



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

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee

FROM: Alina T. Hudak, City Manager

DATE: March 30, 2022

SUBJECT: **Update from the Economic Development Department regarding Steps Taken to Streamline Process, Improve Business Retention, and Attract New Business**

HISTORY:

The mission of the Economic Development Department (the “Department”) is to establish, maintain, and grow the City’s business community by promoting the City’s image, supporting businesses, and creating a diverse economy for our dynamic and resilient global community.

The most recent quarterly update to the Finance and Economic Resiliency Committee (the “Committee”) appeared in the September 24, 2021 agenda and, at the Committee’s request, the October 22, 2021 meeting agenda included a narrowly tailored memorandum regarding developments in our communications and marketing strategy including tradeshow and conference recommendations, and business attraction and incentive efforts including a parking incentive. The following memorandum resumes the quarterly report format on the Department’s recent and ongoing initiatives to revitalize targeted commercial areas with increased investment, leverage existing City assets for new public-private partnerships and development, attract new industry to Miami Beach, and better serve our existing business community.

ANALYSIS:

- i. **Revitalize Targeted Areas and Increase Investment**
 - a. **Art Deco Cultural District**

On September 16, 2020, City Commission Resolution No. 2020-31388, as amended by Resolution No. 2021-31885, authorized Zyscovich Architects to prepare a comprehensive

land use, mobility, and economic development planning strategy and vision concept for the Art Deco Cultural District (the “ADCDC Vision Plan”) through the G.O. Bond Program. Mayor Gelber appointed Miami Beach residents and stakeholders onto the Mayor’s Art Deco Cultural District (“ADCDC”) Panel to provide insights to the City’s consultant. The enhancement and management of the ADCDC has been a major priority for the Mayor and City Commission, and the Department, on behalf of the Administration, administered the contract with Zyscovich Architects and served as staff liaison to the Mayor’s Panel during its twenty-two (22)-meeting tenure over fourteen (14) months.

On February 18, 2022, the Mayor’s Panel prepared a final committee report endorsing the ADCDC Vision Plan. On February 23, 2022, the Mayor and City Commission adopted Resolution No. 2022-32056 accepting the ADCDC Vision Plan and authorized preparation of an RFQ for design and construction administration services for G.O. Bond Project No. 31 (Ocean Drive Corridor), including Lummus Park. The Administration has begun to prepare the RFQ for the Project in accordance with City Commission direction and the Department continues to assist with various policy initiatives geared towards elevating the character of the Art Deco Cultural District.

b. Commercial Lease Subsidy Pilot Program

Faced with increasing challenges associated with the commercial character of the Entertainment District, the City has endeavored to revitalize the district through activations and by promoting arts and culture and highlighting the art deco cultural heritage of the historic architectural district. In addition to a citywide effort at economic diversification, which includes exploring new revenue streams and marketing the city’s business climate, a focus must be placed on promoting and attracting commercial activities that support the City’s cultural arts legacy.

Arts and culture are the pillars of Miami Beach, having played a vital role in the 1990s renaissance and continuing to reaffirm the city’s relevance today. Arts and culture attract both visitors and residents to Miami Beach and should be nourished as a source of our identity. A nuanced approach to curating desirable commercial activities could help improve the retail character of the Art Deco Cultural District and enrich the city’s existing tourism, hospitality, and entertainment industries. One way of addressing the existing retail challenges in the district is by attracting unique retail activity that accentuates arts and culture. The desired type of activity would be characterized by vibrant placemaking, promoting wholesome and family-friendly activity, and improving residential quality of life while also enhancing the visitor experience.

During the Fiscal Year 2022 budget process, the Department proposed a pilot grant program whereby eligible businesses/landlords located within the Art Deco Cultural District may receive assistance with commercial lease payments in exchange for providing cultural offerings in the area through experiential and artisanal retail. Participation would require formal application and approval by the City Commission.

While the Administration intended to propose specific program criteria and requirements for consideration by the FERC, the Administration now seeks to collaborate with Commissioner Fernandez to update the program framework to address and prioritize transitioning away from legal nonconforming uses within the District. .

c. Vacant Storefront Cover Program

The Department relaunched the Vacant Storefront Cover Program (the “Program”) in mid-2021, following a brief pause during the pandemic to focus on other forms of business assistance including the Resource Center and small business grants. The Program’s purpose is to improve the appearance of vacant street-level commercial spaces and to support the activation and development of retail uses within Miami Beach. The voluntary initiative allows property owners to cover their vacant storefronts at no cost to themselves with preapproved artistic designs fully subsidized by the City.

Although funding was originally appropriated for all areas of the City, only property owners in South Beach elected to participate when the Program was re-launched with DASH-designed wraps in 2019. The Program is active once again and features an updated [application packet and guide](#) that have been shared with our business improvement districts, business associations, and the Chamber of Commerce. The Department continues to reach out to commercial real estate brokers to market the Program and conduct targeted outreach, which has yielded fourteen (14) new participating properties in since October 2021. The Code Enforcement Department also provides support by identifying eligible properties. The Department has made significant progress in North Beach and Middle Beach, areas previously underrepresented in terms of participation.

d. 41st Street Corridor Streetscape Revitalization and Potential Redevelopment

On January 13, 2021, pursuant to Resolution No. 2021-31551, the City Commission approved AECOM’s conceptual streetscape design for the \$15 million G.O. Bond project intended to revitalize the 41st Street business corridor, which extends from Alton Road to Pine Tree Drive, over the Biscayne Waterway and through five major intersections. The above-referenced resolution also authorized the issuance of RFQ 2021-196-ND for Architectural and Engineering Design Services for the 41st Street Corridor Revitalization project. On September 17, 2021, the Mayor and City Commission adopted Resolution 2021-31838, authorizing negotiations with the best-qualified firm Brooks + Scarpa Architects, Inc. The Office of Capital Improvement Projects (CIP) manages the 41st Street project and anticipates commencement of the A/E designs services contract in April 2022.

In addition, on August 9, 2021, proposals were due to the City pursuant to RFQ 2021-217-ND for a Construction Manager at Risk (CMR) for the project. Although the

Procurement Department tracked 65 prospective bidders accessing the solicitation document, the City received only one sole response, from Ric-Man International, Inc. Accordingly, on October 13, 2021, the City Commission adopted Resolution No. 2021-31884, accepting the City Manager's recommendation to reject the sole proposal received from Ric-Man International, Inc. as utilizing the Construction Manager at Risk approach would not serve the City's best interests. The Administration currently plans for a construction contractor as the project's construction delivery method.

Pursuant to a recommendation from the Committee, on March 9, 2022, the City Commission authorized issuance of a Request for Letters of Interest for mixed-use development of the several municipal surface lots adjacent to 41st Street. In advance of an RFLI, the Administration is working with the 41st Street Ad Hoc Committee to discuss and arrange community meetings and outreach in April and May 2022, to gather additional neighborhood and community feedback regarding potential development on the city-owned surface lots near 41st Street.

ii. Real Estate Assets and Joint Development (Public-Private Partnerships)

a. Class A Office RFP Lincoln Lane

Efforts to elevate the Miami Beach office market portfolio have included in-depth market analysis and the exploration of methods for attracting private investment including legislative incentives and repurposing underutilized public assets. Last year, LTC 165-2021 compiled data from several real estate brokerage and analytic firms detailing the convergence of investment and capital into the Miami area which is characterized by rising demand and rent prices for office product. Current data continues to indicate that, throughout Miami and Miami Beach, following the pandemic, leasing has rebounded, vacancy continues to lower, new-to-market tenants are driving demand, and Class A rents are at an all-time high.

With the real estate development community's demonstrated interest in a Request for Letters of Interest (RFLI), the Mayor and City Commission accepted the Committee's recommendation to authorize Request for Proposals (RFP) 2021-173-KB for the development of mixed-use structures incorporating Class A office space and parking facilities on three City-owned parking lots (P25, P26, P27) and the 17th Street Parking Garage (G5). The RFP was issued on June 25, 2021 and the deadline for receipt of proposals was extended multiple times to January 12, 2022 at the request of proposers. On February 23, 2022, City Commission Resolution 2022-32054 authorized simultaneous negotiations with one proposer in regard to Parking Lots P25 and P26 and with another proposer in regard to Parking Lot P27. Discussion items with the Committee of the status of term sheets with both proposers appear as separate agenda items on this month's agenda.

b. Collins Park Artist / Workforce Housing Project

On January 11, 2021, the City Commission accepted the Committee's recommendation and approved a ground lease and development agreement with development firm Servitas to develop a mixed-use structure in Collins Park that will provide 80 workforce residences for artists, teachers, and other Miami Beach-employed residents, dormitory housing for the Miami City Ballet, and ground floor programmable space that the City may use to further activate the cultural arts campus. The Department helped negotiate the terms of this public-private partnership, which requires minimal capital investment by the City for construction but will provide community benefits and cash revenue to the City throughout the duration of the lease term.

The Administration has actively assisted the developer during the pre-development process to attain building permit issuance. Due to market forces contributing to increased construction costs and supply chain deficiencies, the parties negotiated a multifaceted approach to reduce the cost of development and ensure project feasibility, as well as a ground floor master sublease that will enable the City Commission to activate the ground level with a not-for-profit cultural arts tenant. On February 23, 2022, the Mayor and City Commission approved Resolution No. 2022-32053, which approved the amended and restated lease with Servitas and provided for, among other terms, modification of the rental income mix of the housing units in order to ensure the project's viability.

The Administration continues to assist on general building permit matters and Servitas anticipates building permit issuance in the next two months, a condition precedent for execution of the long-term ground lease. The Administration is exploring the codification of further citywide affordable and workforce housing incentives that could also benefit the project, an item which was referred to the Committee on March 9, 2022.

c. Collins Park Cultural Arts Facility

Following a City Commission referral on January 15, 2020, this Committee spent the following year discussing the activation of the ground floor of the Collins Park Parking Garage as an economic development initiative. On January 27, 2021, the City Commission directed lease negotiations based on an unsolicited proposal from Miami New Drama. At three separate meetings, this Committee provided guidance on refining the proposal and, on June 23, 2021, the City Commission accepted the Committee's favorable recommendation of the negotiated terms.

On October 27, 2021, the City Commission unanimously approved the Collins Park lease agreement and an amendment to Miami New Drama's management agreement for the Colony Theatre, thereby solidifying the theater's presence in Miami Beach for two decades. The parties have since executed both documents, however, neither instrument becomes legally effective unless, on or before October 1, 2024, the City Commission appropriates \$4,750,000 to fund construction hard costs related to the project's buildout.

iii. Business Assistance, Business Attraction, and Market Research

The Department actively works on collaborations and partnerships that would position the City as a greater participant in the technology and financial services ecosystem of Miami-Dade County. The Department is engaging with local organizations to further marketing, recruitment, and retention efforts, including continued engagement with the Miami-Dade Beacon Council to support and leverage their efforts in this regard.

a. Expedited Plan Review and Permitting Incentive Program

On March 17, 2021, the Mayor and City Commission affirmed their commitment to economic austerity by adopting three resolutions designed to bolster the City's ability to attract and support targeted business industries. Pursuant to Resolution No. 2021-31619, the Mayor and City Commission authorized the creation of the Expedited Plan Review and Permitting Incentive Program, a no-cost expedited plan review and permitting incentive intended to encourage targeted relocations or expansions and associated development among technology and financial services firms as well as corporate headquarters (including regional headquarters) for any industry. Building permit applications for office uses that support the targeted industries are eligible for a 10-business day plan review and permitting process. This perk is an attractive enticement for eligible companies and it would not be possible without collaboration from the Planning, Building, and Fire Departments.

To date, six (6) companies are in some stage of utilizing the Expedited Plan Review and Permitting Incentive. These companies include GMF Capital, Melvin Capital, BTIG, Blink, WIX and JAWS.

b. Job Creation Incentive Program / Recommendations

The Mayor and City Commission also approved the Job Creation Incentive Program (JCIP) on March 17, 2021 via Resolution No. 2021-31620. The JCIP is a performance-based financial incentive developed to attract targeted companies and expand existing businesses within Miami Beach, while also increasing the number of quality, high-wage jobs in the city. To receive the incentive, the JCIP participant must create or relocate a minimum of ten (10) new, fulltime equivalent jobs with 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. The maximum incentive for new-to-market companies is \$60,000 per year for up to four (4) years. The maximum incentive for expanding companies is \$60,000 per year for up to three (3) years. Recommendations

for award of this incentive must be reviewed by the Committee and approved by the City Commission.

To date, the City Commission has approved four (4) companies for the JCIP, two (2) financial services businesses (GMF Capital and Melvin Capital) and two (2) companies in the tech industry (WIX and CourMed). Corporate leadership represented all four recipients at recent meetings of this Committee, when the body made favorable recommendations for their JCIP applications.

The Administration is now recommending PennantPark Investment Advisors LLC for the JCIP having met the program criteria at the time of application.

PennantPark is an investment advisory firm focused on middle market lending with offices in New York City, Chicago, Los Angeles, and Houston. The firm is expanding and relocating its headquarters from New York to Miami Beach. Founded by Arthur Penn in 2007, PennantPark is an independent manager of a diverse portfolio with approximately \$6 billion in assets currently under management. The firm offers investors access to middle market credit and to date, has invested over \$15 billion involving over 650 transactions across a range of industries including government services, healthcare, software, technology, consumer and business services.

PennantPark is investing in Miami Beach for the long term with a five (5)-and-a-half-year lease with renewal options for over 5,500 square feet at 1691 Michigan Avenue near Lincoln Road. In alignment with the City Commission's efforts to diversify the economy and encourage workforce opportunities, PennantPark intends to create or relocate approximately twenty (20) jobs over a four-year period, with estimated annual wages averaging \$350,000. The Administration is recommending this company for the JCIP to support the growth of the financial services industry. PennantPark is also eligible to participate in the Expedited Plan Review and Permitting Incentive Program.

The Department is identifying proposed modifications to the JCIP to encourage entrepreneurs and early-stage startups to join the Miami Beach business community. In addition, in light of the expansion and acceptance of the cryptocurrency market, the Administration is exploring how the JCIP program could be tailored to attract firms operating within the digital currency realm.

c. Business Attraction Marketing and Public Relations Campaign

i. Sparkloft Media Campaign

The Department worked with the Marketing and Communications Department to engage Sparkloft Media for a comprehensive marketing, media, and public relations campaign that will promote and enhance the city's efforts at attracting local, regional, and national businesses and entrepreneurs. The campaign's objectives are to attract and create high-paying jobs, hire new and existing residents, fill vacant office spaces, and showcase

Miami Beach's assets, attractions, and incentive programs by marketing Miami Beach as a top business destination. To accomplish this, the campaign's strategy will highlight the nationwide trend of companies relocating and expanding to more livable cities, as the popularity of alternative work options and telecommuting continues. The primary target audience of the campaign consists of decision-makers and talent within the technology, financial services, and other high wage industries, with the goal of recruiting and attracting businesses that will meaningfully contribute to the prosperity of our beautiful city.

Sparkloft Media is currently developing innovative and comprehensive creative collateral and campaigns, that will focus on key industries, and that will encourage and embed memorable messaging and imagery to build awareness about Miami Beach assets, attractions, and amenities.

ii. Recent press and monthly newsletter data

A selection of recent City of Miami Beach press releases and pertinent media articles are attached as Exhibit A. The Department's monthly business newsletter, launched in June 2021, continues to excel at digital marketing performance, with an average 40% open rate (higher than the 29% industry average) and an average 11% click-through rate (also well above the 1.2% industry average), with newsletter subscribership increasing by 22% since the first publication. A sample of recent content from the monthly newsletter is attached as Exhibit B. The Department's [MBbiz.com](https://www.mbbiz.com) website is updated regularly to provide business assistance resources for the community, including current employment and labor statistical data powered by Local Intel, an advanced retail data technology provider. Website design elements will be updated to coincide with the marketing campaign.

iii. Events, Tradeshow, and Conferences

The Department continues to develop and execute its plans for active engagement at local technology conferences this year with heightened visibility through exhibition space rental and the purchase of promotional material. As global public health recovers from the pandemic, the Department is exploring plans to travel out-of-state to national events during the next fiscal year. The Department has, however, participated at several pertinent events in South Florida this year. The City of Miami Beach will be strongly represented in local technology conferences, tradeshow, or events, with global reach and attendees, including Bitcoin 2022 (April 6 – 9) and eMerge Americas (April 18-19). The Miami Beach Convention Center, which is hosting Bitcoin 2022 and eMerge Americas, will offer an opportunity to showcase Miami Beach and cultivate relationships in the technology and financial services industry.

Date	Event	Category	Location	Exhibition Fee
4/6 - 4/9	Bitcoin 2022	Fin-tech	Miami Beach Convention Center	\$10,000 (reduced)
4/18 - 4/19	eMerge Americas	Technology	Miami Beach Convention Center	\$10,000-\$20,000

The Department is also prioritizing attending local and regional events where business executives, c-suite professionals, start-ups, and entrepreneurs gather for thought leadership and networking opportunities. In January 2022, staff attended the iConnections Global Alts conference, where the Mayor and staff were able to interact with the world's leading alternative investment community and philanthropists. In February 2022, the Department attended the FPL Powering Florida: Illumination event designed to connect Florida's economic development professionals with the country's top corporate real estate executives and site selection consultants. In February 2022, staff also attended Bilzin Sumberg's South Florida Redevelopment Conference which highlighted emerging real estate investment and development trends. On March 10, 2022, Department Director Rickelle Williams was a featured panelist at the Commercial Observer's 2nd Annual South Florida Markets Forum alongside leadership from Starwood Property Trust, The Related Group, Turnberry, and The Kushner Group. The Department continues to closely follow and participate in other local opportunities to raise awareness about the business landscape in Miami Beach, our business incentive programs, world class customer service, and business concierge solution. In collaboration with the Miami-Dade Beacon Council, the City will host a cryptocurrency thought-leadership event on April 5, 2021 featuring Jalak Jobanputra, who will lead a thought-leadership/author discussion with Laura Shin, journalist, podcast host, and author of the newly released *The Cryptopians*.

d. CDBG-CV-funded Business Assistance

The City Commission's original allocation of Community Development Block Grant Coronavirus (CDBG-CV) funds in June 2020 provided small businesses with reimbursement of up to \$10,000 for eligible business expenses and successfully disbursed \$140,000 among fourteen (14) qualified businesses. On October 28, 2020, the City Commission allocated an additional \$600,000 of CDBG-CV funds for the Emergency Small Business Reimbursement Grant Program, with the aim of assisting small businesses and microenterprises with up to \$20,000 for reimbursement of eligible business expenses.

Since launching the second cycle in January 2021, the Administration has disbursed \$500,000 to twenty-five (25) qualified businesses, of which:

- 13 businesses are in the Job Creation/Retention category;
- 12 businesses are in the Microenterprise category;
- 19 businesses are located in South Beach;
- 4 businesses are located in Mid-Beach; and
- 2 businesses are located in North Beach.

The Department continues to accept and review Small Business Reimbursement Grant applications on a rolling basis. Additional CDBG-CV funding has been leveraged to provide technical assistance, including the creation of a City position dedicated to providing small business concierge support services, grant administration, and technical assistance coordination. In addition to in-house technical assistance services, in May 2022 the Department will partner with Prospera, to provide 1-on-1 business consulting services and monthly training on topics related to business finance, operations, and management which will be offered free to eligible Miami Beach small businesses.

Conclusion

The Department continues to provide small and larger-scale measures to foster and promote business welfare, quality of life, and economic progress in Miami Beach. The Department will continue to administer funding and resources, allocated by the City Commission, for small business assistance in furtherance of the Department's objective of providing for the growth and vitality of the business community and strengthening the Miami Beach economy.

The Administration recommends JCIP applicant PennantPark Investment Advisors LLC for approval and transfer to the City Commission for final review and award.