

# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission  
FROM: Raul J. Aguila, Interim City Manager  
DATE: January 13, 2021

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, AND THE NEIGHBORHOOD AND QUALITY OF LIFE COMMITTEE, AT ITS SEPTEMBER 23, 2020 MEETING (IN PART), AND APPROVING THE REVISIONS TO THE SPECIAL EVENTS GUIDELINES RELATING TO CITY SPONSORSHIPS; SAID GUIDELINES CREATING AN EVALUATION PROCESS TO ANALYZE AND PROCESS SPONSORSHIP REQUESTS BASED UPON WEIGHTED CRITERIA, AND ESTABLISHING AN ANNUAL TOTAL SPONSORSHIP BUDGET NOT TO EXCEED \$1,500,000.

### RECOMMENDATION

The Administration recommends that the Mayor and City Commission approve the Revised Special Event Guidelines, including the proposed Sponsorship Evaluation Process for review of City sponsorships based on specified weighted criteria, to promote transparency and fiscal responsibility in the award of City sponsorships.

### BACKGROUND/HISTORY

Historically, the Tourism and Culture Department has had primary responsibility for review of event sponsorship and fee waiver requests. The current process is not sufficiently formalized and does not allow the Administration to properly analyze the sponsorship requests.

### The City's Sponsorship Ordinance

Section 12-6 of the City Code defines a sponsorship as any contract, grant or other commitment by the City to fund an event, either through:

- A cash or in-kind contribution, in any amount; or
- A reimbursement for City special event-related costs (police, fire, sanitation); or
- A waiver of special event permit fees (including user fees, admin fees, and square footage fees), in excess of \$25,000.

Section 12-7(c) of the City Code provides 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.

In Section 12-7 of the City Code, sponsorship requests are generally intended to be reviewed well in advance of the date of each event, either as part of the City Commission's annual budget process, or through applications to the VCA or CAC. Any sponsorship request that falls outside of the standard review process is subject to Finance and Economic Resiliency Committee ("FERC") advisory review, as well as a heightened 5/7ths approval requirement by the City Commission.

However, notwithstanding the requirements of the City Code, event organizers routinely make sponsorship requests outside of the timelines for applications through the VCA, CAC, or annual budget process, with many requests being made within the 30-60 day period immediately preceding the event. This timing issue, whereby event organizers are routinely permitted to bypass the City's annual process with last-minute review of sponsorship applications, is the biggest challenge in evaluating sponsorship requests.

### Prior Referrals

As a result of the many last-minute requests for sponsorship approvals, the Mayor and City Commission has referred the sponsorship guidelines to various City committees for review. These prior referrals are addressed more fully below.

- (a) Finance and Economic Resiliency Committee ("FERC")

During the September 11, 2019 Commission meeting, this item was referred to the September 20, 2019 FERC (formerly Finance and City Wide Projects Committee) meeting but was deferred multiple times. 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 FERC. The item was finally heard at the February 28, 2020 FEFC meeting, where the Committee recommended approval of the Revised Sponsorship Guidelines and process, with an annual budget not to exceed \$1,500,000.

- (b) Budget Advisory Committee ("BAC")

On January 14, 2020, the Administration took this item to the BAC. The BAC made a motion recommending 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.

- (c) Neighborhood and Quality of Life Committee ("NQLC")

At the September 16, 2020 Commission meeting, the Commission referred the item to the September 23, 2020 NQLC.

At the NQLC meeting, the Committee recommended approval of the Revised Sponsorship Guidelines with the following revisions: (1) to allow funding from non-City sources, such as grants from the City of Miami or Miami Dade County, to be considered as part of the 1:1 match requirement, and (2) no sponsorship agreement may exceed one (1) year, with the exception of applicants who were sponsored by the City for three (3) individual years in the past. In that instance, the applicants may be eligible for a multi-year sponsorship agreement, not to exceed five (5) years. NQLC also recommended that the Commission to discuss the merits of the Mayor and City Commission Discretionary Fund at the October 14, 2020 Commission meeting, without any Committee recommendation as to whether the Discretionary Fund should be approved.

### ANALYSIS

In FY 18/19, the City of Miami Beach issued sponsorships and fee waivers in the amount of \$1,954,128.52. In view of the significant amounts allocated each year for sponsorships, the Administration has proposed Revised Special Event Guidelines that include a more specific evaluation process for review of sponsorship applications. 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 public purposes:

- (1) To increase Resort Tax collection, by supporting experiences that can verify Tourism initiatives with large hotel room blocks or confirmed tourist attendance.
- (2) To sponsor events that serve as a marketing/branding opportunity for the City, to generate favorable media impressions on the international stage via partnership and media / PR exposure.
- (3) To promote quality of life for the City's residents, by promoting events that City's residents would want to attend.

#### I. Revised Special Event Guidelines

#### The Administration recommends the Revised Special Event Guidelines to accomplish the following:

- (1) Update the definition of "sponsorship" to also include requests for rental waivers and other fees associated with those rental waivers at City facilities (such as the Miami Beach Convention Center, Colony Theater, North Beach Bandshell, etc.).
- (2) Approve a "Sponsorship Score Card" with the weighted criteria for all aspects of an event and the proposed sponsorship.
- (3) Provide for sponsorships to be approved on an annual basis, with limits on multi-year sponsorships, as well as a "step down" for multi-year sponsorships, to reduce City's financial contribution over time.
- (4) Approve a maximum annual budget line item for sponsorships.

Each of the foregoing revisions is discussed more fully below.

#### (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) Sponsorship Score Card and Eligibility Criteria

##### (a) Score Card

In an effort to structure the sponsorship review process and save time and resources associated with evaluation of sponsorship proposals, the Administration recommends approval of the proposed "Score Card," attached as Exhibit \_\_\_\_ hereto, as well as the Score Card Explanation attached as Exhibit \_\_\_\_ hereto.

This score card will only apply to sponsorships of \$25,000 or greater, as sponsorships of less than \$25,000 would need to be secured via the Cultural Arts Council or the VCA grant system.

For all sponsorships with a value of \$25,000 or greater, applicants would need to submit their proposals bi-annually for the following fiscal year (Example: If funding is needed for an event between October 1 2021, an applicant would need to apply by March 2021 to be considered as part of the FY 21/22 budget process).

Based on the criteria and points allocated in the Score Card, the City's Tourism Department will score each sponsorship proposal, based on a maximum possible score of 100. The final score will form the basis for the Administration's recommendation for funding of a sponsorship application on a percentage basis. For instance, if an applicant requests \$100,000 in sponsorship funding, and receives a total score of 85 out of 100 points, the Administration's recommendation would be for that applicant to receive a maximum of 85% of its sponsorship request, or \$85,000.

The Administration further recommends that no sponsorships be pursued from applications who score less than 65 points on the Score Card. Applicants would be notified of their score and would be given the chance to increase their score (i.e., in order to receive a higher score for public benefits, applicant could offer a higher resident discount or other benefit).

The Administration's recommendations, of course, will not be binding on the City Commission, nor are dollar amounts guaranteed. However, the use of the Score Card would formalize the Administration's review process, and would serve as useful guidance to the City Commission with respect to its final review of sponsorship requests.

##### (b) Eligibility Criteria

In addition to basic scoring, the Revised Sponsorship Guidelines specify additional eligibility criteria for City sponsorships, so that only those applications meeting the criteria would go through the process of getting scored and recommended for a City sponsorship. The criteria include:

- Applicants must have previously 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.
- Applicants must demonstrate a 1:1 financial sponsor match in a value equal to or greater than the amount being requested (this includes fee waivers).
  - o If the entity is not able to clearly identify a 1:1 match, no sponsorship award would be recommended.
  - o The 1:1 match cannot be a sponsorship, or in-kind donations from the CAC, VCA, it must be a private entity or third-party governmental grant (i.e., from a source other than the City of Miami Beach, City of Miami or Miami Dade County).
  - o 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.)
- 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.).
- No application will be considered until all City application forms are completed and all information requested in the application forms have been provided to the Administration.

##### (c) Administrative Review of All Applications Prior to City Commission Action

The proposed Score Card and evaluation process will be effective only if all applications are required to go through the sponsorship review process prior to City Commission action. The Administration proposes that applicants must submit their request in writing to the Director of the Tourism and Culture Department. The Administration recommends that only sponsorship requests that have been evaluated and scored by the Administration be placed directly on the agenda,

#### (3) Sponsorship Term Limit / "Step Down" of Sponsorship Amounts Over Time

No sponsorship agreement can exceed one (1) year. Applicants that have received sponsorship for three (3) years, prior to application, may be eligible for a multi-year sponsorship agreement, not to exceed three (3) years.

All sponsorship agreements, regardless of term and/or dollar amount, must require post-event audit and data consistent with the Sponsorship Score Card weighted criteria, before additional funding can be reviewed and approved.

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

In addition, for multi-year cash sponsorships, or for applicants who have previously received annual sponsorships, the Administration recommends a step-down process, to be applied over a three year period, so as to reduce an event's dependence on the City for sponsorship.

Example:  
\$25,000 sponsorship over 3 years would have the following step-down:  
Year 1 - \$25,000 Year 2 - \$20,000 Year 3 - \$15,000

Applicants who have been producing their events for a minimum of three (3) years within Miami Beach, and who maintain a minimum sponsorship score card of 90% every year via verified documents, may be recommended for continued funding.

#### (4) Maximum Annual Budget for Sponsorships

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.

In order to better control and structure sponsorship requests through the above annual process, the Administration further recommends that a maximum annual budget of \$1,500,000.00 be set for the award of sponsorships each year.

### II. FY 2021-2022 Budget and Application Schedule

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 **\$200,000 (Budget may want to reduce this amount given it is now for only 4 months vs 12 months)** for sponsorship from June 2021 – September 2021, and that the budget be increased in FY 21/22 to reflect the market, economic posture of the City, and the FERC's recommendation.

The Event Sponsorship application submission process would be as follows:

FY 20/21 Single Application Period  
Events held between June 1, 2021 and September 30, 2021  
Submission period opens February 1, 2021 and closes on March 1, 2021. Sponsorships presented to Commission on or before June 2021 Commission meeting.

FY 21/22 Standard Schedule  
Events held between October 1, 2021 – September 30, 2022  
Submission period opens March 1, 2021 and closes on April 30, 2021 Sponsorships presented to Commission on or before July 2021 Commission meeting

### III. Concept of Mayor and Commission Discretionary Fund – NOT RECOMMENDED BY THE ADMINISTRATION

In an attempt to allow the Mayor and Commission more ability to sponsor the experiences they feel are important to our community, the NQLC considered, and declined to recommend a discretionary fund for each Commissioner and the Mayor, which will allow each elected official to support any event requesting cash sponsorships or fee waivers, up to the annual amount allocated to each elected official.

The allocations would be as follows:

Mayor - \$25,000.00 fund  
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.

This discretionary funds would allow the Mayor and Commission to award sponsorships up to the annual allocation, without taking up significant time preparing agenda items, agreements, etc., for minimal sponsorship amounts.

The Administration **does not** recommend the proposed Discretionary Fund, as it is unlikely to lead to any material reduction in sponsorship requests. In addition, by creating a different process that would permit event organizers to reach out to individual Commissioners and bypass the procedures in place for grant awards by the CAC, VCA, and the Administration, the proposed Discretionary Fund is inconsistent with, and could potentially undermine, the efforts to create a formalized review process, as set forth in this Commission Memorandum. As such, the Administration does not recommend the establishment of the discretionary fund.

Amount(s)/Account(s):

### CONCLUSION

For the reasons set forth above, the Administration recommends approval of the Revised Sponsorship Guidelines.

### 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. Bonds 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 Score Card Explanation](#)
  - [Sponsorship Score Card](#)
  - [Sponsorship Application](#)
  - [Resolution](#)