



## STAFF REPORT

**Meeting Date:** June 19, 2012  
**To:** Honorable Mayor & City Council  
**From:** Cheryl Friedling, Deputy City Manager for Public Affairs  
Megan Roach, Marketing & Economic Sustainability Manager *MR*  
**Subject:** FY 2012-13 Tourism/Marketing Budget and Programs –  
Recommendations from CVB/Marketing Liaison Committee  
**Attachments:** 1. FY 2012-13 Tourism and Marketing Budget Spreadsheet

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### INTRODUCTION

Each year, the City Council allocates funding to the Beverly Hills Conference and Visitors Bureau and a variety of dedicated tourism and marketing programs which promote Beverly Hills. Funding for these programs is derived from the City's Transient Occupancy Tax (TOT) which is collected by local hoteliers. Of this overall amount, 2% of gross hotel revenues (or 1/7 of actual TOT collected) is typically allocated for the above-mentioned programs.

For Fiscal Year 2012-13, the Tourism and Marketing budget is \$4,817,984. Of this amount, \$683,284 results from an anticipated budgetary "carryover" from a combination of unused Fiscal Year 2011-12 funds and mid-year additional revenue. The Beverly Hills Conference and Visitors Bureau is the primary recipient of the TOT marketing budget.

In recent years the Rodeo Drive Committee has requested City funding to conduct marketing events on behalf of its merchants, hotels and property owners to promote tourism and visitor spending on Rodeo Drive. Funding for these purposes has also been provided from the City's 2% TOT allocation funds.

Additionally, funding for citywide holiday décor and special events is a key component of the Tourism and Marketing budget.

Finally, the City Council has in the past utilized additional funds to cover budget shortfalls in critical areas impacting the community. During Fiscal Year 2011-12, a portion of the 2% TOT marketing funds were re-allocated (at the Council's direction) to community assistance grant-funded programs.

### **DISCUSSION**

The recommendations from the CVB/Marketing Liaison Committee (Mayor Brien and Vice Mayor Mirisch) are outlined on the attached spreadsheet, and can be summarized as follows:

**Beverly Hills Conference & Visitors Bureau:**

Amount Requested: \$2,665,000 for tourism and marketing programs and related operational expenses.

Amount Recommended: \$2,665,000 for tourism and marketing programs and related operational expenses.

**Rodeo Drive Committee:**

Amount Requested: \$365,000 for 2012-2013 events including Walk of Style; Fathers' Day Concours d'Elegance; Ice Cream Sundays; and holiday event/decor.

Amount Recommended: \$255,000 for Walk of Style; Fathers' Day Concours d'Elegance; and Ice Cream Sundays.

**Holiday Décor/Special Events**

Amount Recommended: \$500,000 for holiday décor and special events, to be designated for initiatives/events recommended by the Special Events/Holiday Program Liaison Committee (Councilmember Bosse and Councilmember Brucker).

**Re-Allocation to Other City Programs**

Amount Recommended: \$595,000 for City Council re-allocation to other City programs. These include \$250,000 towards the 100<sup>th</sup> Anniversary Fund (to be added to a balance of \$130,000 from Fiscal Year 2011-2012); \$220,000 for community-based grant programs; \$50,000 for the expansion of the Concerts on Canon; and \$75,000 for intellectual property services to protect the City's trademarks.

**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, as well as \$220,000 to cover City staff costs to administer this entire program.

**RECOMMENDATION**

That the City Council accept or modify the CVB/Marketing Liaison Committee's funding recommendations for Fiscal Year 2012-2013, and provide staff with direction regarding marketing initiatives for the upcoming year.

The funding agreement with the Conference and Visitors Bureau is on the formal agenda this evening for City Council consideration. The funding agreement with the Rodeo Drive Committee will be on the July 3<sup>rd</sup> formal meeting agenda for Council consideration.

Cheryl Friedling  
Approved By



# **Attachment 1**

## 2012-13 Tourism and Marketing Budget and Programs (as of June 1, 2012)

**\$28,942,900**

**Projected TOT**

**Fiscal Year 2012-13**

Program	2010-2011 Budget	2011-2012 Budget	2011-2012 Actuals	2012-2013 Projected Budget
TOT Base Budget	\$3,385,712	\$3,725,000 + \$420,000 in carryovers (FY 2010-11) = \$4,145,000	\$4,148,877 + \$420,000 in carryovers (FY 2010-11) = \$4,568,877	\$4,134,700 + \$683,284 in carryovers (FY 2011-12) = \$4,817,984
Annual Buffer/Reserve to Cover TOT Revenue Reductions	\$320,000	\$320,000	\$148,714 - CVB for addtl Visitor Center Funding	\$320,000
City Administrative Costs (Covers Partial Costs of 2 City Staff)	\$186,000	\$200,000	\$200,000	\$220,000
Contingency Programs	\$100,000	\$150,000	\$70,000 - CVB for Sparkle 90210	\$150,000
Re-Allocation to Other City Programs	\$50,000 - Library \$170,700 - Community Grants	\$250,000 - Anniversary Fund \$220,000 - Community Programs via HRC Liaison \$470,000 - TOTAL	\$120,000 - The Argus Group, LLC for 100th Anniversary (\$130k remaining) \$220,000 - Community Grant Programs \$340,000 - TOTAL	\$250,000 - Anniversary Fund (plus FY 2011-12 balance of \$130k = \$380k TOTAL) \$220,000 - Community Grant Programs \$50,000 - Concerts on Canon Expansion \$75,000 - Intellectual Property Legal Services (trademark violations, etc) \$595,000 - TOTAL
CVB	\$2,050,100 - 5% Reduction	\$2,050,100 - Operating Budget \$100,000 - Visitor Center	\$2,150,100	\$2,335,000 - Operating Budget \$330,000 - Visitor Center Operations \$2,665,000 - TOTAL
Holiday Décor/Special Events	\$400,000 (\$250,000 for décor and \$150,000 for events)	\$450,000	\$572,779	\$500,000
Rodeo Drive Committee	\$110,000 - Walk of Style Matching Funding from City \$20,000 - Father's Day Concours \$20,000 - Fashion's Night Out \$150,000 - TOTAL	\$110,000 - Walk of Style \$20,000 - Father's Day Concours \$20,000 - Fashion's Night Out \$20,000 - Snow 90210 \$25,000 - Addtl RDC Event \$55,000 - Addtl Funding for RDC Event \$250,000 - TOTAL	\$110,000 - Walk of Style \$24,000 - Father's Day Concours \$25,000 - Fashion's Night Out \$55,000 - Addtl Walk of Style \$214,000 - TOTAL	\$200,000 - Walk of Style \$25,000 - Father's Day Concours \$30,000 - Ice Cream Sundays \$255,000 - TOTAL
Rose Float Arrears	N/A	\$0	\$60,000	N/A
<b>TOTAL</b>	<b>\$3,399,712 (\$420,000 remaining)</b>	<b>\$3,990,100 (\$154,900 remaining)</b>	<b>\$3,755,593 (\$683,284 remaining*)</b>	<b>\$4,705,000 = subtotal of projected expenditures</b>
			<i>*Does not include \$130k remaining for 100th Anniversary</i>	<b>\$112,984 = remaining balance for allocation</b>