



Beverly Hills City Council Liaison / CVB/Marketing Committee will conduct a Special Meeting, at the following time and place, and will address the agenda listed below:

**CITY HALL
455 North Rexford Drive
4th Floor Conference Room A
Beverly Hills, CA 90210**

**Monday, May 6, 2019
4:00 PM**

AGENDA

- 1) Public Comment
 - a. Members of the public will be given the opportunity to directly address the Committee on any item not listed on the agenda.

- 2) Discussion of the Beverly Hills Conference and Visitors Bureau Work Plan/Budget for FY 2019/20

- 3) Adjournment

A handwritten signature in black ink, appearing to read "Lourdes Sy-Rodriguez".

Lourdes Sy-Rodriguez, Assistant City Clerk

Posted: May 3, 2019

A DETAILED LIAISON AGENDA PACKET IS AVAILABLE FOR REVIEW IN THE LIBRARY AND CITY CLERK'S OFFICE.



In accordance with the Americans with Disabilities Act, Conference Room A is wheelchair accessible. If you need special assistance to attend this meeting, please call the City Manager's Office at (310) 285-1014 or TTY (310) 285-6881. Please notify the City Manager's Office at least twenty-four (24) hours prior to the meeting if you require captioning service so that reasonable arrangements can be made.



CITY OF BEVERLY HILLS
POLICY AND MANAGEMENT

MEMORANDUM

TO: City Council Liaison/Legislative/Lobby Committee

FROM: Cindy Owens, Policy and Management Analyst
Huma Ahmed, Community Outreach Manager

DATE: May 6, 2019

SUBJECT: Discussion of the Beverly Hills Conference and Visitors Bureau Work Plan/Budget for FY 19/20

ATTACHMENT: 1. Beverly Hills Conference and Visitors Bureau FY 19/20 Work Plan/Budget Proposal

INTRODUCTION

This item provides a proposal from the Beverly Hills Conference and Visitors Bureau (BHCVB) work plan (Attachment 1) for the FY 19/20 Tourism and Marketing Budget and programs which are funded through the City's transient occupancy tax. The base request for the BHCVB is \$4,557,523. The BHCVB is requesting an additional \$522,500 for BOLD Winter 2019.

DISCUSSION

Background

The BHCVB is contracted by the City to conduct a variety of tourism and marketing programs promoting Beverly Hills. They receive City funding to promote Beverly Hills worldwide as a stay/shop/dine destination through marketing programs and events that build awareness and drive consumer revenue to the city.

FY 19/20 Proposed Work Plan

The BHCVB's proposed FY 19/20 Work Plan includes a mix of programming that typically recurs annually as well as new initiatives that reflect current and upcoming City Council priorities. The portfolio of services includes:

- Local/Holidays
- Events
- Domestic Marketing
- International Marketing
- Digital/Interactive
- Visitor Services
- Collateral
- Research
- Special Programs
- Operations (Salaries, Taxes and Benefits)

Each year the BHCVB discontinues programming that was not successful or is no longer on the relevant in order to undertake new programs. These new programs are aimed at attracting more tourism to Beverly Hills. This year, the new programs by category include:

Domestic Marketing

- BOLD Summer – Janet Echleman & Flash Mob (Not part of the FY 19/20 Work Plan)
- BOLD Winter – New Décor in Beverly Cañon Gardens (Not part of the FY 19/20 Work Plan – presented separately)
- Co-operative marketing with Metro for Eat, Shop, Play (Not part of the FY 19/20 Work Plan – Will use Metro Funding)
- Spring Campaign 2020
- New Position – Group Sales Coordinator
- Second Market Advisory Committee

Events

- Chinese New Year – Funding and potential programming moved to International Marketing for a possible China Marketing initiative with Ctrip or Tencent

International Marketing

- Continue Outreach in Southeast Asia
- Potential in-market initiative in UK and Australia
- Destination Marketing in UK and Canada
- Expansion of China Consumer Efforts
- Multi-cultural Initiative – Grand Pop (Funding to be Determined)

Interactive

- Website Refresh
- eMail List Refresh

Visitor Center

- Explore renovation options and costs. Alternatively, look for new space to accommodate team

Research

- Begin working with Governance Committee to bring Destination Development Plan to Life

FISCAL IMPACT

To carry out the proposed Work Plan for FY 19/20, with no additional programming (excludes Winter BOLD and grand pop up), the BHCVB requests \$4,557,523 as shown on the next page.

Proposed BHCVB FY 19/20 Work Plan	
Local Holidays	
Santa at the Paley, and marketing collateral related to the program	\$20,000
Local Holiday Sub-Total	\$20,000
Events	
Chinese New Year (This is a change from FY 18/19 whereby the funding for the Chinese New Year event of \$177,856 is proposed to be moved to International Marketing for a possible China Marketing initiative with Ctrip or Tencent)	\$0
Events Sub-Total	\$0
Domestic Marketing	
New York Sales Mission	\$166,000
Destination Marketing	\$504,730
Domestic Public Relations	\$150,312
Meetings, Incentives, Conferences, and Exhibitions (MICE) Marketing	\$150,000
Partnership Marketing	\$55,000
Secondary Market Sales Missions	\$185,000
Domestic Marketing Sub-Total	\$1,211,042
International Marketing	
Sales Mission	\$91,750
Trade Shows	\$81,500
Public Relations	\$22,765
In-Country Representation	\$237,400
Tour Bus Incentive	\$4,000
Emerging Market	\$108,000
Possible Marketing Initiative with Ctrip of Tencent (In Lieu of Chinese New Year)	\$177,856
In Market Programs	\$111,000
International Marketing Sub-Total	\$834,271
Digital/Interactive	
Database and/or eMail –	\$14,181
Search Engine Optimization (SEO) / Search Engine Marketing (SEM)	\$158,201
Content	\$151,328
International	\$67,142
Social Acquisition	\$43,449
Domestic Site	\$66,032
Digital/Interactive Sub-Total	\$500,333
Visitor Services	
Communications	\$25,000
Merchandise	\$25,000
Collateral	\$25,000
Visitor Services Sub-Total	\$75,000

Research	
Visa Vue	\$6,000
Smith Travel Research	\$6,500
Cision	\$11,225
Research Sub-Total	\$23,725
Collateral	
Visitor Guide	\$30,000
Fulfillment	\$5,000
Premiums/Promotional Giveaways	\$22,152
Collateral Sub-Total	\$57,152
Special Programs	
Special Programs	\$50,000
Special Programs Sub-Total	\$50,000
Operational (Salaries, Taxes, Benefits, Etc.)	
Operational (Salaries, Taxers, Benefits, Etc.) – includes a new position	\$1,786,000
Operational (Salaries, Taxes, Benefits, Etc.) Sub-Total	\$1,786,000
Total FY 19/20 Work Plan Proposed Budget	\$4,557,523

In FY 18/19, the BHCVB’s work plan was funded at \$4,340,835 (excluding BOLD Winter). The FY 19/20 request of \$4,557,523 (excluding BOLD Winter) is a five percent increase from last year.

The BHCVB is also requesting a total carry over of \$150,000 from FY 18/19 to FY 19/20 that does not offset to the FY 19/20 work plan request of \$4,557,523 (Page 15, of Attachment 1). This funding would be applied toward International Marketing, BOLD Winter 2019, and Tenant Improvements.

For FY 19/20, the City’s Finance Department projects \$51,000,000 in transient occupancy tax (TOT) revenue. By way of background, the City has maintained a policy of funding its tourism and marketing programs from a specific allocation of the TOT. The City collects a total of fourteen percent TOT based on gross room sales from the City’s hotels. Two of the fourteen percent, or one-seventh of the total TOT revenue, has been the basis of calculating the funding for the Tourism and Marketing budget in Beverly Hills for approximately 24 years.

Applying this policy to the anticipated FY 19/20 TOT revenue, generates a base TOT budget of \$7,285,714 for the Tourism & Marketing Budget (00101311) for FY 19/20. The budget table shown below reflects this estimate. Additionally, the table includes funding available in FY 18/19 as a result of the TOT annual buffer not being used and programming that was not executed.

Tourism & Marketing Budget Available Budget

Description	Funding
Base Budget (1/7 of the TOT FY 19/20 projected revenue of \$51,000,000)	\$ 7,285,714
Funding available in FY 18-19 (Utilizes the buffer for FY 18/19 and funding from programming that was not executed)	\$ 412,374
Total Available Tourism and Marketing Budget for Programming and Partner Organization Annual Work Plans	\$ 7,698,089

Staff utilized the available funding from the table above to provide a budget for expenditures for the City's Holiday Program, Intellectual Services, Beverly Hills Conference and Visitor Bureau, Rodeo Drive Committee, and Landscaping for Rodeo Drive. Funding was also set aside for BOLD Summer 2019 as shown below.

Funding Allocations - Tourism & Marketing Budget - FY 19/20 & BOLD Summer 2019

<u>Description</u>	<u>Funding Appropriation</u>
Annual Buffer/Reserve to Cover TOT Revenue Reductions for FY 19/20	\$ 0
Contingency Programs for FY 19/20	\$ 0
Intellectual Property Legal Services	\$ 100,000
Holiday Décor (<i>excluding Rodeo Drive</i>)	\$ 450,000
Conference & Visitors Bureau - Estimated FY 19-20 Work Plan – Winter BOLD request excluded	\$ 4,557,877
Rodeo Drive Committee FY 19-20 Work Plan Estimate – Winter BOLD items excluded	\$ 1,472,205
TruGreen Landscape for FY 19/20	\$ 20,000
BOLD Summer 2019	\$ 1,462,154
Subtotal	\$ 8,062,236

It should be noted that the BHCVB's FY 19/20 work plan has come under the anticipated budget request by staff by an amount of \$354.00.

The difference of \$364,147 between the amount available in the proposed FY 19/20 Tourism & Marketing budget and the programming listed above will be addressed at the City Council Study Session on May 7, 2019 as part of the BOLD Summer 2019 discussion. Staff is not requesting Liaison direction on addressing this short fall.

BOLD Winter 2019

The Policy & Management Department has requested a budget enhancement for FY 19/20 in the amount of \$896,000. This will be presented to the City Council as part of the Budget Study Session Meeting on May 7, 2019. Should this budget enhancement be approved by the City Council, staff will bring back a proposal to the appropriate Liaison Committee for consideration and direction.

Pending City Council approval, and City Council Liaison direction, staff is anticipating the funding would be allocated as follows:

<u>Description</u>	<u>Funding Appropriation</u>
Beverly Hills Conference and Visitors Bureau	\$ 522,500
Rodeo Drive Committee	\$ 350,000
Enhanced City Programming and/or Contingency	\$ 23,500
Total	\$896,000

RECOMMENDATION

Staff recommends that the City Council liaisons review and provide recommendations for the FY 19/20 work plan and funding request from the BHCVB.

George Chavez

Approved By

Attachment 1

BEVERLY HILLS

Conference & Visitors Bureau

Fiscal Year 2019/2020
Budget Presentation
May 6, 2019



TOT Performance

Since Beverly Hills Conference & Visitors Bureau became independent, TOT has grown 109% from \$23,447,458 (actual) to \$49,098,000 (adopted budget).

BHCVB's budget growth has been commensurate with that increase at 101% or \$2,158,160 to \$4,340,835.



Economic Impact Study Preliminary Results

In Fiscal Year 2018/19, BHCVB conducted a Visitor Profile and Economic Impact study to better understand the behavior of visitors and assess the financial value that they represent for the city. Preliminary findings are as follows:

- 7.5 million visitors (up from 7.4 million in 2016)
- $\frac{3}{4}$ of 2018 visitors came from international feeder markets
- Visitor spend generated \$64M in tax revenue, which is slightly more than 28% of the City's General Fund revenue (up from 26% in 2016)
- Hotel guests spent approximately \$729 per capita (up 9% from 2016)
- Guests are younger with the average age of 35 instead of 41
- Similar to 2016, close to 13,000 jobs were created because of tourism
- Direct spend at local businesses was \$2.27M (up 5% from 2018)



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2018 – 2019
Highlights



BHCVB Key Initiatives Q1 - Q3 2018-2019

Group Sales

30 Sales Leads **\$5,162,625**
in estimated value

2071 Booked room nights **\$1,040,350**
in estimated value

PR Global Impact

over **1,802,264,368** global PR impressions

\$14,854 in-kind

595 global stories

BOLD (Summer & Holiday)

1,417,939,980 PR impressions

13,115,944 advertising value

803 media stories



Interactive

Domestic website visits up **56%**

490,825 emails sent

Social Media audience total **217,018**

Chinese New Year

\$8,700 ticket sales

\$120,000 sponsorship (incl. in-kind)

1,300 attendees

Visitor Center

Sales y-o-y **14%**

Visitors y-o-y **(10%)**

FY 18/19 Highlights

One of the CVB's most important core values is to keep a fresh perspective on all programming. This allows for new flourishes on existing programs as well as the execution of completely new ideas.

- Domestic Marketing
 - ✓ BOLD Summer – Introduction of Alexa Meade and BOLD Rides with Midway
 - ✓ BOLD Holidays – Alexa Meade pop-up and new décor in Beverly Canon Gardens. Most successful PR campaign in the history of BHCVB.
 - ✓ Advertised with Sojern to receive estimated return on investment on targeted advertising for BOLD Summer and Winter for a total return (average between both campaigns) of \$11.46:\$1
 - ✓ Spring Campaign with pop-up in Grand Central Station
 - ✓ Group Sales – \$1,000,000 in booked business



FY 18/19 Highlights

- International Marketing
 - ✓ Two Middle East (GCC) sales events, including event track with partner hotels and attendance at Visit California CEO Mission
 - ✓ South East Asia Media Outreach
 - ✓ UK Luxury Event with Visit California
 - ✓ Luxury Connections Show with Visit California in Santa Monica
 - ✓ Global Summit
- Interactive
 - Chinese Key Opinion Leader program
 - Chinese Tour Operator Training
 - Completion of portal for local partners to utilize
 - Completion of robust meeting and conferences website section and targeted social media



FY 18/19 Highlights

- Research
 - Implement Strategic Plan Refresh
 - Destination Development Plan Completion
 - 2018 Economic Impact Study Completion
- Adhoc Programs
 - Tour Bus Adhoc Committee
 - Tourism Breakfast featuring International Representatives and Canvas8

#LoveBevHills



Domestic Market Growth

Per our Economic Impact Study, domestic market share fell from 50% in 2016 to approximately 22% in 2018.

The following data is based on Visa credit card spend year-over-year 2018 over 2017. Approximately 1/3 of domestic visitors pay with a Visa card. Markets below are listed in order of highest to lowest total dollars spent.

<u>Domestic Feeder Market</u>		<u>2018 Total</u>	<u>Growth/(Loss)</u>
Local/Los Angeles	=	\$661,909,988	3%
New York	=	\$ 24,226,035	11%
San Francisco	=	\$ 22,523,962	10%
San Diego	=	\$ 10,014,408	4%
Las Vegas	=	\$ 7,023,950	10%
Chicago	=	\$ 6,926,202	9%
Seattle	=	\$ 5,636,420	4%
Miami	=	\$ 5,020,575	20%



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International Market Growth

International tourism represents 78% of visitors into Beverly Hills (up 47% from 2016).

Top international market by spend is from Visa credit card data. Represented below is spend growth year-over-year of 2018 over 2017. An average of 20% of international visitors pay with a Visa card. Markets below are listed in order of highest to lowest total dollars spent.

<u>International Feeder Market</u>		<u>2018 Total</u>	<u>Growth/(Loss)</u>
China+	=	\$53,102,855	(13%)
Canada	=	\$14,450,525	1%
UK	=	\$10,413,817	9%
UAE	=	\$ 8,890,021	39%
Saudi Arabia*	=	\$ 8,697,377	2%
Australia	=	\$ 7,966,327	14%
Qatar	=	\$ 6,806,249	19%
Japan	=	\$ 5,305,419	(5%)
Singapore	=	\$ 5,046,369	42%

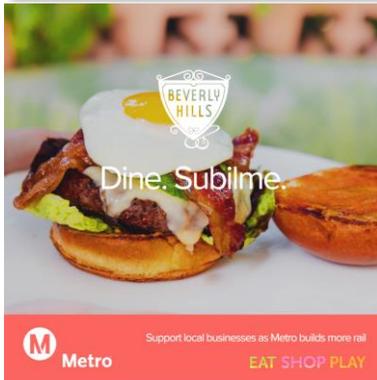
+ Most Chinese use Union Pay and Visa no longer issues cards for China Union Pay. AliPay and WeChat Pay are growing in popularity. It is estimated that the decrease in activity is partially attrition.

* Only about 15% of Middle Easterners use Visa.

New for Fiscal Year
2019-2020



New for 2019-20



- Domestic Marketing
 - ✓ BOLD Summer – Janet Echelman & Flash Mob (presented with a separate proposal)
 - ✓ BOLD Holidays – New décor in Beverly Canon Gardens (presented separately)
 - ✓ Co-operative marketing with METRO for Eat Shop Play (using METRO funding)
 - ✓ Spring Campaign 2020
 - ✓ New Group Sales Coordinator
 - ✓ Secondary market advisory committee
- Events
 - ✓ Revamp Chinese New Year – move to international marketing
- International Marketing
 - ✓ Continued outreach in Southeast Asia
 - ✓ Potential in-market initiative in UK and Australia
 - ✓ Destination Marketing in UK and Canada
 - ✓ Expansion of China consumer efforts
 - ✓ Multi-cultural initiatives – Grand Pop (funding TBD)



New for 2019-20

- Interactive
 - ✓ Website refresh
 - ✓ eMail list refresh
- Visitor Center
 - ✓ Explore renovation options and costs or look for new space to accommodate team
- Research
 - ✓ Begin work with Governance Committee to bring Destination Development Plan to life



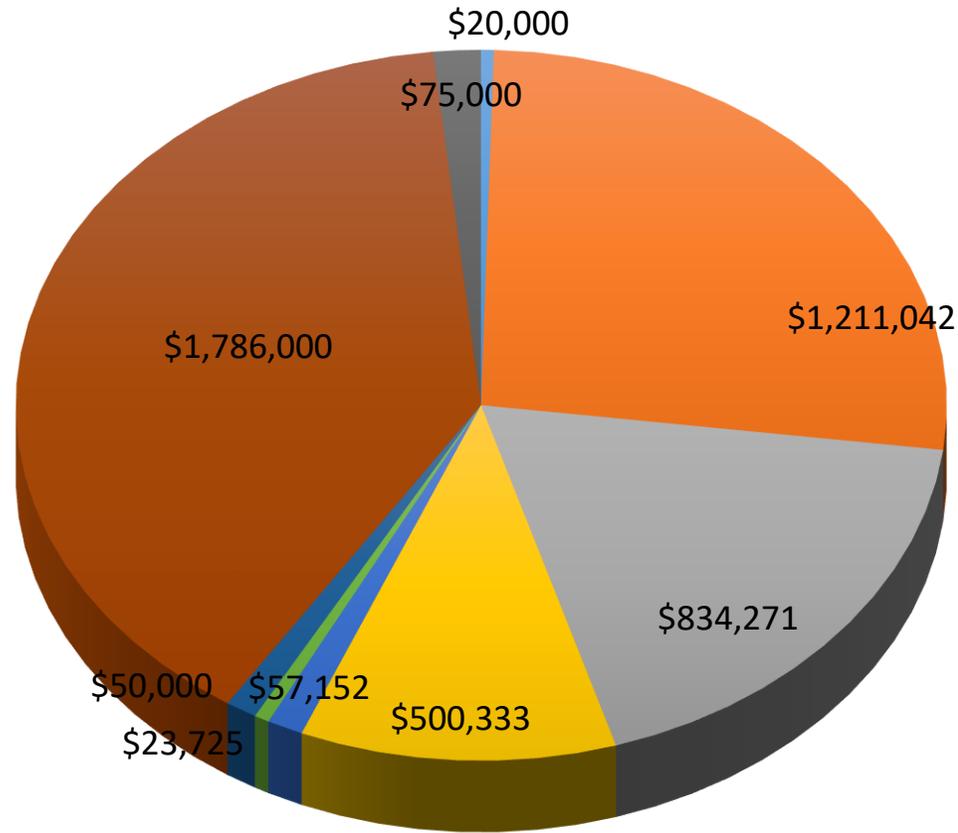
2019/20
Program of Work and
Budget



Fiscal Year 2019-2020 Budget Summary

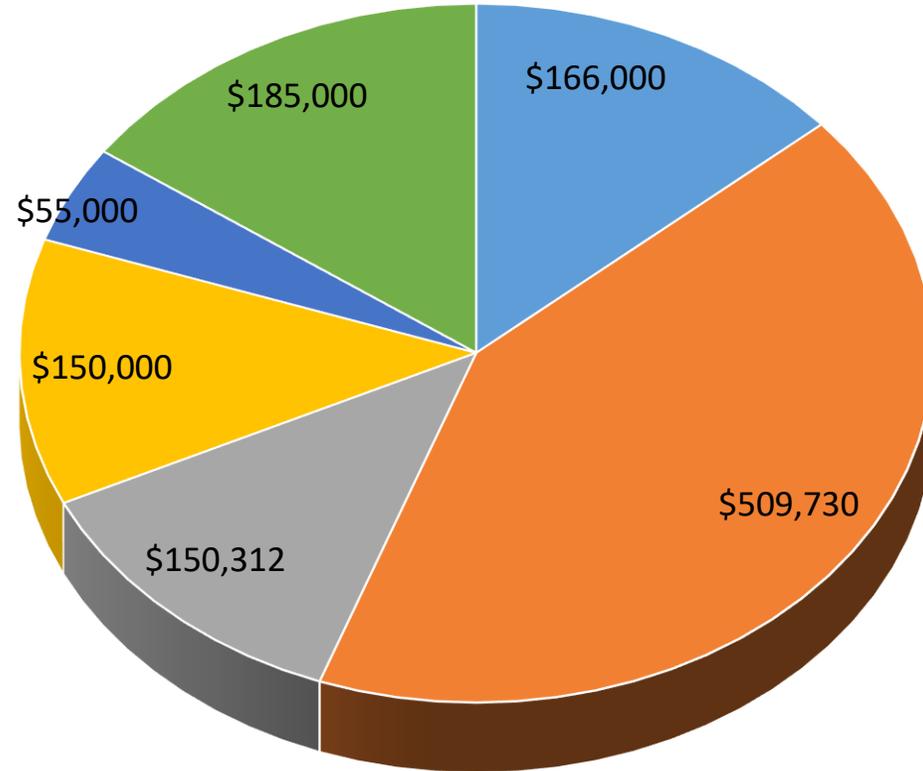
Description	18/19 Budget	19/20 Budget	Carryover Funds	% Change	Description
Local/Holidays	\$20,000	\$20,000		0%	
Events	\$177,856			N/A	Moved to International
Domestic Marketing	\$1,147,919	\$1,211,042		5%	Destination marketing to UK and Canada
International Marketing	\$687,865	\$834,271	\$50,000	21%	Chinese New Year moved to Int'l
Interactive	\$374,455	\$500,333		34%	Website refresh and Video Content
Collateral	\$56,332	\$57,152		1%	
Research	\$76,688	\$23,725		-69%	Destination and Economic Study complete
Special Programs	\$50,000	\$50,000		0%	
Operations, including Salaries, Taxes & Benefits	\$1,674,720	\$1,786,000		7%	Cost of doing business increases, new employee, new accountant
Visitor Center	\$75,000	\$75,000		0%	
SUB TOTAL	\$4,340,835	\$4,557,523		5%	
BOLD Winter (Holidays)	\$761,416	\$522,500	\$50,000	-31%	
TOTAL	\$5,102,251	\$5,080,023		0%	
Tenant Improvement			\$50,000		

2018/19 Budget \$4,557,523



- Local/Holidays .4%
\$20,000
- Domestic 27%
\$1,211,042
- International 18%
\$834,271
- Interactive 11%
\$500,333
- Collateral 1%
\$57,152
- Research .6%
\$23,725
- Special Programs 1%
\$50,000
- Operations, including Salaries, Taxes & Benefits 39%
\$1,786,000

Domestic \$1,211,042



■ New York - 14%

■ Domestic PR - 13%

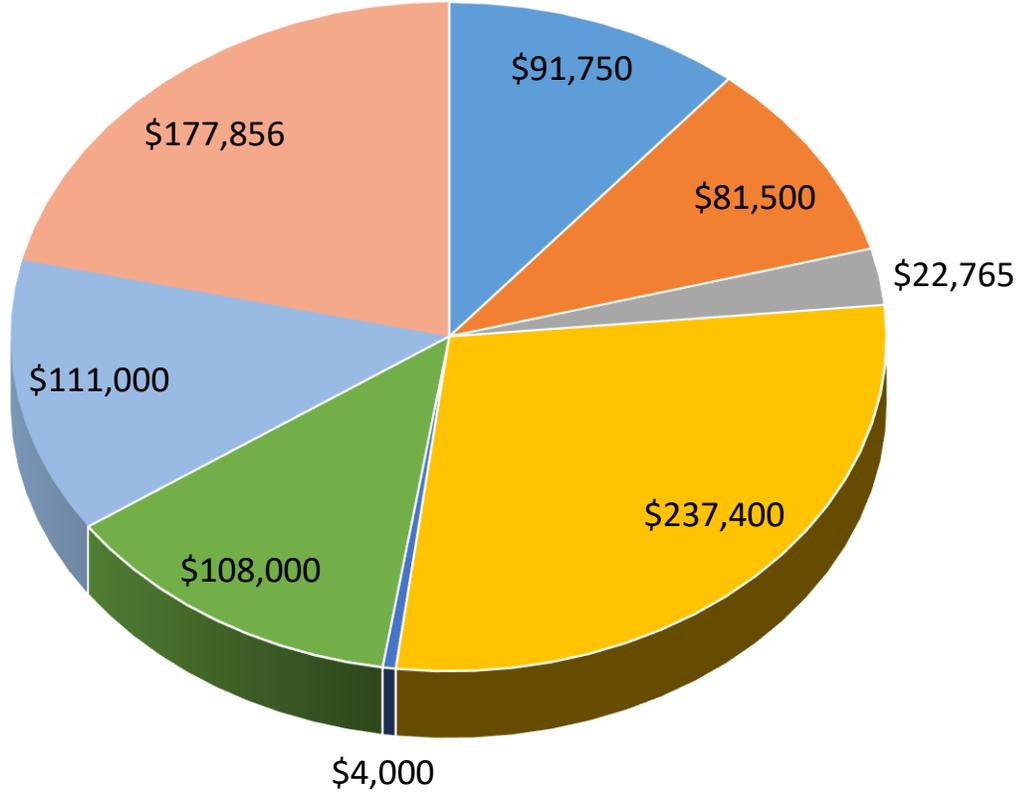
■ Partnership Marketing - 4%

■ Destination Marketing - 42%

■ MICE Marketing - 12%

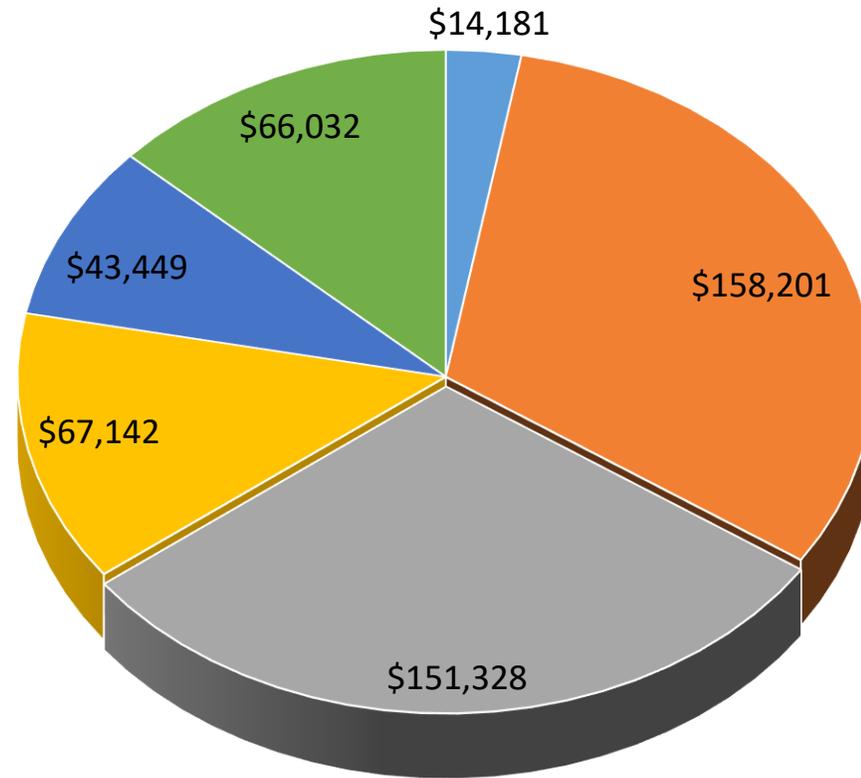
■ Secondary Market Sales Missions - 15%

International \$834,271



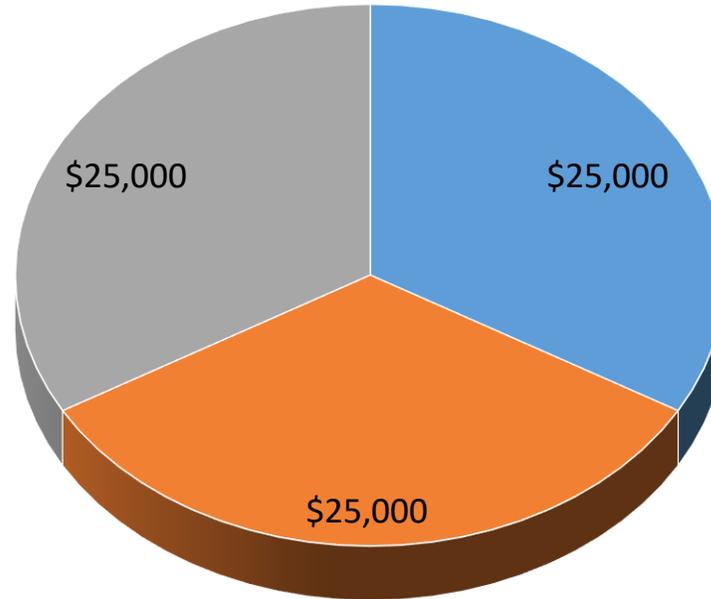
- Sales Missions - 11%
- Representation - 28%
- In-market Programs - 13%
- Trade Shows - 10%
- Tour Bus Incentive - 1%
- China - 21%
- PR - 3%
- Emerging Markets - 13%

Digital/Interactive \$500,333



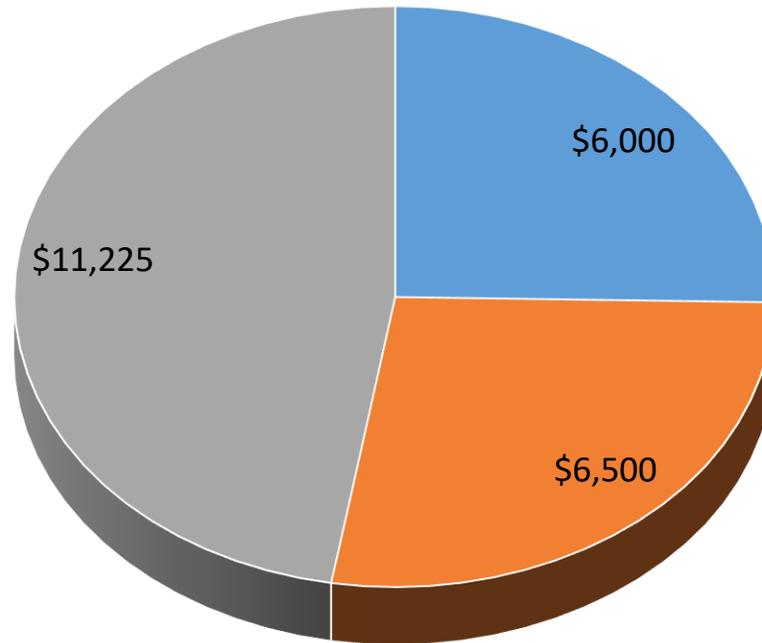
- Database/eMail - 3%
- SEM/SEO - 32%
- Content - 30%
- International - 13%
- Acquisition - 9%
- Domestic Site - 13%

Visitor Services \$75,000



- Merchandise - 34%
- Communications - 33%
- Collateral - 33%

Metrics/Research \$23,725

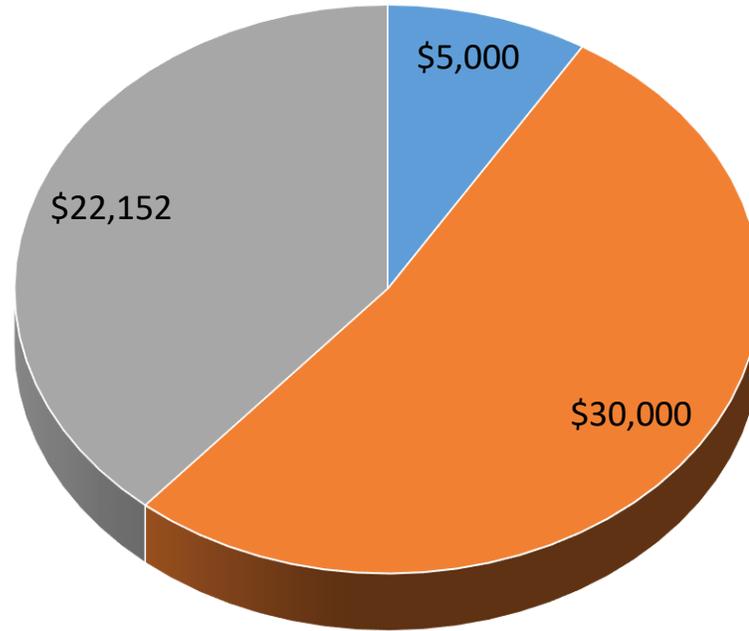


■ Visa - 35%

■ STR - 35%

■ Cision - 30%

Collateral \$57,152



■ Fulfillment - 9%

■ Visitor Guides - 53%

■ Premiums - 38%

Fiscal Year 2019-20 Detailed Budget

Description	2018/19	Discontinued Programs	Cost of Discontinued Programs	New Programs	Cost of New Programs 2019/20	Increased costs	2019/20 Proposed Budget	Carryover From 18/19
Local/Holidays	\$20,000			No increase per 2018/19 budget			\$20,000	
Events	\$177,856	See International Marketing						
Domestic Marketing								
New York	\$156,000			MICE Component	\$10,000		\$166,000	
Destination Marketing	\$479,548	We did not receive the \$150,000 for METRO	\$150,000	Hotel campaigns to include Canada and UK target markets, Additional funds for domestic to support metro disruption	\$156,000	\$19,182	\$504,730	
Domestic PR	\$144,531					\$5,781	\$150,312	
MICE Marketing	\$126,000	Connect DC, FICP Canada	\$9,500	Cvent Elie Meetings, MICE Fam, FICP US, CalSAE, Conference Direct	\$32,450	\$1,050	\$150,000	
Partnership Marketing	\$56,840	Not as much needed per 2018/19 budget	\$1,840				\$55,000	
Secondary Market Sales Initiatives	\$185,000			No increase per 2018/19 budget			\$185,000	

Fiscal Year 2019-20 Detailed Budget

Description	2018/19	Discontinued Programs	Cost of Discontinued Programs	New Programs	Cost of New Programs 2019/20	Increased costs	2019/20 Proposed Budget	Carryover From 18/19
International Marketing								
Sales Missions	\$56,500	Japan/Korea	\$16,500	Australia, more for FAMs per 18/19 budget, increase for Canada per VCA estimate	\$50,000	\$1,750	\$91,750	
Trade Shows	\$214,400	No ILTM Americas. China Expo, ILTM Cannes, Luxperience or ILTM Asia Pacific	\$161,900	ILTM @ WTM	\$25,000	\$1,000	\$81,500	
PR	\$16,765			According to 2018/19 Budget		\$6,000	\$22,765	
Representation	\$267,080	Europe	\$52,000	Southeast Asia (was in Carryover last year), no increase for China	\$16,000	\$6,320	\$237,400	
Tour Bus Incentive	\$3,120			Per 2018/19 Budget		\$880	\$4,000	
Emerging Markets	\$112,000	Less required for Russia because deposit already made	\$8,000				\$108,000	
China Marketing				Moved from events. Possible change from event to China Marketing initiative w/ Ctrip or Tencent.			\$177,856	
In-market Programs					\$111,000		\$111,000	\$50,000
Global Summit	\$18,000		\$15,000				\$0	

Fiscal Year 2019-20 Detailed Budget

Description	2018/19	Discontinued Programs	Cost of Discontinued Programs	New Programs	Cost of New Programs 2019/20	Increased costs	2019/20 Proposed Budget	Carryover From 18/19
Interactive								
Database/eMail	\$11,232			New email template	\$2,500	\$449	\$14,181	
SEM/SEO	\$152,116					\$6,085	\$158,201	
Content	\$89,354	Masthead	\$15,000	Video Content, Sparkloft	\$74,000	\$2,974	\$151,328	
International	\$64,560					\$2,582	\$67,142	
Acquisition	\$41,778					\$1,671	\$43,449	
Domestic Site	\$15,415			Refresh Site	\$50,000	\$617	\$66,032	
Collateral								
Fulfillment	\$5,000						\$5,000	
Visitor Guide	\$30,000						\$30,000	
Premiums	\$21,332					\$820	\$22,152	
Special Programs	\$50,000						\$50,000	
Metrics/Research+	\$76,688	Tracking, Master Plan	\$52,963				\$23,725	
Operations including Salaries, Taxes & Benefits	\$1,674,720			New full time sales coordinator	\$64,842	\$66,989	\$1,786,000	
Visitor Center								
Merchandise/Display**	\$25,000						\$25,000	
Communications**	\$25,000						\$25,000	
Collateral**	\$25,000						\$25,000	
	\$4,340,835		\$479,064		\$591,792	\$124,150	\$4,557,523	
BOLD WINTER	\$761,416	Carryover	\$50,000	PTE \$10,000			\$522,500	\$50,000
	\$5,102,251						\$5,080,023	
TI								\$50,000
Carryover								\$150,000



CONFERENCE &
VISITORS BUREAU

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