AGENDA REPORT

Meeting Date: September 23, 2008

Item Number: F-10

To: Honorable Mayor & City Council

From: Alison Maxwell, Director Economic Development and Marketing

Subject: APPROPRIATION OF FUNDS FOR BEVERLY HILLS GLOBAL PARTNERS (BHGP) A SISTER CITY ORGANIZATION IN THE AMOUNT OF $100,000 OR OTHER AMOUNT AS DIRECTED BY CITY COUNCIL AT ITS STUDY SESSION ON SEPTEMBER 2, 2008.

Attachments: 1. Copy of Study Session Staff Report

RECOMMENDATION

It is recommended that City Council:

1. Authorize the appropriation of up to $100,000 or other sum as directed by Council at the City Council Study Session on September 2, 2008 for the purposes of providing funding to Beverly Hills Global Partners (BHGP) a Sister City organization; and,

2. Direct staff to develop a detailed contract for services with BHGP to be approved by City Council at a later date that clearly delineates the services to be provided, the budget and performance measures, bench marks and other reporting criteria.

INTRODUCTION

This item requests City Council to authorize the appropriation of up to $100,000 for services to be provided by the Beverly Hills Global Partners (BHPG) the City's Sister City Organization.

DISCUSSION

This item was placed on the Agenda by Mayor Brucker along with an earlier item on the City Council Study Session also on September 2, 2008.

A copy of the Study Session staff report is attached to this Agenda Report to provide context and reference for this item.

FISCAL IMPACT

The fiscal impact of this item is to allocate and appropriate up to $100,000 dollars, from the General Fund fund balance.

Scott Miller
Director Administrative Services/Chief Financial Officer

Alison Maxwell
Director Economic Development & Marketing

Attachment 1

Copy of Study Session Staff Report

CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: September 2, 2008

To: City Council

From: Alison Maxwell, Director Economic Development and Marketing

Subject: Funding Request for Beverly Hills Global Partners, a Sister City Organization and Request for Approval and Reimbursement of International Travel by City Council Members

Attachments:

1. BHGP - Sister City Objectives
2. Funding Request from BHGP/Request to Fund Full-Time Representative
3. Business Plan for Beverly Hills Sister City Committee
4. Resolution Establishing a Policy Regarding Reimbursement of Expenses

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INTRODUCTION

This item is to discuss a funding request from Beverly Hills Global Partners (BHGP) a Sister City organization for $100,000; and, to discuss a proposed Beverly Hills delegation to Shanghai.

DISCUSSION

1. Request of Beverly Hills Global Partners

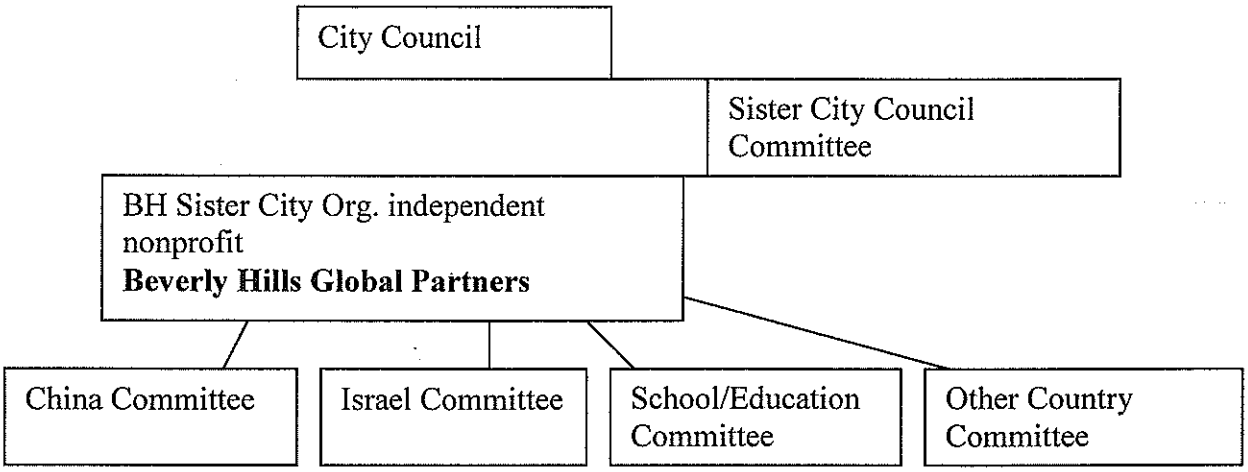
On December 18, 2007, the City Council supported the development of a new Sister City organization that would be an independent community non-profit agency. This new organization has been named Beverly Hills Global Partners (BHPG).

This new organization will serve as an umbrella organization for all current and future Sister City programs. Within its structure are opportunities for leadership on existing Sister City relationships and development of the two new City supported relationships with Pudong, China and Herzliya, Israel.

Two community leaders, Bruce Cole and Howard Szabo are the founding board members for BHGP. Since December 2007, the founding board members have been working to develop the board of directors, create a mission and articles of incorporation

for a nonprofit and taken other steps to further the development of this new organization. In addition, they have made visits to and established the keen interest of government officials in both Pudong and Herzliya in developing Sister City relationships with Beverly Hills. Recent past Mayor Jimmy Delshad has sent letters to the leaders of both cities and favorable replies have been received.

The governing structure presented at the December Council meeting, and re-printed here is the overall structure that BHGP has established moving forward.



The general goals of BHGP are: Through strategic partnerships with specific international cities develop and promote cooperative business relationships (e.g. tourism, high end retail, and entertainment office); promote art and cultural exchange both as an economic development vehicle and as a mechanism for developing dialogue between communities; promote educational opportunities and exchanges through development of relationships with the high school systems; foster inter-governmental dialogue to provide leadership and develop best practices amongst partner cities. The BH sister city organization would also provide yet another vehicle to promote the Beverly Hills brand.

Attached to this report is the funding request from BHGP dated May 2008 and an updated funding request dated July 2008; BHGP's stated objectives and BHGP's "*Business Plan for Beverly Hills Sister City Committee*".

Synopsis of Funding Request: BHGP is requesting funding in the amount of $100,000 to hire a full-time representative in Shanghai, with the objectives of promoting Beverly Hills in a variety of business and cultural endeavors, in accordance with the BHGP business plan. As part of its long term objectives for financing the mission of the organization, BHGP is also looking to enter into a licensing agreement with the City to develop and sell Beverly Hills licensed, branded merchandise in China.

General Grant Funding Considerations: In considering this funding request, staff suggests that the City Council give consideration to some of the following issues and questions, which would be broadly typical for reviewing any funding application:

- Does the proposal from BHGP meet one, or more, of the City's key objectives?
- Is there a need for these services in Beverly Hills?

- Is there a legally incorporated entity in place to receive funding?

The City Attorney's Office has advised that at minimum there should be a legal entity in place before the City can contract with BHGP--otherwise there is no entity to hold responsible for carrying through the terms of the contract. It does not matter as to what form of entity BHGP incorporates - non-profit or a regular corporation. They need to provide the City with the articles of incorporation and the CA Office also recommends that the City receive a copy of the corporate bylaws, certified by the California Secretary of State

- How will BHGP manage any perceived overlap with the Conference and Visitors Bureau that is already under contract and providing visitor marketing representation in Beijing?

- Has BHGP's board of directors taken formal action in support of the funding request and business plan?

- What strategic process did BHGP use to identify its need for this funding? For example, did it undertake a strategic planning process? Or, evaluate other funding needs relating to its missions and goals with its other Sister City relationships – such as Herzliya?

- Does BHGP's application for funding demonstrate that it has the legal, management, administrative and fiscal structure and policies in place to be able to manage a contract utilizing City funding?

- Does the application clearly identify the project outcomes and deliverables?

- Are there clear performance measures and benchmarks in place to ensure the City receives value for money and that quantifiable services are provided?

- How will BHGP hire, pay, manage and monitor an employee or contractor in China?

If the City approves funding for BHGP, staff would recommend that Council devote sufficient time and staff resources towards developing a clear agreement for services with BHGP that articulates the strategic goals of the program, the services and programs to be provided, the deliverables of the program, the performance measures and benchmarks, the reporting mechanisms and financial audit requirements.

Licensing Considerations: The BHGP initial licensing proposal was considered by the City Council Chamber of Commerce Committee (for Licensing) on July 16, 2008.

The Committee recommended that BHGP should submit its proposal to Bradford Licensing Associates (the City's licensing agent) for review in the same way other potential licensees would be required to do.

Bradford's role as the City's Licensing Agent is to fully evaluate all Shield licensing proposals against a number of factors including: the brand and merchandising guidelines to ensure brand compatibility in the marketing place; business viability and the experience of the applicant in developing the proposed products in other markets; the royalty revenue potential to the City (revenue goes to the City's general fund); in conjunction with City attorney, reviews availability of the Trademark in requested markets and in a requested categories – e.g. clothing or giftware. Together Bradford, the Chamber of Commerce (who is under contract to manage the Shield Licensing

Program) and the City determine the revenue and brand advantages of the proposal against the legal and registration costs to determine if granting the license make good business sense.

Staff does not recommend that Council take any action regarding BHGP's licensing with out receiving a full analysis by Bradford and a recommendation from the Committee liaisons.

2. Approval and Reimbursement of International Travel Expenses by City Council Members

As the City Council is aware, the California Legislature adopted AB 1234, effective January 1, 2006, which requires every local public agency to adopt a written policy regarding the reimbursement of public officials' expenses and the circumstances under which expenses will be reimbursed. In compliance with AB 1234, the City Council adopted Resolution No. 06-R-12053, which sets forth its written policy regarding the reimbursement of public officials' expenses. A copy of the resolution is attached.

In general the City's AB 1234 policy allows for the reimbursement of expenditures when incurred by a City Council Member in connection with certain activities. Those activities are set forth in Section 3 of the policy and include: communication with representatives of regional, state and national government on City policy positions; attending educational seminars designed to improve public officials' skill, knowledge and information levels; participating in regional, state and national organizations whose activities benefit or affect the City's interests; and implementing a city-initiated strategy for attracting or retaining businesses to the City. The complete list of activities is set forth in Section 3. The list, however, does not include any activities that have an international emphasis.

In conjunction with and in furtherance of the activities of Beverly Hills Global Partnership, there may be activities which Council Members would like to participate in but they take place in an international location. The current City AB 1234 policy did not envision international activities taking place. In order to allow City Council activities on an international level and for which a City Council Member would be reimbursed for his or her expenses, there are two issues that should be discussed.

First, the City Council should discuss whether it is appropriate to include international activity, such as activities in furtherance of current or future sister city relationships and/or international activities in furtherance of promoting the City, in terms of tourism and international visitors or luring businesses to locate in the City and/or business retention, in the City AB 1234 policy. If the City Council determines that this is appropriate, we can amend the policy to include this type of activity as one of the activities for which expenses incurred by City Council Members will be reimbursed.

The second item for discussion is the reimbursement of expenses for international activities. Currently, the City AB 1234 policy provides that the reimbursement of any international travel shall require prior approval by the City Council. Accordingly, if a City Council member desires that its international travel and related expenses be reimbursed, the item is placed on the agenda for discussion and the City Council determines whether or not to approve such expenses. This must occur in advance of the travel. Staff recommends that this provision remain in the policy.

The City Council, however, may want to discuss whether it would be appropriate to make revisions to the current travel parameters if international activities are approved as an activity for which reimbursement is provided. These amendments would pertain solely to international travel in recognition that international travel sometimes requires a

traveler to take precautionary measures in order to secure his or her safety. For example, when traveling internationally it may be appropriate to hire a driver to ensure the safety and security of the traveling parties. Also, the methodology of determining what is reasonable lodging in the United States (star scale on travel websites) may not be reasonable when looking for lodging in international locations again to ensure the safety and the security of the traveling parties. Also, it is likely that when traveling internationally, the City would meet with foreign dignitaries and business people, and this may entail the City paying for dinner and/or entertainment. If so, the policy would have to be adjusted to include these provisions.

FISCAL IMPACT

$100,000 is available in the General Fund, Fund Balance. An Agenda Report is on the City Council Formal Session, New and Continuing Business for September 2, 2008 to appropriate up to $100,000.

RECOMMENDATIONS

Staff recommends that the City Council review the BHGP proposal for a grant of $100,000 and provide staff with direction.

Staff also recommends that the City Council discuss the issue of international travel and provide staff with direction.

Staff recommends that the City Council take no action on the issues relating to licensing. That this particular Sister City item continue to be overseen by the City Council Chamber of Commerce Committee (that oversees all licensing matters) in coordination with the City licensing agent, Bradford Licensing Associates.

Approved by:

Alison Maxwell

Alison Maxwell, Director Economic Development and Marketing