CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: December 18, 2007

To: City Council

From: Alison Maxwell, Director Economic Development and Marketing

Subject: Report to Council from the Sister City Committee

Attachments: 1. What Makes a Successful Sister City

INTRODUCTION

This item presents discussions by the City's Sister City Committee regarding potential new sister city relationships.

DISCUSSION

The City of Beverly Hills is a member of Sister Cities International, Inc. ("SCI"), a nonprofit, citizen diplomacy network that creates and strengthens partnerships between U.S. and international communities to increase global cooperation at the local level. A sister city is a broad-based, officially approved, long-term partnership between two cities, which becomes official with a signing ceremony of the top-elected officials of the two local jurisdictions, following approval by the city council. According to SCI, sister city partners engage in a vast array of mutually beneficial, innovative and meaningful projects, in diverse areas of interest including arts and culture, business and economic development, disability awareness, education, emergency preparedness, environment, healthcare, humanitarian assistance, municipal training, public safety, women's issues and youth involvement. (See Addendum 1 for SCI's "What Makes a Successful Sister City Program?").

City's can, of course, also partner with other cities without necessarily adopting the formal construct of SCI.

Beverly Hills had previously entered into formal sister city relationships with Cannes, France, and Acapulco, Mexico. These relationships have become dormant in the last few years.

The City Council Sister Cities Committee (Committee) was established to look into the benefits of pursuing the existing relationships and/or developing new partnerships.

The members of the City Council Sister City Committee are: Honorable Mayor Jimmy Delshad and Council Member Frank Fenton.

At a previous meeting the Committee recommended taking no specific action for the present with respect to the existing relationships with Acapulco and Cannes, but directed staff towards additional research and information gathering regarding potential relationships with cities in China and Israel.

In connection with its interest in China and Israel, the Committee invited two community members Bruce Cole and Howard Szabo to participate on the Committee in an advisory capacity. Both Mr. Cole and Mr. Szabo have extensive experience of China and/or Israel from a cultural and business perspective.

At its September 19, 2007 meeting, the Committee requested further research and recommendations on three cities in China and three in Israel.

The Committee met again on November 28, 2007 to review the research and discuss the structure of a proposed new organization. The remainder of this report outlines the Committee review and discussion on three areas: governing structure; goals and structure of a proposed new BH Sister City organization; and, review and proposals for two new Sister Cities.

Sister City Governing Structure

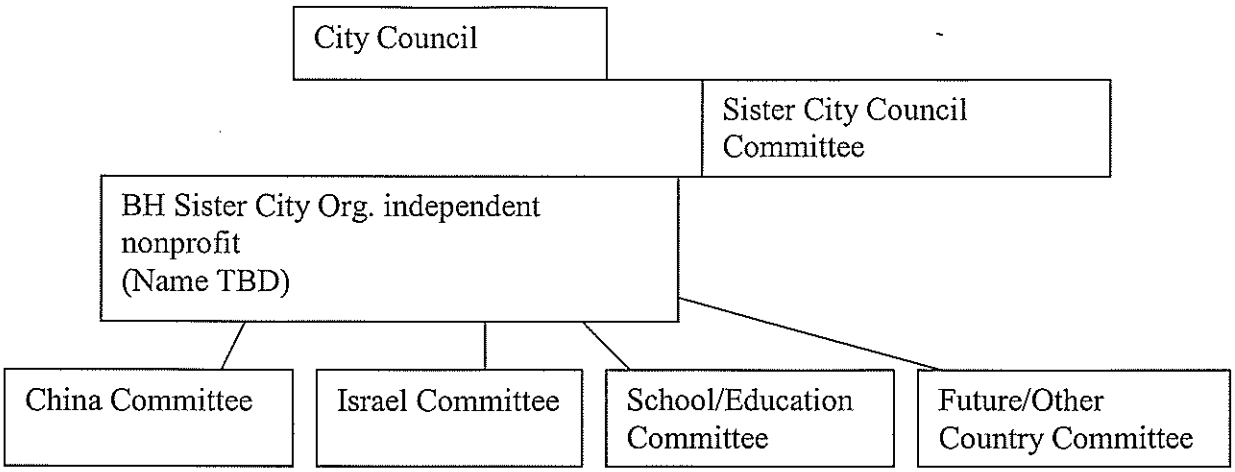
Most Sister City programs fall within three main types of organizational structures: an association, a city commission or a corporation.

An association is a group of people joined for a common purpose, often without a formal structure. Ordinarily it is not incorporated, but uses the same methods and forms used by corporations. This type of structure is usually found in small to medium-sized cities with an informal sister cities program, as well as among programs with little community-wide fundraising or funding.

A city commission is put together formally by municipal ordinance and carries out its functions as an arm of city government. The city council appoints the members of the sister cities commission, and the commission is responsible for affiliation policy and direction.

A nonprofit corporation is a legal entity with its own name. It is made up of individuals that must follow the laws regarding corporations. Sister Cities International strongly suggests incorporation of sister city programs, and applying for tax-exempt status under the statute 501(c) (3) of the IRS tax code. This form of organization is generally better placed to manage fund raising and sponsorships to support its programming.

The Committee recommends the most applicable structure for Beverly Hills would be through the formation of a new nonprofit corporation. The diagram and description below outlines a proposed governing structure.



To trigger this governing structure, it is anticipated that the City Council would need to take the following action:

- City Council would endorse the creation of an umbrella Sister City organization – suitable name to be determined.

- Council would ratify appointment of two founding members charged with taking the lead to create and develop an independent committee with a view to creating a board of directors for an independent nonprofit corporation.

  Founding members would also take the lead in creating and sustaining the China and Israel committee.

- City would direct the Council Sister City Committee to continue to oversee City's interest in a Sister City program, provide guidance and oversight to the new Sister City organization and its committees, and to report back to City Council and make further recommendations as needed.

- In parallel with the above, City Council would authorize the Mayor to write letters or make other applicable outreach to international cities recommended in this report for the purposes of engaging in exploratory dialogue. This will allow the City Committee and the founding members of the new organization to begin official outreach to these cities at the same time as creating the managing structure.

Specific action required at this Council meeting is outlined in the Committee Recommendation section.

Proposed Goals and Structure of a new Beverly Hills Sister City Organization:

Name: To be determined.

Founding Goals: 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.

In New York the Sister City organization has been very successful in developing corporate partnerships and funding to become a self-sustaining organization. It has changed its name to NYC Global Partners, which bespeaks a broader mission to be a world leader and develop strategic partnerships on a range of cultural, government and business issues. The Committee would recommend a similar approach for Beverly Hills.

The new organization must be grass-roots managed and operate as a self sustaining, non-profit entity – utilizing corporate support and other fundraising. However, the early years of the program may require a minimum contribution by the City for the SCI dues, as well as the contribution of some staff time until the program is able to satisfy its own staff needs with volunteers or paid employees.

The umbrella non-profit entity would include at least one individual with an interest in the respective sister city relationships (i.e., one member for Israel, one for China, and if interest still exists, one for France and one for Mexico) These relationships would be managed through interest specific subcommittees that should have enough participation and dedication from members to manage and direct the relationships with their international city partner. The exact number of board members has not been determined and will be developed as part of the creation of the new nonprofit.

The board should also include one person with a strong interest in each of the following general categories (or combination thereof): education, retail, entertainment, culture/community, tourism, business, art, fashion, media and banking. One board member could serve as the appointee of the Mayor or City Council. Finally, the board could include one or more ex-officio members to lend expertise on the general operations of the sister city program. The individuals who serve on the board should have significant experience in the area of interest for which they were appointed, and be willing to commit the time and effort to ensure the success of the sister city program on a long term basis.

The two new founding members would be charged with creating the new board and developing the board structure, bylaws, mission and other organizational details.

The principal failure of most Sister City organizations is waning commitment of time or interest from the initial board members and this should be borne in mind when considering this new endeavor.

Proposed New City Relationships:

As mentioned, the City Sister Committee previously reported to Council its recommendation to develop relationships with China and Israel. Below are brief outlines of three cities/districts within each country, prepared by community advisors to the Committee - Bruce Cole and Howard Szabo.

China – community advisor Bruce Cole:

Beverly Hills' objectives would be to attract and promote: tourism; branded high-end retail and couture fashion; corporate headquarters of Chinese companies listed on the U.S. exchanges; Chinese investment companies; cultural and educational exchanges.

Beverly Hills offers its world-class brand and the prestige of being a partner with such a brand. It offers economic opportunity for high-end retail, entertainment, finance and other businesses from partner countries interested in expanding or relocating. City partnerships can make it easier for sister city businesses to locate in the US/Beverly Hills and provide cross opportunities for introduction of Beverly Hills' entertainment and other business wishing to expand abroad. Beverly Hills has an excellent school system and there are many possibilities in education and cultural exchanges such as offering Mandarin at the high school and exchanging students to the sister city. Beverly Hills has several leading art institutions and there are great possibilities for art and cultural exchange.

Only three China cities seemed able to meet the criteria set forth, these are: Beijing, Guangzhou, and Shanghai.

High-end and trendy fashion companies are located primarily in Shanghai, with some in Beijing. The high-end commercially branded Chinese goods are located primarily in Shanghai and Guangzhou. The Corporate headquarters of those Chinese companies that have gone public or are candidates for public listing, typically locate in Beijing or Shanghai; companies are all over China but the largest concentration are in Beijing or Shanghai. Both Shanghai and Beijing have very active contemporary art scenes.

All three of the abovementioned cities have populations of between 15 million to 26 million (Guangzhou being the smallest).

It could be argued that Beverly Hills would be lost in these cities as their sizes are so vastly different; yet they provide the best opportunities for Beverly Hills, using the criteria offered above.

However, there may be a unique opportunity in Shanghai by affiliating Beverly Hills with the Pudong district of Shanghai. In Shanghai, the city is divided into political districts, much like Los Angeles or New York. City Council members are elected by district. The vice mayors and mayor are appointed by the Communist Party leadership. There is also a Party Secretary in each City and province (equivalent of our states). Shanghai, like Beijing, is both a city and a province.

The Pudong district is the international financial center of China and is the richest district in China. It is the home to most multi-national companies, fortune 500 Company's, and public listed companies. It has a population of approximately 1.5 million.

The Pudong opportunity: Individual business and political relationships already exist with Pudong in particular, and Shanghai in general, through the Committee's community advisor(s). Utilizing these connections, it may be feasible to interest the Shanghai government in approving a Beverly Hills/Pudong sister city relationship. By partnering with Pudong, Beverly Hills would also have the access to Shanghai.

This may not fit under the strict umbrella of Sister Cities International but as long as it meets the objectives of Beverly Hills, conforming to Sister City International structure should not be a primary concern.

Having reviewed and discussed the options provided, the Committee recommends making approaches to Pudong for consideration as a sister city partner.

Israel – community advisor Howard Szabo:

In determining the ideal Israel sister city, a number of criteria were considered in accordance with guidance from Sister City International website and the criteria listed above under the China section. Among these were similar goals and objectives; similar size, geography and population; similar or complimentary business and industry; and a shared genuine interest in a long term commitment. Following discussions of the City's Sister City Committee, the search for a potential partner city in Israel was narrowed down to four cities, Ashkelon, Herzylia, Netanya and Yavneh.

The City of Ashkelon lies on the Mediterranean Sea, covering 12 square miles including 6 miles of beachfront. The current City was established in 1951, although its history stretches back thousands of years. The current population is somewhere around 117,000. The City includes some tourist and recreation facilities, a commercial port and three major industrial centers, and is operated on a municipal budget of approximately $120 dollars. Unfortunately, Ashkelon has been in the news lately because of its location on the southern coast of Israel, and its proximity to Gaza.

The City of Herzliya was founded in 1924 on the coast of Israel, just north of Tel Aviv, covering an area of ten square miles. The current population of 95,000 doubles during work hours, like Beverly Hills, as it is one of the business and leisure centers in Israel. The City includes affluent homes (including the residences of many consuls), exclusive beach resorts and marina, flourishing high tech industrial; commercial zones; and some of the finest schools in Israel. The City is operated with a surplus of approximately $3 million on an annual budget of $218 million. It is also home to the annual Herzliya Conference, considered Israel's most important forum for discussing the latest political, military and economic issues.

The City of Netanya was established in 1929 on the coast of Israel between Tel Aviv and Haifa, and currently covers about ten square miles. The current population is approximately 200,000, 45,000 of whom are new immigrants who arrived after 1990, including those from Russia, France and England. The City operates at a modest surplus on an annual budget of $245 million. The City lies on eight miles of beautiful beaches with 25 hotels on the sea front. It has also attracted attention from developer Donald Trump, who has expressed interest in building an additional hotel. The City has four industrial parks.

The modern City of Yavneh was established in 1949 in the center area of the coastal strip of Israel, approximately 16 miles south of Tel Aviv, and currently covers about 12 square miles. The current population of 35,000 is made up of Israelis from a great variety of countries of origin, most of whom live in single family homes (which is rare for Israel since most Israelis live in multi-family buildings, i.e., apartments and condos). The City operates on an annual budget of $45 million, and includes two sports complexes, and one industrial center. Yavneh, a growing city which is on its way to reaching its potential, is investing money into the development of education and quality of life for its residents.

Considering all of the relevant factors, and the characteristics of each of the above cities, Herzliya would be the best candidate for a sister city partnership in Israel. Although Herzliya and Beverly Hills are by no means large in terms of population or area, they both have an inordinate impact on their respective countries and abroad. Each city is a highly desirable place to live, with high levels of city services providing a high quality of living for its residents. Each city also contains many dynamic, cutting edge businesses which bring many more people into the city limits during business hours, along with the

attendant burdens placed on the city, including traffic congestion and parking. The schools in each city are among the best in their countries, which would lend to the further development of educational exchanges between the two cities. The cities are both attractive locations for national and internationals meetings which attract the brightest minds in the world to work on solving the toughest issues of the day, including the Herzliya Conference in Herzliya, and the Milken Institute Global Conference in Beverly Hills. Last, but not least, the names of each of Beverly Hills and Herzliya evoke an image of high quality lifestyle, and cutting edge solutions to the challenges of the day.

The Committee, therefore, recommends making approaches to Herzliya for consideration as a sister city partner.

FISCAL IMPACT

Funds have not been budgeted in fiscal year 2007-2008 to support this program.

The costs needed to support this endeavor have not been fully evaluated. However, staff suggests that initial support be provided as follows:

The City assumes responsibility for payment of the $500 annual International Sister City membership fee.

From there, if the new Sister City organization wishes to request Council financial support, it should outline a budget, discuss it with the Sister City Council Committee and bring forward recommendations to Council.

Typically, any new Sister City organization would need to raise its own sponsorships and pay for the travel of its volunteer board members.

RECOMMENDATIONS

The Sister City Committee recommends that:

Council supports the concept of establishing a non-profit with objectives and initial structure as outlined in this report; and, ratifies Bruce Cole and Howard Szabo as the founding members of the new independent Sister City organization charged with developing the board of directors; organizational structure and applicable China and Israel committees.

Council authorizes the Committee, through the work of the founding members to begin outreach and pursue formal enquiries with Pudong, Shanghai, China and Herzliya, Israel regarding their interest in partnering with Beverly Hills.

Council authorizes the Mayor to write letters or make other representation on behalf of the City as it relates to Sister City outreach.

Approved by:

Alison Maxwell, Director Economic Development and Marketing

Addendum 1

What Makes a Successful Sister City Program?

1. *Solid support and involvement from:*

- City Hall – the mayor as honorary chair; a staff person designated at city hall to support the sister city program; direct involvement of various city departments in municipal, economic development, technical, public safety or other exchanges; various direct and in-direct (in-kind) support for sister city activities, such as assistance with administrative costs and receptions.

- Business sector, with an opportunity for both corporations and small businesses, as well as individual business people, to contribute their time and/or financial or in-kind support. The local Chamber of Commerce and other key organizations should also be actively involved in the sister city program.

2. *A broad-based sister city committee:* The best long-term indicator of success for a sister city program (since elected officials come and go) is a broad-based sister city committee, made up of many individual citizens who are enthusiastic supporters of the sister city program. Every effort should be made to recruit people from various professions, a youth delegate, people from different ethnic and religious groups, both women and men, and people with disabilities. Citizen volunteers in the United States and abroad contribute an enormous "cost share" to the local program through their time and various out-of-pocket expenses, including annual individual and family membership fees, travel expenses abroad and hosting expenses at home.

3. *Forming alliances:* To maximize limited resources and the potential outreach and impact of the sister city program in the community, every effort should be made to form additional alliances within the overall sister city program, such as sister schools or twinned Rotary and Lion's clubs.

4. *Excellent communication links:*

It is essential to have excellent communication links, including reliable phone, fax and Internet communications, with back up fax and phone numbers when necessary.

Fax machines should be kept on at night. Communication from a sister city should be responded to immediately to maintain good relations. Even if a decision concerning a proposal has not been reached, a quick reply saying, for example, "Thank you for your fax – we will respond to you after our meeting next month," should be sent promptly, acknowledging receipt of an important proposal or letter.

5. *Sensitivity to cultural differences:* Sister City projects should be reciprocal and jointly planned, executed and evaluated. Also, there needs to be time built into actual exchanges for cross-culturally sensitive feedback to avoid serious "culture bumps." Formal time for cross-cultural discussion, to learn about more complex layers of culture, such as the changing role of women in society, child rearing methods or how decisions are actually made in local government or businesses, should be built into all exchanges and projects.

6. *Clear objectives:* To maintain excellent, two-way communication and to keep the program active, it is important that cities meet at least every other year to develop a *Memorandum of Understanding* about what they plan for their partnership, including frank discussions about areas of interest, realities of budgets and other important details in carrying out proposed exchanges or projects.

7. *There are a variety of low-cost exchanges that should occur every year, even if it is not possible to have a physical exchange of people. Some suggestions are:*

- An annual "state of the city" letter between the two mayors
- Exchanges of the city annual reports and city plans by officials at city hall
- Exchanges of children's artwork, letters or sister school programs through the Internet
- Periodic exchanges of interesting newspaper articles that show how society, technology, the environment, etc. are changing in your city
- Cultural festivals, movies or speeches that celebrate the culture of the sister city (foreign students or business people from the nation of the sister city can be guest speakers).

8. *Regular exchanges:* It is essential to agree on regular, sustainable exchanges of people that will take place every year or, at the very least, every other year. There are many possibilities for this, including teacher and student exchanges, municipal internships for city officials in key fields, young business leader internships sponsored by the Chamber of Commerce, or participation at the largest annual festival in the sister city.

9. *Willingness to take risks:* All relationships, like friendships, need to take a risk once in a while with a larger or more ambitious project, to stay fresh and to achieve their full potential. Such projects require a high degree of planning, fund raising, and time and effort, but they also can be a very positive, life-transforming experience for all involved.