AGENDA REPORT

Meeting Date: August 5, 2008

Item Number: E-1

To: Honorable Mayor & City Council

From: Alison Maxwell, Director Economic Development and Marketing

Subject:

A. APPROVAL OF AMENDMENT NO. 3 TO AN AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR THE CHAMBER'S CONFERENCE AND VISITORS BUREAU IN THE AMOUNT OF $1,545,192; AND

   AUTHORIZATION OF A PURCHASE ORDER IN THE AMOUNT OF $1,545,192 FOR VISITOR ATTRACTION AND MARKETING PROGRAMS.

B. APPROVAL OF AMENDMENT NO. 2 TO AN AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR THE CHAMBER'S ECONOMIC DEVELOPMENT PROGRAM IN THE AMOUNT OF $344,642; AND

   AUTHORIZATION OF A PURCHASE ORDER IN THE AMOUNT OF $344,642 FOR ECONOMIC DEVELOPMENT PROGRAMS

Attachments:

1. Amendment No. 3 – Chamber CVB
2. Amendment No. 2 – Chamber EDD

RECOMMENDATION

Staff recommends that the City Council:

1) Approve amendment #3 to an Agreement between the City of Beverly Hills and Beverly Hills Chamber of Commerce and Civic Association for the Chamber's Conference and Visitors Bureau in the amount of $1,545,192;

2) Approve amendment #2 to Agreement between the City of Beverly Hills and the Beverly Hills Chamber of Commerce and Civic Association for the Chamber's Economic Development Program in the amount of $344,642; and

3) Approve issuance of related purchase orders.

INTRODUCTION

This item requests City Council to approve amendments to agreements with the Chamber of Commerce for continuation of visitor marketing and economic development services through June 30, 2009 for the Conference and Visitors Bureau and the Economic Development Division.

DISCUSSION

On June 17, 2008 the City Council received presentations on the Conference and Visitors Bureau and Chamber Economic Development Division 2008-2009 work program and budget requests.

Council accepted the overall full-year work program presentation and budgets, but only approved funding through the first quarter. Funding was approved for direct program costs through September 30, 2008 and operational costs (staff and administrative expenses) for two months through August 31, 2008, with a caveat that the CVB advertising and marketing program should be reviewed by the Chamber Council Committee. Council deferred funding decisions for the balance of the CVB and EDD 2008-2009 work programs pending further discussions on the Performance Audit of Contracted Visitor Marketing and Economic Development Programs (Performance Audit).

The Ad Hoc Committee met on July 16, 2008 to review the working draft report of the Performance Audit. As part of the meeting, the Committee discussed the importance of ensuring that visitor marketing services and economic development services were continued and that there be no interruption of service delivery while City Council reviewed and made recommendations relating to the Performance Audit.

The attached amendments to agreements with the Chamber of Commerce for the Conference and Visitors Bureau and the Economic Development Division represent provision of funding for the remaining three quarters of the fiscal year through June 30, 2009, based on the full year work plans and budgets presented to the City Council on June 17, 2008.

The full work plans and budgets are included as part of the agreements attached to this report.

The contract amendments attached also include new language that memorializes the Chamber's commitment to work closely with the City on the implementation of any recommendations that may come out of either the Performance Audit or Financial Audit. The additional language reads as follows: ...."Chamber agrees to cooperate closely with the City in its administration of any recommendations adopted by the City Council resulting from both the Financial Audits and Performance Audits of the Chamber,

including possible modifications of this agreement, including but not limited to performance measures, accounting measures and budgeting procedures."

By approving these amendments, Council is ensuring that existing commitments and services will be continued in tandem with any policy decisions it may make about the mechanism for funding visitor marketing and economic development programs in the future.

FISCAL IMPACT

For Amendment # 3 for the Conference and Visitors Bureau, the remaining funding through June 30, 2009 is $1,545,192 for a total not to exceed amount for the 2008-2009 work program of $2,158,160; this amount is budgeted in 0101311 "Tourism and Marketing". For Amendment # 2 for the Economic Development Division, the remaining funding through June 30, 2009 is $344,642 for a total not to exceed amount for the 2008-2009 work program of $444,673; this amount is budgeted in 0101313 "Business Development."

Scott Miller
Director Administrative Services/Chief Financial Officer

Alison Maxwell
Director Economic Development & Marketing

Attachment 1

Agreement No. 3 – Chamber CVB

AMENDMENT NO. 3 TO AN AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR THE CHAMBER'S CONFERENCE AND VISITOR'S BUREAU

This Amendment No. 3 is to that certain Agreement between the City of Beverly Hills, a municipal corporation ("City"), and the Beverly Hills Chamber of Commerce and Civic Association ("Chamber"), a non-profit corporation, dated June 19, 2007 and identified as Contract No. 223-07, as amended by Amendment No. 1, dated May 19, 2008 and identified as Contract No. 158-08, as further amended by Amendment No. 2, dated July 2, 2008 and identified as Contract No. 250-08 ("Agreement").

RECITALS

A. City entered into the Agreement with Chamber in order to conduct or participate in promotional, publicity, and advertising activities for the benefit of City, which was previously amended.

B. City desires to amend the Agreement to provide continued tourism and marking services through June 30, 2009.

NOW, THEREFORE, the parties agree as follows:

Section 1. Paragraph (f) shall be added to Section 3 of the Agreement entitled, Reports, as amended below:

"Section 3. Reports.

(a) Beginning with the second quarter of the term of the Agreement, Chamber shall provide quarterly reports to City. These reports shall be submitted to City and shall be in a form and content acceptable to the City Manager or his designee. The reports shall include, without limitation, information on overall project management and achievement of goals in relation to Chamber's work plan and budget as set forth in Exhibit A, including the percentage of services

completed and defined measurements of goal achievement. It is the intention of City and Chamber to create processes and measurements for the City-funded Chamber programs.

(b) Chamber shall also supply the City with an Audited Annual Financial report prepared by a Certified Public Accountant. Such report shall provide consolidated financial reporting for Chamber as a whole, and separately detailed accounts for each program funded by City. The report shall be due within six months of the end of Chamber's fiscal year beginning with a report of fiscal year 2007-2008. At City's sole discretion, consolidated annual accounts may be substituted for full audited accounts.

(c) With reasonable notice from City, Chamber shall provide to City copies of any and all work product, documents reports, property and books produced by chamber in fulfillment of this Agreement. This shall be solely for the purpose of confirming and evaluating the execution of the programs described in this Agreement and shall not include records and documents unrelated to the execution of such programs (e.g., personnel records).

(d) Chamber shall establish and maintain an accounting system in accordance with generally accepted accounting principles and standards. The system shall detail all costs chargeable to City under this Agreement and shall substantiate all such costs, and comply with any applicable State and Federal standards.

(e) Chamber shall endeavor to develop, in consultation with City, a program-based budget for all City-funded programs. Implementation of a program-based budget is not intended to affect the requirements outlined in paragraph (d) of this Section relating to generally accepted accounting principles.

(f) Chamber agrees to cooperate closely with City in its administration of any recommendations adopted by the City Council from both the Performance Audits and Financial Audits required by this Agreement, including possible modifications to this Agreement, including without limitation, performance measures, accounting measures and budgeting procedures."

Section 2. Exhibit A, "Scope of Services and Budget," is hereby amended to include the Beverly Hills Chamber of Commerce and Visitor's Bureau ("BHCVB") work program for fiscal year 2008-2009. and, specifically, adding funding necessary to perform services from October 1, 2008 through June 30, 2009 in the amount of One Million, Five Hundred Forty-Five Thousand One Hundred Ninety-Two Dollars ($1,545,192) for total funding for fiscal year 2008/2009 in an amount not to exceed Two Million One Hundred Thousand Fifty-Eight One Hundred Sixty Dollars ($2,158,160).

Section 3. Except as modified by Amendments No. 1 and 2 and as specifically amended herein, the Agreement shall remain in full force and effect.

EXECUTED this _____ day of _____, 200_, at Beverly Hills, California..

CITY OF BEVERLY HILLS, a municipal corporation

_____
BARRY BRUCKER
Mayor of the City of Beverly Hills, California

ATTEST:

_____ (SEAL)
BYRON POPE
City Clerk

BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION

_____
DANIEL WALSH
Chief Executive Officer

[Signatures continue]

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

RODERICK J. WOOD
City Manager

SCOTT G. MILLER
Director of Administrative Services/Chief Financial Officer

ALISON MAXWELL
Director of Economic Development and Marketing

KARL KIRKMAN
Risk Manager

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.

a. Mission
b. Scope of Work
   i. Product Development
   ii. Branding
   iii. Consumer Programs
   iv. Trade Programs
   v. Media Relations
   vi. International Representation
   vii. Special Programs
c. Goals
d. Core Strategies and Tactics
e. Programming and Funding Detail

Contents:

I. Conference & Visitors Bureau

a. Mission

Beverly Hills Conference & Visitors Bureau is dedicated to enhancing the economic vitality of Beverly Hills through destination marketing, targeting consumers, trade and media in key markets throughout the US and internationally. The CVB's primary marketing efforts focus on incremental business requiring an overnight stay. In addition, the CVB strives to enhance the overall visitor experience for both hotel guests and day visitors.

b. Scope of Work

i. Product Development: The CVB will continue to develop product and explore opportunities to expand and improve existing product.

ii. Branding: Following the brandprint established for Beverly Hills, the CVB will continue to serve as the destination brand steward in conjunction with the City.

iii. Consumer Programs

Advertising: A media plan is currently being developed and will be presented to council liaisons for approval.

Website: The CVB website will be a priority for FY 08-09 and beyond. The CVB will go through a formal RFP process at the start of the next fiscal year.

Collateral and Fulfillment: The CVB produces several collateral pieces including Beverly's "little brown book", a VIP brochure, walking maps and one-sheets.

Efforts will be made in the coming year to reduce print pieces and drive visitors to the website, ensuring up-to-date information at all times and reducing the rising costs associated with development, production, storage and shipping.

Visitor Services: In 08/09, funding has been allocated to develop a business plan for a Beverly Hills Visitor Center.

Research: The 2007 Tourism Impact Study will be released in 2008. Funding for additional research in 08/09 includes current visitor profile data.

iv. Trade Programs

Sales Missions: BHCVB will continue to conduct annual sales missions to New York and Mexico. In addition, the CVB has budgeted to participate in the California state tourism missions to the United Kingdom, Mexico, and Japan.

Trade Shows: The Travel Industry Association's annual Pow Wow is the premiere international marketplace and presents the opportunity to conduct business with trade and media. In 2009, Pow Wow will take place in Miami and the CVB will again participate with partners.

Local Sales Calls and Outreach: To complement international outreach, BHCVB conducts local sales calls on Los Angeles-based wholesalers and receptive operators. The sales calls take place to the CVB's top 10 accounts on a quarterly basis.

Familiarization Trips: BHCVB will continue to conduct familiarization trips to showcase Beverly Hills to targeted trade partners. The goal for 08/09 is one organized trade fam per quarter.

v. Media Relations: The CVB will hire a Communications Manager in 08/09 to handle public relations, and Weber Shandwick will be retained on a project basis.

vi. International Representation: For 08/09, BHCVB will continue its representation in the UK and Japan. New in 2008 will be BHCVB's representation in China through LA Inc.

vii. Special Programs: Beverly Hills will continue to partner with area CVBs as part of a westside partnership and leverage other special programs as they arise.

c. Goals

i. Continue to brand Beverly Hills
ii. Increase visitor arrivals
iii. Increase tourism revenue in Beverly Hills
iv. Increase length of stay for day visitors
v. Continue to improve visitor satisfaction

d. Core Strategies and Tactics

i. Market overall destination experience/provide foundation
ii. Focus on incremental business

iii. Drive overnight stays
iv. Target leisure market
v. Leverage tactical offers during "need" periods
vi. Provide consistent messaging as the cornerstone of all efforts:

- Walkable
- Accessible
- Safe
- Various Price Points
- Variety of Experiences
- Celebrity Glamour/Feel like a Star
- Luxury Capital

vii. Differentiate Beverly Hills from competition through branding/unique selling points
viii. Pursue partnerships and cooperative marketing opportunities
ix. Utilize ongoing research to fine-tune efforts

e. 1st Quarter Programming and Budget Approved by City Council 6/17/08

CVB Program Totals*	$529,978
CVB Operating	$ 82,990
Interim Funding starting 7/1/08	$612,968

* (Programs, marketing support, in-market services encumbrances)

Advertising expenditures subject to Council Committee review and approval

f. Second, Third and Fourth Quarter Funding

Program Costs	Oct. 1 - June 30	$713,357
Operating	Oct. 1 - June 30	$831,835
	Total:	$1,545,192
	Budget Total 08/09:	$2,158,160

BHCVB BUDGET 2008-2009

		07-08 Budget	08-09 Budget	% Change
	City Funding	$2,038,000	$2,158,160	6%
	Holidays	$100,000	$0	-100%
EXPENSES				
	Marketing Programs			
1.	Advertising	$599,512	$566,878	-5%
2.	Public Relations	$125,000	$100,000	-20%
3.	Domestic Marketing	$100,000	$110,000	10%
4.	International Marketing	$150,000	$200,000	33%
5.	Familiarizations	$3,500	$7,000	100%
6.	Website	$27,762	$75,000	170%
7.	Special Programs	$15,000	$21,200	41%
	Marketing Support			
8.	Library/Visual Aids	$1,000	$1,00	0%
9.	Fulfillment (Infox)	$20,000	$21,000	5%
10.	Collateral	475,000	$56,000	-25%
11.	Chamber Newsletter	$3,450	$1,880	-46%
12.	Promotional Items	$5,000	$5,150	3%
13.	Research	$27,500	$5,000	-82%
	In-Market Service			
14.	Ambassador	$49,061	$50,533	3%
15.	Holiday Programs	$101,000	$1,000	-99%
16.	Visitor Center	$0	$3,500	n/a
	Other			
17.	Prof Dev/Industry Confs	$2,500	$5,000	100%
18.	Legal Fees/Licensing	$1,000	$1,500	50%
19.	Dues	$6,000	$6,180	3%

		07-08 Budget	08-09 Budget	% Change
20.	Corp Expense Acct	$3,500	$5,000	43%
21.	Contingency	$500	$515	
	Operations			
22.	Compensation	$388,291	$479,739	24%
23.	Chamber Crossover	$303,625	$312,733	3%
24.	Temporary Service	$1,000	$1,030	3%
25.	Liability Insurance	$9,600	$9,888	3%
26.	Rent	$36,000	$37,080	3%
27.	Telephone	$12,000	$12,360	3%
28.	Utilities	$8,000	$8,240	3%
29.	Equipment Lease	$7,000	$7,210	3%
30.	Audit	$9,700	$800	-92%
31.	Office Supplies	$6,000	$6,180	3%
32.	Division supplies	$5,000	$5,150	3%
33.	Computer/Tel Lease	$18,700	$19,261	3%
34.	Postage and Delivery	$10,000	$10,300	3%
35.	Shipping	$1,800	$1,854	3%
36.	Database	43,000	$3,000	0%
Total		$2,136,001	$2,158,160	1%

BHCVB BUDGET LINE ITEMS

	Item	Description
1.	Advertising	Advertising costs associated with *love, Beverly Hills* campaign, including agency fees and media buy. Reduced in 08/09 to cover website. Should incremental funding from 07/08 become available, advertising budget will be restored.
2.	Public Relations	All expenses associated with PR programs. Reduced for 08/09 as Weber Shandwick will become project based and CVB Communications Manager will be hired for day-to-day PR activity.
3.	Domestic Marketing	Annual New York sales Mission along with sales calls and promotions within the US.
4.	International Marketing	Participation in Pow Wow; representation in the UK, Australia and Japan through Tourism California (new or 08/09); representation in china through LA Inc. (new for 08/09; BHCVB Sales Mission to Mexico City; CTTC Sales Mission to UK, Australia and Japan; outreach to US-based divisions of international trade partners.
5.	Familiarizations	costs associated with hosting top trade and media to showcase Beverly Hills. Since media and trade visits have risen significancy, budget increased in 08/09 to supplement in-kind contributions from business partners.
6.	Website	Redesign and relaunch of CVB website; search engine optimization; monthly maintenance fees; e-communications. The website will be a major focus in 08/09.
7.	Special Programs	Website CVB Partnership initiatives and other ad hoc special programs. Budget increased in 08/09 to cover CVB's share of Chamber/CVB/EDD reorganization/ rebranding.
8.	Library/Visual Aids	Maintenance of images, publications, CDs
9.	Fulfillment (Infox)	Fulfillment house and consumer database costs
10.	Collateral	Costs associated with collateral including Beverly's "little brown book," VIP Insider Advantage brochure, walking maps, and market specific one-sheets. Continue strategy of reducing collateral and driving consumers to website.
11.	Chamber Newsletter	CVB 's share of expenses associated with Chamber's monthly newsletter. Newsletter will be produced quarterly instead of monthly in 08/09.

	Item	Description
12.	Promotional Items	BH promotional items for sales missions, fams, VIP groups, etc.
13.	Research	Visitor profile data through partnership with LA inc. and area CVBs. Reduction in budget reflects last year's expense of Tourism Impact Study.
14.	Ambassador	Salary, payroll, taxes/benefits, and expenses for City Greeter
15.	Holiday Programs	Miscellaneous holiday marketing costs. Reduction in budget reflects last year's funding from City for holiday programming.
16.	Visitor Center	Funding to develop business plan for Beverly Hills Visitor Center
17.	Professional Development	Conferences/training in conjunction with IACVB and/ or WACVB. Increased to cover additional staff and costs associated with WACVB Board of Directors
18.	Legal Fees/Licensing	Primarily expenses associated with the licensing of *Love, Beverly Hills*.
19.	Dues	Association dues: TIA, CalTIA, IACVB, WACVB, PROST
20.	Corp Expense Acct	Expenses related to client entertainment along with monthly expenses (parking, milage, etc.) for CVB staff. Increased to cover committee and task force expenses as well as additional staff.
21.	Contingency	Unanticipated costs associated with CVB programs
22.	Compensation	Salaries for CVB Executive Director, Business Development Director, Communications Manager (new position fo 08/09 reflected in increase), Marketing coordinator and independently contracted Project coordinator. Also includes payroll taxes and benefits and for CVB staff.
23.	Chamber Crossover	58% of salary for Chamber CEO along with 32% of salaries and payroll taxes/employee benefits for Controller, Communications Department, Special Events Manager, Receptionist and flat fee for Office Manager.
24.	Temporary Service	Temporary administrative support staff.
25.	Liability Insurance	Liability insurance costs associated with travel and off-site work related activities.
26.	Rent	Portion of overall office space provided for CVB ($2.50 per square foot for 1,200 feet)
27.	Telephone	800 number, on hold messaging, and 32% of overall monthly telephone expense

	Item	Description
28.	Utilities	32% of utility costs.
29.	Equipment Lease	32% of office equipment leases
30.	Audit	Costs to be covered by city financial audit, which will replace CVB's annual review
31.	Office Supplies	32% of overall office supplies.
32.	Division supplies	CVB-only materials to support programming.
33.	Computer/Tel Lease	32% of computer maintenance and costs associated with the telephone lease.
34.	Postage and Delivery	32% of overall mailing costs
35.	Shipping	Cost of shipping CVB materials.
36.	Database	The CVB's portion of database expenses.

Attachment 2

Agreement No. 2 – Chamber EDD

AMENDMENT NO. 2 TO AN AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION FOR THE CHAMBER'S ECONOMIC DEVELOPMENT PROGRAM

This Amendment No. 2 is to that certain Agreement between the City of Beverly Hills, a municipal corporation ("City"), and the Beverly Hills Chamber of Commerce and Civic Association ("Chamber"), a non-profit corporation, dated June 19, 2007 and identified as Contract No. 222-07, as amended by Agreement No. 1, identified as Contract No. 251-08, dated July 2, 2008 ("Agreement").

RECITALS

A. City entered into the Agreement with Chamber for the Chamber's economic development programs to attract and retain business in City.

B. City desires to amend the Agreement to provide continued participation in Chamber's Economic Development Programs through June 30, 2009.

NOW, THEREFORE, the parties agree as follows:

Section 1. Section 3 of the Agreement entitled, Reports, shall be amended to add paragraph (f) as set forth below:

"Section 3. Reports.

(a) Beginning with the second quarter of the term of the Agreement, Chamber shall provide quarterly reports to City. These reports shall be submitted to City and shall be in a form and content acceptable to the City Manager or his designee. The reports shall include, without limitation, information on overall project management and achievement of goals in relation to Chamber's work plan and budget as set forth in Exhibit A, including the percentage of services

completed and defined measurements of goal achievement. It is the intention of City and Chamber to create processes and measurements for the City-funded Chamber programs.

(b) Chamber shall also supply the City with an Audited Annual Financial report prepared by a Certified Public Accountant. Such report shall provide consolidated financial reporting for Chamber as a whole, and separately detailed accounts for each program funded by City. The report shall be due within six months of the end of Chamber's fiscal year beginning with a report of fiscal year 2007-2008. At City's sole discretion, consolidated annual accounts may be substituted for full audited accounts.

(c) With reasonable notice from City, Chamber shall provide to City copies of any and all work product, documents reports, property and books produced by chamber in fulfillment of this Agreement. This shall be solely for the purpose of confirming and evaluating the execution of the programs described in this Agreement and shall not include records and documents unrelated to the execution of such programs (e.g., personnel records).

(d) Chamber shall establish and maintain an accounting system in accordance with generally accepted accounting principles and standards. The system shall detail all costs chargeable to City under this Agreement and shall substantiate all such costs, and comply with any applicable State and Federal standards.

(e) Chamber shall endeavor to develop, in consultation with City, a program-based budget for all City-funded programs. Implementation of a program-based budget is not intended to affect the requirements outlined in paragraph (d) of this Section relating to generally accepted accounting principles.

(f) Chamber agrees to cooperate closely with City in its administration of any recommendations adopted by the City Council resulting from both the Financial Audits and Performance Audits of Chamber, including possible modifications to this Agreement, including but not limited to performance measures, accounting measures and budgeting procedures."

Section 2. Exhibit A, "Scope of Services and budget," is hereby amended as attached hereto and incorporated herein by this reference to include the Beverly Hills Chamber of Commerce Economic Development Program for fiscal year 2008-2009 and, specifically, adding funding necessary to perform services from October 1, 2008 through June 20, 2009 in the amount of Three Hundred Forty-Four Thousand Six Hundred Forty-Two Dollars ($344,642), for total 2008/2009 fiscal year funding in an amount not to exceed Four Hundred Forty-Four Thousand Six Hundred Seventy-Three Dollars ($444,673).

Section 3. Except as specifically amended by this Amendment No. 2, the Agreement shall remain in full force and effect.

EXECUTED this _____ day of _____, 200_, at Beverly Hills, California..

CITY OF BEVERLY HILLS, a municipal corporation

_____
BARRY BRUCKER
Mayor of the City of Beverly Hills, California

ATTEST:

_____(SEAL)
BYRON POPE
City Clerk

BEVERLY HILLS CHAMBER OF COMMERCE AND CIVIC ASSOCIATION

_____
DANIEL WALSH
Chief Executive Officer

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

SCOTT G. MILLER
Director of Administrative Services/Chief Financial Officer

[Signatures continue]

ALISON MAXWELL
Director of Economic Development and Marketing

KARL KIRKMAN
Risk Manager

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
BUDGET 2008-2009

		Economic Development Division Budget				
	EDD		07-08 Budget	08-09 Budget	% Change	
	Income					
		EDC Membership (new and renewals)	$ 100,000.00	$ 105,000.00	5%	
		City Contract	**$ 426,772.00**	**$ 444,673.00**	3.2% + $3500	
	TOTAL REVENUE		**$ 526,772.00**	**$ 549,673.00**	4%	
	Expenses					
		Marketing/Programming				
1		Website Upgrade/Maintenance	$ 17,158.67	$ 8,750.00	-49%	
2		Marketing expenses	$ 4,500.00	$ 3,000.00	-33%	
3		Sacramento Legislative Trip	$ 1,500.00	$ -	-100%	
4		Economic Summit	$ 5,000.00	$ 12,500.00	150%	
5		SoBev Coalition (Trademarking)	$ 1,000.00	$ 2,500.00	150%	
6		Business Attraction Strategy Plan		$ -		unfunded
7		Business Improvement District		$ -		unfunded
		Sales/Advertising/Public Relations				
8		New York Retail Outreach Mission	$ 25,000.00	$ 26,000.00	4%	
		Training/Education/Research				
9		Staff Training/Education		$ 500.00	N/A	
10		Dues/Subscriptions	$ 2,000.00	$ 800.00	-60%	
11		Buyer Behavioral /Retail Study Update		$ -		unfunded
		Publications/Collateral				
12		Publications/Brochures/Pamphlets/Printing	$ 1,000.00	$ -	-100%	
		Miscellaneous				
13		Committee Meeting Expense	$ 18,350.00	$ 45,000.00	145%	
14		Contingency	$ 1,000.00	$ 750.00	-25%	
		TOTAL PROGRAMMING EXPENSES	**$ 76,508.67**	**$ 91,050.00**	19%	
		Operations				
15		EDD Compensation, Taxes & Benefits	$ 188,751.40	$ 200,931.44	6%	
16		Temporary Service	$ 6,735.00	$ 5,000.00	-26%	
17		Chamber Crossover, Taxes & Benefits	$ 163,951.41	168,869.95	3%	
18		Liability Insurance	$ 5,400.00	$ 5,562.00	3%	
19		Rent	$ 30,000.00	$ 30,900.00	3%	
20		Telephone	$ 7,500.00	$ 7,725.00	3%	
21		Utilities	$ 5,000.00	$ 5,150.00	3%	
22		Equipment Lease	$ 4,000.00	$ 4,120.00	3%	
23		Audit	$ 5,700.00	$ 800.00	-86%	
24		Office Supplies	$ 3,500.00	$ 3,605.00	3%	
25		Computer/Telephone Lease	$ 11,000.00	$ 11,330.00	3%	
26		Postage and Delivery	$ 10,000.00	$ 7,300.00	-27%	
27		Business Review newsletter	$ 3,450.00	$ 1,880.00	-46%	
28		Stationary	$ 2,275.00	$ 2,343.25	3%	
29		Membership Database software	$ 3,000.00	$ 3,090.00	3%	
		TOTAL OPERATIONS EXPENSE	$ 450,262.81	$ 458,606.64	2%	
	TOTAL EXPENSE		**$ 526,771.48**	**$ 549,656.64**	4%	

**Reflects 100% of salaries , taxes, and benefits for Director of Economic Development and Economic Development Associate. Also includes 18% of Communication Dept., Events Manager, Controller, Receptionist, and office management salaries. Includes 30% of Chamber CEO salary.

	ITEM	DESCRIPTION OF EXPENSES
1	Website Upgrade/ Maintenance	There was a major upgrade to the website undertaken in 2007-08. The reduced amount in the 2008-09 budget will be used for general hosting fees and maintenance.
2	Marketing Account	Marketing includes outreach for EDC membership, building and promoting business relationships with companies in Beverly Hills, business attraction marketing and other general expenses for staff related to the EDD program of work.
3	Sacramento Legislative Trip	UNFUNDED - Annual two-day legislative trip to advocate and gather information on behalf of the Chamber and the City. Expenses associated with airfare, accommodations, transportation and incidentals.
4	Economic Summit	Luncheon conference dedicated to a candid and informative discussion of economic trends and forecasts. Top economists and industry leaders are assembled through a partnership between the Chamber and The Milken Institute to offer insight and commentary on the current state of the local, national and global economy, financial predictions and business and retail trends. Budgeted amount has increased in 2008-09 to cover increased fee for panel moderator (first increase in 6 years) and payment to Chamber to cover event management services.
5	SoBev Coalition	To support the SoBev merchants through marketing and promotional activities with the intention of upgrading the value of the South Beverly area as a retail location, thereby increasing collection of retail sales tax. Efforts are intended to create a "SoBev" brand to heighten the profile and awareness of the area to the local residents, shoppers and the media. Additional money has been allocated in the 2008-09 budget to cover legal expenses which may be incurred for trademarking and utilizing the SoBev name and logo.
6	Business Attraction Strategy	UNFUNDED - City staff has requested that EDD formulate a more formal plan and strategy for retail and business attraction in Beverly Hills. Utilizing outside expertise would allow us to benefit from an objective perspective, specialized knowledge and information, and additional contacts in the retail and business world for outreach to desirable retailers.
7	Business Improvement District	UNFUNDED - The City has indicated an interest in exploring creation of a Business Improvement District in order to provide a vehicle for coordinating marketing and promotional efforts for the retail community. Creating and managing the process for the formulation of this legal entity will require incremental resources and staff support.

	ITEM	DESCRIPTION OF EXPENSES
8	New York Retail Outreach Mission	Airfare, accommodations, transportation and incidentals for EDD Director to plan, coordinate, conduct and attend business recruitment and retention mission in conjunction with planned Conference and Visitors Bureau sale trip. The trip's mission is to express the City's and Chamber's commitment to the retail community in Beverly Hills and to introduce and promote the benefits of doing business in Beverly Hills to New York based companies. Activities also include business attraction efforts. The 2008-09 main trip is planned to be shorter than in previous years, with commensurate reduced costs. Budget includes mid-year follow up trip to address and resolve issues brought up during the primary mission. 2008-09 budget also includes an additional amount of $3500 City funding to reimburse specific City expenses such as ground transportation for the Mayor and meeting expenses, traditionally paid as additional costs by the City. There may also be an additional, brief trip to another location to visit significant retailer(s) headquartered in a location other than New York.
9	Staff Training/ Education	Business Recruitment/Retention training, which may include Economic Development Institute, Institute for Organizational Management, Western Association of Chamber Executives, Urban Land Institute, Westside Urban Forum, computer software training
10	Dues/Subscriptions	Subscriptions/Archives include the Los Angeles Business Journal, The Planning Report, WWD.com and other publications related to the work of the EDD.
11	Buyer Behavioral Study/ Retail Study	UNFUNDED - When the initial Buyer Behavioral Survey was conducted in 2006, it was intended that it would be updated every three years (as is the case with the CVB's Visitor Impact Study). Under this schedule, data for the updated survey would begin to be collected in early 2009. The updated survey would provide information about shopping and spending behavior by Beverly Hills shoppers and the impact of that spending on the local economy. This information would be helpful to the City, business community and prospective Beverly Hills retailers and companies.
12	Publications/ Brochures/ Pamphlets/Printing	Printing of EDD reports, brochures and pamphlets. It is not expected that EDD will be printing any brochures in 2008-09.

	ITEM	DESCRIPTION OF EXPENSES
13	Committee Meeting Expense	Costs associated with committee, workshop and Town Hall related expenses, e.g. food, programs, audio/visual equipment, table/chair rentals (Economic Development Council, Government Affairs Committee, SoBev Merchants Association, etc.) The increase over the prior year's budget reflects an increased EDC membership and additional EDC meetings over the previous year.
14	Contingency	For unexpected costs associated with Economic Development Division programs, committees, activities and events.
15	Compensation, Taxes and Benefits	Budget reflects the salaries for a full-time Director of Economic Development and Government Affairs and a full-time Economic Development Associate. Represents 30% of salary for employee benefits and payroll taxes.
16	Temp/Extra Staff	Reflects costs associated with temporary administrative support staff. EDD often uses temporary staff for assistance with SoBev programming and other activities.
17	Chamber Crossover, Taxes and Benefits	Accounts for 18% of salary, payroll costs and benefits of Communications Director, Events Manager, Controller, Receptionist, and office management salaries. Accounts for 30% of salary for Chamber CEO.
18	Liability Insurance	Reflects liability insurance costs associated with travel and off-site work related activities.
19	Office Rent	Costs of overall office space provided for EDD ($2.50 per sq. ft.)
20	Telephone	Reflects monthly telephone expense, including some reimbursement for cell phone and email service
21	Utilities	Reflects shared utility costs with Chamber.
22	Office Equipment Lease and purchase	Portion of office equipment lease and purchase costs, including postage meter, copier and fax machine.
23	Audit	Costs to be covered by City's financial audit, which will replace EDD's annual review.
24	Office Supplies	Reflects normal usage for office supplies to support ongoing programs.
25	Computer/Telephone Lease	Accommodates portion of equipment lease, repair and maintenance charges related to computer and telephone equipment
26	Postage & Delivery	Costs associated with mailing of EDD materials along with delivery services. The Chamber intends to lower its total expenditures on postage.

	ITEM	DESCRIPTION OF EXPENSES
27	Business Review	Reflects 25% of total cost of printing and distribution of Chamber's Business Review newsletter. Newsletter publication will be reduced from monthly to quarterly in 2008-09.
28	Stationary	Reflects cost of envelopes, stationery, business cards, etc. for EDD
29	Membership Database software	Portion of cost of maintenance of software used to manage and manipulate membership lists and information.