

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: September 16, 2020

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AT ITS FEBRUARY 28, 2020 MEETING, TO ACCEPT THE REVISIONS TO THE SPECIAL EVENTS GUIDELINES RELATING TO CITY SPONSORSHIPS, BY CREATING AN EVALUATION PROCESS TO ANALYZE AND PROCESS SPONSORSHIP REQUESTS BASED ON WEIGHTED CRITERIA AND AN ANNUAL BUDGET OF \$1,500,000.

RECOMMENDATION

The Administration recommends the Finance and Economic Resiliency Committee approve the creation of an evaluation process that evaluates requested City sponsorship on a weighted criteria, to create a more transparent and fair process which ensures greater fiscal responsibility, accuracy and accountability in our financial processes.

BACKGROUND/HISTORY

Historically, the Tourism and Culture Department is referred event sponsorship and fee waiver requests. The current process does not allow for the administration to properly analyze and capture the information required to make a sound fiscal decision, which would determine the legitimacy and worth of tax payer dollars sponsoring events. Timelines of applications are one of the largest issues we face as sponsorship requests are generally coming to the administration within 30 days prior to event execution.

The Administration would like to strengthen our sponsorship application process in order to ensure that funds are given to worthy candidates and to ensure that accountability and fiscal responsibility are exercised at all times.

In Sec. 12-7(a) of Chapter 12 (Arts, Culture and Entertainment) of the City Code, the process currently states that any request for City Sponsorship of an event of \$25,000 or more shall only be considered through the City Commission's annual budget process.

All other requests for City sponsorship, pursuant to 12-7(b) shall require "(i) an advisory recommendation of the Finance and Citywide Projects Committee; and (ii) by a five-sevenths (5/7th) vote, of the City Commission," and 12-7(c) states that "in considering approval of a Sponsorship for an event, "the City Commission may consider:

- (i) whether the event organizer has exercised good-faith diligent efforts to apply for grant funding that may be available from the City's Visitor and Convention Authority ("VCA" or Cultural Arts Council ("CAC");
- (ii) the Event organizer's history and performance in delivering quality Events,
- (iii) any benefits being directly provided to the general public with respect to the Event, such as free or discounted tickets to persons residing in the City of Miami Beach, seniors, veterans, or member of disadvantaged groups;
- (iv) whether the event is accessible to the general public (either as a ticketed event or otherwise); (v) the demonstrable economic impacts associated with the Event;
- (vi) the demonstrable media commitments secured by the Event organizer for the Event; or
- (vii) the efforts undertaken by the Event organizer to mitigate any quality of life impacts associated with the Event, including noise, littering, traffic or parking impacts associated with an Event."

During the September 11, 2019 Commission meeting, this item was referred to the September 20, 2019 FCWPC meeting.

The item was deferred in September 2019, October 2019, (no committee meetings in November 2019 or December 2019) and was deferred again in January 2020.

On January 14, 2020, the Administration took this item to the Budget Advisory Committee (BAC) to present the proposed guidelines and get feedback. The BAC made the following motion: *"that the City Commission approve the Event Sponsorship Guidelines as proposed by the Administration along with the establishment of a fixed amount as a line item within the annual operating budget"* as shown in the "BAC Motion" attachment.

At the January 15, 2020 Commission meeting, the Commission heard a similar item, referring to a discussion on "November and December Sponsorship Requests". It was determined at this meeting that the administration would withhold reviewing any sponsorship or permit fee waiver requests until the 'Revised Sponsorship Guidelines' item was heard at the February Finance

Committee meeting.

During the February 28, 2020 Finance and Economic Resiliency Committee meeting, the Committee recommended approval of the application and process with an annual budget not to exceed \$1,500,000.

ANALYSIS

In FY 18/19 the City of Miami Beach issued sponsorships and fee waivers in the amount of **\$1,954,128.52**. The Tourism and Culture department believes that the City of Miami Beach's Sponsorship Request Process should have a clear mandate that all applications should serve one of three purposes:

Proposed Sponsorship Mandate

- 1) To serve as an investment in our Resort Tax collection practices, by supporting experiences that can verify Tourism initiatives with large hotel room blocks or confirmed tourist attendance.
- 2) To serve as a marketing / branding initiative by supporting experiences that place Miami Beach on the international stage via partnership and media / PR exposure.
- 3) To serve as a way to engage with our residents and act as a key component in their welfare by providing unique and engaging experiences that increase their quality of life.

In order to achieve the above, the Tourism and Culture Department would like to further elaborate on our existing guidelines, by implementing two further considerations which will include:

- 1) Update definition of sponsorship
- 2) Mayor and Commission Discretionary Fund totaling \$100,000.
- 3) Sponsorship Score Card
- 4) Sponsorship Term Limits
- 5) Sponsorship Step Down
- 6) Sponsorship Financial Limit

1) Sponsorship Definition:

A sponsorship will be considered any cash payment to an applicant via this process, but will also include Special Event Permit Fee Waivers, as well as rental waivers for use of City of Miami Beach properties (Miami Beach Convention Center, Fillmore Miami Beach or the Colony Theater).

2) Mayor and Commission Discretionary Fund:

In an attempt to allow the Mayor and Commission more ability to sponsor the experiences they feel are important to our community, the administration recommends implementing a discretionary fund for each of the Mayor and Commissioners, which will allow them to support any event requesting cash sponsorships or fee waivers between \$0 and \$25,000 dollars.

Event producers would be able to interact directly with the Office of the Mayor and Commission in order to secure this support, which will alleviate significant time (estimated over 100 hours of administration time is spent each year on executing sponsorships and fee waivers of less than \$25,000.00).

The Administration recommends allocations as per the below:

- o Mayor - \$25,000.00 fund
- o Commissioners - \$12,500 fund x 6 Commissioners

\$Total - \$100,000.00 budgeted sponsorship dollars and fee waivers for smaller, community-based events.

Once these funds were exhausted, applicants would need to go through the CAC or the VCA to receive support for sponsorships under \$25,000.00 as the administration will no longer consider sponsorships, or in-kind donations of less than \$25,000.00 as these amounts should be covered by the Cultural Arts Council (CAC) and the Visitor and Convention Authority (VCA).

This discretionary funds would allow the Mayor and Commission to give out multiple sponsorships in smaller allotments to deserving organizations and producers, without taking up significant Commission, FERC, Administration, City Attorney and Clerk's Office time preparing agenda items, agreements, etc., for minimal sponsorship amounts.

To outline the time savings, on average, a sponsorship item of less than \$25,000.00 takes approx 8-12 hours of Tourism and Culture administrative time to execute:

§Researching initial agenda item

- 3-5 hours (calls, emails, company research)

§Preparing Commission Agenda Item

- 60 minutes (writing, revising)

§Preparing / Presenting Committee Agenda Item

- 2-3 hours

§Preparing / Presenting Final Commission Item

- 30-60 minutes (if no revisions required from Committee)

§Execution of Item

- 2-3 hours (calls with entity to inform of Commission decisions, writing contract / agreements, revisions, execution of contract).

§Total: 8 – 12 hours per item

The above discretionary funds would allow the Mayor and Commission to sponsor worthy community initiatives in a much more timely manner.

3) Sponsorship Score Card:

For all sponsorships \$25,000 or greater (sponsorships are considered cash or fee waivers for permits or rental of the Miami Beach Convention Center) applicants would need to submit their proposals annually in Jan and May for the following fiscal year (Example: if funding is needed for an event between October 1 2021, an applicant would need to apply by January 2021 to be considered as part of the FY 21/22 budget process).

This sponsorship score card clearly outlines the initiatives of the City of Miami Beach as it pertains to event sponsorship via our Sponsorship Mandate and will score applications accordingly to ensure they meet the guidelines of funding through a municipal government.

This score card will only apply to sponsorships of \$25,000 or greater, as anything less than that would need to be secured via the Discretionary Fund, the Cultural Arts Council or the VCA grant system. In order to qualify for funding (either cash sponsorships or fee waivers) via the City of Miami Beach Sponsorship, you must meet the following criteria:

1) Have applied to the CAC or VCA for funding. If funding was denied, then the applicant could qualify for a CMB Sponsorship with proof of denial, however, if funding was received via the VCA or CAC, the applicant would not be considered for a cash sponsorship, but **WOULD** be eligible for fee waivers.

2) All applicants for a City of Miami Beach sponsorship in excess of \$25,000 would need to identify a 1 to 1 corporate sponsor match in a value equal to or greater than the amount being requested (this includes fee waivers).

a) If the entity is not able to clearly identify a 1 to 1 match, via signed contracts or a Letter of Intent with a corporate sponsor(s), the administration would recommend that this is not an event the City should be sponsoring, or that the applicant has not done the legwork required to produce a successful event.

b) The 1 to 1 match cannot be a sponsorship, or in-kind donations from the CAC, VCA, City of Miami or Miami-Dade County – it must be a private entity.

c) The City of Miami Beach should not be the sole supporter of any event, unless that event is being produced by a City of Miami Beach department (Tourism and Culture, Parks and Recreation, etc.)

3) The applicant must submit their request in writing to the Director - Tourism and Culture. The administration recommends that no sponsorship requests be placed directly on an agenda by any entity other than the Tourism and Culture department to ensure that agenda items have been vetted and approved by the administration.

As part of this written request, the applicant will be required to clearly outline their request, with dollar amounts and clear explanations on how the money will be spent. No cash sponsorship from the City of Miami Beach can be spent on event infrastructure such as staging, barricades or security. Cash sponsorships must be spent on items that will enhance attendee experience (entertainment / programming, art installations, rides, etc.).

Example Sponsorship Request:

Cash Sponsorship - \$50,000

\$25,000 – Main Stage Performer

\$20,000 – Main Stage Performer
\$15,000 – Site Performers (acrobats)
\$10,000 – Art Installation
Fee Waivers - \$48,000
Based on last year's actuals.
Total Sponsorship Request - \$98,000

The Tourism and Culture department will verify if this is a viable ask and will work with the applicant to alter any necessary requests.

Once the above has been submitted and approved, the administration will send the applicant the "City of Miami Beach Sponsorship Score Card" which will need to be filled out with supporting documents. Should an applicant not be able to fulfill any of the above requirements, the Tourism and Culture Department would notify the applicant that their application is incomplete and no further processing can take place. Should an application remain incomplete, it would be considered null and void and no further action would be taken.

Score Card:

Successful applicants would be required to fill out the attached "City of Miami Beach Sponsorship Score Card" which adjudicates applications based on the following criteria (further explanation of each criteria can be found in attachment "Score Card Explanations").

Proof of 501(c)3 status

Length of Event (incentive to get producers to shorten load in / load out times)

History of Event

Hotel Room Blocks

Attendance (Local, National, International)

Resident Discount

Community Benefits (Education, Small Business, Seniors, Veterans)

Marketing / PR Exposure

Utilization of Multiple CMB Venues

Name / Brand Exposure

The Administration recommends that no sponsorships be pursued from applications who score less than 65% of this score card, as it would be seen as the funds not going to worthy experiences as set forth in our Sponsorship Mandate. Applicants would be notified of their score, and would be given the chance to increase their score for each of the line items above to become more in line with the CMB sponsorship initiatives (more hotels, international marketing campaign, etc.).

Based on the score received from the Sponsorship Score Card, applicants would be able to receive that percentage of their Sponsorship request:

Example: As per the example above, an approved applicant is requesting the following:

- a. Cash Sponsorship - \$50,000
- b. Fee Waivers - \$48,000

Total request - \$98,000.00

After completing the sponsorship score card, the applicant received a 72% rating. The applicant could not receive more than 72% of their ask (\$98,000.00 x 72% = \$70,560.00*).

*That dollar amount is not guaranteed, it is just a quantifiable method to prove the highest amount that could be possibly awarded to this event.

4) Sponsorship Term Limit

No sponsorship agreement can exceed a five-year term and in order to be eligible for a five-year term, the event must have been produced within Miami Beach for at least five years prior to the application. All sponsorship contracts, no matter the term or dollar amount must include verbiage that requires an audit of post event data as per the Sponsorship Score Card, before the next year's funding can be approved.

If a sponsorship is for a multi-year agreement, the applicant must prove, via audited statements, that all targets and goals were hit. If

If a sponsorship is for a multi-year agreement, the applicant must prove, via audited statements, that all targets and goals were met. If not, the administration reserves the right to re-evaluate the score, and reduce the sponsorship or cancel the agreement all together.

5) Sponsorship Step Down

All cash sponsorships must have a step down over the course of their duration equal to the number of years agreed to. Example: a \$25,000 sponsorship over 5 years would have the following step down:

Year 1 - \$25,000
Year 2 - \$20,000
Year 3 - \$15,000
Year 4 - \$10,000
Year 5 - \$5,000

Applicants who have been producing their events for a minimum of five (5) years within Miami Beach and who maintain a minimum sponsorship score card of 90% every year via verified documents, can be considered to continue their funding without the required step down. These will be on a case by case basis to ensure our best events continue to receive support.

6) Sponsorship Financial Limit

In FY 18/19, the City of Miami Beach has sponsored events (cash sponsorships and permit fee waivers) out of the Resort Tax Fund in the amount of \$1,503,000.00, in addition to fee and permit fee waivers in the amount of \$451,128.52. **This has resulted in a total of \$1,954,128.52** in sponsorships and waived fees for FY 18/19. Note: this does not include \$680,500.00 in City Wide Sponsorships and Grants that are administered through other departments (MDPL Grant, Boys and Girls Club, etc.)

The Administration recommends that a sponsorship limit of \$1,500,000.00 be set and that the administration not be allowed to sponsor or waive fees in excess of \$1,500,000.00.

The Administration believes that the above methods will help to manage the funds being spent and will force applicants to prove their worth and step up their approach to producing and promoting events in the City of Miami Beach, which will only have a beneficial outcome on:

1) Resort Tax Collection:

- a. Proper use of sponsorship funds will increase Resort Tax Collection by ensuring we are supporting events that will bring tourists to our city, and fill hotel rooms.
- b. Economic Impact on local businesses and cultural institutions through increased tourism will also be recognized.

2) Miami Beach Brand Equity:

- a. Supporting High Quality events with international marketing reach, will only increase the way in which the world sees Miami Beach, and will help increase tourism year-round.

3) Resident Quality of Life:

- a. Supporting experiences that our residents want to attend.
- b. Supporting experiences that put tourists in hotel rooms, which will help to calm traffic and parking issues, as attendees will be able to explore our city on foot rather than by driving.

CONCLUSION

The February 28, 2020 the Finance and Economic Resiliency Committee recommended the approval and acceptance of the Administrations proposed evaluation process including communicating when applications will be accepted, requiring robust public benefits, measurement of the success/challenges, create deadlines based on the budget cycle, evaluate the program annually and setting an annual budget of \$1,500,000.

In response to COVID-19, the number of special events, anticipated for FY 20/21, have rescheduled or canceled. Given the current restrictions, budget reductions and need for the special event community to acclimate to new rules and regulations regarding safety, sanitation, cleanliness, social distancing and more, it is recommended that for FY 2021, the budget be reduced to \$250,000 and that the budget be increased in FY 21/22 to reflect the market, economic posture of the city and the Finance Committee recommendation.

The Event Sponsorship application submission process would be as follows:

FY 20/21 Single Application Period

- Events held between March 1, 2021 and September 30, 2021
 - Submission period opens November 1, 2020 and closes on December 1, 2020.
 - Sponsorships presented to Commission in January Commission meeting.

FY 21/22 Standard Schedule

- Events held between October 1, 2021 - March 31, 2022
 - Submission period opens January 1, 2021 and closes on February 1, 2021
 - Sponsorships presented to Commission in the March Commission meeting

- Events held between April 1, 2022 - September 30, 2022
 - Submission period opens May 1, 2021 and closes on June 1, 2021
 - Sponsorships presented to Commission in July Commission meeting

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

No

Does this item utilize G.O. Bond Funds?

No

Legislative Tracking

Tourism and Culture

ATTACHMENTS:

Description

- ▢ LTC 030-2020 BAC Motion
- ▢ Resort Tax Sponsorships 01.30.20
- ▢ FY18.19 Fee Waivers
- ▢ Sponsorship Guidelines
- ▢ Sponsorship Application
- ▢ Sponsorship Score Card Explanation
- ▢ Sponsorship Score Card
- ▢ Resolution