



AGENDA REPORT

Meeting Date: February 18, 2014
Item Number: E-14
To: Honorable Mayor & City Council
From: Megan Roach, Marketing & Economic Sustainability Manager 
Subject: APPROVAL OF AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU FOR PROMOTION OF THE CITY FOR FISCAL YEAR 2013-2014

AND APPROVAL OF A CHANGE PURCHASE ORDER IN A NOT-TO-EXCEED AMOUNT OF \$350,000 TO THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU FOR THESE SERVICES

AND APPROPRIATION OF \$306,115 IN FISCAL YEAR 2012-2013 TRANSIENT OCCUPANCY TAX REVENUE FOR TOURISM AND MARKETING PROGRAMS

Attachments: 1. Amendment No. 2

RECOMMENDATION

It is recommended that the City Council approve Amendment No. 2 to the Agreement between the City of Beverly Hills and the Beverly Hills Conference and Visitors Bureau for promotion of the city for Fiscal Year 2013-2014 and approve a change purchase order in a not-to-exceed amount of \$350,000 for these services.

Staff also recommends that the City Council move to approve an appropriation in the amount of \$306,115 in Fiscal Year 2012-2013 transient occupancy tax revenue for tourism and marketing programs as follows:

<u>FROM</u>		<u>TO</u>	
\$306,115	01-30000 General Fund-Unrestricted Fund Balance	\$306,115	0101311-73440 Tourism & Marketing – Marketing & Promotions

INTRODUCTION

This item requests the City Council approve Amendment No. 2 to the Agreement between the City of Beverly Hills and the Beverly Hills Conference and Visitors Bureau for promotion of the city for Fiscal Year 2013-2014 in the amount of \$350,000 for a Local Marketing Campaign and a China Sales Mission for Hotel General Managers.

DISCUSSION

The Beverly Hills Conference and Visitors Bureau (“BHCVB”) is contracted by the City to conduct a variety of tourism and marketing programs promoting Beverly Hills. The BHCVB’s mission is to promote Beverly Hills worldwide as a stay/shop/dine destination, with particular emphasis this year on the Centennial, through marketing programs that build awareness, activation and tourism traffic and revenue to the city.

On June 18, 2013, the City Council approved an interim Fiscal Year 2013-2014 funding agreement with the BHCVB in the amount of \$458,395. On August 20, 2013 the City Council approved the remaining fiscal year funding agreement in the amount of \$2,464,809. On December 30, 2013, the City executed Amendment No. 1 to the Agreement to provide \$10,000 for the procurement of Centennial merchandise.

On January 27, 2014, the Council CVB/Marketing Committee (Mayor Mirisch and Vice Mayor Bosse) met with BHCVB representatives to review their proposal and funding request for two new marketing initiatives: a Local Marketing/Drive Market Campaign and a Hotel General Managers China Sales Mission for a total funding request of \$350,000.

On February 4, 2014, the BHCVB presented the City Council with a proposal for the Local Marketing/Drive Market Campaign and a Hotel General Managers China Sales Mission and funding request of \$350,000. The City Council requested that staff return with an amendment to the BHCVB’s agreement to provide funding for these two initiatives. The additional \$350,000 provides for a total Fiscal Year 2013-2014 BHCVB funding contribution of \$3,283,204. It was noted by Councilmembers that this additional funding allocation will provide for less available carryover funding for the Fiscal Year 2014-2015 Tourism and Marketing Budget.

FISCAL IMPACT

The Fiscal Year 2013-2014 Tourism and Marketing Budget is \$5,561,204. In addition, the City received \$2,142,808 in unanticipated TOT (amount over budget) for FY 2012-2013, which results in an additional \$306,115 for the Tourism and Marketing Budget.

On February 4, 2014, the City Council directed the BHCVB’s funding request of \$350,000 be funded from the \$306,115 in additional TOT from FY 2012-2013 and the remaining \$43,885 from the FY 2013-2014 Tourism and Marketing contingency programs budget.

Don Rhoads
Finance Approval



Cheryl Friedling
Approved By



Attachment 1

AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY
OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE
AND VISITORS BUREAU FOR PROMOTION OF THE CITY FOR
FISCAL YEAR 2013-2014

NAME OF CONTRACTOR: Beverly Hills Conference and Visitors Bureau

RESPONSIBLE PRINCIPAL OF CONTRACTOR: Julie Wagner, Chief Executive Officer

CONTRACTOR'S ADDRESS: 9400 S. Santa Monica Blvd.
Beverly Hills, CA 90210
Attention: Julie Wagner, Chief Executive Officer

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: Cheryl Friedling, Deputy City Manager

COMMENCEMENT DATE: February 18, 2014

TERMINATION DATE: June 30, 2014

CONSIDERATION: Original Agreement Not-to-Exceed: \$2,464,809
Amendment No. 1: \$10,000
This Amendment No. 2: \$350,000
Total Not-to-Exceed: \$2,824,809

AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY
OF BEVERLY HILLS AND THE BEVERLY HILLS CONFERENCE
AND VISITORS BUREAU FOR PROMOTION OF THE CITY FOR
FISCAL YEAR 2013-2014

This Amendment No. 2 (this "Amendment") is to that certain Agreement between the City of Beverly Hills, a municipal corporation ("City"), and the Beverly Hills Conference and Visitors Bureau, a non-profit corporation (hereinafter called "Contractor") dated August 20, 2013 and identified as Contract No. 318-13 "Agreement".

RECITALS

A. City entered into the Agreement with Contractor in order for Contractor to conduct or participate in promotional, publicity, and advertising activities for the benefit of the City.

B. City and Contractor desire to amend the Agreement to include two new marketing initiatives: (1) a Local Marketing/Drive Market Campaign and (2) a China Sales Mission by General Managers of hotels located in the City, and to provide additional funding for such programs.

NOW, THEREFORE, the parties agree as follows:

Section 1. CONSIDERATION shall be amended as set forth on the cover page of this Amendment.

Section 2. Exhibit A-Scope of Services of the Agreement shall be amended to add to the Scope of Services as attached hereto as Exhibit A and incorporated herein.

Section 3. Exhibit B-Payment Schedule of the Agreement shall be amended and restated in its entirety as attached hereto as Exhibit B and incorporated herein.

Section 4. Except as specifically amended by this Amendment, the remaining provisions of the Agreement shall remain in full force and effect.

EXECUTED the ____ day of February 2014, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

JOHN A. MIRISCH
Mayor of the City of Beverly Hills,
California

ATTEST:

BYRON POPE
City Clerk

THE BEVERLY HILLS CONFERENCE
AND VISITORS BUREAU

JULIE WAGNER
Chief Executive Officer

SANDY MURPHY
Chair

APPROVED AS TO FORM:

LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

JEFFREY KOLIN
City Manager

CHERYL FRIEDLING
Deputy City Manager

KARL KIRKMAN
Risk Manager

EXHIBIT A

SCOPE OF SERVICES

LOCAL MARKETING/DRIVE MARKET CAMPAIGN - \$250,000

Local and Drive Market – Beverly Hills has an opportunity to reinforce key messaging to shift local behaviors by promoting competitive advantages over other shopping and dining destinations.

These messages include:

- In Beverly Hills everyone is made to feel like a VIP
- Free Parking in more than 15 structures
- Village atmosphere – hotels, shops and restaurants are mere steps away from each other
- You never know who you will run into (celebrity factor)
- Customizable luxury – something for everyone from boutique hotels to five-star five-diamond, from celebrity chef restaurants to al fresco dining
- So many new places to shop and dine
- Open air and hassle free unlike going to the mall

Convey the message through a series of advertising with emphasis on premium placement among other luxury advertisers. One message per insertion over a period of 6-7 weeks. The stay in Beverly Hills message will only be used in locations outside of LA County where staying overnight will make the shopping and dining experience more rewarding.

Local Marketing Outline and Budget						
Media Type	Location	Publication Details	Ad Unit	Insertion Rate	# Insertions	Total Cost
Print						
	Orange County	Orange County Register	3x10.5 4C	\$5,294	7x	\$37,059
	San Diego	San Diego Tribune	3x10.5 4C	\$5,695	6x	\$34,167
		San Diego Magazine	4C FP	\$5,666	1x	\$5,666
	Santa Barbara	Santa Barbara Independent	1/2 P 4C	\$1,541	5x	\$7,706
		Santa Barbara News-Press	3x10.5 4C	\$1,372	7x	\$9,604
	BH/LA County	LA Times/Courier/The Weekly**	Final pricing and units still TBD	\$3,700	60% LA Times	\$99,649
		LA Times 3x10		\$3,000	40% Beverly Hills publications	
		BH Courier Full Page		\$1,600		
		BH Weekly Full Page				
Radio						
	BH/LA County	KCRW	:30 sec	\$2,275	36/6wk	\$13,650
		KPCC	:30 sec	\$2,500	28/4wk	\$10,000
eMail						
	SoCal	Wealth Management List				\$15,000
Creative						
		Concept and Design print				\$4,500
		File prep and layout print				\$4,000 - \$4,500
		Production radio/digital				\$3,000 - \$3,500
	TOTAL					\$250,000

CHINA SALES MISSION - \$100,000

BHCVB seeks to not only maintain retail momentum, but be poised to capture market share of hotel stays as more Chinese travel to the United States. China is a relationship based market. The objective is to provide the City of Beverly Hills Hotel General Managers with an opportunity to develop relationships in China.

The mission will include:

- Attendance at the premier luxury travel show, International Travel Market Asia (“ILTM”), which takes place in Shanghai in June 2014
- Access to the Beverly Hills booth and meetings at ILTM
- Meetings with China government and business leaders
- Media salon providing opportunities for one-on-one interviews with important members of the press
- Destination sponsored private gala for press, ILTM attendees (travel agents, meeting and incentive planners) and important business leaders
- Private dinner reception with China business leaders and government officials

China Sales Mission Budget

Media Salon	\$ 10,000
Tastemaker and Influencer Gala	50,000
Gifts for all events	10,000
Private VIP/Government Official Dinner	10,000
Invitations	5,000
Agency fees for trade and PR	15,000
TOTAL	<u>\$100,000</u>

EXHIBIT B

PAYMENT SCHEDULE

Funding Period (September 1, 2013 – June 30, 2014)			
CVB Remits Invoice to City	City Issues Payment to CVB	Period or Program Covered	Payment Amount
August 26	September 9	September 1 – December 31	\$1,048,020
December 16	December 30	January 1 – March 31	\$909,534
March 17	March 31	April 1 – June 30	\$517,255
February 24	March 6	Local Marketing/Drive Market Campaign	\$250,000
February 24	March 6	China Sales Mission by Hotel General Managers	\$100,000
TOTAL			\$2,824,809