Ordinance Code, as well as also authorizing up to \$200,000 for Shop Local Application shopper incentives.

BACKGROUND:

The COVID-19 pandemic and the public health and economic emergency it created continue to negatively impact the County and its residents. The Economic Recovery Committee of the San Mateo County COVID Recovery Initiative (the "Committee") developed 35 recommendations to support local businesses through the post-pandemic economy. While many of the Committee's recommendations, such as webinars and expansion of the on-site small business assistance program, were implemented, some recommendations remain to be addressed.

In November 2020, to help focus our economic recovery efforts, the County contracted with NOVAworks, the County's Workforce Development Board, to assess the current attitudes and concerns of workers and small businesses impacted by COVID-19. Working with a consultant, NOVAworks conducted extensive outreach, including to small business owners, job seekers, organized labor, chambers of commerce, and others, and prepared an action-oriented Strategic Plan for Workforce Recovery (the "Strategic Recovery Plan") that sets forth challenges and opportunities facing San Mateo County workers and business owners. The Strategic Recovery Plan was presented to the Board of Supervisors on March 9, 2021, and it included a recommendation to launch a Shop Local Campaign to support small businesses.

DISCUSSION:

Small businesses represent 88% of the County's private enterprises. These small businesses have historically provided the County a critical source of job growth and are essential to the vibrancy, diversity, and long-term sustainability of the County's cities and local communities. Sadly, many of the County's small businesses have been hit particularly hard by the pandemic, as consumers sheltered at home and changed their shopping habits. The Shop Local Campaign proposed in the Strategic Recovery Plan is intended to encourage local shoppers to return to San Mateo County small businesses and help those businesses to thrive as the economy continues to reopen.

Staff conducted outreach to other local jurisdictions, assessed multiple options to encourage local shopping, and worked with County stakeholders to identify potential vendors to pilot a "Shop Local" application. After those efforts, staff recommends that the County enter into an agreement with Colu Technologies (US) Inc. ("Colu") to pilot a "Shop Local" incentive application in up to five cities in the County. A Colu-developed application is currently in use in Akron, Ohio; Rancho Cordova, California; and Boston, Massachusetts. According to staff from these jurisdictions, the public response to the shop local programs facilitated by the Colu application has been promising.

Staff recommends that the County enter into an agreement with Colu for an amount not to exceed \$100,000 for development of this application for San Mateo County and that the Board also authorize up to \$200,000 to fund shopper incentive payments, as described below.

Staff recommends that the agreement with Colu be for an initial five-month term while the Shop Local application is developed and piloted. The application will be ready for launch within two months and will be piloted for the remainder of the five-month initial term. Colu would be paid \$40,000 for this initial term. After this initial pilot period term, the County will have the option to extend the agreement for two (2) terms of three (3) months each (i.e., for a total of up to six additional months) for \$30,000 for each three-month term.

In addition, staff recommends that the Board authorizes up to \$200,000 in incentive payments that would be available to shoppers who use the application. These incentives are earned by shopping at participating small businesses in the County, and they can be donated to local community organizations or redeemed at participating local businesses. The \$200,000 in incentive payments will cover the initial five-month term of the Shop Local Campaign, as well as the up to six month extension that the County has the option to contract for. Colu will provide the County with reports that track the effectiveness of the Shop Local program. If the pilot program increases local business revenues, additional cities could be added, along with additional incentive funds that could come from charitable foundations, cities, larger corporations, or other sources.

To support the successful launch of the Colu Shop Local Application and to encourage shopping locally, the County will also concurrently undertake consumer research and launch a Shop Local social media campaign. These efforts will form the basis of the countywide Shop Local Campaign to encourage shoppers to support our local businesses and invest in our local communities.

Staff further recommends that the Board finds that the best interest of the County would be served by waiving the request for proposals process for the acquisition of the San Mateo County Shop Local Application. The development and maintenance of an application such as this is highly specialized, and Colu has demonstrated the ability to quickly develop and implement similar shop local

applications on the accelerated time frame needed here.

FISCAL IMPACT:

The \$300,000 in funding for the Shop Local Application (i.e., \$100,000 for the Colu agreement and \$200,000 for shopper incentives) will be funded with County General Fund monies, subject to the application of and potential reimbursement from state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic. Authorization for an extension of the Shop Local Application will be brought to the Board for consideration upon successful completion of the pilot program.