



STAFF REPORT

Meeting Date: February 3, 2015

To: Honorable Mayor & City Council

From: Megan Roach, Marketing & Economic Sustainability Manager (MR)

Subject: Request by Councilmember Mirisch to Discuss the Purchase of the Baccarat Chandelier Holiday Décor Installation on Rodeo Drive

Attachments:

- 1.) Chandelier Purchase Cost Sheet
- 2.) Chandelier Installation and Removal Cost Estimates
- 3.) Letter from the Rodeo Drive Committee

INTRODUCTION

This item is a request from Councilmember Mirisch to discuss the possibility of the City purchasing sixteen Baccarat crystal chandeliers and supporting infrastructure, that were part of the 2014 holiday décor display on Rodeo Drive, for use in future holiday décor installations.

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 ("BHCVB") and the Rodeo Drive Committee ("RDC"). 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 2014 holiday program consisted of a variety of elements ranging from decorations, to music and a lighting ceremony on Rodeo Drive. A focal point of the program was the sixteen Baccarat crystal chandeliers on Rodeo Drive. GEARYS of Beverly Hills sponsored the cost to fabricate ten chandeliers and Baccarat sponsored the remaining six. The City, through its annual funding agreement with the Rodeo Drive Committee, paid for the installation and later the removal of the chandeliers. Currently GEARYS is storing all sixteen chandeliers.

Last August when staff provided Council with an overview of the holiday décor program, a question was raised as to the cost for the City to purchase the Baccarat chandeliers for future displays. Since that time, staff has had conversations with Baccarat and GEARYS to determine the full cost for the City to purchase the chandelier display.

The chandelier display consists of four components:

- 1.) The sixteen chandeliers and spare parts
- 2.) Infrastructure to support the chandeliers, which includes eight poles, plexi glass display boxes, boxes at the pole bases, and boxes to store the chandeliers
- 3.) Annual installation of the poles and chandeliers and maintenance during the display period
- 4.) Storage of the chandeliers and infrastructure

Each chandelier is uniquely made and therefore individually priced. Attachment No. 1 to the staff report contains a cost sheet that includes the retail and wholesale price for each chandelier. Baccarat and GEARYS have offered to sell the chandeliers to the City at wholesale for a total of \$520,000 (\$507,000 plus \$13,000 for spare parts).

Ten years ago Baccarat purchased the equipment (poles and boxes) that support the chandeliers for \$250,000. Based on depreciation, they have offered to sell the equipment to the City for \$50,000. In addition, the City will need to purchase sixteen new plexi glass display boxes and eight base boxes, which are estimated to cost a total of \$40,000.

The annual installation and maintenance of the chandelier display costs approximately \$190,000 and a breakdown is included as Attachment No. 2 to the report. Lastly, storage for these items will run approximately \$15,000 per year. Therefore, the total cost to purchase the sixteen chandeliers and supporting infrastructure is \$610,000. The annual expense to install, maintain and store the chandelier display is \$205,000. Baccarat believes the chandeliers will last approximately twenty years and require minimal maintenance.

Baccarat Chandelier Display		
	Purchase Cost	Recurring Annual Expense
16 chandeliers and spare parts	\$520,000	
Infrastructure (Poles, base boxes, plexi glass boxes, and chandelier storage boxes)	\$90,000	
Installation and maintenance		\$190,000
Storage of infrastructure and chandeliers		\$15,000
TOTAL	\$610,000	\$205,000

In conjunction with this request, staff reached out to the Rodeo Drive Committee regarding the potential purchase of the chandelier display. A letter from the Rodeo Drive Committee is included as Attachment No. 3 to the report. In summary, the Committee feels that the past year's combination of chandeliers and other décor was one of the most elegant and beautiful décor installations in recent years. The Committee is supportive of the City purchasing the chandeliers for a ten-year display; provided it does not impact the recurring annual funding the Committee has received for other décor to complement the chandeliers, which is approximately \$160,000.

FISCAL IMPACT

The 2014 citywide holiday décor program (including Rodeo Drive and the other commercial areas) represents an investment of \$1,027,260 and was funded through the Tourism and Marketing budget and CIP No. 854 Southeast Enhancements as follows:

Tourism and Marketing Budget

- Rodeo Drive (base décor and Baccarat chandeliers) - \$303,100
- Décor for other commercial areas - \$643,510

CIP No. 854 Southeast Enhancements

- East Wilshire and La Cienega lights - \$80,650

There is no remaining funding in the current holiday décor budget to purchase the Baccarat chandeliers. However, should the City Council wish to consider the purchase, the Tourism and Marketing budget contains \$200,000 in buffer/reserve funding, of which all or a portion of could be applied towards the purchase of the chandeliers. Any remaining funding needed to purchase the chandeliers, along with the annual expense to install and maintain them, would need to come from the General Fund.

Going forward the annual cost of the installation and storage of \$205,000 would need to be included as a set aside in future Tourism and Marketing budgets.

RECOMMENDATION

Staff recommends the City Council receive the information provided and provide direction to staff as appropriate.


Cheryl Friedling
Approved By

Attachment 1

Chandelier	Code	Dimensions	Weight	Retail	Wholesale	Geary's
Helios 18 Light, Short	2606608	44" H x 41" W	71 lbs.	\$45,100	\$22,550	✓
Helios 18 Light, Long	2606612	51" H x 40" W	80 lbs.	\$48,600	\$24,300	✓
Helios 24 Light, Short	2606616	43" H x 41" W	99 lbs.	\$57,200	\$28,600	✓
Helios 24 Light, Long	2606620	59" H x 41" W	108 lbs.	\$62,700	\$31,350	✓
Solstice 18 Light	2606720	60" H x 39" W	88 lbs.	\$58,400	\$29,200	✓
Solstice 18 Light	2606720	60" H x 39" W	88 lbs.	\$58,400	\$29,200	✓
Zénith 18 Light, Short	2606564	40" H x 40" W	82 lbs.	\$52,000	\$26,000	✓
Zénith 18 Light, Long	2606568	54" H x 40" W	91 lbs.	\$55,800	\$27,900	✓
Zénith 24 Light, Short	2606572	45" H x 42" W	110 lbs.	\$65,800	\$32,900	✓
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Zénith 24 Light, Short	2606572	45" H x 42" W	110 lbs.	\$65,800	\$32,900	
Zénith 24 Light, Long	2606576	59" H x 43" W	123 lbs.	\$72,000	\$36,000	✓
Zénith 24 Light, Long	2606576	59" H x 43" W	123 lbs.	\$72,000	\$36,000	
Zénith 24 Light, Long	2606576	59" H x 43" W	123 lbs.	\$72,000	\$36,000	
Zénith Unfocused 24 Light	2606903	46" H x 43" W	110 lbs.	\$81,100	\$40,550	
Zénith Unfocused 24 Light	2606903	46" H x 43" W	110 lbs.	\$81,100	\$40,550	
TOTAL				\$1,013,800	\$506,900	

Attachment 2

16 Baccarat Chandeliers for Rodeo Drive

2014 Installation, Removal and Maintenance Cost Estimates

Installation		Cost Estimate
Equipment Rentals	2 scissor lifts (7 days) 2 fork lifts (7 days) Crane services (1 day)	\$3,100 \$3,500 \$3,000
Labor (prep and install)	13 days total	\$58,900
Rental Truck and Transport Costs		\$18,000
Travel and Hotel Costs		\$12,500
Sales Tax		\$3,000
Subtotal		\$102,000
Removal		
Equipment Rentals	2 scissor lifts (5 days) 2 fork lifts (7 days) Crane services (1 day)	\$2,200 \$3,500 \$3,000
Labor	8 days total	\$32,300
Rental Truck and Transport Costs		\$18,000
Cleaning Supplies		\$1,500
Travel and Hotel Costs		\$10,500
Pole Post and Stem Repaint		\$3,000
Sales Tax		\$3,000
Subtotal		\$77,000
Maintenance during display period		\$10,000
TOTAL		\$189,000

Attachment 3



January 22, 2015

Hon. Lili Bosse, Mayor
City of Beverly Hills
And Members of the
Beverly Hills City Council
455 N. Rexford Drive
Beverly Hills, CA 90210

Dear Mayor and City Council:

Firstly, the members of the Rodeo Drive Committee (RDC) wish to thank the City Council and City staff for their support of this past year's Holiday Décor installation on Rodeo Drive. What a tremendous display!

There is an overwhelming consensus that the Holiday Décor was world class, and the most beautiful and well received in recent memory. The display of the Baccarat chandeliers coupled with the existing décor undoubtedly attracted clientele, who were often compelled to mention the overall installation to many of the merchants. There was definitely an overall feeling that the display helped attract more traffic to the Rodeo Drive and to Beverly Hills more broadly.

At our January meeting, Megan Roach discussed the possibility of the City purchasing the Baccarat chandeliers. The RDC would be supportive of the continuation of the chandelier display for the next 10 years as a focal point of the Holiday Décor on Rodeo Drive. However, it was important to the members that the display continues in combination with the other elements such as the birch trees, up-lighting of the palms, red lit palm trees sleeves, banners, music and sidewalk palm lights. Additionally, it was noted that many other streets and shopping destinations have tree lighting ceremonies; therefore, the lighting of the chandeliers and overall display surely makes Rodeo Drive and Beverly Hills unique.

While the members were in favor of using the chandeliers as the centerpiece of the annual Holiday Décor program for the next 10 years, there was pushback beyond that timeframe. It was also discussed and resolved that the other elements could be changed over the years to supplement the chandeliers so the display could remain fresh. Lastly, the members did want to ensure that the purchase of the chandeliers did not negatively impact the future funding to the RDC for its programs.

City of Beverly Hills
January 22, 2015
Page Two

As always, we are extremely appreciative of your support and partnership, and look forward to further discussions with the City Council and City staff.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Tronstein'. The signature is fluid and cursive, with a large, prominent loop at the end.

Mark Tronstein
President
Rodeo Drive Committee

Cc: Megan Roach, Nicola Cagliata, Donna Snyder, Kathy Gohari, Bill Wiley, Tom Blumenthal, Peri Ellen Berne, Craig Donahue