

MEMORANDUM

Re: Benefits for the City of Miami Beach
From: Steve Sybesma, CEO, Miami Beach Pop
Date: August 22, 2018

The Miami Beach Pop festival will provide major direct and indirect, tangible and intangible benefits to the City, the community as a whole, and to individual residents.

Music can be a powerful medium for positive change, and through the platform of Miami Beach Pop we will help to raise the Miami Beach cultural profile, the standard of tourism, and work for the sustainability and future of the City through an integration of the festival's environmental theme. At the heart of the festival is the beach itself. Miami Beach Pop will celebrate and cherish the ocean, the beach and the coast, and illuminate the critical issues facing the city and the planet.

Miami Beach Pop will be an artfully crafted annual event made for Miami Beach, well produced, well curated, with major talent from a wide variety of musical styles and with a strong mix of Western and Latin talent that will bring authentic and meaningful culture to South Beach, unique to the US festival market.

Marketed as a high-style Miami Beach cultural destination event, embracing the city's tropical lifestyle, the art deco architecture and hotels, and celebrating the City's rich history, a community of festival attendees will develop, grow, and evolve, unlike anything anywhere else in America.

1. Introduction of a World-Class Music Event to Miami Beach

We will deliver a world-class, family friendly cultural celebration of music, art, and community for people of different ages, ethnicities and backgrounds to experience shared moments of inspiration in a beautiful natural location.

2. Branding Opportunity

Miami Beach Pop is a positive branding opportunity for Miami Beach that will generate impressions around the world and bring a desirable, affluent audience to Miami Beach. Also, the festival's association with the world's important environmental issues is another way to spotlight Miami Beach as a role model and a world leader in sustainability and resiliency.

3. **Commitment to the Environment**

The central theme of Miami Beach Pop is the human connection to the earth and sea, the environment, and our ongoing responsibility to foster sustainability and resiliency, things that are so important to the world and especially to Miami Beach. We are committed to supporting the issues most important to the City, and working with the City to achieve these goals.

- **Environmental Team** - We have assembled a festival environmental team headed by dedicated local activists Delaney Roberts www.miamisearise.com, www.delaneyroberts.com, and Dave Doebler, www.volunteercleanup.org who will manage and coordinate the environmental initiatives of the festival and guide our environmental mandate to optimize positive impact.
- **Messaging & Awareness** - Festivals are a proven effective way to motivate people to action and for spreading awareness of social issues. Through our powerful and far-reaching platform of traditional, digital, and social media we will promote the positive messaging of environmental campaigns and issues that are critical to Miami Beach. We will engage our audience about the urgent issues facing the city including sea level rise, we will support Miami Beach Rising, and generate direct financial support for key organizations that are working for the healthy future of Miami Beach.
- **Artist Endorsement/Testimonials** - Many artists carry the message of conservation. We will reach out to the artists performing at Miami Beach Pop for interviews, testimonials, and endorsement for their support of the City's important issues. These messages will be used on a number of different media to help get the message across.
- **Charitable Donations** - We will include a \$1 per ticket per day donation on every ticket sold which will be donated to select Miami Beach environmental organizations - estimated at \$75,000 to \$100,000 (we will work with the city to identify which organizations will receive the contributions).
- **Festival Eco Zone** - We will produce an Eco Zone within the festival, which will feature key environmental organizations (selected by the festival environmental team) to engage audience, create a dialogue and motivate people to take action. - Minimum value \$25,000
- **Cleanup / Sanitation** - Cleanup is not a benefit; it is a responsibility, however it is worth mentioning as part of our *Commitment to the Environment*. Our experienced and highly skilled waste management team will ensure that we leave the beach in better condition than we found it, work diligently to minimize the waste generated by the event, and use our platform to educate attendees on responsible day-to-day habits.

- **Plastic Free** - as a sustainable event, our goal is to work toward becoming a 'plastic free' event, ideally in our first year if possible.
- **Solar Powered Stage** - As an example of our commitment, Miami Beach Pop will utilize solar power to power our 3rd performance stage.

4. **Local School Music Education Program and Participation**

Festival music programming will include and support local music education and youth music programs by featuring performing groups from Miami Beach Senior High School, Nautilus Middle School, and Fienberg Fisher.

5. **Resident Discount**

A 20% Discount for all Miami Beach residents - estimated value (3,500 residents per day x 3 days x \$20) = \$210,000

6. **Kids Free & Family Friendly**

To encourage a family friendly atmosphere, we will feature a variety of family friendly and kids oriented activities, and all Miami Beach children 10 & under will receive free admission when accompanied by a Miami Beach resident parent or grandparent - estimated value (250 kids x 3 days x \$100) = \$75,000

7. **Senior Citizen Allocation**

A block of 250 free admission passes per day will be allocated for Miami Beach senior citizens - estimated value (250 x 3 days x \$100) = \$75,000

8. **Voter registration**

Change comes from individuals with the power of the vote to ensure that the right leadership is in place to make it happen. We will work with Headcount to register young voters onsite during the event.

9. **Tourism**

Miami Beach Pop will introduce and reintroduce new and returning affluent visitors to Miami Beach, who will come back again and more often, and help to ensure that important tourist revenues are here in the challenging years ahead.

10. **Economic Impact**

The festival will generate major direct and indirect economic benefits to the Miami Beach community. We have worked with the Special Events Department and City Services and have determined the most ideal weekend of the available dates. That weekend is the second week of November.

November is the lowest City tax revenue month of the 6-month winter tourist season (Nov-Apr) by far at only six million dollars (\$6M). March is the highest with nearly eleven million dollars (\$11M), and only four months of the year are slower, June, August, September, and October.

Why is November tax revenue so low, and how can Miami Beach improve the economy and tax revenue for the city without increasing taxes? Miami Beach Pop is the perfect solution. The festival will produce millions of dollars of additional revenue for Miami Beach, and a diverse cultural music program at the same time.

Music and sport are key drivers of desirable affluent tourists who spend money, and music festivals are proven to provide substantial economic impact to their communities.

Economic impact studies of similar festival events in markets throughout the US, and including the *Economic Impact for the 2018 SOBEWFF* provide conclusive supporting data. Miami Beach can expect similar positive impact from the Miami Beach Pop Festival.

New Orleans Jazz & Heritage Festival - \$300 million
South by Southwest, Austin, Texas - \$325.3 million
Milwaukee Summerfest - \$181 million
Lollapalooza, Chicago - \$141 million
Ultra Music Festival, Miami - \$79 million (2014)
Hangout Music Festival, Gulf Shores, AL - \$47.5 million
South Beach Wine & Food Festival - \$34.2 million

We expect the first year economic impact for Miami Beach to include the below categories and direct revenue, which will grow year after year:

Festival production expenditures in Miami Beach - \$3 million
Miami Beach hotel revenue for staffing, artists, and attendees - \$10 million
Local food & beverage spending for staff, artists, and attendees - \$3 million
City tax for 4% Resort Tax and 2% Food & Beverage Tax - \$525,000 +
Miami-Dade County 1% tax revenue \$110,000 +
Plus: Attendee spending in other categories including shopping,
transportation, parking
And: Other indirect positive impact
Minimum total *Economic Impact* expected in the first year: \$20 million

A detailed economic impact study will be produced for the City of Miami Beach following the initial Miami Beach Pop Festival.

In closing, we view Miami Beach Pop as a partnership with the City in the sense that we will work closely with the City and its staff to achieve the City's goals.

City of Miami Beach - Hotel Occupancy, Average Daily Rates and Tax Revenue

Monthly Tax Revenue			Monthly Tax Revenue			Monthly Tax Revenue			3-Year Monthly Average
Jun 2015	\$4,357,324		Jun 2016	\$5,832,183		Jun 2017	\$5,670,949		\$5,286,819
Jul 2015	\$5,097,959		Jul 2016	\$6,477,985		Jul 2017	\$6,899,257		\$6,158,400
Aug 2015	\$4,825,206		Aug 2016	\$5,453,322		Aug 2017	\$5,578,746		\$5,285,758
Sep 2015	\$4,109,313		Sep 2016	\$4,633,837		Sep 2017	\$3,609,947	(Hurricane Irma)	\$4,117,699
Oct 2015	\$4,936,911		Oct 2016	\$5,150,184		Oct 2017	\$5,430,259		\$5,172,451

2015 - 2016				2016 - 2017				2017 - 2018			
Week Ending	OCC	ADR	Monthly Tax Revenue	Week Ending	OCC	ADR	Monthly Tax Revenue	Week Ending	OCC	ADR	Monthly Tax Revenue
7-Nov	76.8%	\$236.93		5-Nov	68.0%	\$224.66		4-Nov	72.1%	\$224.47	
14-Nov	78.7%	\$232.95		12-Nov	72.7%	\$217.74		11-Nov	82.6%	\$235.61	
21-Nov	75.8%	\$235.99	\$5,127,230	19-Nov	66.3%	\$207.12	\$6,286,936	18-Nov	78.3%	\$223.85	\$6,048,493
28-Nov	67.1%	\$230.05		26-Nov	63.3%	\$203.70		25-Nov	72.2%	\$223.24	
5-Dec*	78.6%	\$452.89		3-Dec*	77.9%	\$400.45		2-Dec	69.2%	\$222.45	
12-Dec	67.4%	\$232.79		10-Dec	74.2%	\$173.30		9-Dec*	83.4%	\$435.64	
19-Dec	59.0%	\$218.63		17-Dec	54.4%	\$200.77		16-Dec	67.0%	\$230.53	
26-Dec	70.1%	\$319.36	\$8,754,360	24-Dec	59.7%	\$241.50	\$7,980,571	23-Dec	63.7%	\$252.81	\$9,413,626
2-Jan	88.1%	\$519.34		31-Dec	85.7%	\$460.56		30-Dec	86.7%	\$509.43	
9-Jan	71.8%	\$306.36		7-Jan	75.2%	\$313.07		6-Jan	81.9%	\$409.71	
16-Jan	78.0%	\$302.94	\$8,600,975	14-Jan	69.0%	\$273.76	\$7,707,116	13-Jan	78.6%	\$310.66	\$8,509,591
23-Jan	80.3%	\$303.10		21-Jan	79.9%	\$273.76		20-Jan	83.8%	\$306.61	
30-Jan	81.0%	\$299.40		28-Jan	75.8%	\$263.94		27-Jan	81.6%	\$294.97	
6-Feb	78.0%	\$304.08		4-Feb	77.8%	\$271.90		3-Feb	79.7%	\$307.19	
13-Feb	84.4%	\$355.55		11-Feb	78.9%	\$276.50		10-Feb	83.5%	\$315.65	
20-Feb	83.8%	\$333.06	\$8,170,258	18-Feb	85.6%	\$319.45	\$8,458,226	17-Feb	88.8%	\$391.05	\$9,187,869
27-Feb	79.7%	\$320.11		25-Feb	86.9%	\$324.94		24-Feb	88.9%	\$390.32	
5-Mar	77.2%	\$313.08		4-Mar	81.8%	\$296.51		3-Mar	85.5%	\$337.34	
12-Mar	83.5%	\$305.41		11-Mar	86.1%	\$290.45		10-Mar	86.6%	\$333.12	
19-Mar	88.0%	\$356.15	\$9,271,820	18-Mar	90.2%	\$294.53	\$9,658,017	17-Mar	90.7%	\$353.43	\$10,913,987
26-Mar	85.9%	\$356.32		25-Mar	83.7%	\$328.32		24-Mar	87.3%	\$395.03	
2-Apr	78.8%	\$327.85		1-Apr	85.3%	\$299.25		31-Mar	90.5%	\$410.70	
9-Apr	78.5%	\$285.37		8-Apr	78.3%	\$279.89		7-Apr	89.4%	\$361.73	
16-Apr	76.3%	\$265.23		15-Apr	89.8%	\$331.95		14-Apr	82.5%	\$291.98	
23-Apr	75.4%	\$260.62	\$8,467,821	22-Apr	81.3%	\$279.55	\$8,307,857	21-Apr	85.4%	\$284.71	\$8,507,836
30-Apr	80.6%	\$265.83		29-Apr	81.4%	\$262.04		28-Apr	Data Not Received		
Source: Smith Travel Research			Source: City Finance	Source: Smith Travel Research			Source: City Finance	Source: Smith Travel Research			Source: City Finance

3-Year Weekly Average		3-Year Monthly Average		
OCC	ADR	OCC	ADR	Tax Revenue
72.30%	\$228.69	November		
78.00%	\$228.77	OCC	ADR	Tax Revenue
73.47%	\$222.32	72.83%	\$224.69	\$5,820,886
67.53%	\$219.00	December		
75.23%	\$358.60	OCC	ADR	Tax Revenue
75.00%	\$280.58	72.34%	\$324.70	\$8,716,186
60.13%	\$216.64	January		
64.50%	\$271.22	OCC	ADR	Tax Revenue
86.83%	\$496.44	78.08%	\$304.86	\$8,272,561
76.30%	\$343.05	February		
75.20%	\$295.79	OCC	ADR	Tax Revenue
81.33%	\$294.49	83.00%	\$325.82	\$8,605,451
79.47%	\$286.10	March		
78.50%	\$294.39	OCC	ADR	Tax Revenue
82.27%	\$315.90	85.41%	\$333.17	\$9,947,941
86.07%	\$347.85	April		
85.17%	\$345.12	OCC	ADR	Tax Revenue
81.50%	\$315.64	81.66%	\$286.07	\$8,427,838
85.40%	\$309.66			
89.63%	\$334.70			
85.63%	\$359.89			
84.87%	\$345.93			
82.07%	\$309.00			
82.87%	\$296.39			
80.70%	\$274.96			
81.00%	\$263.94			

May 2016 \$6,880,593 May 2017 \$6,676,887 May 2018 \$6,954,470 \$6,837,317