



## AGENDA REPORT

**Meeting Date:** June 21, 2016  
**Item Number:** E-12  
**To:** Honorable Mayor & City Council  
**From:** Megan Roach, Marketing & Economic Sustainability Manager   
**Subject:** AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU FOR PROMOTION OF THE CITY FOR FISCAL YEAR 2016-2017; AND APPROVAL OF A PURCHASE ORDER IN A NOT-TO-EXCEED AMOUNT OF \$3,829,202 TO THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU FOR THESE SERVICES

**Attachments:** 1. Agreement

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### RECOMMENDATION

It is recommended that the City Council approve an agreement between the City of Beverly Hills and the Beverly Hills Conference and Visitors Bureau for promotion of the City for Fiscal Year 2016-2017 and approve a purchase order in a not-to-exceed amount of \$3,829,202 for these services.

### INTRODUCTION

This item requests City Council approve an agreement with the Beverly Hills Conference and Visitors Bureau for \$3,829,202 for visitor marketing and attraction services for Fiscal Year 2016-2017.

### DISCUSSION

The Beverly Hills Conference and Visitors Bureau ("CVB") is contracted by the City to conduct a variety of tourism and marketing programs promoting Beverly Hills. Its mission is to promote Beverly Hills worldwide as a stay/shop/dine destination through marketing programs that build awareness and drive consumer revenue to the city.

On May 4, 2016, the Beverly Hills Conference and Visitors Bureau/Marketing Committee (Mayor Mirisch and Councilmember Bosse) met with CVB representatives to review the proposed Fiscal Year 2016-17 scope of work and corresponding funding request of \$3,829,202. Of this amount, \$233,754 (6%) is for new programming, \$1,244,063 (33%) is for operational costs and \$2,351,385 (61%) is for recurring programming that has proven successful in prior years.

On June 6, 2016, the City Council reviewed the Beverly Hills Conference and Visitors Bureau/Marketing Committee's recommendation and CVB representatives provided a presentation outlining the proposed scope of work and corresponding funding request. The City Council recommended approval of the work program and funding request of \$3,829,202, which includes the following portfolio of services:

1. **Local** – holiday marketing and activities including Santa at the Paley Center.
2. **Events** – Chinese New Year Celebration and support of partner and City events including the Rodeo Drive Concours d'Elegance, Greystone Concours d'Elegance, and Concerts on Canon.
3. **Domestic** – representation in the US by domestic public relations agency to increase awareness and coverage for Beverly Hills as a destination.
4. **International** – expand international programs with greater emphasis in the Middle East region to drive expatriate traffic during Ramadan and to increase year-round business in the region.
5. **Interactive** – dynamic email content targeted to recipients in accordance with their interests and where they live.
6. **Research** – updated visitor profile and economic impact study report providing information on where people travel from and how much they spend while in market.
7. **Visitor Center** – work with retail expert to maximize current Visitor Center space and display areas for new and unique products at a reasonable price point.

### FISCAL IMPACT

The City's Finance Department projects \$39,140,000 in Transient Occupancy Tax (TOT) revenue for the 2016-2017 Fiscal Year, which results in a Tourism and Marketing budget of \$5,951,429 and is budgeted in program account 0101311. The CVB agreement is for \$3,829,202 for tourism and marketing programs and operational expenses.

Don Rhoads   
Finance Approval

Cheryl Friedling   
Approved By

# **Attachment 1**

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS  
AND THE BEVERLY HILLS CONFERENCE AND VISITORS  
BUREAU FOR PROMOTION OF THE CITY FOR FISCAL  
YEAR 2016-2017

THIS AGREEMENT is made and entered into in the City of Beverly Hills by and between the City of Beverly Hills, a municipal corporation ("City") and the Beverly Hills Conference and Visitors Bureau ("CVB"), a non-profit corporation.

RECITALS

A. CVB is located in the City of Beverly Hills and has special knowledge and experience to conduct or participate in promotional, publicity, and advertising activities for the benefit of City.

B. City desires to continue to engage the services of the CVB for promotional activities for fiscal year 2016-2017.

C. Section 37110 of the State Government Code authorizes the expenditure of monies for promotion.

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, the parties hereby agree as follows:

Section 1. Scope of Service and Fund Authorization/Use of Funds.

a. For the period of July 1, 2016 through June 30, 2017 ("Funding Period"), City shall provide the CVB with funding in an amount not to exceed \$3,829,202 for expenditures in support of the City and CVB's visitor and marketing programs as detailed in Exhibit A, attached hereto and incorporated herein. Any monies not expended in the Funding Period that are earmarked for specific projects taking place within 60 days of the termination date of this Agreement, shall be carried over to the CVB fiscal year 2017-2018 budget for those specific projects.

b. CVB shall provide the services (both personnel and deliverables) necessary to implement the marketing strategies and programs for the promotion of the City as set forth in Exhibit A ("Scope of Service"). The funds shall be utilized and serve as compensation (including but not limited to overhead, third party costs, etc.) for the CVB's implementation of the Scope of Services.

c. In connection with CVB's marketing and promotional programs, CVB may, on behalf of and at the sole discretion of City, use the funds to produce, purchase, install and de-install light pole banners or other displays in the public-right-of-way. All such light pole banners shall comply with the City's adopted Banner Policy, copies of which are available from the Office of Communications and Marketing, and shall be approved in writing in advance by City

prior to installation. City shall have sole discretion over the design, placement, and duration of the banner display.

Section 2. Payments. CVB shall submit written requests for advanced payments for expenditures based on the CVB's adopted budgets for the various projects as set forth in Exhibit A. City shall provide payment to the CVB upon approval of the request by the City's Chief Financial Officer. City shall use its best efforts to make payment to CVB within 15-days of receipt of request. Any monies not expended in the Funding Period shall be returned to the City.

Section 3. Reports.

a. The CVB shall submit a quarterly report to City and shall be in a form and content acceptable to the City Manager or his designee. The reports shall include, without limitation, information on overall project management and achievement of action items in relation to the Scope of Service as set forth in Exhibit A, including the percentage of services and/or action items completed and defined measurements of goal achievement for the Funding Period.

b. CVB shall also supply the City with an Audited Annual Financial report prepared by a Certified Public Accountant for the Funding Period. Such report shall provide consolidated financial reporting for CVB as a whole, and separately detailed accounts for each program funded by City. The report shall be due within six months of the end of CVB's 2016-2017 fiscal year. At City's sole discretion, consolidated annual accounts may be substituted for full audited accounts.

c. With reasonable notice from City, CVB shall provide to City copies of any and all work product, documents reports, property and books produced by CVB in fulfillment of this Agreement ("Documents"). This shall be solely for the purpose of confirming and evaluating the execution of the programs described in this Agreement and shall not include records and documents unrelated to the execution of such programs (e.g., personnel records). CVB's obligation to maintain such Documents shall continue for three years after the termination of this Agreement.

d. CVB shall establish and maintain an accounting system in accordance with generally accepted accounting principles and standards. The system shall detail all costs chargeable to City under this Agreement and shall substantiate all such costs, and comply with any applicable State and Federal standards.

e. CVB shall endeavor to develop, in consultation with City, a program-based budget for all City-funded programs. Implementation of a program-based budget is not intended to affect the requirements outlined in paragraph (d) of this Section relating to generally accepted accounting principles.

Section 4. Ownership of Work Product.

a. Unless otherwise agreed upon in writing, all reports, documents, or other written or visual material or any other material in any media, including any images, taglines, logos, or

other media created or developed by CVB or any third party contracted by the CVB, in the performance of this Agreement, whether or not paid in whole or in part by the funding provided by this Agreement (“Work Product”) shall be and remain the property of City without restriction or limitation upon its use or dissemination by City. All Work Product shall be considered to be “works made for hire”, and all such Work Product and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of City without restriction or limitation upon their use, duplication or dissemination by City. CVB shall not obtain or attempt to obtain copyright protection as to any of the Work Products.

b. CVB hereby irrevocably assigns exclusively to City, all right, title and interest in such trademarks and/or copyrights or other intellectual property rights in the Work Products. CVB shall take all acts requested by the City in order to enforce City’s rights under this Section.

c. CVB shall not retain ownership of or any right, title or interest in any of the Work Products, including, but not limited to, in any related trademarks, copyrights, or other proprietary rights. The City and CVB agree that the Work Product and all such rights, title and interest in or to the Work Products belong to and are being sold and assigned in their entirety to City for whatever use it desires, and that City does and shall at all times own, solely and exclusively, complete and unencumbered, all right, title and interest in and to all of the Work Product worldwide, any modifications thereto and any derivative works based thereon (including, but not limited to, all patent, copyright, trademark, service mark and trade secret rights). Nothing contained herein shall be deemed to constitute a mere license or franchise in City. The parties further agree that City will be free to use, modify, distribute, sell, license or otherwise exploit all such Work Products and any modifications to or derivative works based thereon without any restrictions or limitations or any obligations or payments to CVB and that CVB shall have no such rights.

d. From time to time the CVB will engage photographers to take photographs or will purchase images for use in CVB’s marketing campaigns, collateral or other uses. As to those third party photographs or images whereby the CVB negotiates to purchase not only the photograph or image but also the copyright or other intellectual property rights, the provisions of this Section 4 will apply. As to those third party photographs or images whereby the CVB negotiates to purchase only the use of the photograph or image and the copyright is maintained with the photographer, the provisions of this Section 4 will not apply.

e. This Section shall survive termination of this Agreement.

Section 5. Assignment. This Agreement shall not be assigned by CVB without the written consent of City.

Section 6. Independent Contractor. At all times during the term of this Agreement CVB shall be independent contractors and CVB, their officers, employees and agents shall not be employees of City.

Section 7. Term. This Agreement shall remain in full force and effect from July 1, 2016 until June 30, 2017 unless terminated earlier as provided in Section 8 of this Agreement.

Section 8. Termination of Agreement. Upon ninety (90) days written notice to CVB, this Agreement may be terminated by City, with or without cause, only by a majority vote of the City Council. In the event of such termination, City shall pay CVB for all costs and obligations reasonably incurred by CVB for Visitors Bureau activities in performing its services under this Agreement prior to the date of termination and such payment shall be in full satisfaction of City's obligations hereunder. City shall not be obligated to pay additional funds after issuance or receipt of such notice.

Section 9. Notice. Whenever it shall be necessary for any party to serve notice on another respecting this Agreement, such notice shall be served by certified mail addressed to the City Clerk of the City of Beverly Hills, 455 North Rexford Drive, Beverly Hills, California 90210; or to Beverly Hills Conference and Visitors Bureau, 9400 Santa Monica Blvd., Beverly Hills, California 90210, unless and until a different address may be furnished in writing by any party, and such notice shall be deemed to have been served within seventy-two (72) hours after the same has been deposited in the United States Post Office by certified mail. This shall be valid and sufficient service of notice for all purposes.

Section 10. Indemnification and Insurance.

a. CVB agree to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all claims, liability or financial loss resulting from any suits, claims, losses or actions, and from all cost and expenses of litigation, brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the actions or omissions of CVB or their officers, employees, agents or others employed by CVB in the conduct of the projects funded by this Agreement.

b. CVB shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive General Liability Insurance with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by CVB.

c. CVB shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, a policy or policies of Comprehensive Vehicle Liability insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by Contractor in performing the services required by this Agreement.

d. CVB agrees to maintain in force at all times during the performance of work under this Agreement workers' compensation and employer's liability insurance as required by law.

e. CVB shall require each of its sub-consultants or sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement unless otherwise determined by the City's Risk Manager.

f. The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

g. If CVB fails to keep the aforesaid insurance in full force and effect, City shall notify CVB that it is in breach of the Agreement and CVB has three (3) days to cure such breach. If such breach is not cured by CVB as required in this paragraph, City may terminate the Agreement or, if insurance is available at a reasonable cost, City may take out the necessary insurance and pay, at CVB's expense, the premium thereon.

h. At all times during the term of this Agreement, CVB shall maintain on file with the City Clerk a certificate or certificates of insurance on the form required by the City, showing that the aforesaid policies are in effect in the required amounts. CVB shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The policies of insurance required by this Agreement shall contain an endorsement naming the CITY as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to CITY, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

i. The insurance provided by CVB shall be primary to any coverage available to City. The policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

j. Any deductibles or self-insured retentions must be declared to and approved by City prior to commencing work under this Agreement.

Section 11. Extent of Agreement This Agreement represents the entire and integrated Agreement between the parties on the matters included herein and supersedes any and all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by all parties to the Agreement.

Section 12. City Not Obligated to Third Parties. The City shall not be obligated or liable under this Agreement to any party other than CVB.

Section 13. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

Section 14. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the  
\_\_\_\_ day of \_\_\_\_\_ 2016, at Beverly Hills, California.

CITY OF BEVERLY HILLS,  
A municipal corporation

\_\_\_\_\_  
JOHN A. MIRISCH  
Mayor of the City of Beverly Hills

ATTEST:

\_\_\_\_\_(SEAL)  
BYRON POPE  
City Clerk

BEVERLY HILLS CONFERENCE AND  
VISITORS BUREAU

  
\_\_\_\_\_  
JULIE WAGNER  
Chief Executive Officer

\_\_\_\_\_  
TODD ORLICH  
Board President

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

\_\_\_\_\_  
MAHDI ALUZRI  
City Manager

  
\_\_\_\_\_  
CHERYL FRIEDLING  
Deputy City Manager for Public Affairs

  
\_\_\_\_\_  
KARL KIRKMAN  
Risk Manager

## **EXHIBIT A**

### **SCOPE OF SERVICES**

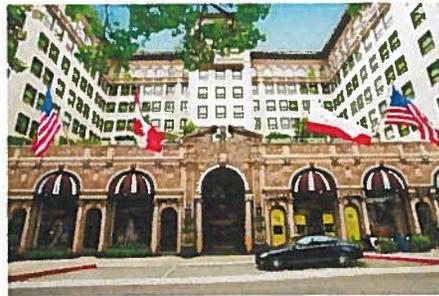
City shall provide funding in the amount of \$3,829,202.00 to support the activities and programs outlined in Attachment 1 to this exhibit, attached hereto and incorporated herein, during the period of July 1, 2016 through June 30, 2017. Funding shall cover operating and marketing expenses forecast for the twelve month period and expenses including but not limited to salaries, taxes and benefits; rent and utilities; and marketing initiatives targeted to domestic and international consumers and trade. The CVB shall conduct the activities set forth in Attachment 1 to this Exhibit (which activities are part of the CVB's overall strategic and marketing plan) during the term of this Agreement. CVB may reallocate funding for initiatives within an individual category set forth in the 2016/17 Budget Detail document in Attachment 1 to this exhibit: Local/Holidays; Events; Domestic Marketing; International Marketing; Interactive; Collateral; Metrics/Research; and Special Programs, without City Council Beverly Hills Conference and Visitors Bureau/Marketing Committee approval. However, CVB may only reallocate up to \$25,000 from one category to another. Reallocations over \$25,000 require City Council Beverly Hills Conference and Visitors Bureau/Marketing Committee approval.

**ATTACHMENT 1 TO EXHIBIT A**

**Fiscal Year 2016/17  
Scope of Work**



## New Programs Fiscal Year 2016/17



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# New for 2016/17

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One of BHCVB's most important core values is to keep a fresh perspective on all programming. This allows for new flourishes on existing programs as well as the execution of completely new ideas.

## New Programs by Category:

- Domestic Marketing
  - Representation in the US by domestic PR agency to increase awareness and coverage for the destination (our in-house manager will be out a four-month maternity leave during the year).
  - Support of the Two Rodeo Salvador Dali exhibition.
- International Marketing
  - Global PR Strategy to manage pr activities outside of the US while communications manager is on maternity leave.
  - New promotional programs for the Middle East region with Gulf Reps.
    - The objective is to drive expatriate traffic during Ramadan and to increase year-round business from this region.
  - Europe PR representation similar to what we currently do in the UK and Australia which includes destination pitching, coverage by top publications for the destination and a familiarization trip by key media.



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# New for 2016/17 cont'd

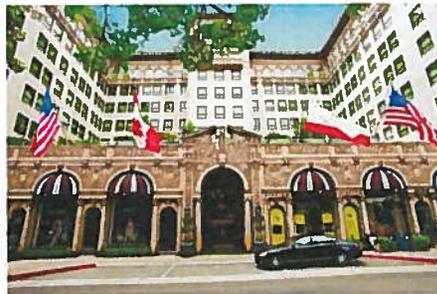
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## New Programs by Category:

- Interactive
  - Dynamic email content targeted to recipients in accordance with what they have told us about their interests and where they live.
- Research
  - Updated visitor profile and economic impact study report giving us information on where people travel from and how much they spend while in market. This report will also gather information on what types of stores and products visitors would like to see in Beverly Hills.
- Visitor Center
  - BHCVB will work with a retail expert to maximize the current space, including building out display areas, adding appropriate signage, relocating existing furniture, etc. Final go-forward will be based on financial scope of proposal to be presented before end of 2015/16.
  - BHCVB will also look at developing unique products that reflect the brand but also are at a price point that is affordable.

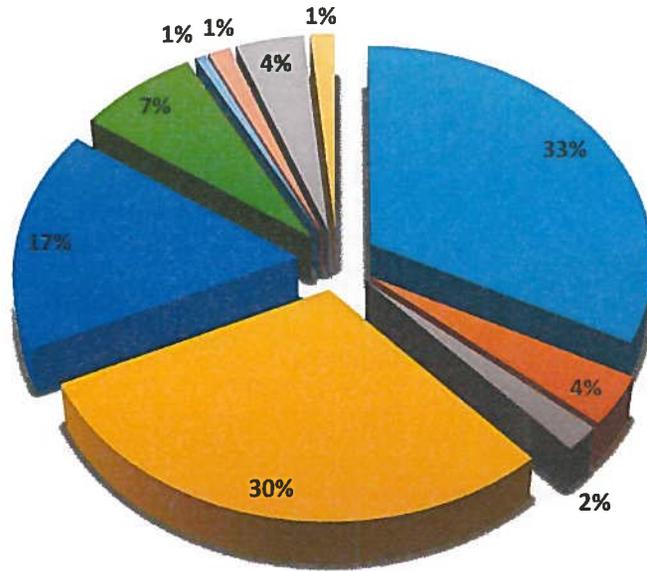


# Budget Information



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# CVB FY 2016/17 Budget Overview



■ Fixed	33%
■ Events	4%
■ Local	2%
■ Domestic	30%
■ International	17%
■ Interactive	7%
■ Collateral	1%
■ Research	1%
■ Visitor Center	4%
■ Special Programs	1%

# 2016/17 Budget Summary

Description	2015/16 Budget	Carryover Funds*
<b>Marketing</b> Local/Holidays Events Domestic Marketing International Marketing Interactive Collateral Special Programs Metrics/Research	\$75,000 \$146,016 \$1,145,048 \$641,214 \$282,460 \$26,208 \$56,393 \$53,420	\$100,000 \$70,000 \$45,000 \$25,000
Operations including Salaries, Taxes & Benefits	\$1,244,063	
Visitor Center	\$159,380	
<b>TOTAL</b>	<b>\$3,829,202</b>	<b>\$240,000*</b>

\*Carryover funds are only estimated as of April 2015. Final numbers to be determined June 2015. An additional \$15,000 will be placed in our Tenant Improvement account.

+All figures represent a 4% inflation increase where applicable.

# 2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
Local/Holidays	\$75,000		N/A				\$75,000
Events	\$140,400					\$5,616	\$146,016
Domestic Marketing							
New York	\$156,000						\$156,000
Destination Marketing	\$390,000			Two Rodeo Dali Exhibit	\$25,000	\$15,600	\$430,600
Domestic PR**	\$75,560		\$12,260	US pr representation	\$78,000	\$5,040	\$146,340
MICE Marketing	\$50,360	Meeting planner advertising	\$9,353			\$400	\$70,400
Partnership Marketing	\$51,000					\$840	\$51,840
Branding Guidelines & Creative	\$45,000	Complete	\$45,000				
Secondary Market Sales							
Missions	\$197,600					\$7,904	\$205,504
Group Sales	\$81,120					\$3,245	\$84,365

# 2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs 2016/17	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
<b>International Marketing</b>							
Sales Missions	\$63,410	Not as many missions scheduled this year	\$25,410				\$38,000
Trade Shows	\$216,621	Costs for ILTM Europe will be used for Europe Representation this year	\$50,000	Larger commitment at ILTM Americas and refurbishment of existing booth	\$29,154		\$196,624
PR**	\$14,040					\$3,710	\$17,750
Representation	\$125,000			Europe representation added in place of ILTM Europe	\$50,000	\$2,000	\$177,000
Incentive Programs	\$33,000			Combined with Domestic except for Tour Bus Incentive			\$3,000
Emerging Markets	\$254,620	Brazil Travel Week Show and placement of Brazil agency on hiatus; China Dinner now cocktail reception	\$67,260	Mexico trade and pr representation activities		\$1,480	\$188,814
Global Strategy	\$20,000			Global PR			\$20,000

# 2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs 2016/17	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
<b>Interactive</b>							
Database/eMail	\$8,400			Dynamic, targeted content	\$16,600		\$25,000
SEM/SEO	\$138,000					\$3,840	\$141,840
International	\$80,496	Will carryover unused funds for China SEO in 2016/17	\$26,496				\$54,000
Acquisition	\$39,728						\$39,728
Domestic Site	\$21,050					\$842	\$21,892
<b>Collateral</b>							
Fulfillment	\$5,200					\$208	\$5,408
Visitor Guide	\$47,800	Will carryover unused funds to complete in 2016/17	\$47,800				
Premiums	\$20,800						\$20,800
Marketing Tool Kit	\$3,138		\$3,138	Complete			
<b>Special Programs</b>	\$55,000						\$56,363
<b>Metrics/Research</b>	\$38,800	American Express report discontinued; better pricing on Visa reports	\$22,000	Economic Impact Study	\$35,000		\$53,420

# 2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs 2016/17	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
Operations including Salaries, Taxes, Benefits and Rent	\$1,201,059					\$46,898	\$1,244,063
Visitor Center							
Staff	\$78,000					\$2,340	\$80,340
Merchandise/Display	\$26,000						\$26,000
Communications	\$26,000						\$26,000
Events	\$25,000		\$25,000				
Collateral	\$26,000						\$27,040
<b>TOTAL</b>	<b>\$3,829,202</b>		<b>\$333,717</b>		<b>\$233,754</b>	<b>\$99,963</b>	<b>\$3,829,202</b>

\*2016/17 budget represents a 4% cost of doing business increase for repeated programs and operations where applicable. \*\*Cost increases are based on 15/16 spend.



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EXHIBIT B

PAYMENT SCHEDULE

Unless otherwise agreed to by the City's Deputy City Manager, invoices and payments shall be governed by the schedule below.

Funding Period (July 1, 2016 – June 30, 2017)			
CVB Remits Invoice to City	City Issues Payment to CVB	Period Covered	Payment Amount
July 5	July 14	July 1 – October 31	\$1,723,141
October 10	October 20	November 1 – February 28	\$1,053,030
February 6	February 16	March 1 – June 30	\$1,053,031
TOTAL			\$3,829,202