

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

**APPLE VALLEY CHAMBER OF COMMERCE AGREEMENT FOR BUSINESS
RETENTION SERVICES**

SUMMARY STATEMENT

This item was placed on the Agenda by Council Member Nassif.

The Apple Valley Chamber of Commerce is seeking funding for a business retention program for businesses operating in the Town of Apple Valley. The Chamber provides a wide range of services to the Town and was previously funded from the Town's Redevelopment Agency Budget. Due to the implementation of AB 1x 26, the Agency is precluded from entering into new contracts or modifying existing contracts that are not a part of an enforceable obligation payment schedule ("EOPS").

The Agency adopted an EOPS on August 25, 2011 by Resolution No. 2011-04 which included payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency. The contract to fund the Apple Valley Chamber of Commerce is not considered an enforceable obligation and was not included in the adopted EOPS. Therefore, a new source of funding is needed if the Council desires to fund the Chamber's business retention program. The funding amount requested and the formula used to compute the proposed funded amount to the Apple Valley Chamber of Commerce is outlined in Exhibit "A" of the attached Agreement.

(Continued)

Recommended Action:

That The Town Council consider alternative funding sources for the Agreement between the Town and the Apple Valley Chamber Of Commerce for Business Retention Professional Services Agreement in an amount not to exceed \$31,400.

Proposed by: Frank Robinson, Town Manager **Item Number** _____

T. M. Approval: _____ **Budgeted Item** Yes No N/A

Summary Statement
Page Two

The Chamber utilizes a variety of social media, local vendors, business leaders and unique community partnerships to promote businesses in Apple Valley. Some of the benefits that the Chamber provides are as follows:

- A new revenue generator “Attract and Retain Talent Initiative” to assist in sustaining Chamber services;
- Providing computer skill training to adults in the High Desert region by partnering with companies such as Mitsubishi Cement, Kaiser Permanente Health Care and Wal-Mart Distribution Center;
- Investing in technology for business owners at little or no cost to the business, including assisting businesses in designing a website, launch an e-commerce shopping program and quickly introduce social marketing techniques;
- Contracting with Stardust 910 AM for the “Profiles In Business” radio program;
- Introducing “90210” text marketing to businesses located in the Village; and
- Providing Business Community Planning and Advocacy for on-going education and training opportunities

Based on the foregoing, staff recommends adoption of the form motion.

Agreement for Business Retention Services

THIS AGREEMENT, effective _____ is entered into by and between the Town of Apple Valley, a municipal corporation (hereinafter referred to as "The Town") and the Apple Valley Chamber of Commerce, a non-profit corporation (hereinafter referred to as "Chamber").

WITNESSETH:

WHEREAS, The Town desires to promote its advantages as a business, retail, commercial, recreational and residential center, disseminating information relative thereto, and to properly follow up and give consideration to inquiries made from time to time relative to the various activities of the Town and its opportunities; and

WHEREAS, The Town desires the Chamber to perform certain promotional and other services for The Town, which The Town believes will be of great advantage and benefit to The Town, and to the citizens, residents, property owners, and taxpayers thereof, and will promote the general welfare; and

WHEREAS, the Chamber represents it is organized for such promotional activities on behalf of The Town, and is in a position to accomplish such aims and purposes of The Town in an efficient and economical manner; and

WHEREAS, Section 37110 of the Government Code of the State of California authorizes the expenditure of public funds by a municipal corporation for advertising or publicity as therein and herein provided;

NOW, THEREFORE, in consideration of the covenants and promises hereinafter set forth, the parties hereto hereby agree as follows:

1. That the foregoing recitals are true and correct and constitute statements of fact herein upon which the parties rely and are incorporated herein by this reference.

2. The Chamber shall carry on promotional activities as follows:

a. Maintain an office available to the public to be identified by a suitable sign that will be readily identifiable by members of the public, and provide information to visitors, tourists, businesses, commercial interests, professional people and residents. A staff member or members of the Chamber will be available daily during regular office hours by the Town, Monday through Friday. If additional office hours are required, The Town agrees to pay separately for those hours and for the reasonable cost for such hours, and upon such terms and hours as are agreed to by the parties.

b. Employ competent personnel to carry on promotional activities herein enumerated.

c. Answer promptly all correspondence to the Chamber and as may be referred to the Chamber by the Town relative to the business, industrial, residential, educational, cultural and recreational advantages and opportunities in The Town and disseminate information by correspondence, newspaper publicity and personal contacts, favorably advertising such advantages and opportunities.

d. Prepare articles and news releases and stories, compile data, gather and assemble news items, photographs, literature and demographic and historical articles descriptive of The Town's resources, and develop proper surveys whereby outside interests and individuals may be induced to locate in the Town, in reliance on and based upon the Town's General Plan or specific Council direction.

e. Supply maps and promotional literature about The Town and maintain files on economic conditions, commercial and industrial sites, tourist information and general business information about the community. The Chamber will be responsible for updating published information included in Chamber literature, although The Town agrees to cooperate with the Chamber in sharing information. These materials will be available to visitors, tourists and potential commercial interest who are seeking information.

f. Aid in promoting the development and use of unoccupied and vacant properties.

g. Interview business and industrial executives with the view of urging the establishment of their business activities in The Town, in reliance on and based upon the Town's General Plan or specific Council direction.

h. Promote and invite trade and business meetings, celebrations and conferences whereby outside interests and individuals may become acquainted with the advantages and opportunities in The Town.

i. Carry on such other duties as may be requested by The Town to promote the business, industrial and residential development of the Town.

3. The Chamber shall furnish semi-annual reports of its promotional activities to The Town, which shall consist of the activities scheduled for the next six succeeding months and a review of the activities accomplished during the preceding six months. Said reports shall include a detailed breakdown of all amounts expended and expected to be expended by the Chamber for said activities.

4. The Chamber will submit to The Town a budget request and program for each fiscal year (July to June 30) in the manner, at the time, and in the form requested the Town Manager. The amount of the budget request shall be based upon a formula approved by the Town Council, attached to this agreement as Exhibit "A", and as amended at the discretion of and by Resolution of the Council from time to time. The amount shall be allocated as follows: one-half shall be paid in advance in July (or

immediately after the Town's annual budget is adopted, whichever is later) and the balance due in January of the same fiscal year.

5. This Agreement shall become effective on the date of execution hereof by both parties, and shall continue in effect until June 30, 2012; provided, however, that this Agreement will be renewed each fiscal year thereafter, for periods of one year, commencing July 1 through June 30 of the succeeding year, upon action of the Town Council budgeting funds as provided in Paragraph 4 hereof, and upon the Chamber's written acceptance of said final budget allocation.

6. The Town reserves the right to award separate bids for more specific advertising and promotional projects approved the Town Council during the term of this Agreement.

7. In the event, in the opinion of the majority of the Town Council, the Chamber is not functioning effectively, The Town may give the Chamber notice of this fact, specifying in detail the alleged default(s) or problem(s), and the Chamber must forthwith correct said default(s) or problem(s) within [30] days; this Agreement may be terminated by action of the majority of the Town Council if the Town Council in its discretion determines the alleged default(s) or problem(s) has (have) not been effectively corrected.

8. This agreement may be amended signed by both parties, with the exception of the procedure outlined in Paragraph 4. Failure on the part of either party to enforce any provision of this Agreement shall be construed as a waiver of the right to compel enforcement of such provision or provisions at that time, but shall not be construed as a waiver to enforce such provision or provisions with respect to future occurrences; if the parties intend thereby to modify any provisions for future purposes, that modification should be made by said written amendment thereto.

9. It is understood that the contractual relationship of the Chamber to The Town is that of independent contractor.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate on the date indicated below.

By: _____
Barb Stanton
Mayor

By: _____
Janice H. Moore
Apple Valley Chamber of Commerce

ATTEST:

By: _____
Ms. La Vonda M. Pearson
Town Clerk

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

By: _____
John Brown
Town Attorney

Exhibit "A"

**Performance Based Formula for
Calculating Annual Apple Valley Chamber of Commerce Fee**

1. The following formula shall be used to calculate the annual fee. The fee will be calculated as follows:
 - a. Ten percent (10%) of the prior year's business license fee receipts; plus
 - b. Six and one-half percent (6.5%) of the prior year's Transient Occupancy Tax (Bed Tax) receipts; plus
 - c. One quarter of one percent (0.0025%) of the prior year's sales tax receipt on Sales Tax-in lieu.
2. The funding is based upon the Town's estimates from **June, 2011** for the above formula.
3. The annual fee will be rounded to the nearest hundred.
4. The above formula may be amended by Resolution of the Apple Valley Town Council.
5. The formula, outlined above, results in the sum of **\$31,400** to be available to be paid to the Apple Valley Chamber of Commerce for Business Retention Services.



APPLE VALLEY CHAMBER OF COMMERCE

"In Step With Progress"

16010 Apple Valley Road • Apple Valley, California 92307
760-242-2753 • Fax 760-242-0303 • info@avchamber.org • www.avchamber.org

May 5, 2011

Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307

Dear Honorable Mayor Nassif and Members of the Town Council,

We present to you our proposal to perform Business Retention Services to businesses located within the Town of Apple Valley. Using proven strategies to help build business, the Chamber will utilize a variety of social media, local vendors, business leaders, and unique community partnerships. Our chamber strives to be the premier organization for business education and professional development.

Our proposal for the 2011 – 2012 year is \$31,400 based upon a previously approved formula by the Town Council (Exhibit "A"). This represents a **14% reduction from the 2010 – 2011 Contract Year**. We are pleased to announce that our new revenue generator "Attract and Retain Talent Initiative" assists us in sustaining our services; no reduction in our Business Retention Services for the Town of Apple Valley will occur.

This initiative provides computer skill training to adults in the High Desert region. The average length of unemployment currently in Apple Valley exceeds six months and has reached 15% according to the Town's Economic Development Department. Skills begin to deteriorate, self confidence erodes, all contributing to extending re-entry into a workforce. The Chamber seeks to diminish the impact of deteriorating skills with monthly computer skill training. Our partners include Mitsubishi Cement, Kaiser Permanente Health Care and Wal-Mart Distribution Center.

Understanding the Council's focus on working with business owners in a soft economy you will be pleased to see a priority in our proposal that invests in technology for business owners at little or no cost to the local business. We have the capability to assist businesses in designing a web site within minutes, launch an e-commerce shopping program and quickly introduce social marketing techniques. Our latest investment introduces the "90210" text marketing to businesses located in the Village; web or email correspondence is not widely used in the Village.

Our newest partner is the Victor Valley Museum, now run by San Bernardino County. We are the recipients of a beautiful baby grand piano to continue the "Parade of Pianos" music program. We are hosting the 2011 graduating seniors piano recitals, and premiering Music Education students who attend the Lewis Center for Educational Research.

Our contract with Stardust 910 AM continues our "Profiles In Business" radio show which began in 2007.

Thank you for this invitation to submit this proposal to you on behalf of our business community. I look forward to our partnership and to providing these essential services to our Town.

Sincerely,



Janice H. Moore
CEO / President

**Apple Valley Chamber of Commerce
 Budget Proposal for 2011 - 2012 Budget Year
 General Revenues to be determined by the Town Finance Director Based on Previous Year Audit
 Below is a weighted average example based on the Town's 2010 - Audit**

| WEIGHTED AVERAGE FORMULA: | Town Revenue | Chamber Budget |
|---|---------------------|------------------------|
| 10% of Business License Fees | \$185,438 | \$18,544 |
| 6.5% of Transient Occupancy Taxes | \$9,823 | \$638 |
| .0025% of Sales Tax and Sales Tax-In Lieu | \$4,879,100 | \$12,198 |
| Total | | <u>\$31,380</u> |
| Total (Rounded to the nearest 100) | | <u><u>\$31,400</u></u> |

Budget Proposal Based on \$32,000 Statement of Work for Business Retention Services

| | | |
|---|-----------------------------|-----------------|
| Business Community Planning & Advocacy | | |
| On-going Education & Training Opportunities | | \$10,000 |
| Media Buy to Promote Existing Businesses | | |
| "Profile In Business" | | |
| Stardust 910 AM Radio | \$125 per week for 52 weeks | \$6,500 |
| Technology and Marketing | | |
| 90210 Text Marketing | | 1,000.00 |
| Business Retention Staff | | \$13,900 |
| Total | | \$31,400 |