



## STAFF REPORT

**Meeting Date:** July 3, 2012  
**To:** Honorable Mayor & City Council  
**From:** Cheryl Friedling, Deputy City Manager for Public Affairs *CF*  
Megan Roach, Marketing and Economic Sustainability Manager *MR*  
**Subject:** Recommendation from the CVB/Marketing Liaison Regarding the Fiscal Year 2012-2013 Scope of Work and Funding Request from the Rodeo Drive Committee  
**Attachments:** 1. Rodeo Drive Committee 2012-2013 Scope of Work

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### INTRODUCTION

The Rodeo Drive Committee is comprised of 70 retailers, hotels and property owners. Founded in 1972, the Committee promotes Rodeo Drive through a variety of programs which enhance Rodeo Drive's image as a world-wide visitor destination.

### DISCUSSION

In past years, the Rodeo Drive Committee ("RDC") has received City support for several promotional and special event programs. These include Rodeo Drive Walk of Style, Rodeo Drive Concours D'Elegance, Fashion's Night Out, and others.

The CVB/Marketing Liaison Committee (Mayor Brien and Vice Mayor Mirisch) met with RDC representatives to review the proposed scope of work for Fiscal Year 2012-2013, which is included as Attachment No. 1. The Liaison Committee recommended an agreement with the RDC for three events and a corresponding funding amount of \$255,000.

In addition, the RDC requested \$110,000 for a holiday event/décor. City staff, in conjunction with the RDC, agreed to postpone consideration of the funding request until staff received direction from the Special Events/Holiday Liaison Committee (Councilmember Bosse and Councilmember Brucker) on a citywide, cohesive, holiday décor theme. RDC's proposal is expected to be presented and evaluated by the Special Events/Holiday Liaison Committee in July and funding to follow.

The CVB/Marketing Liaison Committee recommends an agreement with the Rodeo Drive Committee in the amount of \$255,000, as follows:

- \$200,000 for the 2012 Walk of Style event to be held in the fall, provided that the Rodeo Drive Committee incurs expenditures of at least a matching amount of \$200,000 for promotion of the street as a premiere shopping venue during Fiscal Year 2012-2013.
- \$25,000 for the Rodeo Drive Concours d'Elegance scheduled for June 16, 2013. The \$25,000 in funding will be a combination of waived street closure fees and in-kind City services such as police and traffic control officers and public works personnel.
- \$30,000 for a new event - Ice Cream Sundays on Rodeo Drive. On Sundays, September 16, 23, 30, the local community and visitors will get to see Rodeo Drive with a cherry on top as Beverly Hills marks the 120<sup>th</sup> Anniversary of the Ice Cream Sundae. Food trucks and vendors will offer gourmet ice cream, Italian ice, frozen yogurt, and other desserts and retailers will be given the opportunity to purchase advance ice cream vouchers for their customers to offer with purchase on these Sundays. The City's \$30,000 funding contribution will help offset event production costs including street pole banners, publicity/advertising, rentals, and janitorial services.

#### **FISCAL IMPACT**

The City's Finance Department projects \$28,942,900 in TOT revenue for the 2012-2013 Fiscal Year, which results in a Tourism and Marketing budget of \$4,817,984. This amount includes \$683,284 in budgetary carryover from Fiscal Year 2011-2012. The funding is budgeted in the Tourism and Marketing Program account 0101311. The CVB/Marketing Liaison Committee is recommending that of this amount, \$255,000 be allocated to the Rodeo Drive Committee for its Fiscal Year 2012-2013 budget request.

#### **RECOMMENDATION**

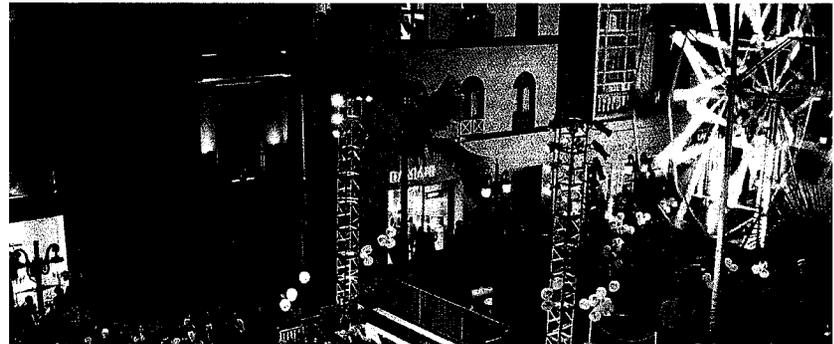
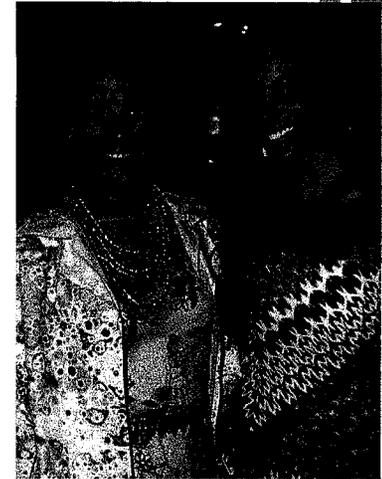
Staff recommends that the City Council review the CVB/Marketing Liaison Committee's recommendation for the Fiscal Year 2012-2013 scope of work and funding request from the Rodeo Drive Committee. The funding agreement is on the formal agenda this evening for City Council consideration.

Cheryl Friedling  
Approved By



# **Attachment 1**

# BH RODEO DRIVE



## Rodeo Drive Committee

2012-13

Request for Funding

# “Top 5 Streets in the World”

*“Call it the Rodeo Drive restoration. For the first time since the Great Recession, there is almost no vacancy on Rodeo Drive, the international luxury shopping street in Beverly Hills. Out of more than 100 storefronts on the street—and two mall enclaves, **Two Rodeo Drive** and **Rodeo Collection**—only three storefronts are available for lease.”*

*“For a couple of years, people were cautious,” (Tom) Blumenthal said of 2008 and 2009. “But business is robust again. They’re doing all of the things they wanted to do in the past three years.”*

*“The renovations are a vote of confidence in the street” (Jay) Luchs said. “They’re not just painting the walls,” he said. “They’re spending millions of dollars. They’re thinking of their future.”*

*“It’s a way to showcase your product and brand in one of the top five streets in the world.”*

- California Apparel News, 5/7/2012



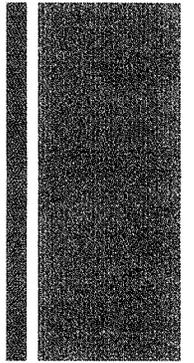


# City Income from Rodeo Drive

- TOT for 2011/2012 as planned at \$28,943,000 +11.0% over LY.
- Retail Taxes: If Rodeo Drive does nearly \$400 million in retail sales, 1% of the state retail tax comes back to the City, or nearly \$4 million annually. A 2007 survey found Rodeo Drive to account for \$365 million in annual sales or \$1 million/day.
- Business License Fees: Classification B: per \$1.00 of gross receipts over \$60,000 taxed at a rate of .00125. At \$400 million, tax rate is approximately an additional \$611,500 in city income.



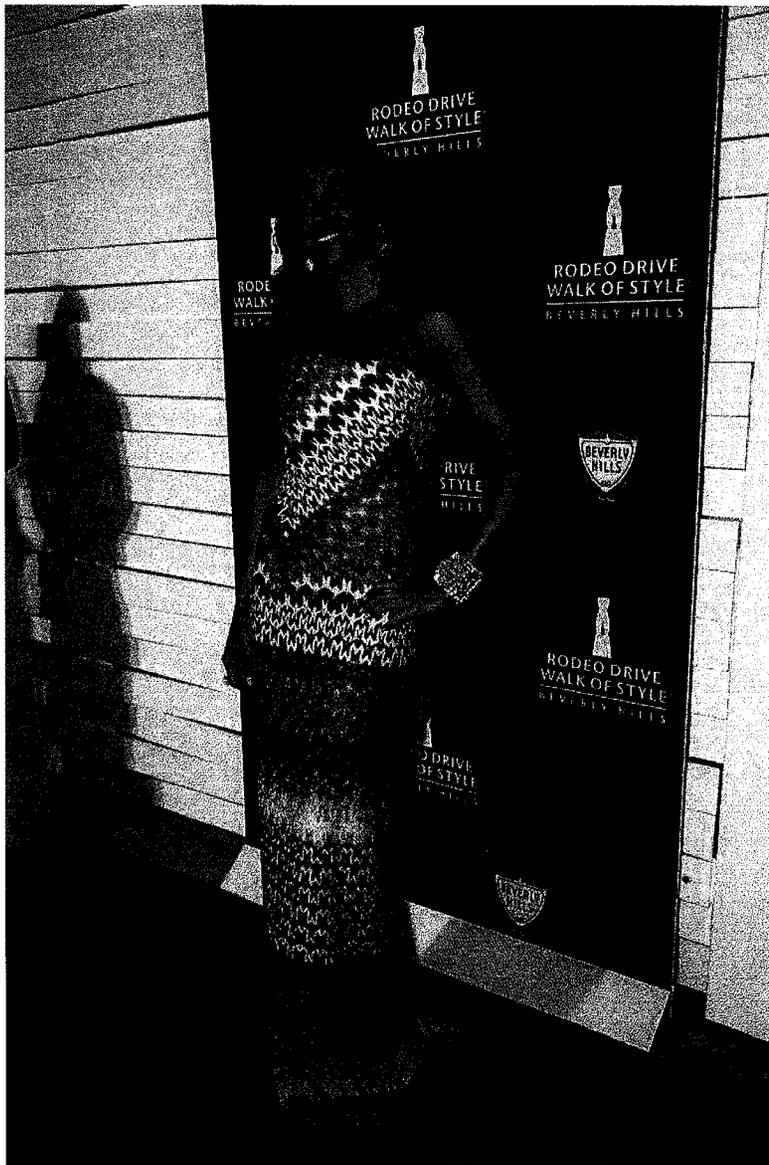
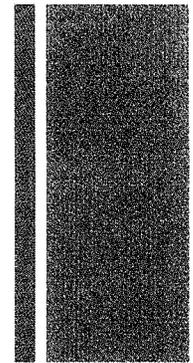
# City Income from Rodeo Drive (Cont'd)



- **Classification F: Commercial F – Each \$1 of gross receipts of rent taxed at .00235 x estimated \$1000/square foot x conservative estimate of 500,000 square feet on Rodeo Drive= \$1,750,000.**
- **Classification G: Lenders, brokers, real estate agents at .0035 estimated at \$700,000.**
- **Rodeo Drive's Estimated Total Importance to the City Financially: \$35,000,000+**



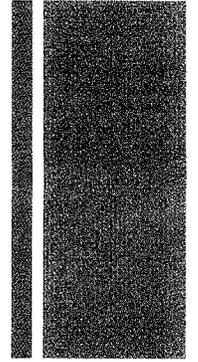
# RDC Program of Work 2011/12



- Shared information through monthly meetings
- Rodeodrive-bh.com website, Facebook and Twitter
- Rodeo Drive Walk of Style
- Rodeo Drive Concours
- Fashions Night Out



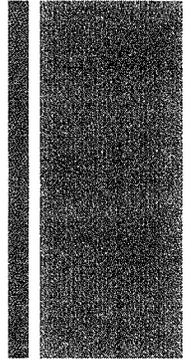
# RDC Program of Work 2011/12



- Networking
- Tourism outreach with LA Inc. and BHCVB
- Holiday
- Community relations
- Third party promotions
- Publicity
- Rodeo Drive Map



# 2011-2012 Accomplishments

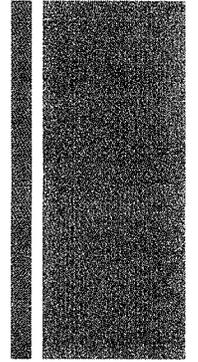


- Almost 1 billion media impressions collectively from Rodeo Drive Walk of Style; seen as highest fashion honor on West Coast.
- Rodeo Drive named #1 Shopping Street in the country by US News & World Report.
- Rodeo Drive social media has increased 300% with 12,000 followers on Facebook.
- RDC brought Swarovski Holiday program to city for estimated \$400,000.
- Italian-themed Concours seen by participants as “best ever” for turn out, cars, press coverage and excitement.
- Significant increase in Chinese tourism and steady Middle East business.
- Rodeo Drive’s FNO received two awards for excellence from US Commerce Association.





# City, RDC and Sponsors

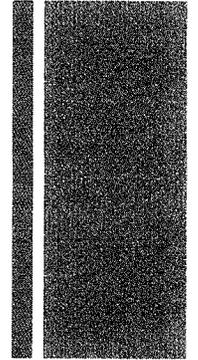


- Walk of Style: City \$165,000; RDC and sponsors: \$167,000 estimated.
- Concours: City \$25,000; RDC \$136,000
- Fashions Night Out: City \$25,000; RDC and sponsors \$85,000 estimated.
- Holiday: RDC brought Swarovski for estimated \$400,000 to City; \$25,000 for RDC dollars from city contributed back to funding of Lighting Ceremony.



# 2012-13 Priorities

- #1: Rodeo Drive Walk of Style: One of the top fashion awards on the West Coast; almost 1 billion media impressions since start in 2003; investments by past and future honorees; brings style and prestige to city and street; activates fashion and entertainment which makes Rodeo different from malls and competitors.
- #2: Holiday Decor: 4th Quarter promotion is most important to retailers from a sales perspective; more decor is needed; decor that is visible during day.

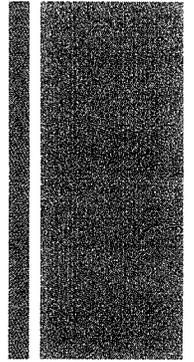


# 2012-13 Priorities

- #3: Concours: Biggest annual event in the Golden Triangle; brings elegance, media and prestige to street; allows for retailers to tie-in and bring new customers.
- #4: Ice Cream Sundays: Need something fun and unique to attract locals back to shop.
- #5: Fashions Night Out: With 110 participants, less than 50% were RDC members; RDC cannot use its funds to support city-wide initiative; good press and great online; supportive, but not thru RDC.



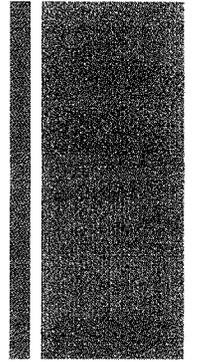
# 2012/13 vs. 2011/12 Funding



- \$200,000 WOS (\$110,000 in 2011-12, plus \$55,000 in carryover from 2010-11 for a total of \$165,000)
- \$110,000 for Holiday Event/Decor (\$25,000 budgeted in 2011-12, but RDC asked that these dollars go directly to Swarovski for their Holiday event).
- \$25,000 Concours (2011-12: \$24,000)
- \$30,000 Ice Cream Sundays (new ask)
- \$0 FNO (\$20,000 plus \$5,000 for Beverly Drive in 2011-12).
- 2012/13: \$365,000 vs. 2011/12: \$239,000



1%



With Rodeo Drive directly or indirectly contributing to TOT and various business taxes and fees at \$35 million, our \$365,000 request is just over 1% of that total.