



# Staff Report

## City Council

Cathedral City

Item No. 6.E

**Meeting Date:** January 11, 2023

**From:** Stone James, Economic Development Director

**Title:** **Greater Coachella Valley Chamber of Commerce Fiscal Service Provider Agreement for January-June 2023; and for the 2023/2024 Fiscal Year**

City Council

### **RECOMMENDATION:**

To authorize the City Manager to execute the attached Greater Coachella Valley Chamber of Commerce Service Provider Agreements covering the following periods: (1) January-June 2023 for a total of \$45,500, and (2) the full-year service provider agreement for the 2023/2024 fiscal year in the amount of \$73,436 subject to: (a) Economic Development Department confirming the Chamber materially fulfilled the January-June 2023 contract; and (b) Economic Development Department's professional services budget in the 2023/2024 budget cycle is increased by \$43,436 to allow a total annual payment to the Chamber of \$73,436 (\$53,936 for Chamber services plus \$19,500 for the State of the City address).

### **BACKGROUND:**

The Cathedral City Chamber of Commerce and the City of Cathedral City have partnered to serve and support Cathedral City-based businesses since the City's incorporation in 1981. This partnership was strengthened when the Cathedral City Chamber of Commerce merged with the Greater Coachella Valley Chamber of Commerce in 2017 ("GCVCC" or "Chamber").

Founded in 2017, GCVCC is the Coachella Valley's largest business advocacy, marketing, and networking organization. Since inception, GCVCC has won multiple awards from the Western United States Association of Chamber Executives. Currently, six of the nine Coachella Valley cities contract with GCVCC to provide chamber services. Palm Desert, Rancho Mirage, and Palm Springs maintain stand-alone chambers of commerce. These stand-alone chambers of commerce are staffed with two, four, and six full-time chamber professionals, respectively. The chamber run by two full-time professionals is made possible by the high rate of board member involvement and volunteerism in day-to-day operations. The chambers with four and six staff members handle a wider range of operational tasks without requiring significant board involvement beyond their traditional activities.

The U.S. Chamber of Commerce states, “Local Chambers of Commerce are our nation’s strongest small business advocates, providing a voice for thousands of communities across America. When businesses succeed, communities succeed, and local chambers are there every step of the way empowering businesses to grow and thrive even in the most challenging of circumstances” (<https://www.uschamber.com/small-business/supporting-local-chambers-means-supporting-local-businesses>)

In the 2017 through 2020 fiscal years, the GCVCC received an annual allocation of \$60,000. Due to the anticipated impact of COVID-19 on City revenues, on June 30, 2020, the Council voted to reduce the Chamber's annual allocation to \$17,200 for the 2020/21 fiscal year. As economic conditions improved, the City increased the Chamber-related budget to \$45,000 for the 2021/22 fiscal year. This \$45,000 amount included monies to fund Chamber services (\$30,000) and monies to maintain a stand-alone Cathedral City-based Visitor Center (\$15,000). Given alternative information distribution channels (online, kiosk, etc.), the Cathedral City-based Chamber office was permanently closed.

During the 2020/21 and 2021/22 fiscal years the Chamber attempted to maintain the \$60,000-level of service despite City contracts of \$17,200 and \$45,000, respectively. Additionally, the Chamber recognized they under-requested City support for actual cost of conducting the 2022 (and previous in-person) State of the City event (\$19,500 reasonable City contribution verses the previously charged \$10,000).

Since the fourth calendar quarter of 2022, the Cathedral City Chamber of Commerce Board of Directors<sup>1</sup> (Chamber Board), GCVCC Regional Board Chair Rich Ramhoff, and the Cathedral City Economic Development Department have worked closely with Councilmembers Mark Carnevale and Nancy Ross to identify the services which would benefit the Cathedral City business community. Equally important, the Chamber evaluated the inflation-adjusted costs of providing said services. Exhibit “A” (attached) outlines the services and corresponding costs the Chamber is proposing to provide the City for January - June 2023 and 2023/2024 fiscal year.

The services outlined in the January - June 2023 will provide vital support to the EDD’s economic development mission. While the Chamber influences EDD’s three-core economic development activities (business attraction, business retention, and business expansion), the Chamber most directly assists with business retention. Typical municipal Economic Development departments in the Coachella Valley and Southern California regional are staffed with one director, one analyst level-professional, and one administrative support professional. This City’s EDD department has one director-level position. Staff is not aware of an economic development department which also provides chamber services in place of a separate stand-alone chamber of commerce.

Since the fiscal year is 50% complete, staff is recommending two quarterly payments of \$13,000 each to the Chamber to cover January - June 2023 services. The total cost of these services is outlined below:

- 1) \$26,000: 50% of Professional Service Agreement Exhibit “A”’s: Section 1 - Business Support Services at \$30,000; Section 2 - City Marketing at \$12,000;

and Section 3 - Shop Local First at \$10,000. Note: The City already participated in the All Valley Mayor and Tribal Chair Event at the full sponsorship cost of \$780. There are no sponsorships of other special events anticipated between January-June 2023.

- 2) State of the City would remain unchanged at the \$19,500 amount discussed during the December 14, 2022, Council meeting.
- 3) Total costs for the January - June 2023, Chamber services and State of the City address would be \$45,500. There are sufficient funds within Economic Development's 2022/2023 budget to cover these expenses.

**Looking Ahead:**

Given the timing of this January - June 2023 chamber contract request, Staff is requesting Council also approve a full-year Chamber contract for FY23-24 subject to the following conditions:

- 1) Economic Development Department confirms chamber materially fulfilled the January–June 2023 contract.
- 2) Economic Development Department's professional services budget in the 2023/2024 budget cycle is increased by \$43,436 to allow a total annual payment to the Chamber of \$73,436 (\$53,936 plus \$19,500).

The following table outlines the separate proposals:

<b>Activity &amp; Cost</b>	<b>Jan-June 2023</b>	<b>2023/2024 Fiscal Year</b>
State of the City	\$19,500	\$19,500
Exhibit "A" Services	\$26,000	\$53,936
<b>Total Cost</b>	<b>\$45,500</b>	<b>\$73,436</b>

**DISCUSSION:**

Each fiscal year the City and GCVCC enters into an annual service provider agreement ("Agreement"). This Agreement outlines the relationship, duties, and responsibilities to and between the City and the Chamber. The complete Agreement includes Exhibits "A" and "B".

Exhibit "A", or the Scope of Services, describes the activities the Chamber and the City are required to perform.

Exhibit "B", or Payment Program, is a check mechanism for the City and the Chamber to ensure agreed-upon services are delivered and documented before payment, the timing of payments, and the amount of said payments.

Exhibit "A" has been revised for the upcoming fiscal year. These revisions include appropriately matching needed services with the realistic costs of providing said services. Below is a summary of Exhibit "A".

- 1) **Business Support and Engagement Services:** The Chamber will host and produce resources to support entrepreneurial interests; professional, business, and workforce development; and industry. These services may include collaborating with other agencies to serve the best interests of Cathedral City businesses.
- 2) **City Marketing:** The Greater Coachella Valley Chamber of Commerce will proactively market city assets, events, and businesses. The goal of these marketing efforts is to (i) increase economic activity within the City, (ii) improve the positive public perception of Cathedral City, (iii) raise property values, (iv) add to the City's tax base.
- 3) **Shop Local First:** The Chamber will diligently administer the "Shop Local First" program (SLF) within the City. The Chamber will update and maintain the City's Shop Local First webpage: [www.cccshoplocal.com](http://www.cccshoplocal.com).
- 4) **Special Events:** The Greater Coachella Valley Chamber of Commerce and City of Cathedral City agree to mutually collaborate on the production of business and community-oriented events in the City of Cathedral City. Additionally, the City of Cathedral City agrees to sponsor a variety of GCVCC Special Events through the year.

The aforementioned activities will support the mission of attracting, retaining, and expanding both Cathedral City businesses and economic activity within the City.

**FISCAL IMPACT:**

The FY 2022/2023 budget allocates \$30,000 for the GCVCC Agreement. These allocated funds would be used to fund the Chamber services for January thru June 2023 and the State of the City contract in the amount of \$45,500. Additional funds exist within the Economic Development Department budget to cover the additional \$15,500.

During the fiscal year 2023/2024 and 2024/2025 biennial budget cycle, the Economic Development GCVCC Chamber budget allocation will need to increase from \$30,000 to \$73,436.

**REFERENCES:**

- 1) The Cathedral City Chamber of Commerce Board of Directors consists of the following members:

Joe Frazier	Chairman
Stephen Burchard	Secretary
Bob Baltes	Treasurer
Shelley Kaplan	Director and Former Councilmember
Adrian Rendon	Director
Antonio Lopez-Cochran	Director
Gabriel Arreola	Director

James Linqvist	Director
Peter Bedard	Director
Phil Goodage	Director
Richard Altman	Director
Sandy Jimenez	Director
Scott Robinson	Director

**ATTACHMENTS:**

- 1\_Service Provider Agmt FY January 2023 thru June 2023
- 2\_Exhibit A Scope of Services FY January 2023 thru June 2023
- 3\_Exhibit B Payment Instructions January 2023 thru June 2023
- 1\_Service Provider Agmt FY 2023 - 2024
- 2\_Exhibit A Scope of Services FY 2023-2024
- 3\_Exhibit B Payment Instructions FY2023-2024