

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Alina T. Hudak, City Manager
DATE: April 6, 2022

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER TO REJECT THE SOLE PROPOSAL RECEIVED PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 2022-047-WG FOR PARKING GARAGE ADVERTISING SERVICES.

RECOMMENDATION

It is recommended that the Mayor and City Commission accept the City Manager's recommendation to reject the sole proposal received pursuant to Request for Proposals (RFP) 2022-047-WG for parking garage advertising services.

BACKGROUND/HISTORY

Parking garage advertising has the potential of diversifying and increasing revenue options for the City. As such, on September 13, 2017, the City Commission approved a contract, pursuant to RFP 2017-081-WG, with Alchemy Miami Beach, LLC (Alchemy) to provide approved advertising at the City's parking garage. The Agreement commenced on October 24, 2017 and ended on October 23, 2020. There were two renewal periods available that were not exercised.

The City was to receive a minimum annual guarantee \$250,000.00, payable in monthly payments of \$20,833.00. However, due to the COVID pandemic, the contractor was unable to make all payments. After several attempts to receive the past due payments, the Administration ultimately issued a notice of default to the contractor on February 3, 2021. However, on June 23, 2021, the City Commission approved Resolution 2021-31722 waiving the owed monies for the period between October 2020 and February 2021 and directing Alchemy to remove all advertising signage and hardware from City garages. The Resolution also directed the City Manager to retract the notice of default issued to Alchemy and issue a subsequent RFP for a revenue sharing agreement for garage advertising.

The subject RFP was issued pursuant to the Resolution and Alchemy has complied with the requirements of the Resolution to remove advertising signage.

ANALYSIS

On October 13, 2021, the Mayor and City Commission authorized the issuance of RFP 2022-047-WG for City parking garage advertising services. The Procurement Department issued bid notices to approximately 9,117 companies utilizing the City's electronic bidding system, with 72 prospective bidders accessing the advertised solicitation. Responses were due December 6, 2021. The City received a sole response to the RFP from Alchemy Miami Beach, LLC.

Because only one proposal was received, an Evaluation Committee was not convened. However, staff has confirmed that Alchemy is responsive to the requirements of the RFP. Alchemy has proposed two revenue options for the City's consideration as follows.

- Plan A – the greater of \$3,000 minimum guarantee per month or 15% of gross revenues.
- Plan B – the greater of \$4,500 minimum guarantee per month or 15% of gross revenues

Plan A and B vary with digital formats for select signs and locations (See Attachment A). Alchemy has also proposed: 1) 10% of total available Garage Vision media under either Plan A or Plan B, be retained by the City for Public Service Announcements (PSAs); 2) 15% of the total available interior media to be retained by the City for PSAs; and, 3) a portion of its media in other markets to be dedicated as free advertising for the City, valued at \$15,000.00.

SUPPORTING SURVEY DATA

Not Applicable

FINANCIAL INFORMATION

Not Applicable

Amount(s)/Account(s):

Not Applicable.

CONCLUSION

There are many options for leveraging City assets, including parking garages as has been previously stated, to diversify and increase revenue options for the City. However, I do not believe that the current proposal provides equitable remuneration for the magnitude of impact that the proposed advertising will have on the City's parking garage facilities. It is important to understand that the current proposal includes placing advertising, in some cases very large advertising, in a significant percentage of garage surfaces for a nominal amount of revenue (See Attachment A).

As indicated in the table below, when one compares the amount of revenue yielded under the previous contract to the proposed revenue, it is difficult to argue that the City is maximizing the revenue potential of its parking garages. As indicated in the table, the current monthly guarantee is, depending on the plan, between 14% and 22% of the City's prior agreement.

	Monthly Revenue	Annual Revenue
Previous Contract	\$20,833	\$250,000
Proposed Plan A	\$3,000*	\$36,000
Proposed Plan B	\$4,500*	\$54,000

* or 15% of revenue, whichever is greater

Based on the very low amount of revenue proposed, I believe that moving forward with this proposal is not a prudent use of City assets.

Further, despite the City's high visibility and importance in advertising markets, it is concerning that the City received a sole proposal for the project. It is important to understand why other viable bidders declined to submit competing proposals. I believe it is in the City's best interest to understand why this is the case.

Based on the foregoing, I recommend that the sole proposal received pursuant to the RFP be rejected. This will allow the Communications Department to re-evaluate the scope of work and consider other elements that can make the project more viable or attractive to the market in an effort to maximize the City's revenue potential. Once the conditions that led to limited competition and such low revenue can be understood, and financial or economic climates are more favorable to sponsorships and revenues, an RFP can be readvertised.

Therefore, I recommend that the Mayor and City Commission approve the Resolution accepting the City Manager's recommendation to reject the sole proposal received pursuant to Request for Proposals (RFP) 2022-047-WG for parking garage advertising services.

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

Yes

Does this item utilize G.O. Bond Funds?

No

Legislative Tracking

Marketing and Communications/Procurement

ATTACHMENTS:

Description

- ☐ Attachment A
- ☐ Resolution