



REVISED

STAFF REPORT

Meeting Date: June 18, 2013

To: Honorable Mayor & City Council

From: Cheryl Friedling, Deputy City Manager for Public Affairs
Megan Roach, Marketing & Economic Sustainability Manager 

Subject: Fiscal Year 2013-2014 Tourism and Marketing Budget and Programs,
Centennial Program Overview and Requests from Partner
Organizations

Attachments:

1. FY 2013-2014 Tourism and Marketing Budget Spreadsheet
2. Budgeted Centennial Events and Initiatives
3. New Centennial Requests from City Partner Organizations

INTRODUCTION

This item provides an overview of the Fiscal Year 2013-2014 Tourism and Marketing Budget and programs funded through the transient occupancy tax, including budgeted Centennial events and initiatives and new Centennial-related requests from the City's partner organizations.

DISCUSSION

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 2013-2014, the base Tourism and Marketing budget is projected to be \$4,580,400, which represents an 11% increase over the FY 2012-2013 base budget of \$4,134,700. In addition to the base budget, the FY 2013-2014 budget includes another \$980,804 in budgetary "carryover" from a combination of unused FY 2012-2013 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. The FY 2013-2014 Tourism and Marketing budget spreadsheet is included as Attachment No. 1 to this report.

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.

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. The RDC's formal funding request is \$788,000, however, \$713,000 in program funding is to be reviewed as it relates to the Tourism and Marketing Budget, since \$75,000 has been earmarked from Centennial funding, which is a separate budget line item. This is due to the fact that \$75,000 is a funding allocation to the RDC to fulfill the City's contractual obligation with Rolex/Gearys for their sponsorship of the Centennial Celebration.

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 prior year funding agreement of \$2,665,000. On June 12, 2013, City staff received a revised funding request and scope of work from the CVB totaling \$3,996,000.

The RDC and BHCVB will present their funding proposals at the June 18 study session meeting for City Council consideration and they can be summarized as follows:

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

Amount Requested: \$3,996,000 for tourism and marketing programs, including Centennial-related initiatives, and operational expenses.

- **Rodeo Drive Committee:**

Amount Requested: \$713,000 for 2013-2014 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.

City staff also requests City Council consideration for funding allocations for special marketing programs including the holiday décor and lighting program, the Centennial Celebration, and others. These funding allocations can be summarized as follows:

- **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 2012-2013 carryover funding); \$50,000 for the continued expansion of the summer Concerts on Canon; and \$75,000 for intellectual property services for the City's trademarks.

Centennial Program Overview

The Centennial Ad Hoc Committee (Chair Dick Rosenzweig, Mayor Mirisch, Vice Mayor Bosse, and BHCVB representative Offer Nissenbaum) has met regularly over the past several months and developed a portfolio of Centennial events and initiatives, which were approved by the City Council in February. The budgeted Centennial events and initiatives are included as Attachment No. 2 to this report.

Additionally, the City's partner organizations, including the BHCVB, RDC and Beverly Hills Chamber of Commerce, have proposed new or rebranded Centennial events or initiatives for City funding consideration. These new Centennial-related requests are included as Attachment No. 3 to this report.

At the June 4, 2013 study session meeting, staff presented a detailed business plan for the proposed Centennial retail store to be located in the vacant ground floor retail space in the City-owned 9400 Santa Monica Blvd building. Staff is seeking confirmation on City Council's direction to not proceed with this proposal due to the projected loss for the store to operate for a sixteen-month period (September 1, 2013 – December 31, 2014).

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 and supports \$257,500 of City staff costs to administer the entire program.

The fulfillment of the funding requests from the BHCVB and RDC, along with the other Tourism and Marketing budget program allocations, would create a shortfall of \$1,688,046 in the Tourism and Marketing budget and would require augmentation from the General Fund.

RECOMMENDATION

Staff recommends that the City Council provide direction on the:

- 1.) Existing Centennial program budget of \$1,580,000 for events and initiatives (of which \$147,250 has been spent to-date); and
- 2.) The Fiscal Year 2013-14 funding requests from the City's partner organizations including the \$1,365,000 for Centennial-related events and initiatives; and
- 3.) The feedback provided at the June 4, 2013 study session to not proceed with the development of a Centennial retail store at 9400 Santa Monica Blvd. The existing Centennial program budget includes \$400,000 for this initiative, which Council may choose to re-allocate for other initiatives within the Tourism and Marketing Budget.

Don Rhoads 
Finance Approval

Cheryl Friedling 
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 Requests
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	\$3,996,000 (amount requested)
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	\$788,000*** (amount requested)
Rose Float Arrears	N/A	\$60,000	N/A	N/A
TOTAL	\$3,399,712 (\$420,000 remaining)	\$3,755,593 (\$683,284 remaining)	\$4,367,196 (\$980,804 remaining); \$882,750 Centennial carryover; \$98,054 carryover for other programs	\$7,249,250 (\$1,688,046 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.

***The RDC's funding request is \$788,000, however, \$713,000 in program funding is to be reviewed as it relates to the Tourism and Marketing Budget, since \$75,000 has been earmarked from Centennial funding, which is a separate budget line item. This is due to the fact that \$75,000 is a funding allocation to the RDC to fulfill the City's contractual obligation with Rolex/Gearys for their sponsorship of the Centennial.

Attachment 2

Beverly Hills Centennial Budget

REVENUE

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

EXPENSES

			YTD TOTAL
The Argus Group Contract	\$	50,000	\$ 50,000
<i>Corporate sponsorship development</i>			
<i>Rolex/Gearys 20% Commission</i>	\$	60,000	\$ 110,000
Funding Redirect to Rodeo Drive Committee	\$	75,000	\$ 185,000
<i>For Rolex/Gearys 2014 Rodeo Drive Concours d'Elegance Sponsorship</i>			
<i>To Fulfill City's Contractual Obligation to Rolex/Gearys for Centennial Sponsorship</i>			
Pasadena Advertising Contract	\$	10,000	\$ 195,000
<i>Centennial logo design & style guide</i>			
Centennial Volunteer Kick Off Reception	\$	4,750	\$ 199,750
<i>9/27/2012 Greystone Mansion</i>			
Centennial Volunteer Organizational Meeting	\$	4,000	\$ 203,750
<i>2/6/2013 Municipal Gallery</i>			
2014 Rose Parade Float Entrance Fee	\$	5,000	\$ 208,750
3Pe Consulting Contract	\$	13,500	\$ 222,250
<i>Retail Store Business Plan</i>			
Centennial Retail Store (estimate)	\$	400,000	
<i>Rent, TI, product, staffing</i>			
Centennial Events and Initiatives (hard costs)	\$	931,000	
<i>As approved by the City Council</i>			
Centennial Events and Initiatives (staff costs*)	\$	100,000	
TOTALS	\$	1,653,250	
REMAINING BALANCE	\$	(73,250)	

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

Attachment 3



Partner Organization Requests

Organization	New or Rebranded	Event/Initiative	Funding Request
Rodeo Drive	Rebranded	Rodeo Drive Walk of Style® <i>Includes four-day public art installation for Centennial</i>	\$200,000
	Rebranded	Rodeo Drive Concours <i>Reimbursement to RDC for Rolex/Gearys presenting sponsor</i>	\$75,000
	New	Watch Week <i>Launches on 10/10 and ends 100 days before Centennial</i>	\$100,000
	New	Bridle Path Re-Enactment for Centennial <i>Horse parade from Beverly Hills Hotel to Rodeo Drive</i>	\$50,000
BHCVB	New	Suite 100 Hotel Campaign <i>Hotel specific program to transform a suite into an era</i>	\$500,000
	Both	Brand/Centennial Advertising	\$350,000
Chamber	Rebranded	Shop Local During Centennial Campaign <i>Branded marketing campaign to engage businesses</i>	\$60,000
	Rebranded	Beverly Hills Tomorrow Event <i>City sponsorship of event to include Centennial tie-ins</i>	\$30,000
TOTAL			\$1,365,000