



STAFF REPORT

Meeting Date: February 19, 2013
To: Honorable Mayor & City Council
From: Cheryl Friedling, Deputy City Manager for Public Affairs
Megan Roach, Marketing & Economic Sustainability Manager 
Subject: Status Report on 2014 Centennial Celebration and Proposal for a Centennial Retail Store
Attachments: 1. Proposed Centennial Events and Initiatives
2. Correspondence from Conference & Visitors Bureau

INTRODUCTION

The City of Beverly Hills will celebrate its 100th year anniversary of incorporation in January 2014. Planning is underway for a year-long celebration that will include community events, private galas, special merchandise, and more to promote the Beverly Hills brand on a global scale and commemorate the historic milestone.

This report provides an overview on the planned activities leading up to the Centennial and requests City Council direction on the proposed events and initiatives and preliminary budget estimates, as well as the concept of a Centennial retail store.

DISCUSSION

The Centennial Celebration will pay tribute to Beverly Hills' past, present and future through tourism initiatives, regional events and community activities. To achieve this vision, the Centennial Ad Hoc Committee (Chair Dick Rosenzweig and Councilmembers Bosse and Brucker) has met over the past several months and developed a recommended list of events and initiatives, which are included as Attachment No. 1.

The City has also established regular meetings with its partner organizations to share updates on Centennial planning efforts. Partner organizations include the Beverly Hills Conference & Visitors Bureau, Rodeo Drive Committee, Chamber of Commerce, Paley Center, Annenberg Foundation, Sister Cities Association, and the Beverly Hills Unified School District.

Last fall the City held a volunteer kick-off meeting at Greystone Mansion and over 100 enthusiastic community members attended and signed-up as volunteers. Also that evening, the official Centennial Logo was unveiled and it has become the City's signature branding tool for the Centennial program. Earlier this month the City held a

follow-up volunteer organizational meeting to assemble the volunteer committees for the various events and initiatives and to select volunteers to serve as committee chairs. The committee members met and exchanged contact information and availability so they can begin meeting and planning the events and initiatives. The volunteer committee chairs will meet with the Centennial Ad Hoc Committee regularly to provide status updates.

Centennial Retail Store

One initiative that has promoted strong interest is the concept of a dedicated retail store to sell Centennial merchandise. A key component of a retail store is the once-in-a-lifetime branding opportunity for the City's Centennial celebration.

A proposed City store would carry the commemorative Centennial merchandise line, which would include gift items, apparel, home goods, fragrances, books, and other items. In addition, a portion of the space could be utilized to showcase local businesses through products, food tastings and other special events. This concept would also provide future tenants with a better sense for how the space could be utilized to meet their business needs.

On January 4, 2013, the CVB/Marketing Liaison Committee (Mayor Brien and Vice Mayor Mirisch) met to discuss additional FY 2011-12 TOT revenue, of which, approximately \$530,000 is allocated for tourism and marketing programs. The Committee expressed interest in reallocating some of this funding towards additional Centennial initiatives, including a possible retail store to sell Centennial merchandise.

City staff provided the CVB/Marketing Liaison Committee with preliminary cost estimates to lease the remaining vacant ground floor retail space located in the City-owned 9400 Santa Monica Blvd building. The retail space is an ideal location for a 16-month dedicated Centennial store because the property is City-owned and the space receives significant pedestrian traffic by virtue of its location adjacent to the Visitor Center. It should be noted that the Conference & Visitors Bureau currently sells a limited line of Beverly Hills-branded merchandise, however, they do not see this as a core service within the Visitor Center and would require the majority share of revenue to continue fulfilling this objective (see Attachment No. 2).

Alternative retail options can be pursued at other locations, including a limited-term lease in a privately-owned space (a 'pop up' store); however, these leases typically have a termination clause should a long-term tenant be interested in leasing the space. This type of lease arrangement could be problematic since the City could be left with a merchandise supply without a storefront to sell it in.

FISCAL IMPACT

Staff proposes that the City Council consider leasing the ground floor retail space of 9400 Santa Monica Blvd. (1,454 rentable square feet) for a Centennial store for sixteen months (September 1, 2013 – December 31, 2014). The fiscal impact of the proposed deal is a cost to the City of \$174,480 (\$7.50 per rentable square foot) plus the upfront cost of the tenant improvement allowance \$36,350 (\$25 per rentable square foot) and the cost for a staff person to manage the store of approximately \$75,000. The total fiscal impact for a sixteen-month lease would be approximately \$285,830 to be funded out of the tourism and marketing budget.

The majority of the tenant improvement funding would be used for base building infrastructure, such as electrical, air conditioning and necessary permits. Approximately 70%-80% of these improvements would be utilized again by a second generation tenant.

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In addition, a revenue stream would be created through the sale of Centennial merchandise, which would help offset some of the operational expenses. While it is unclear how much revenue the City could expect to receive through the sale of Centennial merchandise, it should be emphasized that this proposal showcases the once-in-a-lifetime branding opportunity available to the City.

RECOMMENDATION

Staff recommends that the City Council:

- (a) Approve the proposed Centennial events and initiatives and corresponding budgetary estimates; and
- (b) Provide direction on the Centennial retail store concept for the City-owned retail space at 9400 Santa Monica Blvd.

Cheryl Friedling
Approved By



Attachment 1

Beverly Hills Centennial Celebration Initial List of Events and Initiatives

Priority	Event/Initiative	Preliminary Budget Estimate	Total
1	Centennial Gala at Greystone Mansion	\$ 150,000	
2	Rose Parade Float	\$ 275,000	\$ 425,000
3	Motion Picture Retrospective at Academy of Motion Picture Arts & Sciences	\$ 50,000	\$ 475,000
4	July 4 th Celebration at Beverly Gardens Park	\$ 50,000	\$ 525,000
5	Youth Art Contest	\$ 5,000	\$ 530,000
6	Beverly Hills Postage Stamp and Unveil Ceremony at Annenberg Center	\$ 10,000	\$ 540,000
7	Beverly Hills Coffee-Table Style Book	\$ -	\$ 540,000
8	<i>A Day in the Life in Beverly Hills</i> Photo Display	\$ 5,000	\$ 545,000
9	Public Art Installation	\$ 50,000	\$ 595,000
10	Merchandise Line	\$ 10,000	\$ 605,000
11	Tourism and Marketing Campaign	\$ 50,000	\$ 655,000
12	Happy Birthday Beverly Hills Concert at Saban Theatre	\$ 50,000	\$ 705,000
13	Television & Radio Retrospective at Paley Center	\$ 20,000	\$ 725,000
14	Beverly Hills Documentary	\$ 50,000	\$ 775,000
15	Street Pole Banners	\$ 25,000	\$ 800,000
16	Tree Planting and Rose Bush Ceremony	\$ 5,000	\$ 805,000
17	Time Capsule	\$ 1,000	\$ 806,000
18	Sister Cities Initiatives	\$ 25,000	\$ 831,000
19	Food and Wine Festival	\$ 100,000	\$ 931,000 *
20	Sponsor Dependent		\$ 931,000
	Rodeo Drive Walk of Style	\$ 75,000	\$ 1,006,000
	Rodeo Drive Father's Day Concours	\$ 75,000	\$ 1,081,000
	Greystone Concours	\$ 50,000	\$ 1,131,000
	GRAND TOTAL	\$ 1,131,000	

**Amount currently authorized by Centennial Ad Hoc Committee pending City Council approval.*

Additional funding for new Centennial initiatives may be provided through Tourism and Marketing budget.

Attachment 2

Megan Roach

From: Julie Wagner <wagner@lovebeverlyhills.com>
Sent: Friday, January 04, 2013 11:02 AM
To: Cheryl Friedling; Megan Roach
Subject: Licensing for VC Items

Hi, just wanted to give you an update on the feedback we got from the Board with regard to producing items with the Shield to sell in the Visitor Center. Because we are a non-profit and the Visitor Center operates at a loss, it's difficult for us to calculate a percentage of profit to give back to the city on the items sold. The Board suggested giving the city 5% of gross revenue (not including sales tax) back to the city for items sold that we produce with the shield. Let me know your thoughts.

On a separate note, Megan are there any bone china mugs left? We are almost sold out and if the Shop BH inventory is exhausted, this would be something that we would want to produce soon rather than later.

Let me know.

Thanks.

Julie Wagner

Executive Director
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