



## STAFF REPORT

**Meeting Date:** February 21, 2012  
**To:** Honorable Mayor & City Council  
**From:** Cheryl Friedling, Deputy City Manager for Public Affairs  
Megan Roach, Marketing and Economic Sustainability Manager   
**Subject:** Recommendation from the CVB/Marketing Liaison Committee  
Regarding a Proposal from the Beverly Hills Conference and  
Visitors Bureau for Additional Funding for the Visitor Center  
**Attachments:** 1. BHCVB Visitor Center and Office Space Project Overview

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### INTRODUCTION

This item provides a recommendation from the CVB/Marketing Liaison Committee (Vice Mayor Brien and Councilmember Mirisch) regarding a proposal from the Beverly Hills Conference and Visitors Bureau for additional funding for the build out of office space and the new Visitor Center at 9400 Santa Monica Boulevard.

### DISCUSSION

On August 16, 2011, the City Council approved a funding agreement with the Beverly Hills Conference and Visitors Bureau ("CVB") for promotion of the City for Fiscal Year 2011/12. The Beverly Hills Conference and Visitors Bureau is contracted by the City to conduct a variety of tourism and marketing programs promoting Beverly Hills.

The City is currently constructing a new building at 9400 Santa Monica Boulevard, with an estimated building shell completion date of mid-March 2012. The CVB will occupy a portion of the ground floor of the building, and it will include their offices along with a Visitor Center with an area for retail sales including the sale of City merchandise. The City's lease with the CVB is on the formal agenda this evening for City Council consideration.

The CVB has developed a detailed project budget, which includes soft costs, furniture, fixtures, and equipment (ff&e) and hard costs. The total project cost is \$713,617.90 and it includes a 10% project contingency. The CVB's budget includes a tenant improvement allowance (as stipulated in the lease) of \$100,000. In addition, the City's

Fiscal Year 2011/12 funding agreement with the CVB for tourism and marketing programs includes an additional \$100,000 towards expenses for the offices and Visitor Center. The CVB has also set aside carryover funding from prior fiscal years and identified cost reductions and other savings to apply to the project budget, which total \$364,904. However, the CVB has identified an additional \$248,963.90 that is needed to complete the project. Attachment No. 1 to this report provides the project costs and budget detail.

On January 31<sup>st</sup> the CVB/Marketing Liaison Committee met to review the CVB's request for additional funding. The Liaison Committee recommends that the CVB first apply \$100,250 in reserve funding from their general operating budget towards the project to reduce their funding request to the City to \$148,713.90. In addition, the Liaison Committee recommends that the CVB obtain three competitive bids and do value engineering if the bids come in above estimate. The bids shall be submitted to the City for review. Should the bids come in below estimate, potential savings from the CVB's contingency budget of \$62,828.90 may be able to make up another \$48,713 to be applied to the City's contribution. Thus the Liaison Committee recommends that the City's funding contribution be a minimum of \$100,000 and shall not exceed \$148,713.90.

In addition, the Liaison Committee recommends that the City's contribution be funded from the FY 2011/12 tourism and marketing budget's "buffer/reserve" line item. However, the second half of the contribution (\$50,000 - \$74,356.95) shall be paid as an advance against the CVB's tourism and marketing programs funding allocation from the City for Fiscal Year 2012/13.

### **FISCAL IMPACT**

The City's Finance Division budgeted \$26,075,000 in Transient Occupancy Tax revenue for Fiscal Year 2011/12, which results in a base tourism and marketing budget of \$3,725,000 (this does not include the \$420,000 in carryovers from Fiscal Year 2010/11). This funding is budgeted in the Tourism and Marketing Program account 0101311 and it includes a "buffer/reserve" line item of \$320,000. The Liaison Committee recommends that the City's funding contribution to the CVB be a minimum of \$100,000 and shall not exceed \$148,713.90 for the build out of office space and the Visitor Center at 9400 Santa Monica Boulevard.

### **RECOMMENDATION**

Staff recommends that the City Council review the CVB/Marketing Liaison Committee's recommendation to provide the CVB with additional funding for the build out of office space and the new Visitor Center at 9400 Santa Monica Boulevard.

  
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Scott Miller  
Finance Approval

Cheryl Friedling   
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Approved By

# **Attachment 1**



## BHCVB Visitor Center and Office Space Project Overview January 31, 2012

**Project Overview:**

The raw space being developed by the City for BHCVB in the new building at 9400 Santa Monica is on schedule to be turned over to BHCVB at the end of February 2012. In anticipation of the hand-off of this space, BHCVB hired Poon Design and Hansen Project Management to oversee the design, construction and programming for the development of office space for BHCVB and the new Beverly Hills Visitor Center. One of the first steps of this project was to develop a detailed budget that would enable BHCVB to cost effectively bring the spirit of Beverly Hills to life through tangible experiences that embody the essence of the city.

**Budget:**

The budget developed outlines soft costs, ff&e (furniture, fixtures and equipment) and hard costs. A summary of the budget is below and a detailed copy is attached. Contingency was figured for the entire project at 10%.

DESCRIPTION	EXHIBIT AREA	764 RSF COST/SF	OFFICE AREA	1,261 RSF COST/SF	TOTAL	2,025 SF COST/SF
<b>SUBTOTAL SOFT COSTS</b>						
	\$56,442.00	\$73.88	\$44,508.00	\$35.30	\$100,950.00	\$49.85
<b>SUBTOTAL FF&amp;E</b>	\$164,330.00	\$215.09	\$57,100.00	\$45.28	\$221,430.00	\$109.35
<b>SUBTOTAL HARD COSTS</b>						
	\$168,671.00	\$220.77	\$137,238.00	\$108.83	\$305,909.00	\$151.07
LOBBY WINDOW	\$22,500.00	\$29.45	\$0.00	\$0.00	\$22,500.00	\$11.11
CONTINGENCY	\$38,944.30	\$50.97	\$23,884.60	\$18.94	\$62,828.90	\$31.03
<b>GRAND TOTAL</b>	<b>\$450,887.30</b>	<b>\$590.17</b>	<b>\$262,730.60</b>	<b>\$208.35</b>	<b>\$713,617.90</b>	<b>\$352.40</b>

**Current BHCVB Budget:**

The amount that BHCVB has allocated to this project will not cover both the costs of the office space development and the Visitor Center. BHCVB is requesting that the city hold in reserve an additional \$248,963.90 that BHCVB may utilize once the funds below are exhausted. BHCVB allocations to this project are as follows:

Description	Amount
FY 2011/12 Budget	\$100,000
9400 Lease Allowance	\$100,000
TI Carryover from FY 2009/10	\$97,449
TI Carryover from FY 2011/12	\$39,991
Cost Reductions and Other Savings	\$227,464
Reserve (5% of annual budget)	<b>(\$100,250)</b>
<b>Total BHCVB Funds</b>	<b>\$464,654.00</b>
<b>Total Project Cost</b>	<b>\$713,617.90</b>
<b>Amount Requested</b>	<b>\$248,963.90</b>