



AGENDA REPORT

Meeting Date: July 7, 2009
Item Number: G-8
To: Honorable Mayor & City Council
From: Alison Maxwell, Director Economic Development and Marketing
Subject: APPROVAL OF 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 \$400,000; AND

AUTHORIZATION OF A PURCHASE ORDER IN THE AMOUNT OF \$400,000

Attachments:

1. Agreement for Service with Chamber EDD
2. Staff Report, May 13, 2009 Study Session

RECOMMENDATION

Staff recommends that the City Council:

- 1) Approve the 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 \$400,000; and
- 2) Approve issuance of related purchase orders.

INTRODUCTION

This item requests City Council to approve the attached agreement with the Beverly Hills Chamber of Commerce for service provided by its Economic Development Division.

DISCUSSION

The Chamber of Commerce Economic Development Program and budget was presented and discussed at the City Council Study Session on May 13, 2009.

Meeting Date: July 7, 2009

At the May 13, 2009 meeting there was concurrence of the City Council to move forward with funding of the Chamber Economic Development Division, in the amount of \$400,000. This amount represents approximately \$36,000 less than 2008-2009 funding. The Chamber Economic Development work program and budget is described in the attached Agreement.

Funding for other Chamber programs was deferred to a review by the Council Committee for the Chamber of Commerce. There will be a separate item brought forward relating to additional funding for the Chamber.

This item only seeks approval of the Agreement for Services with the Chamber of Commerce Economic Development Division.

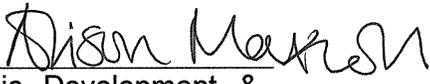
Attached as reference to this Agenda Report is a copy of the Staff Report presented to City Council on May 13.

FISCAL IMPACT

\$400,000 has been budgeted in 0101313 Business Development Program as part of the City's 2009-2010 Budget.



Scott Miller
Director Administrative Services/Chief
Financial Officer



Alison Maxwell
Director Economic Development &
Marketing

Attachment 1

Agreement for Service with Chamber EDD

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 AGREEMENT is made and entered into in the City of Beverly Hills by and 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, for Chamber's Economic Development Division("EDD"). City and Chamber agree as follows:

RECITALS

A. Chamber is located in the City of Beverly Hills and has special knowledge and experience to conduct or participate in business attraction and retention programs and other economic development activities for the benefit of City.

B. City desires to engage the services of Chamber to conduct or participate in such activities during the 2009-2010 budget year and if extended by City in writing, for future fiscal years; and

C. Section 37110 of the State Government Code authorizes the expenditure of monies for promotion;

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, it is agreed as follows:

Section 1. Fund Authorization/Use of Funds.

(a) City agrees to provide during the 2009-2010 fiscal year an amount determined by the City Council in its 2009-2010 fiscal year budget from the marketing allocation

of City's General Fund for expenditures not to exceed \$400,000 in support of the Chamber's Economic Development Program as detailed in Exhibit A, attached hereto and incorporated herein.

Chamber shall utilize its best efforts to solicit membership funds for the Economic Development Council in the amount of no less than Fifty Thousand Dollars (\$50,000) to support Chamber's Economic Development Program.

(b) Chamber shall use the funds from the City during the 2009-2010 fiscal year as specified in Exhibit A.

(c) The City Council hereby authorizes the City Manager to approve additional funding for the Chamber for project(s) agreed upon by the Chamber and City staff, in an amount not to exceed \$75,000. These projects shall be subject to the terms of this Agreement and may be set forth in a letter agreement executed by the Chamber and City Manager or designee.

(d) In connection with Chamber's economic development programs, Chamber may, on behalf of and at the sole discretion of City, use the funds to produce, purchase, install and de-install light pole banners or other displays in the public-right-of-way. All such light pole banners shall comply with the City's adopted Banner Policy, copies of which are available from the Office of Communications and Marketing, and shall be approved in writing in advance by City prior to installation. City shall have sole discretion over the design, placement, and duration of display and shall retain ownership of all banners funded under this Agreement.

Section 2. Payments. Chamber shall submit written requests for advanced payments for expenditures based on the Chamber's adopted budgets for the various projects. Written requests for advance payments shall not be made more than once every two months, unless otherwise

allowed by the City's Chief Financial Officer. City shall provide payment to the Chamber upon approval of the request by the City's Chief Financial Officer. City shall use its best efforts to make payment to Chamber within 45-days of receipt of request.

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 (or other agreed upon measure of completion) 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 2009-2010. 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.

Section 4. Event Tickets. In consideration of the funding provided to Chamber by City under this Agreement, Chamber shall, from time to time, provide tickets to events sponsored by or held by the Chamber to the City Manager for use by City. The amount and number of tickets shall be determined in advance with City on an event basis.

Section 5. Ownership of Work Product.

(a) Unless otherwise agreed upon in writing, all reports, documents, or other written or visual material or any other material in any media, including any images, taglines, logos, or other media created or developed by Chamber or any third party contracted by the Chamber, in the performance of this Agreement, if paid in whole or in part by the funding provided by this Agreement (“Work Product”) shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. All Work Product shall be

considered to be “works made for hire”, and all such Work Product and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of City without restriction or limitation upon their use, duplication or dissemination by City. Chamber shall not obtain or attempt to obtain copyright protection as to any of the Work Products.

(b) Chamber hereby irrevocably assigns exclusively to City, all right, title and interest in such trademarks and/or copyrights or other intellectual property rights in the Work Products. Chamber shall take all acts requested by the City in order to enforce City’s rights under this Section.

(c) Chamber shall not retain ownership of or any right, title or interest in any of the Work Products, including, but not limited to, in any related trademarks, copyrights, or other proprietary rights. The City and Chamber agree that the Work Product and all such rights, title and interest in or to the Work Products belong to and are being sold and assigned in their entirety to City for whatever use it desires, and that City does and shall at all times own, solely and exclusively, complete and unencumbered, all right, title and interest in and to all of the Work Product worldwide, any modifications thereto and any derivative works based thereon (including, but not limited to, all patent, copyright, trademark, service mark and trade secret rights). Nothing contained herein shall be deemed to constitute a mere license or franchise in City. The parties further agree that City will be free to use, modify, distribute, sell, license or otherwise exploit all such Work Products and any modifications to or derivative works based thereon without any restrictions or limitations or any obligations or payments to Chamber and that Chamber shall have no such rights.

(d) From time to time the Chamber will engage photographers to take photographs or will purchase images for use in Chamber's marketing campaigns, collateral or other uses. As to those third party photographs or images whereby the Chamber negotiates to purchase not only the photograph or image but also the copyright or other intellectual property rights, the provisions of this Section 5 will apply. As to those third party photographs or images whereby the Chamber negotiates to purchase only the use of the photograph or image and the copyright is maintained with the photographer, the provisions of this Section 5 will not apply.

(e) This section shall survive termination of this Agreement.

Section 6. Assignment. This Agreement shall not be assigned by Chamber without the written consent of City.

Section 7. Independent Contractor. At all times during the term of this Agreement Chamber shall be independent contractors and Chamber, their officers, employees and agents shall not be employees of City.

Section 8. Term. This Agreement shall remain in full force and effect from the effective date of the Agreement until June 30, 2008, unless terminated earlier as provided in Section 8 of this Agreement.

Section 9. Termination of Agreement. City may terminate this Agreement at any time, with or without cause, upon forty-five (45) days written notice to Chamber. In the event of such termination, City shall pay Chamber for all costs and obligations reasonably incurred by Chamber in performing its services under this Agreement prior to the date of termination and

such payment shall be in full satisfaction of City's obligations hereunder. City shall not be obligated to pay additional funds after issuance or receipt of such notice.

Section 10. Notice. Whenever it shall be necessary for any party to serve notice on another respecting this Agreement, such notice shall be served by certified mail addressed to the City Clerk of the City of Beverly Hills, 455 North Rexford Drive, Beverly Hills, California 90210; or to Beverly Hills ~~Visitors Bureau~~^{}/Chamber of Commerce, 239 South Beverly Drive, Beverly Hills, California 90212, unless and until a different address may be furnished in writing by any party, and such notice shall be deemed to have been served within seventy-two (72) hours after the same has been deposited in the United States Post Office by certified mail. This shall be valid and sufficient service of notice for all purposes.

Section 11. Insurance

(a) Chamber shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive General Liability Insurance with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by Chamber.

(b) Chamber shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive Vehicle Liability insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by Contractor in performing the services required by this Agreement.

(c) Chamber agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation and employer's liability insurance as required by law.

(d) Chamber shall require each of its sub-consultants or sub-contractors to maintain insurance coverage, which meets all of the requirements of this Agreement unless otherwise determined by the City's Risk Manager.

(e) The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

(f) If Chamber fails to keep the aforesaid insurance in full force and effect, City shall notify Chamber that it is in breach of the Agreement and Chamber has three (3) days to cure such breach. If such breach is not cured by Chamber as required in this paragraph, City may terminate the Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at Chamber's expense, the premium thereon.

(g) At all times during the term of this Agreement, Chamber shall maintain on file with the City Clerk a certificate or certificates of insurance on the form required by the City, showing that the aforesaid policies are in effect in the required amounts. Chamber shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The policies of insurance required by this Agreement shall contain an endorsement naming the City as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to City, and specifically stating that the coverage contained

in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(h) The insurance provided by Chamber shall be primary to any coverage available to City. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(i) Any deductibles or self-insured retentions must be declared to and approved by City prior to commencing work under this Agreement.

Section 12. Indemnification. Chamber agree to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all claims, liability or financial loss resulting from any suits, claims, losses or actions, and from all cost and expenses of litigation, brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the actions or omissions of Chamber or their officers, employees, agents or others employed by Chamber in the conduct of the projects funded by this Agreement.

Section 13. Extent of Agreement. This Agreement represents the entire and integrated Agreement between the parties on the matters included herein and supersedes any and all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by all parties to the Agreement.

Section 14. City Not Obligated to Third Parties. The City shall not be obligated or liable under this Agreement to any party other than Chamber.

Section 15. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the ____ day of _____ 200____, at Beverly Hills, California.

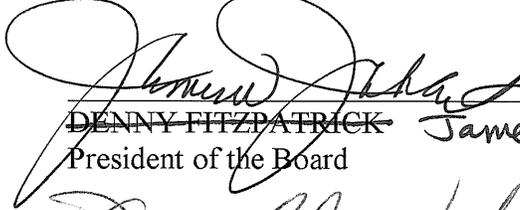
CITY OF BEVERLY HILLS, A municipal corporation

NANCY KRASNE
Mayor of the City of Beverly Hills,
California

ATTEST:

BYRON POPE
City Clerk

BEVERLY HILLS CHAMBER OF
COMMERCE AND CIVIC
ASSOCIATION


~~DENNY FITZPATRICK~~ James Jahant
President of the Board


DANIEL WALSH
Chief Executive Officer

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

RODERICK J. WOOD, CCM
City Manager



ALISON MAXWELL
Director of Economic Development



KARL KIRKMAN
Risk Manager

Exhibit A

ECONOMIC DEVELOPMENT DIVISION

PROPOSED PROGRAM ELEMENTS FOR CHAMBER ECONOMIC DEVELOPMENT CONTRACT

City Vision:

Beverly Hills is known internationally for its alluring and distinctive hotels, retail stores, restaurants, and entertainment and headquarter businesses.

Economic Development Office Mission:

To promote and support a vibrant and balanced local economy through a variety of programs aimed at furthering the economic sustainability of the City; and, to foster and maintain a positive working relationship with the business community.

BUSINESS RETENTION

PROGRAMS

1. Assist the City in retaining a positive and engaged business community
 - a. Support City's outreach efforts to engage and support businesses
 - b. Support development of Merchant's Associations or Business Improvement Districts
2. Encourage the adoption of business friendly policies in the City

METRICS. The following are metrics that the City intends to measure the overall success of its business attraction and retention program and will consider success in these metrics when making future funding decisions for Economic Development programs. The City may review these metrics as the programs evolve and may revise as needed.

- Longevity profile of key city revenue generating establishments
- Average annual revenues to City from:
 - Geographical groups (e.g., Canon, Rodeo Drive)
 - Clusters and sub-clusters (e.g., luxury retail, entertainment)
- Participation in all events of targeted businesses (e.g., top 100 revenue generators, cluster leaders, etc.)

- Satisfaction of targeted businesses with City (e.g., development of an engagement index)

BUSINESS ATTRACTION

PROGRAMS

3. Assist the City in efforts to maintain or enhance its reputation as a desirable place for principal core businesses
 - a. Support the City's economic sustainability program
 - b. Assist in the development of new segments
 - c. Provide liaison between the City and businesses in response to incoming inquiries

METRIC

- Number of new businesses in the targeted categories (retail, nightlife, entertainment office) locating in BH

Program Element	Program Description	Program Cost	Metrics
Plan and Manage NY Missions*	<p style="text-align: center;">BUSINESS RETENTION \$275,000 <i>Assist the City in Retaining Key Businesses and Maintaining a Positive and Engaged Business Community</i></p> <p>Program: Retention and attraction meetings with retail executives and CEO's</p> <p>Chamber Role:</p> <ul style="list-style-type: none"> ➤ Develop and manage program plan and budget ➤ Implement program, including <ul style="list-style-type: none"> ○ Coordinating with City on identification of targeted participants ○ Planning and executing visits to NY, including follow up visits ➤ Coordinate follow-up, ➤ Solicit and respond to feedback on mission effectiveness 	\$105,000 <ul style="list-style-type: none"> ➤ Estimated 760 hours at blended rate of \$96 per hour ➤ \$31,000 Expenses for NY travel, luncheons, etc. 	<ul style="list-style-type: none"> ➤ 5:1 ROI as measured by outreach to businesses with sales tax revenues already being derived by City (retention) or could potentially be derived by City (attraction) ➤ 5-year running retention rate of businesses with which meetings occur ➤ Meet with businesses which do not currently have BH operations whose gross global revenues collectively exceed \$50M ➤ Satisfaction of participants, as reported in feedback solicited during and after event ➤ Maintenance of effective blend of repeat participants and new participants, sustaining interest in the program
* also supports business attraction EDC Luncheons	<p>Program: A series of 10 lunch meetings for business leaders interested in maintaining and promoting BH as the premier site for high-end businesses to locate</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Plan and execute program 	\$50,000 <ul style="list-style-type: none"> ➤ Lump sum payment ➤ Includes up to 13 seats 	<ul style="list-style-type: none"> ➤ Achieve an average attendance of 50 per luncheon ➤ Maintain a diverse EDC membership by having at least 8 different business clusters ➤ Maintain membership above 35 members ➤ Generate gross EDC revenues from non-City sources that exceed City investment in EDC

Program Element	Program Description	Program Cost	Metrics
Merchant Associations/ BIDS	<p>Program: Design of a 3-5 year strategy to implement a program for property owners/tenants that enhances and supports BH brand identification within geographic business communities</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Develop three to five year strategy ➤ Coordinate adoption of plan ➤ Draft measures of success ➤ Begin year 1 implementation 	<p>\$70,000</p> <ul style="list-style-type: none"> ➤ Estimated 710 hours at blended rate of \$91/hour ➤ \$7,000 for refreshments, printing, and event if necessary 	<ul style="list-style-type: none"> ➤ Establish measures and targets for implementation of Merchant Association/BID strategy, e.g., <ul style="list-style-type: none"> ○ Meet with property owners and/or tenants representing at least 30% of the properties located in the area(s) where a Merchant Association or BID is being considered ➤ Conduct 1 marketing program or event; e.g., Canon ➤ Generate first-year revenues from BID (when established) that exceed total cost to the City of BID implementation

Encourage the adoption of Business-Friendly Policies for the City		
Program Element	Program Description	Program Cost Metrics
Business Outreach	<p>Program: Business-to-business and business-to-City engagement, including retention meetings with targeted clusters and solicitation of opinion on topics of interest to the City, e.g., Holiday Program</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Coordinate with the City ➤ Plan most effective outreach tactics, and clear plans with City ➤ Execute outreach program ➤ Prepare report/follow up as necessary <p>Program: Venue for City staff and representatives to meet with the business community</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Coordinate with City to assure that City priority topics are included in agenda in up to 4 meetings ➤ Outreach to businesses that are most likely to be interested in City presentations ➤ Plan and conduct meeting 	<p>\$45,000</p> <ul style="list-style-type: none"> ➤ Estimated 410 hours at blended rate of \$105 ➤ \$1,000 for refreshments,
Government Affairs Committee	<p>Program: Venue for City staff and representatives to meet with the business community</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Coordinate with City to assure that City priority topics are included in agenda in up to 4 meetings ➤ Outreach to businesses that are most likely to be interested in City presentations ➤ Plan and conduct meeting 	<p>\$5,000</p> <ul style="list-style-type: none"> ➤ 65 hours at blended rate of \$76 per hour ➤ \$1,000 for refreshments, etc.
		<ul style="list-style-type: none"> ➤ Conduct outreach events to the business community ➤ Up to 50% of agreed upon targeted businesses attend meetings/cooperate with the City on priority topics e.g., Holiday Program
		<ul style="list-style-type: none"> ➤ Attract a average attendance at GAC meetings of 15 ➤ Measure attendee satisfaction in viewing the GAC as a valuable opportunity to be informed about relevant topics. Establish baseline satisfaction target by year end.

BUSINESS ATTRACTION: \$115,000		
Assist the City in efforts to maintain or enhance its reputation as a desirable place for principal core businesses		
Program Element	Program Description	Program Cost Metrics
Assist in the development of the City ED Strategy*	<p>Program: Vision and implementation plans that integrate business attraction and retention strategies, designed to assure ongoing economic sustainability of the City</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Coordinate some business input into the development of the vision ➤ Develop implementation plans for Chamber-related action items 	<p>\$50,000</p> <ul style="list-style-type: none"> ➤ 420 hours at blended rate of \$118 per hour ➤ 1,000 for refreshments, etc.
* also supports business retention Attract high-priority segments	<p>Program: Development and launch of multi-year implementation plans for the Business Attraction strategy</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Develop multi-year plan for business attraction (e.g., Retail, nightlife strategy) ➤ In collaboration with City Manager's office, prepare background for and coordinate discussions to generate consensus on definition and impact assessment 	<p>\$55,000</p> <ul style="list-style-type: none"> ➤ 480 hours at a blended rate of \$102 per hour ➤ \$6,000 in printing, refreshments, etc.
		<ul style="list-style-type: none"> ➤ Metrics will be mutually agreed upon once the Strategy and goals are determined.
		<ul style="list-style-type: none"> ➤ Establish multi-year plan with resource estimates for retail and nightlife strategies ➤ Develop measures and targets for retail and night life strategies e.g., a measurement system to quantify benefit of nightlife to City

Program Element	Program Description	Program Cost	Metrics
Provide Liaison with the City on Business Related Inquiries	<p>Program: Intermediary/liaison to business community on questions and issues relating to City regulations, codes, etc.,</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Respond to incoming phone and email questions ➤ Advocate for businesses ➤ Recommend solutions and process changes to City to enhance business friendliness 	<p>\$10,000</p> <ul style="list-style-type: none"> ➤ 150 hours at blended rate of \$67 per hour 	<ul style="list-style-type: none"> ➤ Receive, respond and appropriately assist a minimum of 120 inquiries from businesses or the City
MISCELLANEOUS \$10,000			
Program Element	Program Description	Program Cost	Metrics
Miscellaneous Support	<p>Program: 2.5% contingency for unanticipated work</p> <p>Chamber role:</p> <ul style="list-style-type: none"> ➤ Anticipated need as responses to, e.g., Mayoral or other City requests ➤ Includes 40 hours for panel, theme development for Economic Summit 	<p>\$10,000</p> <ul style="list-style-type: none"> ➤ 90 hours at blended rate of \$106 per hour 	<ul style="list-style-type: none"> ➤ NA
SUMMARY			
<p>Total \$ 400,000: 3420 hours at blended rate of \$98 per hour, including 80% of Economic Development Director, and 20% of Chamber of Commerce CEO. \$47,000 in expenses, plus \$50,000 lump sum for Economic Development Council</p> <p>Note: 2008-2009 funding is \$444,673</p>			

Attachment 2

Staff Report, May 13, 2009 Study Session



copy

**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting Date: May 13, 2009
To: Honorable Mayor & City Council
From: Alison Maxwell, Director Economic Development and Marketing
Subject: Review of Beverly Hills Chamber of Commerce Economic Development Division 2009-2010 Budget and Work Plan; and, a presentation by the Chamber of Commerce for additional support for general Chamber programs and services.

Attachments:

- A. Proposed Program for Chamber of Commerce Economic Development Division
- B. Comparison of Chamber rates against consulting practices.

INTRODUCTION

This item reviews the Beverly Hills Chamber of Commerce, Economic Development Division 2009-2010 budget and work plan; and, includes a funding request by the Chamber of Commerce for additional support for general Chamber programs and services.

DISCUSSION

For many years, it has been the policy of the City Council to contract with the Beverly Hills Chamber of Commerce through its Economic Development Division (EDD) for a range of development functions that fall in to two broad categories:

- Business Retention
- Business Attraction

In 2004-2005 the City embarked on a three-year budget planning process with the Chamber. This was in recognition of the need to provide an element of security to key programs and assist with better long term planning.

In July 2007, the City Council approved a new three-year commitment to support these programs and provide stable core funding.

In order to measure the success of the City's investment in Chamber programs, in early 2008, the City commissioned a Program Audit of the Chamber of Commerce to review the programs and services provided to the City. The audit was presented to City Council in August 2008. Overall, the Audit indicated that the activities outlined in the existing

EDD (and CVB) work plan were all being performed; but also made a number of recommendations for improvement. These included:

“Recommendation 7: The City contract for EDD services should minimize the overlap with traditional Chamber activities;”

“Recommendation 8: The City contracts for [CVB and] EDD services should include programs that support strategic priorities with associated program costs, delineating what is included;”

“Recommendation 9: As the strategic direction and assignment of responsibility becomes clearer, any contracts between the City and any of its partners should delineate measurable performance outcomes, as contrasted with initiatives, associated with the program.”

As such, City staff has worked with the Chamber to address these audit concerns and create a program model that more clearly describes the projects and services provided, tracks the costs related to those services, and introduces metrics to the program formula.

In this the first year of a new model, the EDD work program has been fashioned to be more responsive to City needs while retaining the flexibility to allow the Chamber EDD to be agile in addressing issues and developing additional projects as they may arise throughout the year.

The new model creates a “program budget,” in that it quantifies the total cost of a program based on all of the time and materials needed to deliver the service. The inclusive hourly rate developed provides for salary, benefits and all employer mandated costs, along with Chamber overheads. This type of formula is more typical of that which is used by contractors and consultants across a broad spectrum of industries. It should be noted that in partnering with the Chamber the City is buying more flexibility than a strict contracting agreement would typically allow. While the Chamber’s annual work plan has some fixed deliverables in it for programs such the New York outreach mission, other programs are more reactive – such as outreaching to the business community on specific issues as they arise. The new model allows flexibility but maintains accountability.

The rates outlined in the work plan have been reviewed and compared against an industry review of consultancy rates and some local private consultancy groups. The Chamber hourly rate is much lower than some of the comparisons and comparable to others. A chart is attached to show these comparisons. However, the purpose of this analysis is not to make the EDD program charge the City by the hour, but to provide a sound structure from which to analyze the cost of each program.

For the first time program metrics have been introduced into the work plan. Fiscal Year 2009-2010 will be a test year to establish measurement systems, set base line data, and see how well these metrics inform the City. They will be evaluated and modified in future years to improve how the Chamber monitors the effectiveness of its programs and services.

As this is a brand new approach to the management and tracking of EDD programs, it should be recognized that there will likely be several changes over the year as both the Chamber and City learn to work within the new structure. As such, the attached work

program hours and metrics are intended to be dynamic and will likely evolve over the year.

2009-2010 Chamber EDD Program

The complete proposed program overview is attached to this staff report along with the estimated costs and proposed program metrics.

The program is focused on a range of activities that seek to provide a platform for engagement with the business community to help the City and Chamber stay informed of business issues and how City policy and programs affect the business community:

- The New York Mission - this is a cornerstone of the retention and outreach program, focusing on some of the City's highest revenue producers and brand leaders.
- Economic Development Council Luncheons - this program provides a popular forum for information exchange on a number of critical topics, it is also a revenue generator for the Chamber EDD program, providing close to 20% of its overall budget.
- Business Associations and BIDs (Business Improvement Districts) – for 2009-2010, the Chamber EDD is asked to undertake focused outreach to establish interest in and viability of developing BIDs within the City as means to generate more funding for district-specific programs. BIDs can take many years to develop requiring a considerable level of grass roots support, so the Chamber is being asked to develop a comprehensive 3 – 5 year strategy, outlining a project plan and benchmarks and challenges for achievement.

The EDD program also focuses on business attraction to try and keep Beverly Hills front of mind as expanding and emerging businesses look for new or additional locations. Based on the research of the 2006 Economic Profile produced by the City, the focus for business attraction is primarily on unique and luxury retail, hospitality and nightlife (for the Triangle) and entertainment office. For 2009-2010 the City's contract with the Chamber EDD is to complete development of a City-wide business attraction plan (substantially completed in 2008/09) and to take the lead in development and implementation of the plan.

Review of 2004-2008 Core Funding

Core funding refers to the annual funding committed to support core programs and projects. On occasion, the City has contracted for certain specific projects such as hiring a consultant to undertake a particular study – these amounts are not added to the core and funding ends upon completion of the consultant or other task. Such funds are typically passed through and do not include overhead.

Chamber Economic Development Division – Core Funding

2004 - 2005	\$380,000	
2005 - 2006	\$389,000	
2006 - 2007	\$402,615	
2007- 2008	\$426,772	
2008- 2009	\$444,673	
2009- 2010	\$400,000	Proposed: 10% reduction to reflect City budget reduction in Business Development Program of 18%

Funding for the Chamber EDD program comes from the general fund program "01-10313 Business Development." For 2009-2010, the Business Development program account is presented in the Policy and Management budget with an overall 18% reduction. However, to protect the Chamber EDD program at a level still able to provide a full range of services, it is recommended that the Chamber EDD contract only be reduced by 10% as indicated above.

City Business Development Program (General Fund)		
2007-2008	\$506,736	
2008-2009	\$506,736	
2009-2010	\$415,524	18% reduction proposed in P&M budget presentation. This is part of the overall \$10.7 million reduction from non public safety programs approved by Council.

Beverly Hills Chamber of Commerce Additional Funding Request

Until this fiscal year, the Chamber of Commerce housed two City-funded programs; the EDD, which is the subject of this report and the Conference and Visitors Bureau (CVB). City Council directed that the CVB separate from the Chamber of Commerce, in order to establish an independent visitor marketing organization that Council expects to be more nimble and be more focused on effective delivery of its marketing mission.

In separating the CVB, the Chamber has indicated that it will lose approximately \$457,000 in core revenue. These funds were paid by the CVB in the form of direct services and overheads provided by the Chamber. With the absence of the CVB, the Chamber has stated that on its own it cannot make up this revenue gap, which will result in severe cuts in programs and service to the City and the business community.

The Chamber has asserted that if it loses this level of revenue, not only will its own core programs suffer, it will not be able to retain the support staff and services needed to provide the City contracted Economic Development programs. Consequently, the City will lose a vital link to and good will of a significant element of the business community.

The Chamber of Commerce has undertaken a full assessment of the funding gap and will be making a presentation to the City Council to outline its request for City financial support to accommodate the loss of the CVB.

COUNCIL COMMITTEE REVIEW

The Beverly Hills Chamber of Commerce EDD and additional funding proposals for 2009-2010 is scheduled to be discussed at the Council Committee meeting for the Chamber of Commerce on May 11, 2009. As such, a summary of that meeting is not included in this report and any Committee recommendations or observations will be made orally at the City Council meeting. The Council Committee for the Chamber of Commerce is comprised of Council Member Brien and Council Member Brucker.

FISCAL IMPACT

Funding for the Chamber EDD program in the amount of \$400,000 has been budgeted from the General Fund in the 2009-2010 Business Development program 01-101313.

If the City chooses to support the Chamber's additional funding request in the amount of \$457,000, it would need to assess one of several options:

- Utilize the City reserve to fund this program
- Utilize the City budget contingency in Fund 50
- Implement cuts in other City programs and transfer those savings to this program
- Generate additional revenues to fund the program

RECOMMENDATION

Staff recommends that Council:

1. Approve the work program and budget outline for the Chamber EDD as attached to this document; and provide Chamber EDD and City staff flexibility to modify hours and tasks within the work program;
2. Direct staff to work with the City attorney's office to develop an agreement for core funding in the amount of \$400,000; and, to return to City Council on the Consent Agenda for formal approval of such an agreement.
3. Provide staff with direction regarding the Chamber of Commerce additional funding request.

Mahdi Aluzri, Assistant City Manager
for Economic Sustainability

Approved By

Alison Maxwell, Director Economic
Development and Marketing

Approved By