CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: April 7, 2009

To: City Council

From: Alison Maxwell, Director Economic Development and Marketing

Subject: Progress Report and Presentation by Beverly Hills Chamber of Commerce, Economic Development Division

Attachments:
1. 2008-2009 Scope of Services between the City and the Chamber of Commerce for Economic Development Division
2. Chamber Economic Development Division Progress Report

INTRODUCTION

This report provides an update on the program of work undertaken by the Beverly Hills Chamber of Commerce, Economic Development Division (EDD) under contract to the City.

DISCUSSION

As one of several approaches to sustaining the City's vision that *"Beverly Hills is known internationally for its alluring and distinctive hotels, retail stores, restaurants, entertainment industry, and unique headquarter businesses"* the City engages the Chamber of Commerce, Economic Development Division (EDD) to provide a range of economic development and business outreach programs.

The full program is outlined in the City's agreement "Scope of Work", which is attached to this report. Also attached is the Chamber of Commerce EDD Progress report, detailing programs development in this current fiscal year 2008-2009. Staff from the Chamber of Commerce will also provide a full verbal report to Council.

Outlined below is an outline of some of the Chamber EDD 2008-2009 principal projects, including a little background to provide City Council members with context:

- **New York Business Outreach Mission**

This is a core business retention program provided under the City's agreement with the Chamber of Commerce, EDD. It also provides a platform for key retail attraction research.

Each year, the Chamber coordinates an outreach team from the City and the Chamber to travel to New York to meet with many of the luxury retail CEO's as well as with brokers, developers or other businesses that do, or may in the future, have an interest in Beverly Hills.

Fundamental to the City's business retention efforts is the development of lasting relationships with the most senior decision makers of the City's core luxury retail establishments. It is these senior executives that are involved in long range planning and development of their stores. A significant majority of those establishments have their U.S headquarters in New York. As such, it behooves the City to invest time and effort to meet these CEO's on their own ground and to engage them in meaningful dialogue about their plans and expectations for what is, for many, their west coast flagship location – on Rodeo Drive.

- **Business Attraction Strategy**

The City's publication in 2006 of the Economic Profile provided significant baseline data to understand the structure and clusters of the Beverly Hills Economy. It was clear from that report that further exploration and development of strategies to retain and attract key businesses was needed. In November 2007, the City developed an internal white paper on Business Retention issues – undertaking a more in depth look at key industry clusters and exploring methods for engagement and retention. As a companion study, the City requested the Chamber of Commerce EDD to take the lead in developing an approach to business attraction. This study is currently underway and will be completed by the end of the fiscal year. Findings and suggestions from the report will be reviewed and the Chamber work program for 2009-2010 amended as appropriate to accommodate new projects or emphasis.

- **Economic Development Council**

This is a mainstay of the Chamber EDD program. Initiated by the Chamber and supported by the City, it is a popular high level program that allows for the engagement of the business community in a range of topical subjects; and, provides a forum for the City to share its vision and policies to an engaged audience. There are twelve meetings per year.

- **Business Outreach and Participation**

A base service the Chamber of Commerce provides the City is its ability to convene, outreach and engage the business community on a variety of issues important to the City, from information about street lighting projects to addressing concerns of businesses on South Beverly. Such outreach provides the City with information and points of view from the business community.

Overview of Funding

The Chamber EDD core contract for 2008-2009 is $444,673. This covers all the core programs outlined in the Scope of Service. In addition, the City may fund directly, or via the Chamber, costs for specific consultant or research work.

Funding for the Chamber EDD programs comes from City general fund - 01 Fund "Business Development" Program.

Funding and program development for the 2009-2010 fiscal year will be brought back to City Council for review in May 2009.

COMMITTEE REVIEW

Reports and program development for 2008-2009 were reviewed in conjunction with an assigned Council Committee. The attached progress report is being brought directly to City Council as no sitting Committee for the Chamber of Commerce is in place.

FISCAL IMPACT

None

RECOMMENDATION

Staff recommends that City Council receive the report and provide direction as applicable.

Approved by:

Alison Maxwell, Director Economic Development and Marketing

EXHIBIT A

SCOPE OF SERVICE AND BUDGET

The following scope of work outlines Chamber's proposed Fiscal Year July 1, 2008 to June 30, 2009 program. While the City has approved funding for the first quarter of this fiscal year, it is reevaluating future support of these services.

Contents:

a. Mission
b. Scope of Work
c. Goals
d. Core Strategies and Tactics
e. Programming and Funding Details

Economic Development Division

a. Mission

The mission of the Economic Development Division (EDD) is to support, promote and advocate for the businesses of the City of Beverly Hills. The mission includes identifying and resolving obstacles and challenges impeding business growth and prosperity, in order to retain and support existing businesses. EDD also works to identify appropriate businesses that would benefit the City and its financial base and to attract those businesses to locate into the City of Beverly Hills. Emphasis is placed on businesses that add special value to the City, such as flagship stores, businesses that cater to our unique market, are synergistic with the existing businesses and services or that fill a niche that would strengthen the economic environment but is currently unfilled.

b. Scope of Work
   i. Economic Development
   ii. Advocacy
   iii. Research, Education & Information Exchange

c. Goals
   i. Promote, retain and attract business in Beverly Hills, with particular emphasis on retail and restaurant segments, and focus on attracting appropriate nightlife;
   ii. Maintain and improve the pro-business climate in the City;
   iii. Serve as an Advocate and "Voice" for the business community.

d. Core Strategies and Tactics

   i. Promote and retain business in Beverly Hills, with particular emphasis on retail and restaurant segments, and focus on attracting appropriate nightlife.

   · New York Retail Sales/Outreach Missions: The principal mission will take place in October 2008 and will consist of retention and attraction meetings with principal retail executives and CEO's. In spring of 2009, staff level meetings are held in NY as follow-up and further development of the corporate relationship.

   · Business Attraction Strategy/Economic Development Plan: EDD will develop, in cooperation with the City, a business attraction strategy. The purpose of the study will be to inform and educate the City/Chamber on the best approaches and tactics for business attraction in this unique City with an emphasis on retail, restaurants and nightlife functions. With the City's approval and funding, a

consultant will be retained to assist in the formulation of the Strategy and to provide ongoing assistance with business and retail attraction.

- Business Visitation and Outreach Program: The EDD manages a Business Visitation Program which entails conducting interviews and surveys of Beverly Hills employers in order to ascertain their concerns and issues. EDD anticipates undertaking 2 or more business outreach meetings focusing on entertainment and/or retail businesses in 2008-09. On an as needed basis EDD may also survey certain business segments on significant issues. It is anticipated that at least 2 surveys will completed in 2008-2009.

- Responses to Incoming Inquiries by Businesses: The EDD staff regularly and frequently responds to telephone and written requests for information about locating, maintaining, and starting a business in Beverly Hills.

- The Annual Economic Summit: This historically well-attended event provides an educational experience for businesses and is an opportunity to hear from very high-level speakers about business trends. The program positions Beverly Hills as a source of economic data and retail trend information and keeps Beverly Hills "top of mind" for consumers, investors, businesses and retailers, developers and the media. We expect to grow the event attendance from 400 in 2007, with a 10% increase to 440 in 2008.

- Buyer Behavioral Survey: For the first time in 2006-07, the EDD contracted with a market research firm to conduct an analysis of Beverly Hills retail activity. The survey produced a wide range of relevant information about shopping and spending behavior by Beverly Hills residents and visitors living within Los Angeles County and determined the impact of that spending on the local economy. With City funding, the important and valuable survey will be updated beginning in 2009, with results to be reported in 2010.

ii. Maintain and improve the pro-business climate in the City

- Merchants' Association Support/Business Improvement Districts: The work program includes plans to educate and work with the merchants of Beverly Hills to determine if there is support for creating Business Improvement Districts. Potential areas that may support the creation of a BID would be the South Beverly Drive area, Rodeo Drive and the commercial triangle, Canon street merchants and Little Santa Monica merchants. The EDD will hold at least 2 meetings in 2008-09 with stakeholders to discuss creation of a BID(s) in Beverly Hills.

- Economic Development Council: The Economic Development Council is comprised of leaders in Beverly Hills who have a stake in maintaining and promoting Beverly Hills as the premier site for high-end and successful businesses to locate. During the 2008- 2009 fiscal year, EDC is expected to hold 10 meetings, plus the Economic Summit event.

iii. Serve as an Advocate and "Voice of Business" for the Beverly Hills business community

- Ongoing Business Advocacy: The EDD provides legislative advocacy for the business community and serves as a communications liaison between the City and the business community on legislative issues. Through its advocacy, the EDD helps the City create more effective legislation by providing input, feedback and participation from the business community.

Programming and First Quarter EDD Budget Approved by Council 6/17/08

EDD Program Totals	$40,263
EDD Operating	$59,768
Interim Funding starting 7/1/08	$100,031

Second, Third and Fourth Quarter Funding

Program Totals	Oct. 1 - June 30	$ 68,928
Operating	Oct. 1 - June 30	$275,714
	Total:	$344,642
	Budget Total 08/09:	$444,673

Economic Development Division Accomplishments
Progress Report October 2008 –March 2009
Executive Summary

New York Sales/outreach Mission: October 20-24, 2008

Results:

- 2 executive luncheons; 30 attendees (retention focused)
- 13 individual senior executive retail meetings
  - 7 meetings - Attraction focused
  - 6 meetings - Retention focused
- 2 individual restaurateur meetings (attraction focused)
- 2 commercial property investor meetings
- 2 New York commercial real estate broker meetings

Highlights:

- Met with the CEOs of the two major luxury holding companies, Richemont North America and LVMH Moet Hennessy
- For the first time as part of our New York mission, we met with investor/developers, who were identified as having potential interest in Beverly Hills projects
- For the first time as part of our New York mission, we met with New York based real estate brokers to brief them on available commercial space in Beverly Hills

Purpose of Mission:

- Retention: maintain our business base; promote commitment to Beverly Hills; provide opportunity for two-way dialogue between retailers and City leadership; develop broad personal relationships with CEOs and senior management
- Attraction: Attract new couture and designers to keep Beverly Hills retail environment fresh, contemporary and attractive to shoppers; keep vacancy rate low; maintain Beverly Hills as premier location to establish new companies

Business Attraction Strategy Plan

Results:

Currently crafting, at the request of the City, a Business Attraction Strategy to complement the City's previously produced Business Retention Report.

Highlights:

- As a component of what is intended to be an overall plan of Economic Sustainability activities in the City of Beverly Hills, EDD is creating a more directed strategy to guide attraction of retail, restaurant, commercial and nightlife businesses by City and Chamber EDD staff. This strategy will be approved by City EDD staff before being finalized. The Business Attraction Strategy is due to be completed before June 30, 2009

Results:
As part of the Business Attraction Strategy, have identified and interviewed potential candidate for "retail/restaurant consultant"; currently in the process of negotiating an offer to represent Beverly Hills

Highlights:

- Hiring a "retail consultant" has been the subject of discussion between the Chamber and City EDD staff for more than a year. It is anticipated that this will be a part of the overall Economic Development Business Attraction Strategy that is currently being drafted. It is envisioned that the retail consultant will, through travel, research and networking, identify appropriate retail, restaurant and nightlife establishments as potential business attraction targets for the City of Beverly Hills. Additionally, the consultant would provide support to Chamber and City economic development staff in business attraction negotiations and also be available to share expertise and guidance on other relevant retailer and restaurant attraction and retention activities
- The identified candidate travelled to Beverly Hills for a site visit, February 24 – 25. Over the two day period, EDD staff provided briefings and arranged interviews with leaders in the retail community, City staff and community stakeholders.

<u>Business Outreach Program</u>
Results:
Conducted two economic surveys of local businesses in December 2008 and January 2009 respectively, in order to assess business conditions in Beverly Hills, identify business trends and plans and to guide EDD strategy to support Beverly Hills businesses in this challenging economic climate
Highlights:

- Initial survey conducted in December 2008 was sent to 1500 companies doing business in Beverly Hills. Purpose of survey was to obtain leading edge assessment of current business climate and gain forward looking insight into the short and long term plans and projections of Beverly Hills businesses in order to guide the creation of an action plan to help businesses succeed in what was already seen as a challenging economic climate
- Second survey was conducted in January 2009, with support from partnering business organizations. This comprehensive and broad based follow up questionnaire sent to more than 2600 Los Angeles area businesses provided context to the earlier study of Beverly Hills businesses and provided new insights into general business planning, forecasts and current conditions
- When asked their feelings about the economy for the first half of 2009, 60.5% of respondents described themselves as "pessimistic" and 39.5% described

themselves as "optimistic." That trend was reversed for the second half of 2009, with 68.2% describing themselves as "optimistic" and 31.8% as "pessimistic"

- Survey results helped determine the need for a strong local component of City-wide marketing program which is currently being coordinated by EDD, Conference and Visitors Bureau and City Economic Development staff
- Information obtained was utilized in creating theme and discussion of Economic Summit event, held in February 2008

Results: Collaborating with Conference and Visitors Bureau and City EDD staff to create and coordinate a City wide marketing campaign, Breakfast in Beverly Hills, running throughout April 2009 (to August 2009 for hotel visitors)

Highlights:

- EDD serving as the lead in creating, coordinating and managing the locally directed component of the City wide campaign.
- Activities include street entertainment on all Saturdays and Sundays in April, such as strolling musicians, magic entertainment, caricature artist and stilt walker. Two Rodeo will be featuring chef cooking demonstrations and live music on Saturdays
- Twenty –three restaurants and eateries are participating, offering special Beverly Hills meals during April, to complement the Breakfast in Beverly Hills theme.
- Twenty nine retailers have committed to the local campaign so far, at all price points from Rodeo Drive establishments to SoBev shops
- Extensive public relations and media placement has been conducted. In addition to marketing to Beverly Hills residents, campaign has included extensive outreach to surrounding local communities (see separate synopsis of Breakfast in Beverly Hills campaign for more detail)
- Campaign has partnered with Los Angeles Regional Food bank to provide a charitable opportunity to residents and visitors who want to support the larger community as they shop and dine

Results: Conducted Town Hall meeting on January 28, 2009 for Beverly Hills business community, featuring speakers including executive level City staff

Highlights:

- Town Hall announcement sent to 1,150 businesses located in Beverly Hills (Chamber non-members as well as members). Email announcement sent to more than 1500 businesses and personal delivery of invitation made to every retail, restaurant and storefront business in the Beverly Hills commercial Triangle
- Town Hall meeting held at the Beverly Hills Public Library registered more than 40 attendees. Topics included Beverly Hills parking update from City's Director of Parking; Measure P briefing from City Manager and explanation of proposed City wide marketing plan from EDD representatives

Annual Economic Summit
Results: Economic Summit held on February 10, 2009
Highlights:

- For the first time, the Chamber utilized an email vehicle to survey all attendees, post-event. (Prior post-event surveys have been conducted using hard copy survey forms.) Response rate to the email survey was 33%.
- A remarkable 95% of the respondents answered that they would attend the Economic Summit again. Of those who would be interested in attending in the future, 90% said they would bring a business associate or friend.

Merchants Association Support/Business Improvement Districts
Results: Coordinated co-operative advertisement with SoBev merchants, published in Beverly Hills magazine, holiday edition, November 2008
Highlights:

- Ten merchants participated in co-operative advertisement
- Reported to merchants that "SoBev" trademark was successfully registered as a U.S. Service Mark Application

Economic Development Council:
Results: Held monthly meetings featuring high level speakers that share insight and expertise about Beverly Hills issues
Highlights:

- Recent EDC speakers include the Honorable Barry Brucker, "A Chat with the Mayor"; Scott G. Miller, Chief Financial Officer, City of Beverly Hills, "The Beverly Hills Financial Outlook at a Time of Global Economic Crisis"; Dan Schnur, Director of the Jesse M. Unruh Institute of Politics, University of Southern California and Bill Carrick, Media Consultant, "McCain/Obama: How We Got Here and What It Means"
- EDC membership is currently at 44 members

Serve as Advocate and "Voice of Business" for the Beverly Hills business community:
Results: EDD hosted a Candidates Forum on January 28, 2009, allowing the business community an opportunity to learn about the candidates running for elected office, including City Council and the City Treasurer

Results: Input on City's Urgency Ordinance addressing Non-conforming Commercial Structures on Olympic Boulevard between Rexford Drive and Robertson Boulevard

Highlights:

- Through a series of meetings and other interactions between business community and City staff and City Council, EDD coordinated business community input on the City's proposed ordinance and facilitated feedback to the City staff. Staff incorporated the suggestions submitted and modified the proposed ordinance. City

Council adopted the modified draft ordinance which satisfactorily addressed both the business community's concerns and the City's goals.

Results: Provided support for City Council consideration of parking garage serving Wallis Annenberg Center for the Performing Arts and the business Triangle
Highlights:

- EDD coordinated the business community's review of the proposal to add a third floor to the parking garage serving the Center for the Performing Arts. Based on information provided by the City's Parking Director, the Executive Director of the Center for the Performing Arts and documents produced by the City and the Center for the Performing Arts, the business community (as represented by the Beverly Hills Chamber Board of Directors) voted to support a third floor of parking

Results: Educated business community and provided support for Transportation Sales Tax
Highlights:

- EDD provided extensive education to the business community on the transportation sales tax, Measure R, which was on the November 2008 ballot. This successful measure, which Beverly Hills voters approved by a 75% margin, will benefit Beverly Hills because it provides funding for the Westside Subway Extension, which we hope will connect Beverly Hills with downtown locations and west to Century City and points beyond.

Results: Continued dialogue on significant issues impacting the business community and the City of Beverly Hills, including General Plan adoption process
Highlights:

- The EDD continues to facilitate and promote dialogue on the draft General Plan between the business community and City staff and Council. Past communication venues have included Town Hall meetings, Government Affairs Committee meetings, electronic communications and print communications