



## STAFF REPORT

**Meeting Date:** June 4, 2013  
**To:** Honorable Mayor & City Council  
**From:** Cheryl Friedling, Deputy City Manager for Public Affairs  
Megan Roach, Marketing & Economic Sustainability Manager   
**Subject:** FY 2013-14 Tourism and Marketing Budget and Programs Overview  
**Attachments:** 1. FY 2013-14 Tourism and Marketing Budget Spreadsheet

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### INTRODUCTION

Each year, the City Council allocates funding to the Beverly Hills Conference & Visitors Bureau ("BHCVB") 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 allocated for the above-mentioned programs. The BHCVB is the primary recipient of the TOT marketing budget and for the past few years they have received approximately 50% of the overall budget.

For Fiscal Year 2013-14, the base Tourism and Marketing budget is projected to be \$4,580,400, which represents an 11% increase over the FY 2012-13 base budget of \$4,134,700. In addition to the base budget, the FY 2013-14 budget includes another \$980,804 in budgetary "carryover" from a combination of unused FY 2012-13 funds and mid-year additional revenue, for a total budget of \$5,561,204. A significant portion of these carryover funds, or \$882,750, was approved by the City Council for the 2014 Centennial Celebration.

In prior years the Rodeo Drive Committee ("RDC") 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 Tourism and Marketing budget. Additionally, funding for citywide holiday décor and special events is a key component of the budget.

### DISCUSSION

On May 17, 2013, the Rodeo Drive/Special Events/Holiday Décor Liaison Committee (Vice Mayor Bosse and Councilmember Krasne) met to review the RDC's scope of work and funding request of \$788,000, which represents an 88% increase over the current funding agreement of \$418,105. The RDC's proportionate share of the 11% TOT increase would be a budget of \$464,097.

On May 20, 2013, the CVB/Marketing Liaison Committee (Mayor Mirisch and Vice Mayor Bosse) met to review the BHCVB's scope of work and funding request of \$4,591,000, which represents a 72% increase over the current funding agreement of \$2,665,000. The BHCVB's proportionate share of the 11% TOT increase would be a budget of \$2,958,150.

The RDC and BHCVB will present their scope of work and funding requests at the June 18, 2013 study session meeting and they can be summarized as follows:

- **Beverly Hills Conference & Visitors Bureau:**

Amount Requested: \$4,591,000 for tourism and marketing programs, including Centennial-related initiatives, and operational expenses.

- **Rodeo Drive Committee:**

Amount Requested: \$788,000 for 2013-14 signature events including Walk of Style®; Rodeo Drive Concours d'Elegance; holiday décor and lighting ceremony; and new initiatives including Miracle on Rodeo, Watch Week and a Centennial-inspired initiative to re-enact the Rodeo Drive Bridle Path.

- **Holiday Décor/Special Events**

Amount Recommended: \$600,000 for holiday décor with special Centennial tie-ins, to be presented to the Rodeo Drive/Special Events/Holiday Décor Liaison Committee for review and feedback.

- **Re-Allocation to Other City Programs**

Amount Recommended: \$1,257,750 for City Council re-allocation to other City programs. These include \$1,132,750 towards the Centennial Celebration (includes a base budget of \$250,000 plus \$882,750 in FY 2012-13 carryover funding); \$50,000 for the expansion of the Concerts on Canon; and \$75,000 for intellectual property services for the City's trademarks.

## **FISCAL IMPACT**

The City's Finance Department projects \$32,062,800 in TOT revenue for the 2013-2014 Fiscal Year, which results in a Tourism and Marketing budget of \$5,561,204. This amount includes \$980,804 in budgetary carryover from Fiscal Year 2012-2013, as well as \$257,500 to cover City staff costs to administer the entire program.

## **RECOMMENDATION**

That the City Council provide direction to staff on the Fiscal Year 2013-14 Tourism and Marketing Budget and program allocations, specifically the two funding options for the Beverly Hills Conference & Visitors Bureau and the Rodeo Drive Committee:

Option 1: Fund the organizations at their requested amounts for a total tourism and marketing expense budget of \$7,844,250, which is \$2,283,046 over budget and would require augmentation from the General Fund.

Option 2: Fund the organizations with an 11% increase (proportionate to the TOT increase) to their FY 2012-13 funding amounts, for a total tourism and marketing expense budget of \$5,887,497. While this amount is \$326,293 over budget, the

difference could be made up with buffer/reserve funds (\$200,000) and contingency program funding (\$150,000.)

The funding agreements with the Beverly Hills Conference & Visitors Bureau and the Rodeo Drive Committee are scheduled for the June 18, 2013 formal agenda for City Council consideration.

  
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Don Rhoads  
Finance Approval

Cheryl Friedling   
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Approved By

# **Attachment 1**

**2013-14 Tourism and Marketing Budget and Programs**  
**\$32,062,800**      **Projected TOT**      **Fiscal Year 2013-14**

Program	2010-2011 Budget	2011-2012 Budget	2012-2013 Budget (Actual Expenses)	2013-2014 Projected Budget & Funding Options
TOT Base Budget	\$3,385,712	\$4,148,877 + \$420,000 (FY 10-11 carryovers) = \$4,568,877	\$4,134,700 + \$683,300 FY 11-12 carryovers + \$530,000 FY 11-12 addtl revenue (Council approved for Centennial) = \$5,348,000	\$4,580,400 + \$882,750 FY 12-13 Centennial carryovers + \$98,054 FY 12-13 carryovers = \$5,561,204
Annual Buffer/Reserve to Cover TOT Revenue Reductions	\$320,000	\$320,000	\$320,000	\$200,000 (may be further reduced at Council direction)
City Administrative Costs (Partial Costs of 2 City Staff)	\$186,000	\$200,000	\$220,000	\$257,500**
Contingency Programs	\$100,000	\$150,000	\$150,000	\$150,000
Re-Allocation to Other City Programs	\$50,000 - Library  \$170,700 - Community Grants	\$250,000 - 100 Year Anniversary Fund  \$220,000 - Community Grant Programs  \$470,000 - TOTAL	\$250,000 - 100 Year Anniversary Fund (budget to-date = \$500,000; expenses to-date = \$147,250; remaining balance = \$352,750)  \$220,000 - Community Grant Programs  \$50,000 - Concerts on Canon Expansion  \$75,000 - Intellectual Property Legal Services (trademark violations, etc)  \$845,000 - TOTAL	\$250,000 + \$882,750 = \$1,132,750 - 100 Year Anniversary Fund (see attached Centennial Program Allocations)  \$50,000 - Concerts on Canon Expansion  \$75,000 - Intellectual Property Legal Services (trademark violations, etc)  \$1,257,750 - TOTAL
Conference & Visitors Bureau	\$2,050,100 - 5% Reduction	\$2,150,100 - Operating Budget  \$70,000 - Sparkle 90210  \$2,220,100 - TOTAL	\$2,477,841* - Operating Budget  \$74,000 - TI Reimbursement  \$2,551,841 - TOTAL	<b>Option 1:</b> \$4,591,000 (amount requested)  <b>Option 2:</b> \$2,958,150 (11% increase over FY 2012-13)
Holiday Ice Skating Rink	N/A	N/A	\$140,000	Included in CVB funding request
Holiday Décor/Special Events	\$400,000 (\$250,000 for décor and \$150,000 for events)	\$575,000	\$545,000	\$600,000
Rodeo Drive Committee	\$110,000 - Walk of Style  \$20,000 - Father's Day Concours  \$20,000 - Fashion's Night Out  \$150,000 - 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  \$163,105 - Holiday Décor  \$418,105 - TOTAL	<b>Option 1:</b> \$788,000 (amount requested)  <b>Option 2:</b> \$464,097 (11% increase over FY 2012-13)
Rose Float Arrears	N/A	\$60,000	N/A	N/A
<b>TOTAL</b>	<b>\$3,399,712 (\$420,000 remaining)</b>	<b>\$3,755,593 (\$683,284 remaining)</b>	<b>\$4,367,196 (\$980,804 remaining); \$882,750 Centennial carryover; \$98,054 carryover for other programs</b>	<b>Option 1:</b> \$7,844,250 (\$2,283,046 over budget) <b>Option 2:</b> \$5,887,497 (\$326,293 over budget)

\*CVB FY 2012-13 base budget of \$2,665,000 plus credit to City of \$200,000 for ice rink vendor contract and addition of \$12,841 for rink expenses.

\*\*FY 2013-14 amount includes partial costs for two current City staff positions and partial costs for a newly proposed limited-term position.

## Beverly Hills Centennial Celebration List of Events and Initiatives

Priority	Event/Initiative	Preliminary Budget Estimate	Total
1	Centennial Block Party on January 28, 2014	\$ 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 <sup>th</sup> Celebration at Beverly Gardens Park	\$ 150,000	\$ 625,000
5	Youth Art Contest	\$ 5,000	\$ 630,000
6	Beverly Hills Postage Stamp and Unveil Ceremony at Annenberg Center	\$ 10,000	\$ 640,000
7	Beverly Hills Coffee-Table Style Book <i>(funded by publisher)</i>	\$ -	\$ 640,000
8	<i>A Day in the Life in Beverly Hills</i> Photo Display	\$ 5,000	\$ 645,000
9	Public Art Installation	\$ 50,000	\$ 695,000
10	Merchandise Line	\$ 10,000	\$ 705,000
11	Tourism and Marketing Campaign	\$ 50,000	\$ 755,000
12	Happy Birthday Beverly Hills Concert at Saban Theatre	\$ 50,000	\$ 805,000
13	Television & Radio Retrospective at Paley Center	\$ 20,000	\$ 825,000
14	Beverly Hills Documentary	\$ 50,000	\$ 875,000
15	Street Pole Banners	\$ 25,000	\$ 900,000
16	Tree Planting and Rose Bush Ceremony	\$ 5,000	\$ 905,000
17	Time Capsule	\$ 1,000	\$ 906,000
18	Sister Cities Initiatives	\$ 25,000	\$ 931,000
19	<i>Food and Wine Festival*</i>	<del>\$ 100,000</del>	<del>\$ 931,000</del>
	<b>GRAND TOTAL</b>	<b>\$ 931,000</b>	

*\*Centennial Liaison Committee recommends re-allocating funding to July 4th Celebration.*

# Beverly Hills Centennial Budget

## REVENUE

City Council Funding Allocation	\$	750,000
Additional FY 2011-12 Revenue	\$	530,000
Rolex/Gearys Sponsorship	\$	300,000
<b>TOTALS</b>	<b>\$</b>	<b>1,580,000</b>

## EXPENSES

			YTD TOTAL
<b>The Argus Group Contract</b>	\$	50,000	\$ 50,000
<i>Corporate sponsorship development</i>			
<i>Rolex/Gearys 20% Commission</i>	\$	60,000	\$ 110,000
<b>Pasadena Advertising Contract</b>	\$	10,000	\$ 120,000
<i>Centennial logo design &amp; style guide</i>			
<b>Centennial Volunteer Kick Off Reception</b>	\$	4,750	\$ 124,750
<i>9/27/2012 Greystone Mansion</i>			
<b>Centennial Volunteer Organizational Meeting</b>	\$	4,000	\$ 128,750
<i>2/6/2013 Municipal Gallery</i>			
<b>2014 Rose Parade Float Entrance Fee</b>	\$	5,000	\$ 133,750
<b>3Pe Consulting Contract</b>	\$	13,500	\$ 147,250
<i>Retail Store Business Plan</i>			
<b>Centennial Retail Store (estimate)</b>	\$	400,000	
<i>Rent, TI, product, staffing</i>			
<b>Centennial Events and Initiatives (hard costs)</b>	\$	931,000	
<i>As approved by the City Council</i>			
<b>Centennial Events and Initiatives (staff costs*)</b>	\$	100,000	
<b>TOTALS</b>	<b>\$</b>	<b>1,578,250</b>	
<b>REMAINING BALANCE</b>	<b>\$</b>	<b>1,750</b>	

\*staff costs include police, fire, park rangers, etc.