



**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting Date: December 2, 2008
To: Honorable Mayor & City Council
From: Alison Maxwell, Director Economic Development and Marketing
Subject: City Council Performance Audit Ad Hoc Committee Update on the Conference and Visitors Bureau (CVB) Transition Plan
Attachments: Outline of CVB Business Plan Components

INTRODUCTION

This report transmits information on the progress of the transition plan to establish an independently incorporated Beverly Hills Conference and Visitors Bureau (CVB).

DISCUSSION

In January 2008, the City Council directed staff to facilitate a comprehensive Performance Audit of the visitor marketing and economic development programs managed by the Chamber of Commerce under contract to the City. The City Council established the Performance Audit Ad Hoc Committee (Mayor Brucker and Council Member Briskman) to oversee the Performance Audit.

The City hired KH Consulting to undertake the Performance Audit. The Performance Audit was completed in July 2008. The Council received the report and discussed the findings at the August 19, 2008 City Council meeting.

At the August 19 meeting, City Council directed staff, under the guidance of the Ad Hoc Committee to begin development of a transition plan to create a new Conference and Visitors Bureau structure, independent of the Chamber of Commerce.

The Council Ad Hoc Committee has met four times since the August Council meeting to oversee research and develop a strategy for executing Council's direction. A fifth meeting is planned for early December.

To date, the Ad Hoc Committee has focused its work on research and information gathering:

- City/CVB staff prepared and presented an outline of a CVB business plan. The business outline provided the Ad Hoc with an understanding of the various steps and task necessary to fully execute the transition.
- The Committee has spent time interviewing senior Chamber/CVB staff; and, recently held a meeting with a leading expert in the field of destination marketing organizations, John Marks, recently retired President of the San Francisco CVB.
- The CVB/City staff has been undertaking peer research of other local and allied Bureaus as well as gathering pertinent documentation and best practices from Destination Marketing Association International and the Western Association of Convention & Visitor Bureaus

The purpose of this research phase is for the Ad Hoc Committee, and ultimately the City Council, to benefit from the wisdom and best practices of the market place in order to ensure that this new endeavor is positioned for success.

The Ad Hoc Committee plans to return to Council in January with proposals for Council consideration on a proposed interim-governance structure.

Overview of Principal Tasks

Business Plan Outline – completed (attached)

City/CVB staff developed a comprehensive overview that outlines the many tasks and areas of work needed to fully implement the transition of the CVB from the Chamber of Commerce to an independently incorporated body.

Research and Information Gathering – in progress

As indicated above, the Ad Hoc Committee will focus the remainder of the year on research and information to ensure it has an understanding of best practices and models for CVB incorporation.

In early December the Ad Hoc meeting plans to meet with groups of the City's hoteliers, to understand their aspirations and commitment to the CVB.

Governance – January 2009 completion

The first critical step will be determination of the governance structure for a new CVB. From this all other tasks, outlined in the business plan, will be managed.

The Ad Hoc has spent some time considering the best governance structure of a new Board of Directors and will present a proposal for the new governance structure in January 2009. The Ad Hoc is considering the creation of an interim board of directors that will guide the organization towards independence. The structure and tenure of the board will be detailed in the board bylaws.

Once in place, the new board can begin meeting on a regular basis and work directly with CVB/City staff and the Ad Hoc Committee on formal incorporation, the development of internal staff structures, finance, programming and other critical elements of the transition.

Initial Budget for 2009-2010 Planning Purposes – March 2009 Completion

With the new board in place, CVB staff will work with the board to develop a budget, staff structure and work plan to be put in place in time for the new fiscal year 2009-2010.

It is anticipated that the CVB will be legally incorporated and independent by the new fiscal year.

Initiate Overarching Strategic Planning Process

In tandem with the development of the governance structure, budget, staff structure and work plan, staff will work with the Ad Hoc, on the development of a full marketing strategic plan. The timing and execution of the strategic plan will be discussed by the Ad Hoc at their December meeting. CVB and City staff will conduct a search to identify appropriate experts in the field of strategic marketing and tourism development to guide the City/CVB in this process.

The need for formalized strategic planning was identified by the Performance Audit as a critical next step. This finding was acknowledged by all involved in the process as essential and it was agreed that it should be undertaken early on in the development of the new CVB structure and in conjunction with key stakeholders.

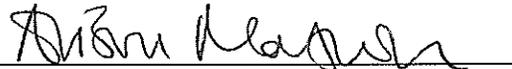
FISCAL IMPACT

None at this stage, staff will return with costs and budget associated with an independent CVB.

RECOMMENDATION

Staff recommends that the City Council receive the report.

Approved By:



Alison Maxwell, Director Economic
Development and Marketing

CVB BUSINESS PLAN

An Outline

1. GOVERNANCE

Mission

- Develop a draft organization mission
 - Review missions of other CVB's and allied marketing agencies
 - Consult with Ad Hoc and key industry leaders

Board of Directors

- Develop model for board of directors: (proposed make-up of and representation on the board; management construct e.g. large board with functional executive board; committee structure; length of term etc)
 - Research models of other agencies in the field with pros and cons
 - Discuss models with ad hoc and key local businesses and make recommendations
- Establish Interim Board of Directors
 - Establish who selects/creates first board
 - Research models for new organizations
 - Establish terms of office for interim board and subsequent election/selection in bylaws (see next section)

Organizational Structure

- Define type of legal structure – 501 (c) (3) or 6 etc.
- Develop articles of incorporation
- Outline management and staff and structure
 - Research other CVB models to determine best organizational structure
- Develop bylaws
 - Research other organizations for best practices and examples

2. Finance & Resources

Human Resources

Staff

- Define staffing structure; number, position titles, family tree/reporting structure
- Propose strategy for purchasing employee services currently provided through Chamber – interim and long term

Benefits, Conditions, Salary Policy

- Define salary policy & pay scale
- Develop health, retirement and other benefits policy
- Develop terms and conditions of employment

Services and Other Resources

Services

- Identify IT support and management needs and providers
- Identify accounting & legal resources needs
- Outline payroll and other HR services – benefit managers, insurance companies (health, GL, etc)
- Janitorial

Capital Investment

- Research and define existing CVB assets with Chamber of Commerce
- Research and quantify capital asset needs – computers, furniture etc

Facilities and Infrastructure

- Research type and square foot of space needed – long term needs (visitors center etc would be included in strategic plan)
- Identify IT infrastructure needs
- Heat, Light, Water etc

Policies and Procedures

Financial Policies and Procedures

- Develop financial policies and procedure manual
 - Review other agencies and research best practices for non-profit orgs

Administrative Policies and Procedures

- Develop basic administrative policies and procedures – travel policy, reimbursements etc
 - Review industry standards for CVB

Budget and Contracts

Create Organization budget

- Develop budget systems and policy (e.g. software; program or line-item budget?)
- Develop detailed organizational budget

Contracting with City

- Develop improved contract models with City

3. Programming

- Continue 08/09 program of work as outlined in existing City/Chamber agreement
- Develop 09/10 program of work implementing improved benchmarks and program measurements
- Adapt future program of work, including visitor services, local marketing etc. to reflect outcome of strategic plan

4. Research, Outreach, Roles, Timeline

External Research and Resources

Other CVBs

- West Hollywood
- Santa Monica
- Newport Beach
- Palm Springs Desert Resort Communities CVB

CVB Industry Organizations

- Destination Marketing Association International (DMAI)
- Western Association of Convention & Visitor Bureaus (WACVB)

Individual CVB Professionals

- John Marks
- Manette Belliveau

(both have extensive resumes -- attached -- and would be used as high level industry resource on an as needed, review basis)

BH Hoteliers, retailers, restaurants, entertainment

Staff would reach out to members of the business community to gauge their thoughts on the business plan, board make up and marketing ideas. This would be more extensive for a strategic plan later in the process.

- 4 Hotels, two larger two smaller (Hilton, BW, Mosaic, Crescent)
- 3 Restaurants
- 3 Retailers (one from Rodeo, Beverly N & S or Robertson)
- 1 Entertainment Industry (e.g. WM)

Internal/Other Resources

- City Attorney – legal construct, articles of incorporation, bylaws
- Finance Department: developing initial budget, budget systems and program budget training; assistance with developing/review financial policies and procedures.
- City Managers Office – SMA Assistance with research and document development and presentations.

Timeline

1. Ad Hoc meets w/ CM and ACM to develop transition approach 8/29
2. Ad Hoc reviews initial business plan outline – 09/18 & meets with Senior Chamber Staff
3. Ad Hoc continues meeting with Senior Chamber Staff and reviews other research/outreach – 9/29
4. Ad Hoc meets with John Marks and discusses governance structure
5. City Council update w/Business Plan Outline and timeline – early **December '08**
6. 4. Ad Hoc meets w/hoteliere and finalizes governance research
7. Staff begins work to complete and implement business plan under direction of Ad Hoc with minimal deadlines as follows.
 - January/ Feb 2009 – finalize interim board and regular meeting schedule
 - February 2009 – begin draft articles of incorporation,
 - February 2009 – hold inaugural board meeting – approve bylaws, incorporation.
 - February – April 2009 develop & finalize budgets and work plans for 2009/10
 - May 2009 begin selection of facilitator to lead City marketing strategic plan.
 - July 1, 2009 – CVB legally independent. 2009-10 Work plan focus: City strategic plan.