

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

MEMORANDUM

TO: REDEVELOPMENT AGENCY BOARD	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: APRIL 25, 2008

INFORMATION

SUBJECT: SAN JOSE SILICON VALLEY CHAMBER OF COMMERCE –
VALUE OF SERVICES

On February 12, 2008, the Agency Board approved the first amendment to the Silicon Valley Chamber of Commerce contract, extending the term for one year and adding \$100,000 for nearly identical services for the following 12 months. When the contract amendment was approved, the Board also directed staff to provide additional information pertaining to the value of the services being furnished by the Chamber and asked that the Chamber's performance continue to be evaluated. This memo provides the requested information and Agency staff will monitor the amended contract and analyze the Chamber's performance during and at the end of the contract period.

The Redevelopment Agency has a long standing commitment to improve the physical and economic condition of the City's Neighborhood Business Districts (NBDs). Since the inception of the NBD program in 1984, the Agency has expended approximately \$228 million and completed a vast number of public and private physical and infrastructure improvements to enhance and transform the NBDs. Included in this number are the public facilities the Agency has funded, such as community and youth centers and libraries. The Neighborhood Business Districts not only provide an array of regional and neighborhood serving businesses for San Jose and area residents but also generate sales tax revenue for the City of San Jose. The sales tax revenue generated by the nine existing NBDs and the proposed Winchester Boulevard NBD (not including Santana Row which is part of the proposed NBD) during the one year period June 1, 2006, to July 31, 2007, amounted to \$6.8 million. It is also important to note that 95% of the businesses in the NBDs are small businesses with ten or fewer employees.

To help improve the economic health and vitality of the Neighborhood Business Districts and assist mostly small businesses, the Redevelopment Agency has committed several resources including: staffing and modest funding for marketing and promotion of Neighborhood Business Associations; staffing of monthly Business Association presidents' meetings; creation of rack cards and promotional brochures for each NBD; promotion of each NBD at the San Jose Mineta Airport with light box signage and rack cards; and provision of training classes and seminars for small retail businesses and Business Association Boards.

To further assist the Agency with strengthening businesses in the NBDs and the promotion of the Business Associations, the Agency entered into a one year contract with the San Jose Silicon Valley Chamber of Commerce (Chamber) in the amount of \$100,000 in March 2007. The contract provided marketing and promotional services for seven NBDs: Alum Rock Avenue, East Santa Clara Street, Japantown, Luna Park District (13th Street), Story Road, The Alameda and West San Carlos Street; and one proposed NBD, Winchester Boulevard. The agreement also provided for networking events, sales and marketing opportunities and training for Neighborhood Business Association members.

The 2007-2008 contract scope provided the following specific elements:

1. Individual listings with name, address, and phone number for NBD businesses in the Chamber's Annual Directory (distribution – 4,000) valued at \$42,900.
2. Address and phone number listings for each of the eight NBD Business Associations in the Chamber's Annual Directory, included in the above item.
3. Eight half-page feature articles in the Advocate (distribution - 5,000) and Business Journal (distribution - 12,000) that highlight each Neighborhood Business Association and include a calendar with each Business Association's events, valued at \$20,000.
4. Eight full-page color business listings in the Chamber Advocate, one for each of the Business Associations, listing all member businesses, valued at \$14,800.
5. Six full-page color promotional ads in the Advocate, dedicated to Business Association events and activities, valued at \$11,100.
6. Space on the Chamber website for each of the eight Business Associations with calendars of events and a link to the Neighborhood Business Associations' websites, valued at \$1,200.


7. Administration and operation of the Winchester Business Association, for a period of one year (specifically, Chamber staff oversight, attending monthly Association meetings, providing agendas, securing meeting locations and notifying the Boards of Directors and general membership of all meetings). As of March 1, 2008, this task was assumed by Redevelopment Agency staff. The cost of these services was \$10,000.

The costs for the advertising space and feature articles were consistent with the Chamber's posted prices for the same services. However, the cost for item 1, the Chamber Directory Listing for 492 businesses, was less than half of the \$95,940 it would have cost for each of the listed businesses to have joined the Chamber and received the same services at the lowest posted price of \$195 each. The actual value for the services received is over \$150,000.

In addition to the work elements required by the contract scope, the Chamber provided several additional positive activities that benefitted retail and commercial firms located in Neighborhood Business Districts. One valuable business-to-business tool provided by the Chamber is the Business Referral Network that allows businesses to meet, promote their businesses and make deals. Another activity is the Chamber 101 training courses in marketing, legal updates and financial planning. Lastly, the Chamber provides a forum for all businesses to be involved in the community, combine marketing efforts and to keep abreast of current issues related to business development and expansion. The value of the above services is not included in the \$150,000 value noted for the advertising and featured article space.

The success of the program and the Chamber's overall contribution to furthering the economic health of the NBDs and the nearly 500 businesses in FY 2007- 2008 was significant. Staff strongly believes that these services would further benefit the Business Associations and the businesses in FY 2008-09.

The \$10,000 attributed in the previous contract for work performed to staff the Winchester Business Association has been reallocated to double the number of full page color promotional ads (from six to twelve) in the Chamber Advocate. The promotional ads are dedicated to Business Association events and activities which promote the marketing and development of the respective Neighborhood Business District.



HARRY S. MAVROGENES
Executive Director