

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Raul J. Aguila, Interim City Manager

DATE: March 17, 2021

SUBJECT: BUSINESS ATTRACTION, RETENTION AND EXPANSION STRATEGIES AND INITIATIVES FOCUSED ON TARGETED INDUSTRIES INCLUDING TECHNOLOGY AND FINANCIAL SERVICES

This is a Consolidated Commission Memorandum related to targeted business attraction, retention and expansion of firms within the technology and financial services industries, including Resolutions urging Miami-Dade County and directing the Administration to prioritize attraction of targeted industries (Agenda Item C7 E); authorizing the development and implementation of inducements and services such as expedited plan review and permitting for targeted industries (Agenda Item C7 F); as well as creating a Job Creation Incentive Program (Agenda Item C7 G).

RECOMMENDATION

Adopt Resolutions (Agenda Items C7 E, C7 F and C7 G) to encourage and promote attraction, retention and expansion of technology and financial services firms to and within the City of Miami Beach.

BACKGROUND

The Mayor and City Commission have identified the need for making Miami Beach more business and user-friendly as a key objective in the City's 2019 Strategic Plan. On September 17, 2020, the Land Use and Sustainability Committee discussed the migration of corporate office tenants from locations outside of Florida to the greater Miami area, particularly in correlation with the COVID-19 pandemic.

As the pandemic has uncovered the economic vulnerabilities of the City, at the December 18, 2020 and January 22, 2021 Finance and Economic Resiliency Committee (FERC) meetings, there were discussions pertaining to methods to diversify the economy and reduce the city's dependency on the tourism and hospitality industries. The discussions surrounded identifying targeted industries and establishing an approach to attracting these industries to Miami Beach while

continuing to support and strengthen core industries.

The focus on technology and financial services firms emerged based on recent industry trends. With current interest in Miami-Dade County from out-of-state technology and financial services firms and investors, Miami Beach is poised to attract firms that create jobs at above average wages in industries proven to be resilient in the face of the COVID-19 pandemic. Additionally, in recent years and more so in recent months, business owners are changing their perspective on what a desirable business environment looks like.

Class A Office space is often a prerequisite for securing relocations within these industries. As demand for Class A Office space has increased, Miami Beach has taken steps to create a pipeline for this product including recent changes to zoning regulations and a Request for Letters of Interest to redevelop certain city-owned parking lots.

In recognition of the growing migration of technology firms to Miami-Dade, and more particularly to Miami, on January 21, 2021, the Miami-Dade Board of County Commissioners adopted a Resolution (Exhibit A) directing the County Mayor to develop recommendations for economic development measures to attract technology companies to relocate their headquarters to Miami-Dade County, to foster technology start-ups to launch and remain in the County, and to retain and promote the development of technology companies currently existing in the County.

Recently, the Administration has taken steps to bolster the relationship between the city and the Beacon Council, Miami-Dade County's official economic development organization. The Beacon Council has provided a summary of business attraction and relocation considerations (Exhibit B) which in general are likely to influence relocation decisions to the area.

ANALYSIS

With growing interest among financial services and technology firms and investors from the Northeast and Silicon Valley and in a competitive market that includes nearby development authorities and community redevelopment agencies, the City must be aggressive with business recruitment efforts. On February 19, 2021, the Finance and Economic Resiliency Committee discussed a three-pronged approach to business attraction focused on targeting technology and financial services firms. The Administration identified a strategy to incorporate the following elements:

- 1) Policy Direction and Relationship-building;
- 2) Inducements and Services; and
- 3) Public Relations and Marketing.

The Finance and Economic Resiliency Committee also recommended the following six (6) tactics in furtherance of business attraction, retention, and expansion of businesses within the identified targeted industries. The Administration seeks City Commission action on three (3) of the six (6) tactics.

- 1) **Affirmative Resolution (Agenda Item C7 E):** A Resolution of the Mayor and City Commission declaring an intent to attract technology and financial services firms/businesses to Miami Beach. Additionally, the Resolution provides direction to the Administration and urges Miami-Dade County to pursue steps to make this type of business attraction a priority. This declaration sends the message to existing and potential businesses that the city is committed to cultivating and supporting these targeted industries.
- 2) **Business Attraction Inducements and Services – Expedited Plan Review and Permitting (Agenda Item C7 F):** No-cost incentive offered to certain eligible businesses and developers to encourage targeted relocations or expansions and associated development. Efforts by the city to provide concierge and expedited services are attractive to businesses seeking to relocate or expand.
- 3) **Business Attraction Incentives – Job Creation Incentive Program (Agenda Item C7 G):** Business relocations are often spearheaded by site selectors who do the legwork necessary for a relocation decision to be made, such as evaluate and vet the various opportunities available to the prospective business. Site selectors often inquire about financial incentives as part of their fact-finding and decision-making process. The Job Creation Incentive Program (JCIP) (Exhibit C) is a baseline financial incentive package that would ensure that the city has a greater competitive advantage in the local market and the ability to leverage existing incentives available from the State and County. The purpose of the JCIP is to strategically attract companies and expand existing businesses within the City of Miami Beach while increasing the number of quality, high-wage jobs in the community. The applicant must create or relocate a minimum of ten (10) new, fulltime equivalent jobs which average annual wages meeting or exceeding 125% of the Miami-Dade County or State of Florida average wage, whichever is higher, at the time of the application.

Fiscal Impact: The proposed incentive is performance-based. Job creation must be demonstrated and/or sustained prior to disbursement of award. The JCIP proposes a lengthy installment period in order to avoid shocking the General Fund without the additional revenue generation that the incentive is intended to induce. JCIP applications and awards will vary in quantity and amount based on the number of applications and the application details. Applications may be accepted and awarded at the discretion of the City Commission. A submitted application does not bind the City Commission to grant an award. The maximum annual award for a single company in a single year is \$60,000 if all jobs are created or relocated during that year. The maximum total award over a 3 to 4-year period is between \$180,000 and \$240,000 for a single company. Award funding may be budgeted on an annual basis or through a budget amendment.

- 4) Messaging and Collateral: Communicating with the appropriate audience is critical to being successful in efforts to recruit businesses and investors. With a myriad of options both locally and nationally, it is essential that the city highlight the strengths and opportunities that set us apart from other locales. The Administration will develop and disseminate collateral and content through public relations and marketing efforts. *(To be implemented administratively)*
- 5) Business Leadership Advisory Council: Development of a Business Leadership Advisory Council in coordination with existing business groups. The Council is to be comprised of relevant, top-tier industry leaders in order that the City Commission and Administration may draw from the insights of the Council to develop policies well suited to attract like businesses within the focus areas of technology and financial services. *(To be implemented administratively)*
- 6) Access to Leadership: The Mayor and City Commission play a significant role in the business attraction process. Many business owners and leaders make relocation decisions, at least in part, based on the professional relationships built with elected officials and their perception of whether the elected body is supportive. The Mayor and City Commission serve as ambassadors for the city in this regard. This tactic may be achieved by developing a structured, yet flexible method of offering potential business owners access to the elected body which

includes a combination of the Mayor along with all or designated members of the City Commission. *(To be implemented administratively in consultation with the Mayor and City Commission)*

SURVEY DATA

Taking steps to diversify the economy by improving the business climate is essential to the resiliency of the city. According to the 2019 Miami Beach Community Satisfaction Survey, when asked how you would currently rate the City of Miami Beach as a place to do business, 30% of businesses reported that the City has improved. By implementing a multifaceted approach to business attraction, retention and expansion, the City of Miami Beach will strengthen existing businesses as well.

CONCLUSION

Traditionally, the city has benefited from its international status in order to attract visitors and investment. Today, it is imperative that the city enact a tailored approach and take proactive measures to seek out and attract new industry. Attracting new business and investment to the city is a top strategic priority and the tactics discussed above are necessary to promote and increase awareness of Miami Beach's competitive strengths. The Administration supports the recommendation of the Finance and Economic Resiliency Committee to enact the measures outlined herein.