



STAFF REPORT

Meeting Date: March 4, 2014
To: Honorable Mayor & City Council
From: Megan Roach, Marketing & Economic Sustainability Manager *MR*
Subject: Recommendation from the Holiday/Special Events/Rodeo Drive Committee Regarding Baccarat Chandeliers Holiday Décor Proposal
Attachments: 1. Fiscal Year 2013-14 Tourism & Marketing Budget and Programs

INTRODUCTION

This item provides a recommendation from the Holiday/Special Events/Rodeo Drive Committee regarding a proposal to install Baccarat crystal chandeliers on Rodeo Drive during the 2014 holiday season.

DISCUSSION

The development, execution, and promotion of a cohesive holiday program is a key goal of the City Council and its partner organizations including the Beverly Hills Conference and Visitors Bureau and the Rodeo Drive Committee. Each year the City sponsors a signature holiday program designed to celebrate the season and attract visitors from around the region to visit, shop and dine in Beverly Hills.

The 2013 holiday program consisted of a variety of elements ranging from decorations, to music and a holiday lighting ceremony. Together they represented significant investment by the City in a major holiday program.

2013 Holiday Program Funding

Organization	Program Component	Funding Amount
Rodeo Drive Committee	Holiday Décor for Street	\$168,000
	Holiday Lighting Ceremony	\$120,000
	Town & Country Lights Up Rodeo Drive	\$50,000
City of Beverly Hills	Décor for Other Commercial Areas	\$500,000
Total 2013 Holiday Program Funding		\$838,000

On February 24, 2014, the Holiday/Special Events/Rodeo Drive Committee (Vice Mayor Bosse and Councilmember Krasne) met to discuss a proposal to install Baccarat crystal chandeliers on Rodeo Drive during the 2014 holiday season. Baccarat is a world-renown manufacturer of crystal glassware located in Baccarat, France. From 2004-2008, Baccarat sponsored the installation of 20 sparkling crystal chandeliers in the Rodeo Drive street medians from S. Santa Monica Blvd. to Wilshire Blvd.

2014 is a significant year for the City, Rodeo Drive and Baccarat. Baccarat is celebrating its 250th anniversary and the City its Centennial. Three years ago the City began discussions with Baccarat to bring the crystal chandeliers back to Rodeo Drive during the upcoming holiday season. During this time Baccarat's U.S. and global executive management teams experienced several transitions.

In October 2013, during the City/Chamber's New York Sales Mission, Vice Mayor Bosse and City staff met with Baccarat USA CEO Michelle Klein and Marketing Director Jaime Jimenez to discuss a renewal of the holiday décor partnership for the 2014 season. A subsequent meeting and Rodeo Drive site visit was held in January 2014.

During the meeting City and Baccarat staff agreed that a minimum of 16 chandeliers would be needed to create a visual impact on the street. Baccarat has agreed to loan the City 6 chandeliers for the installation, valued at approximately \$150,000, as well as provide the infrastructure support systems needed to hold the chandeliers. The City would be responsible for the installation and de-installation of the chandeliers, which is approximately \$175,000.

Vice Mayor Bosse also reached out to Tom Blumenthal, CEO of GEARYS, to discuss a potential sponsorship of the Baccarat chandeliers since GEARYS was instrumental in bringing Baccarat to Rodeo Drive several years ago. GEARYS has graciously offered to purchase 10 chandeliers valued at approximately \$250,000 and loan the chandeliers to the City during the décor display period. At the end of the display period GEARYS' goal would be to sell the chandeliers for a profit. In return for the loan, GEARYS has asked the City to sponsor a citywide street pole holiday banner campaign featuring GEARYS and Baccarat's logos.

In addition, the Rodeo Drive Committee's Holiday Subcommittee met to discuss the Baccarat proposal and have agreed to redirect \$45,000 of their anticipated 2014 holiday décor funding to support the Baccarat installation. For the past two years the Rodeo Drive Committee, through funding from the City, has purchased décor to create a thematic framework for the Baccarat chandeliers to return to the street.

Proposed Funding for 2014 Baccarat Chandelier Installation

Organization	Program Component	Est. Funding Amount
GEARYS	10 Chandeliers	\$250,000
Baccarat	6 Chandeliers	\$150,000
City of Beverly Hills	Installation/De-installation	\$175,000*
	Citywide GEARYS & Baccarat Holiday Banner Program	\$50,000
Total Program Cost		\$625,000
City Funding Request		\$225,000
<i>Rodeo Drive Committee</i>	<i>Holiday Décor Funding Re-direct</i>	<i>(\$45,000)**</i>
Total City Funding Request		\$180,000***

**Amount includes install, de-install and hotel rooms for workers.*

***RDC would contribute \$45,000 from \$168,000 in anticipated 2014 City holiday décor funding.*

****Total funding request of \$180,000 is in addition to anticipated funding requests of \$123,000 for RDC décor and \$500,000 for citywide décor program.*

FISCAL IMPACT

The Fiscal Year 2013-2014 Tourism and Marketing Budget is \$5,561,204. The Holiday/Special Events/Rodeo Drive Committee recommends the request for \$180,000 for the Baccarat installation be funded through a combination of remaining contingency program funding (\$85,000) and buffer/reserve funding (\$95,000). Should the City Council approve the funding allocation, there would be no remaining funding for contingency programs and \$105,000 remaining in buffer/reserve funding.

RECOMMENDATION

Staff recommends that the City Council review the Holiday/Special Events/Rodeo Drive Committee's recommendation regarding a proposal to install Baccarat crystal chandeliers on Rodeo Drive during the 2014 holiday season.

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 = \$5,348,000	\$4,580,400 + \$980,804 in FY 12-13 carryovers = \$5,561,204
Annual Buffer/Reserve to Cover TOT Revenue Reductions	\$320,000	\$320,000	\$320,000	\$200,000
City Administrative Costs (Partial Costs of 2 City Staff)	\$186,000	\$200,000	\$220,000	\$0
Contingency Programs	\$100,000	\$150,000	\$150,000	\$150,000 (<i>\$85,915 Balance Remaining. \$20,200 approved for BH100 Block Party; \$43,885 approved for new CVB programs.</i>)
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	\$950,000 - 100 Year Anniversary Fund (see Centennial Program Allocations) \$50,000 - Concerts on Canon Expansion \$75,000 - Intellectual Property Legal Services (trademark violations, etc) \$1,075,000 - 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	\$2,923,204 (<i>amount requested</i>)
Holiday Ice Skating Rink	N/A	N/A	\$140,000	n/a
Holiday Décor/Special Events	\$400,000 (\$250,000 for décor and \$150,000 for events)	\$575,000	\$545,000	\$500,000
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	\$713,000** (<i>amount requested</i>)
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)	\$5,561,204

*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.

**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