



AGENDA REPORT

Meeting Date: June 16, 2009
Item Number: F-16
To: Honorable Mayor & City Council
From: Alison Maxwell, Director Economic Development and Marketing
Subject: 1. APPROVAL OF AN AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU FOR PROMOTION OF THE CITY IN THE AMOUNT OF \$2,300,160; AND

AUTHORIZATION OF A PURCHASE ORDER IN THE AMOUNT OF \$2,300,160 FOR VISITOR ATTRACTION AND MARKETING PROGRAMS.

Attachments: 1. Agreement for Services with Beverly Hills CVB
2. May 27, 2009 Agenda Report to Council

RECOMMENDATION

Staff recommends that the City Council:

- 1) Approve an Agreement between the City of Beverly Hills and Beverly Hills Chamber of Commerce and Civic Association for the Chamber's Conference and Visitors Bureau in the amount of \$2,300,160;
- 2) Approve issuance of related purchase orders.

INTRODUCTION

This item requests City Council to approve the agreement with the Beverly Hills Conference and Visitors Bureau (CVB) for visitor marketing and attraction services for fiscal year 2009-2010. This program was presented and approved on the City Council Formal Agenda, May 27, 2009.

DISCUSSION

The City of Beverly Hills contracts with the Beverly Hills Conference and Visitors Bureau for a range of visitor marketing and attraction services. Formally this agreement was by and through the Chamber of Commerce. In August 2008, the City determined that the CVB should incorporate as an independent entity. Therefore, in line with City Council direction a new organization has been formed and incorporated as the Beverly Hills Conference and Visitors Bureau (CVB) The attached agreement for services is with the new CVB.

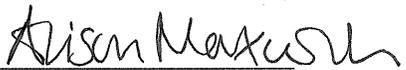
On May 27, 2009, at the City Council Formal Agenda meeting, the CVB presented its proposed budget and range of core visitor marketing and attraction services for 2009-2010 as well as an outline of new initiatives. The budget and work program were approved by Council at that time. A copy of Agenda Report from May 27, 2009 meeting is attached as reference, along with the Agreement for Services, which includes a full budget outline.

FISCAL IMPACT

Funds for on-going core programs have been budgeted in Tourism and Marketing Program account 0101311 for fiscal year 2009-2010. Funds for the Marketing Strategic Plan and other incorporation one-time costs have been budgeted from additional 2% TOT collected in 2007-2009 and appropriated into the 2008-2009 Tourism and Marketing budget 0101311 for a total agreement not to exceed \$2,300,160.



Scott Miller
Director Administrative Services/Chief
Financial Officer

Alison Maxwell 
Director Economic Development &
Marketing

Attachment 1

Agreement

AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS
AND THE BEVERLY HILLS CONFERENCE AND VISITORS
BUREAU FOR PROMOTION OF THE CITY

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. Fiscal year 2009-2010 is the third year of a three year commitment to fund a CVB visitor marketing program.

C. City desires to engage the services of CVB to manage and produce such activities during the 2009-2010 budget year.

D. 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. Fund Authorization/Use of Funds.

a. City agrees to provide the CVB during the 2009-2010 fiscal year a sum of \$2,300,160 for expenditures in support of the City and CVB's visitor and marketing programs as detailed in Exhibit A, attached hereto and incorporated herein. In addition to the programs set forth in Exhibit A, CVB will undertake a marketing strategic plan to guide planning for new three-year funding commitment and programming starting with fiscal year 2010-2011. If there are any funds remaining from 2008-2009 funding allocation to the CVB, such funds shall automatically be reallocated to the CVB for fiscal year 2009-2010.

b. If City determines that additional monies will be available for the 2009-10 fiscal year beyond the City's projections of monies available for marketing from the City's transient occupancy tax ("Marketing TOT"), the City may, at its discretion, provide a mid-year funding adjustment to CVB subject to a formula ("additional funding formula") established by the City Council/CVB Subcommittee ("Subcommittee"). The Subcommittee may impose a cap on the

total additional Marketing TOT available to its economic development partners such as CVB. Any funding provided pursuant to a mid-year funding adjustment shall be used to support one-time projects and shall not increase the base program budget.

c. CVB shall use the funds from the City during the 2009-2010 fiscal year as specified in Exhibit A. The use of any additional funding as described in paragraph (b) of Section 1 of the Agreement shall be as mutually agreed upon in writing by CVB and the City Manager or his designee.

d. If the CVB desires to engage in additional services or programs in connection with CVB's services under this Agreement that are not budgeted, the CVB may request additional funding. The City, through the City Manager, may at its discretion provide such funding to the CVB in the manner set forth in paragraph (e) of this section.

e. The City Council hereby authorizes the City Manager to approve additional funding for the CVB for project(s) agreed upon by the CVB and City staff, in an amount not to exceed \$150,000. These projects shall be subject to the terms of this Agreement and may be set forth in a letter agreement executed by the CVB and City Manager.

f. 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 display and shall retain ownership of all banners funded under this Agreement.

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. Written requests for advance payments shall not be made more than once every two months, unless otherwise allowed by the City's Chief Financial Officer. 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 45-days of receipt of request.

Section 3. CVB Contingency Fund. The City recommends, but does not require, that the CVB shall set aside a minimum of five percent (5%), but no more than ten percent (10%) of the total funds received from City into a contingency fund that may be used for necessary expenses remaining upon termination of this Agreement, including, but not limited to, costs of contracted work not paid, or contractual severance pay should City's termination of this Agreement result in employment terminations. Such contingency fund shall be placed in an FDIC insured institution.

Section 4. Reports.

(a) Beginning with the second quarter of the term of the Agreement, CVB shall provide quarterly reports to City. These reports shall be submitted 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 goals in relation to CVB's work plan and budget as set forth in Exhibit A, including the percentage of services completed and defined measurements of goal achievement. It is the intention of City and CVB to create processes and measurements for the City-funded CVB programs.

(b) CVB shall also supply the City with an Audited Annual Financial report prepared by a Certified Public Accountant. 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 fiscal year beginning with a report of fiscal year 2009-2010. 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. 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).

(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 5. Event Tickets. In consideration of the funding provided to CVB by City under this Agreement, CVB shall, from time to time, provide tickets to events sponsored by or held by the CVB to the City for its use in its sole discretion. The amount and number of tickets shall be determined in advance with City on an event basis.

Section 6. 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 6 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 6 will not apply.

(e) This section shall survive termination of this Agreement.

Section 7. Assignment. This Agreement shall not be assigned by CVB without the written consent of City.

Section 8. 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 9. Term. This Agreement shall remain in full force and effect from the effective date of the Agreement until June 30, 2010, unless terminated earlier as provided in Section 10 of this Agreement.

Section 10. Termination of Agreement. City may terminate this Agreement at any time, with or without cause, upon forty-five (45) days written notice to CVB. 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 11. 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 Visitors Bureau/CVB of Commerce, 239 South Beverly Drive, Beverly Hills, California 90212, 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 12. 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 13. 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 14. City Not Obligated to Third Parties. The City shall not be obligated or liable under this Agreement to any party other than CVB.

Section 15. 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the ____ day of _____ 2009, at Beverly Hills, California.

CITY OF BEVERLY HILLS,
A municipal corporation

NANCY KRASNE
Mayor of the City of Beverly Hills

ATTEST:

(SEAL)
BYRON POPE
City Clerk

BEVERLY HILLS CONFERENCE AND
VISITORS BUREAU



KATHRYN SMITS

Executive Director +

Corporate Secretary

Name:

Title:

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

RODERICK J. WOOD, CCM
City Manager



ALISON MAXWELL
Director of Economic Development + Marketing



KARL KIRKMAN
Risk Manager

Exhibit A
Scope of Work

Fiscal Year: July 1, 2009 – June 30, 2010

The City shall provide funding in the amount of \$2,300,160 to support the activities and programs outlined in this Scope of Services as follows: CVB Core/On-Going Programs and New Programs. The New Programs consist of the (i) the transition to an independent non-profit and (ii) development of a strategic marketing plan. The New Programs will be parallel to the Core/On-Going Programs. A “synopsis” of the Scope of Work is attached as Attachment 1. Accordingly, the tasks are set forth below:

TASK I. CORE/ON-GOING PROGRAMS (\$2,158,160)

a. Mission

Beverly Hills Conference & Visitors Bureau is dedicated to enhancing the economic vitality of Beverly Hills through destination marketing. Efforts target consumers, trade and media in key markets throughout the US and internationally. The CVB's primary marketing focus is on incremental business requiring an overnight stay. In addition, the CVB strives to enhance the overall visitor experience for both hotel guests and day visitors.

b. Scope of Work. The following is a listing of the core/on-going programs to be continued by the CVB for Fiscal Year 09-10

i. Product Development

The CVB will continue to develop product and explore opportunities to expand and improve existing product ranging from themed itineraries and packaging to sightseeing options and partnerships.

ii. Branding

Following the brandprint established for Beverly Hills, the CVB will continue to serve as the destination brand steward in conjunction with the City. A primary focus for 09/10 will be the development of an overarching strategic plan for the City of Beverly Hills. In addition, the CVB will continue to leverage *Love, Beverly Hills xx*.

iii. Consumer Programs

Advertising

For 09/10, the CVB will focus on the *Love, Beverly Hills* xx brand advertising as well as the Breakfast in Beverly Hills tactical advertising. A media plan will be developed in conjunction with the CVB's marketing task force and approved by the CVB Board of Directors.

Website

The CVB website will be a priority for FY 09/10 and beyond. The CVB will go through a formal RFP process at the start of the next fiscal year to begin the process.

Collateral and Fulfillment

The CVB produces several collateral pieces including Beverly's "little brown book", a VIP brochure, walking maps and one-sheets. Efforts will continue to reduce print pieces and drive visitors to the website, ensuring up-to-date information at all times and reducing the rising costs associated with development, production, storage and shipping.

Visitor Services

In 09/10, the CVB will review visitor services and develop a comprehensive plan for a Visitor Center as part of the CVB's overall operations.

Research

To supplement findings from the 2008 Tourism Impact Study and to fine-tune marketing efforts, the CVB will continue to rely on additional research such as visitor profiles, luxury surveys and country updates.

iv. Trade Programs

Sales Missions

BHCVB will continue to conduct its annual sales mission to New York in conjunction with industry partners. In addition, the CVB has budgeted to participate in the California state tourism missions to the United Kingdom, Australia and China.

Trade Shows

The U.S. Travel Association's annual Pow Wow is the premiere international marketplace and allows the CVB to conduct business with trade and media from all over the world. In 2010, Pow Wow will

take place in San Francisco, and the CVB will again participate with partners. In addition, the CVB will be represented at trade shows in the UK, China, Japan and Mexico.

Local Sales Calls and Outreach

To complement international outreach, BHCVB conducts local sales calls on Los Angeles-based wholesalers and receptive operators. The sales calls take place to the CVB's top 10 accounts on a quarterly basis. In addition, the CVB leverages events (i.e. Lighting Ceremony, Breakfast in Beverly Hills) to showcase Beverly Hills to local partners.

Familiarization Trips

BHCVB will continue to conduct familiarization trips to showcase Beverly Hills to targeted trade partners, with the ultimate goal of expanding Beverly Hills product and generating bookings.

v. Media Programs

Public Relations

The CVB will continue to pitch story ideas, generate newsworthy communications, and conduct desk side briefings for media to highlight Beverly Hills and position the destination top-of-mind. PR efforts in 09/10 will build upon last year's success with social networking and partnerships.

Sales Missions, Trade Shows and Sales Calls

In addition to the focus on travel trade, all sales missions and trade shows both domestically and internationally feature a media component in which BHCVB participates.

Familiarization Trips

With the ultimate goal of securing positive coverage in key outlets, BHCVB will continue to showcase Beverly Hills through destination visits from leading media.

vi. Special Programs

Beverly Hills will continue to partner with area CVBs as part of a westside partnership and leverage other special programs as they arise.

c. Goals

- i. Continue to brand Beverly Hills
- ii. Increase tourism revenue in Beverly Hills

- iii. Increase visitor arrivals
- iv. Increase length of stay for day visitors
- v. Maintain visitor satisfaction

d. Core Strategies and Tactics

- i. Market overall destination experience/provide foundation
- ii. Focus on incremental business
- iii. Drive overnight stays
- iv. Target leisure market
- v. Leverage tactical offers during “need” periods
- vi. Provide consistent messaging as the cornerstone of all efforts:
 - Walkable
 - Accessible
 - Safe
 - Various Price Points
 - Variety of Experiences
 - Celebrity Glamour/Feel like a Star
 - Luxury Capital
- vii. Differentiate Beverly Hills from competition through branding/unique selling points
- viii. Pursue partnerships and cooperative marketing opportunities
- ix. Utilize ongoing research to fine-tune efforts

TASK II. TRANSITION TO INDEPENDENT NON-PROFIT CVB (\$42,000)

The CVB shall continue and complete the transition to an independent nonprofit during fiscal year 2009-2010. This task will include, but is not limited to, the completion of management and staffing plans for the CVB, finalization of administrative and financial structures for the CVB and identification of a new location for the CVB and eventual relocation to that location. The stakeholders intend that the new location will also include the development of a visitor center. The timeline for the completion of this transition is attached as Attachment 2 to this Exhibit A.

In addition and as part of the transition, the CVB shall work to develop a program and performance based budget and reporting system that ties expenditures to programs and achievements with the goal to complete the program and performance based budget by the end of the second quarter.

TASK III. DEVELOPMENT OF STRATEGIC MARKETING PLAN (\$100,000)

The CVB shall finalize the Request for Proposal for the development of a strategic plan to define the marketing mission, strategy, tactics and metrics for the CVB. Once issued, the CVB shall complete such process, develop the strategic marketing plan and issue the strategic marketing plan.

TASK IV. REPORTING REQUIREMENTS AND PAYMENT REQUESTS

CVB shall request in writing quarterly payments for Task I as set forth above. With the request for the first payment, the request shall provide a written report of the first quarter goals associated with the program expenditures. With the request for the second quarterly and subsequent quarterly payments, the CVB shall provide a report that details the following: (i) the actual expenditures for the prior quarter on a program basis; (ii) the achievements and goals met for the prior quarter; and (iii) an outline of the program goals and associated program expenditures for the ensuing quarter.

The following is the budget as it relates to the tasks set forth herein. A more detailed listing of the budget line items is attached as Attachment 3 to this Exhibit A.

Task I Core/Ongoing Programs Budget Overview

- Marketing
 \$1,242,238
 - Advertising, PR, Sales Mission, Trade Shows, Website, Collateral, Familiarization Trips
- Salaries, Taxes & Benefits
 \$711,793
 - 4 Current CVB Staff, 1 Independent Contractor
 - 3 Additional CVB Staff
 - Controller
 - Marketing Manager
 - Visitor Services Coordinator
 - 2 Chamber Staff for 6 months
 - Receptionist (50%)
 - Office Manager (flat fee)
- Operations
 \$204,128
 - Assumes 6 months at Chamber and 6 months on own
- **TOTAL** **\$2,158,160**

Task II- Transition*

- Research/Documents \$300
- Legal Fees \$5,000
- Furniture/Improvements \$100,000
- Misc Costs \$1,700

TOTAL: **\$107,000***

*This total include \$65,000 of funds previously approved and \$42,000 is allocated from 2009/2010 funding

Task III- Strategic Plan

Strategic Plan \$100,000

TOTAL \$100,000

ATTACHMENT 1 TO EXHIBIT A

CVB Synopsis of Scope of Work 2009-2010

Core/On-Going Programs

- **Product Development**
 - Beverly Hills “hub” for Starline Tours
 - Additional itineraries (i.e. art and architecture)
 -
- **Branding**
 - Continuation of *Love, Beverly Hills xx* campaign
 - Online efforts to expand brand
 -
- **Consumer Programs**
 - Advertising
 - *Love, Beverly Hills xx* brand advertising
 - Breakfast in Beverly Hills tactical campaign
 - Westside cooperative advertising
 - Online advertising
 - Website
 - RFP
 - Relaunch of *Love, Beverly Hills xx* website
 - Search engine optimization
 - Collateral & Fulfillment
 - Updated “little brown book” or new showcase piece
 - Proactive distribution of collateral
 - Visitor Services
 - Review of Visitor Services
 - Plan for a Visitor Center as part of the CVB’s overall operations
- **Trade and Media Programs**
 - Sales Missions, Trade Shows and Sales Calls/Outreach
 - International Marketing
 - World Travel Market, UK
 - CITM, China
 - Expo Vacaciones, Mexico
 - Pow Wow
 - Domestic Marketing
 - New York Sales Mission
 - Evaluate luxury consortia and trade shows
 - Evaluate corporate groups/small meetings market

- Familiarization Trips
 - Drive markets
 - Key international markets
 - Targeted story ideas/pitches
 - Use signature events as a hook
- **International Representation**
 - Transition to purchase for services in key markets
- **Research**
- **Special Programs**
 - Westside Partnership
- **Task Forces/Committees**

New Programs

- **Transition to Independent CVB**
 - Finalize administrative and financial structures
 - Complete management and staffing plans
 - Identify and move to new premises include development of visitor center
- **Development of Strategic Marketing Plan**
 - Complete RFP and conduct citywide Strategic Marketing Plan
 - Spearheaded by Strategic Planning Committee of CVB Board of Directors
 - Involvement of Key Stakeholders

ATTACHMENT 2 TO EXHIBIT A



Beverly Hills Conference & Visitors Bureau

TIMELINE (as of May 15, 2009)

<u>TASK</u>	<u>TARGET COMPLETION DATE</u>
Research Best Practices	Initial Meetings Completed
Council Liaison Meetings	Initial Meetings Completed
Initial Interim Board Meeting	March 11, 2009
Attorney Secured	March 23, 2009
New Organization Incorporated	April 2, 2009
Council Liaison Meeting (new liaisons)	April 13, 2009
City Council Transition Update	April 21, 2009
Interim Board Meeting	April 23, 2009
Review of Potential Office Space	May 8, 2009
Interim Board Meeting	May 14, 2009
Bylaws/Governing Documents	May 2009
Establish Independent Accounts & Services (i.e. bank, insurance, payroll)	May 2009
Letter of Intent – Office Space	May 2009
Organizational/HR Review	May 2009
City Council Funding Request	May 27, 2009
Contract Approval by Council	June 2009
Interim Board Meeting	June 25, 2009
End of Fiscal Year	June 30, 2009
Interim Board Meeting	July 23, 2009
Board Development	Summer 2009
Strategic Plan RFP	Summer 2009
Future Board Meetings	Second Thursday of Month
Launch of Strategic Planning	September 2009
Move to New Offices (TBD)	January 2010

ATTACHMENT 3 TO EXHIBIT A

BHCVB Budget Line Items

	ITEM	DESCRIPTION
1	Advertising	Advertising costs including media buy, creative development and agency fees. Focus in 09/10 on continuation of <i>Love, Beverly Hills</i> xx branding campaign and Breakfast in Beverly Hills tactical campaign.
2	Public Relations	All expenses associated with PR programs including pitching, events, social networking and media familiarization trips.
3	Domestic Marketing	Annual New York Sales Mission along with sales calls and promotions within the US.
4	International Marketing	Participation in Pow Wow; international sales missions, trade shows and sales calls; representation; outreach to US-based divisions of international trade partners.
5	Familiarizations	Costs associated with hosting top trade and media to showcase Beverly Hills. Supported by in-kind contributions from business partners.
6	Website	Redesign and relaunch of CVB website; search engine optimization; monthly maintenance fees; e-communications. The website will be a major focus in 09/10.
7	Special Programs	Westside CVB Partnership initiatives and other ad hoc special programs.
8	Library/Visual Aids	Maintenance of images, publications, CDs.
9	Fulfillment	Costs associated with mail house for visitor and trade inquiries.
10	Collateral	Beverly Hills collateral including Beverly's "little brown book", VIP Insider Advantage brochure, walking maps, and market specific one-sheets. Continue strategy of reducing collateral and driving consumers to website.
11	Merchandise	Beverly Hills promotional items for sales missions, fairs, VIP groups, etc.
12	Research	To supplement findings from the 2008 Tourism Impact Study, the CVB uses additional research such as visitor profiles, luxury surveys and country updates to fine-tune marketing efforts.
13	Ambassador/Visitor Services	Salary, payroll taxes/benefits, and expenses for City Greeter along with general costs for visitor services related activities.
14	Holiday Programs	Holiday marketing costs to support citywide program.
15	Professional Development/Training	Training, industry conferences and WACVB Board of Directors expenses.
16	Dues	Association Dues: TIA, CalTIA, IACVB, WACVB, PROST
17	Community Relations/Corporate Expenses	Committee and task force expenses; costs related to client entertainment; monthly expenses for CVB staff (parking, mileage, etc.)
18	Contingency	Unanticipated costs associated with CVB programs.
19	Salaries, Taxes & Benefits	Salaries, payroll taxes and benefits for CVB Executive Director, Business Development Director, Communications Manager, Marketing Coordinator and independently contracted Project Coordinator.
20	Crossover	CVB's share of Chamber receptionist and office manager for six

		months.
21	New Staff Salaries, Taxes & Benefits	Salaries, payroll taxes and benefits for newly created positions including Director of Administration, Marketing Manager and Visitor Services Coordinator.
22	Professional Services	ADP, Legal, Accounting and other services to support independent CVB.
23	Temporary Service	Temporary administrative support staff.
24	Insurance	Liability insurance associated with travel and off-site work related activities as well as for Board of Directors.
25	Office Rent	Assumes six months rent at Chamber during transition and six months rent for separate space to house Visitor Center and CVB.
26	Telephone	800 number, on-hold messaging, and overall monthly telephone expenses. Assumes six months at Chamber and six month in separate space.
27	Utilities	Utility costs assuming six months at Chamber and six months separately.
28	Audit	CVB annual audit.
29	Office Supplies	Office supplies and materials to support CVB programming.
30	Copier/Postage Machine Leases	Equipment leases and maintenance.
31	Computer/Telephone Leases	Equipment leases and maintenance.
32	Postage & Delivery	Mailing costs and shipping of materials.
33	Database	Database expenses and maintenance.

Attachment 2

May 27, 2009 Agenda Report to Council



AGENDA REPORT

Meeting Date: May 27, 2009
Item Number: E-1
To: Honorable Mayor & City Council
From: Mahdi Aluzri, Assistant City Manager, Economic Sustainability
Alison Maxwell, Director Economic Development and Marketing
Subject: PRESENTATION BY BEVERLY HILLS CONFERENCE AND VISITORS BUREAU
Attachments: 1. 2009-2010 Work Plan Outline and Budget

INTRODUCTION

This item seeks Council approval of the Beverly Hills Conference and Visitors Bureau (CVB) 2009-2010 budget and work plan and the roll-over of unspent funds contracted to the CVB in fiscal year 2008-2009 to assist with the transition process.

DISCUSSION

As one of several approaches to sustaining the City's vision that "*Beverly Hills is known internationally for its alluring and distinctive hotels, retail stores, restaurants, entertainment industry, and unique headquarter businesses,*" the City commits 2% of the Transient Occupancy Tax (or TOT) to support marketing and certain special events within the City. In 1994, the City increased the TOT by 2% from 12% to 14% with the support of the hospitality industry in order to create a defined level of revenue to fund visitor marketing programs. As such, this funding source is often referred to as the 2% TOT for Marketing, or just the "2% TOT".

The principal marketing programs funded from the 2% TOT are those provided by the Beverly Hills Conference and Visitors Bureau (CVB). Over the years, as budget has allowed, other programs have been funded from 2% TOT including the Holiday Program, Rodeo Drive Walk of Style sponsorship, and this year support of the Sister City China program. The underlying focus of the 2% TOT is to fund core marketing programs that attract visitors to Beverly Hills, to stay in the hotels and continue their spending through shopping and dining. This focus has extended as revenue has grown to support programs that enhance the visitor experience and grow the brand perception of Beverly Hills.

CVB Fiscal Year 2009-2010 Program

In April 2009, City Council received a progress report from the CVB, outlining its programs and achievements from July 2008 – April 2009.

Below is a summary of the CVB's ongoing 2009-2010 program of work along with new programs and notable changes. The work program and budget have been reviewed by the CVB interim Board of Directors and with Council Ad Hoc for CVB transition.

New work programs for 2009-2010

Complete CVB Transition to Independent Nonprofit. In August 2008, following a review of the Program Audit conducted of the Chamber of Commerce, the City Council directed that the CVB separate from the Chamber and incorporate as an independent nonprofit organization. From September 2008 to January 2009, the CVB, with City support, focused on researching and developing an applicable model for an independent Beverly Hills CVB. To guide the organization in its formation and transition, an interim board of directors was formed. This board has overseen the completion and filing of incorporation papers, elected officers, and has formed working committees to achieve several important management tasks, such as: developing bylaws, finance and human resources issues, office space, and, importantly, strategic planning. Outlined in the attached CVB report is a timeline of work completed to date and a transition timetable for 2009-2010.

As with the development of any new business there will be transition costs to establish a new organization, re-organize staffing and services, and, locate and prepare separate office space, including tenant improvements. An amount of \$42,000 for transition costs has been identified in the Policy and Management, Tourism and Marketing account (TOT) program for 2009-2010. This will be held in the City program and purchase order and transmitted to the CVB as and when approved transition costs are incurred. \$65,000 for transition costs was also identified in the current 2008-2009 budget and the balance will be rolled over to the new fiscal.

Development of a marketing strategic plan: Critical to the future of the marketing programs for Beverly Hills is the development of an overarching strategic plan that defines the marketing mission, strategy and tactics, and metrics for the CVB. It was a fundamental recommendation of the Program Audit conducted in 2008 that the visitor marketing program should have an overarching strategy to guide it. Funding in the amount of \$100,000 for this important element has been identified in un-programmed FY 2008-2009 2% TOT and will be carried forward to 2009-2010, thus augmenting the more restricted revenues anticipated for next year. This amount was discussed with the City Council Ad Hoc Committee and reported to Council in February 2009.

Core On-Going Programming

The CVB's interim board of directors recommends that the CVB continue with core on-going programming in 2009-2010, while the transition and strategic planning process take place in parallel.

The CVB's primary mission is to enhance the economic vitality of the City through destination marketing, targeting consumers, trade and media representatives in key markets in the United States and internationally. A major portion of the work program focuses on advertising, public relations and media campaigns to maintain and raise the profile of Beverly Hills as a destination. For 2009-2010 these include the following:

- **Advertising**

This represents a coordinated paid media campaign run in a variety of publications and on-line formats focusing primarily on generating overnight stays. The paid media buy is

modest for a city such as Beverly Hills with such international reach, yet it provides pivotal brand support to the overall marketing program.

Other CVBs with similar budgets focus much less of their revenue on paid media. However, the City's leading hotels have always felt that it was important for a City like Beverly Hills to maintain an advertising presence, promoting the overall brand and destination in a way that the individual hotels cannot.

Theme and direction of the marketing and advertising campaigns are developed as part of an overall strategy created in close coordination with the CVB's Marketing Task Force comprised of hotel Directors of Marketing along with key business stakeholders including the hotels, retailers and restaurants who participate in the Visitor Marketing Committee; and, the City.

- **Public Relations**

As any good marketing expert will attest, some the best value for the investment is great PR. Without many millions of dollars, an advertising/paid media campaign cannot on its own maintain the brand and drive visitors to the destination. Editorials, special features, highlighted columns and other nonpaid media provide excellent brand support and independent testimony to the exciting and unique offerings of a destination. The hard costs of PR are relatively small compared to advertising - the real investment comes from creative and well qualified PR staff. The CVB has had real success in keeping Beverly Hills continually in the news from the Wall Street Journal to Vanity Fair, from the Los Angeles Times to key travel trade publications. The challenge with getting good PR is ensuring that you have unique product and stories that the media wish to tell.

This kind of coverage is invaluable to a City like Beverly Hills and works to leverage the investment in paid media.

- **Sales Missions/Trade Shows**

Critical to keeping Beverly Hills in the forefront of the tourist/visitor marketing world is ensuring that we have consistent and on-going relationships with businesses that organize, book and promote destinations. This is done through conducting sales missions in key markets and through participation in professional and trade arenas. The investment in staff time and resources in these programs often returns immediate results and often creates relationships that build over time and eventually translate to future bookings. Trade missions and the public relations programs are integrated and together produce excellent media, post event and hard bookings at hotels.

- **Familiarization Trips**

Throughout the year, the CVB staff work with a variety of meeting, event and media organizers and special groups to showcase Beverly Hills. These programs are very time intensive, but they offer the opportunity to highlight all that is special about Beverly Hills in a very personal and targeted fashion.

- **International Marketing**

The CVB undertakes independent research in a variety of ways to help understand travel trends and to provide important base visitor data (i.e. visitor demographics, trip behavior, economic impact) for Beverly Hills. This data along with other industry research informs all the CVB's strategies but in particular allows the CVB to be strategic in its investment of resources in the global context. The CVB has traditionally focused on the UK, Mexico and Japan, and in the past year efforts have expanded to include China (via a dedicated Beijing representative in coordination with LA Inc.), Australia and Korea.

COMMITTEE REVIEW

The new Council Ad Hoc Committee for CVB Establishment (Council Members Brucker and Brien) met on April 13, 2009 and members of the Committee attended the new CVB Interim Board meetings. However, no formal meeting of the Ad Hoc has been held on the CVB work program and the Ad Hoc Committee members will provide comments at the City Council meeting.

FISCAL IMPACT

Core Program Funding – Fiscal Year History

2004 - 2005	\$1,741,359
2005 - 2006	\$1,856,434
2006 - 2007	\$1,921,409
2007 - 2008	\$2,036,000
2008 - 2009	\$2,158,160
2009 - 2010	\$2,158,160

The core program budget remains the same for 2009-2010 at \$2,158,160. In addition to core funding, certain additional programs and costs have been budgeted as outlined below for the transition, and special projects such as the Marketing Strategic Plan.

Transition and 2008-2009 Roll Over

In the City's Tourism and Marketing Budget for 2009-2010, \$42,000 has been identified to assist with transition costs. It is also anticipated that there will be program and transition costs encumbered in the CVB contract from 2008-2009 that will be rolled over to 2009-2010. This spreads certain costs over two-years and augments the more restricted 2009-2010 Tourism and Marketing funds.

Strategic Plan

The Strategic Plan is outline above is budgeted at \$100,000 and one-time funds have been appropriated in 2008-2009 for that purpose.

The total CVB agreement for 2009-2010 will be \$2,300,160. Funds in the amount of \$2,200,160 for the CVB program of work have been budgeted in the Tourism and Marketing Program account 0101311 for fiscal year 2009-2010 as part of the Policy and Management budget. Funds in the amount of \$100,000 have already been identified in the 2008-2009 Tourism and Marketing 010311 account, and will be utilized in 2009-2010. In addition, unspent funds encumbered in the CVB agreement for 2008-2009 will be rolled over at the close of the fiscal year.

RECOMMENDATION

Staff recommends that City Council:

1. Approve the work program and budget outline for the BHCVB as attached to this document.
2. Direct staff to work with the City attorney's office to develop an agreement with the CVB for funding in the total amount \$2,300,160 and, to return to City Council on the Consent Agenda for formal approval of such an agreement; and

3. Approve roll-over of unspent funds contracted to the CVB in 2008-2009 in to the 2009-2010 agreement, for the purposes of transition costs and development of the new organization.

Approved by: 		Approved by: 
Mahdi Aluzri, Assistant City Manager Economic Sustainability		Alison Maxwell, Director Economic Development and Marketing