

# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida  
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## COMMISSION MEMORANDUM

TO: Honorable Mayor Dan Gelber 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 FINANCE AND ECONOMIC RESILIENCY COMMITTEE, AT ITS MARCH 30, 2022 MEETING, AND APPROVING AN AMENDMENT TO THE JOB CREATION INCENTIVE PROGRAM AUTHORIZED PURSUANT TO RESOLUTION NO. 2021-31620 FOR THE PURPOSE OF RETAINING AND ATTRACTING TARGETED INDUSTRIES TO MIAMI BEACH.**

### **RECOMMENDATION**

The Administration recommends amending the Job Creation Incentive Program (JCIP) to allow for a \$50 incentive increase per employee for applicants specializing in technology and/or financial services industry subcategories related to cryptocurrency, blockchain, Web3, decentralized finance, sustainability, resiliency, hospitality, tourism, health and wellness, and arts and culture.

### **BACKGROUND**

In an effort to strengthen economic resiliency in the wake of the COVID-19 pandemic and to diversify the Miami Beach economy, during the December 18, 2020 Finance and Economic Resiliency Committee (FERC) meeting, the Administration identified several methods to attract and retain businesses, including businesses in the technology and financial services industries. The methods identified and outlined below are all in some phase of implementation and have already yielded successful results.

- Tradeshows/industry marketing events;
- Recruitment visits;
- Contact and coordination with national site selectors and advance teams;
- Development and circulation of marketing collateral;
- Promotion of relocation assistance programs and incentives;
- Development of job creation incentive;
- Expedited licensing and permitting; and
- Relocation concierge services.

On February 19, 2021, the FERC discussed the Administration’s recommended three (3) pronged approach to attract technology and financial services businesses through relationship building, incentives and services, and a strategic marketing and public relations campaign.

The FERC and City Commission considered six (6) targeted business attraction and retention methods to appeal to technology and financial services industries. Three (3) tactics required legislative approval and three (3) tactics were intended to be implemented administratively.

<b>Targeted Business Attraction and Retention Tactic</b>	<b>Status</b>
1. Affirmative Resolution declaring targeted industries and providing direction to the Administration	Resolution No. 2021-31618 Completed
2. Business Attraction Inducements and Services – Expedited Plan Review and Permitting Incentive	Resolution No. 2021-31619 Ongoing
3. Business Attraction Incentives – Job Creation Incentive Program	Resolution No. 2021-31620 Ongoing
4. Messaging and Collateral	Ongoing
5. Business Leadership Advisory Council	Under discussion / In progress
6. Access to Leadership	Ongoing

At the recommendation of the FERC, on March 17, 2021, the Mayor and City Commission took action to prioritize the attraction and retention of businesses within the targeted industries (technology and financial services) including adopting Resolution No. 2021-31618, directing the Administration to encourage and promote attraction of these industries.

Additionally, the Mayor and City Commission adopted Resolution No. 2021-31619, authorizing the Administration to develop and implement an expedited plan review and permitting incentive as an inducement for the targeted

industries. The Economic Development Department subsequently launched the Expedited Plan Review and Permitting Incentive Program, which is marketed to businesses, property owners, developers, and brokers, and is implemented administratively at no additional budgetary expense to the City. The incentive is offered to eligible businesses to encourage targeted relocations or expansions and associated development. Developments or renovations supporting the targeted industries are eligible for a 10-business day plan review and permitting process for building permits. The Administration is currently supporting a number of companies in locations including, but not limited to, the Starwood global headquarters building in Collins Park and the Lincoln Road commercial corridor.

### Job Creation Incentive Program

Further, the Mayor and City Commission also approved a Job Creation Incentive Program (JCIP) on March 17, 2021 via Resolution No. 2021-31620. The JCIP is a performance-based financial incentive package that ensures that the city has a greater competitive advantage and the ability to leverage existing incentives available from the State and County. The JCIP assists in attracting new and expanding businesses and will increase the number of quality, high-wage jobs in the targeted industries.

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. The per employee incentive is greater for businesses locating into North Beach, those hiring Miami Beach residents and employees with education or training received at local institutions. Recommendations for award of this incentive must be reviewed by the FERC and approved by the City Commission.

To date, the City Commission has approved two (2) financial services and two (2) technology firms for the JCIP, a program award anticipated to create approximately 215 new or relocated jobs in the next four (4) years with average salaries estimated between \$69,000 and \$150,000.

At its March 30, 2022 meeting, the FERC recommended approval of a JCIP application for an additional financial services business, which anticipates adding twenty (20) new jobs with average salaries of \$350,000 over four (4) years.

The Administration is currently preparing to collaborate with Miami Beach United (MBU) and exploring how to accelerate efforts to bring more technology jobs to Miami Beach. In a November 2021 MBU resolution, MBU encouraged the

Administration to focus outreach on targeted sectors within the technology industry to build more momentum. The Resolution was discussed by the FERC at its February 25, 2022 meeting.

The MBU resolution specifically recommended the Administration consider refining the City's current strategy to attract technology companies and attain the sector and job growth the business community needs, by identifying the specific technology company profiles to pursue (e.g., technology verticals, organizational structure, and size). In addition, MBU suggested that the Administration build upon existing technology sectors and appeal to businesses that align with the Miami Beach brand.

### **ANALYSIS**

As the Administration continues to research, implement, and analyze strategies that appeal to various emerging technology and financial services business models and sectors to the city, an amendment to the JCIP could serve two purposes:

1. entice and encourage smaller businesses with a more attractive incentive award; and
2. promote the city's brand position and ideals.

It is advantageous that, as we recover from the impact of the pandemic, Miami Beach and the South Florida region are experiencing an influx of industry leaders, innovators, investors, and talent. The Miami Beach Convention Center (MBCC) is attracting global and national fin-tech clients, such as the Bitcoin 2022 and eMerge Americas conferences and other industry events, thereby exposing potential businesses and talent to Miami Beach assets and amenities. By expanding Miami Beach business retention programs, more small businesses and start-up entrepreneurs, who attend MBCC and other local events, may choose Miami Beach to launch or expand an enterprise.

To capitalize on this opportunity, the Administration is recommending that the JCIP program be amended to encourage businesses and entrepreneurs in the following subsectors, within the technology and financial services industries:

- Arts and Culture;
- Cryptocurrency, Blockchain, Web3, and decentralized finance;
- Health and Wellness;
- Hospitality and Tourism; and
- Sustainability and Resiliency

The Administration is recommending a \$50.00 increase to the per employee incentive amount for any businesses within the above-referenced targeted industry subsectors. The rationale is, in the short term, to gauge whether the incentive will interest smaller and emerging technology and financial services businesses that specifically focus on



elements that are key to the Miami Beach ethos. Although the JCIP maximum annual award is \$60,000 for new-to-market and expanding firms, it may be challenging for smaller businesses to earn a substantial incentive based on the number of jobs created. With a higher per employee incentive amount, smaller businesses may identify the JCIP as a worthwhile benefit.

The Administration is receptive and welcoming to various types of technology and financial services firms, and an added incentive for specific subsector categories could promote awareness of the city as eager to cultivate technology hubs, which leads to added interest from the business community.

By refining the JCIP, the city would continue to attract high paying jobs, contribute to the diversification of our economy, and add to and develop our international reputation. Accordingly, the Administration proposes refining the JCIP as follows, with detailed Program Guidelines and proposed updates outlined in Exhibit A.

#### Incentive Award Update

Applicants specializing in technology and/or financial services industry subcategories related to cryptocurrency, blockchain, web3, decentralized finance, sustainability, resiliency, hospitality, tourism, health and wellness, and arts and culture are eligible for additional incentives, and may not exceed:

- a. \$650 per employee for the first 50 jobs (minimum of 10)
- b. \$450 per employee for each job added between 51 – 100
- c. \$300 per employee for each job added above 100

Applicants specializing in technology and/or financial services industry subcategories related to cryptocurrency, blockchain, web3, decentralized finance, sustainability, resiliency, hospitality, tourism, health and wellness, and arts and culture are eligible for additional bonuses for new hires and relocated employees:

- a. An additional \$175 per employee if a business is located within the North Beach area, as defined by the City of Miami Beach
- b. An additional \$175 per employee if new hire received a degree from a university, college, or technical school located within Miami-Dade County
- c. An additional \$175 per employee if previously unemployed or employed below the Living Wage Rate immediately preceding employment with Applicant
- d. An additional \$200 per employee if their primary residence is within the City of Miami Beach

#### **SUPPORTING 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 the Miami Beach business community was asked to rate the City of Miami Beach as a place to do business, 30% of businesses reported that

the City has improved. By implementing a strategic approach to business attraction, retention and expansion, the City of Miami Beach will strengthen the existing business community as well.

**FISCAL IMPACT**

The JCIP is funded at \$180,000 per year to support new and existing award recipients over a three or four-year period. A modest increase to the per employee incentive amount, as proposed, would not significantly impact the City's ability to offer and maintain the Program to support new and existing participants.

**CONCLUSION**

The Administration recommends amending the JCIP program to allow for a \$50 incentive increase for applicants specializing in technology and/or financial services industry subcategories related to cryptocurrency, blockchain, Web3, decentralized finance, sustainability, resiliency, hospitality, tourism, health and wellness, and arts and culture.

Attachments:

Exhibit A - JCIP Program Guidelines (proposed)

Handwritten initials in blue ink, consisting of 'EC' on the left and 'RW' on the right.

## EXHIBIT A

### JOB CREATION INCENTIVE PROGRAM GUIDELINES

#### 1. Background and Purpose

The City of Miami Beach is invested in economic resiliency through economic diversification. New or existing businesses in the City of Miami Beach may be eligible for a performance-based incentive known as the Job Creation Incentive Program (Program). The purpose of the Program 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 with average annual wages meeting or exceeding 125% of Miami-Dade County or State of Florida average wage at the time of the application.

#### 2. Eligibility

The Program will be available to New-to-Market businesses or Existing Businesses within the City that are expanding their operations, and that will either hire or relocate, a minimum of ten (10) new employees to the City of Miami Beach within a four (4) year period for New-to-Market businesses or three (3) year period for Existing business expansions (“Expansions” or “Expanding businesses”).

The Program is available to the following industries:

- a. Financial/Professional Services
- b. Technology
- c. Headquarters including regional headquarters

The City Commission, at its discretion, may waive the eligible industry requirement at the request and recommendation of the City Manager.

- a. Companies applying for the Program must be “New-to-Market” relocations or an “Expanding” business already operating within the City of Miami Beach. New-to-Market businesses may relocate from anywhere outside of the City of Miami Beach.
- b. Requirements for Expanding businesses at the time of application:
  - An Expanding business must either own its office space property or have an executed multi-year lease (3-year minimum) for the office location within the City of Miami Beach.
  - An Expanding business must have a valid Miami Beach business tax receipt (BTR) and may not have any pending City fees or fines, or be involved in any litigation with the City of Miami Beach.

- An Expanding business must be properly licensed and approved by the State and County as applicable.
- c. All awarded Expanding businesses and New-to-Market businesses must meet the requirements above when the Incentive will be claimed and disbursed for each eligible fiscal year.
- d. Businesses that do not report employees' wages are not eligible for assistance under the Program .  
The Program is contingent on annual funding availability, City Commission approval, and the execution and continued compliance with the requirements of the Agreement is not to be construed as an entitlement or right of the Participant to receive Incentive funds.

### 3. Requirements

- a. New Job Category: A New Job must be a fulltime equivalent position (minimum of 2,080 hours annually) and shall:
- be created in the City of Miami Beach and add to the City's total job base;
  - add incrementally to the Applicant's payroll;
  - result in a net increase in the number of employees of the Applicant; and
  - involve only a new employee working on-site (at least partially) at the Applicant's facility located in the City of Miami Beach.

A New Job excludes an existing employee on current payroll of the business at the time of the application.

- b. Relocated Job Category: A Relocated Job includes fulltime equivalent positions (minimum of 2,080 hours annually) existing on the Applicant's payroll at the time of application.
- Only New-to-Market companies (moving to Miami Beach) can utilize relocated jobs as part of the Incentive application.
  - Existing Miami Beach companies seeking to expand operations in Miami Beach may not utilize relocated jobs as part of the job creation requirement.
- c. Job Creation Timeline: Approval of the Program application and agreement by the City Commission must occur before the jobs are added or relocated. A business that enters into an Agreement with the City of Miami Beach and is located in or relocating to existing office space that does not require significant tenant improvements must add the minimum number of jobs (10) within an agreed to number of months after the effective date of the Incentive award. The Applicant and the City of Miami Beach negotiate a job creation/relocation timeframe for the Project.
- d. Living Wage Requirement: The Program will not be available to companies that pay any of their employees less than the Living Wage Rate as defined by Section



2-8.9 of the Code of Miami-Dade County, as adjusted annually by the Department of Small Business Development or its successor department, or as defined by Section 2-408 of the Code of the City of Miami Beach and by choosing the higher rate of both. During the Performance Period, Participant shall be required to continue paying all of its employees no less than the Living Wage Rate to remain eligible for the Program.

- e. Wages of New Jobs Created or Relocated: New Jobs or Relocated Jobs must pay an estimated Average Annual Wage at least equal to 125% the average of wages in Miami-Dade County or the State of Florida (across all industries or occupations) as determined by Miami-Dade County or the State of Florida using the most currently available data as determined by the City of Miami Beach and by choosing the higher rate.
- f. Job Creation: Participating businesses must create at least ten (10) New Jobs within four (4) years for New-to-Market businesses or within three (3) years for Expanding businesses. The time begins to run once the business begins operation in the City of Miami Beach (designated by issuance of a BTR) or once the Agreement is executed, whichever is later.
- g. New or Relocated Jobs must be maintained for a minimum of one (1) full year. City of Miami Beach staff will verify compliance with New Job creation and wage requirements as specified in the City Commission approved Program application/agreement prior to any disbursement of any Incentive payments. The Applicant shall furnish all personnel and financial records related to the Program that is requested by City of Miami Beach staff to verify the Applicant's compliance with the New Job or Relocated Job salary requirements pursuant to the Agreement. As such, the City may request personnel and financial records including, without limitation, payroll records; Paystubs; Form 941; and worker's compensation reporting forms.
- h. Taxes, Fines or other Fees: Where Applicant is delinquent in paying its taxes, fine, or any other fees due to the City of Miami Beach, the City of Miami Beach shall withhold Incentive payments until Applicant is current. Where Applicant is more than one (1) year delinquent, Applicant's Incentive award shall be canceled; future Incentive payments shall be cancelled; and Applicant shall be disqualified from participating in the Program.
- i. Media Announcement: Participant must (a) mention the City of Miami Beach by name within its initial press release announcing the new office location, (b) at least forty-eight (48) hours in advance, provide the exact date and time of when the press release will be published, and (c) at least forty-eight (48) hours in advance, provide a copy of the press release. The City's Marketing and Communications Department will also issue a press release to encourage media coverage.

- j. Media Appearances: Applicant must provide an employee representative, of at a minimum a senior level executive position, for a minimum of four (4) engagements in year 1, two (2) engagements year 2, two (2) engagements in year 3, and if applicable, two (2) engagements in year 4, to assist with recruitment efforts of the City of Miami Beach to attract additional companies to the City. Required engagements will consist of a presentation, panel discussion, interview, quote for media story, or comparable engagement.

#### 4. Incentive Award

The amount of the Incentive award is determined based on the information provided and verified in the application process and requires approval by the City Commission. The actual amount of the Incentive will be determined after the Applicant has begun operations, and at the end of each City of Miami Beach fiscal year, upon the verification of New Jobs or Relocated Jobs, as specified in the Agreement, and all other obligations set forth in the Agreement.

The maximum Incentive amount for Relocated Jobs is based on the number of employees brought or relocated to the City of Miami Beach during the initial move, and any subsequent new hires. For Expanding businesses already located in the City, the maximum award is based on the New Jobs created. The Incentives over the four (4) year or three (3) year period, as applicable, after the applicant's start of operations or the execution of this Agreement, whichever is later, may not exceed:

- a. \$600 per employee for the first 50 jobs (minimum of 10)
- b. \$400 per employee for each job added between 51 – 100
- c. \$250 per employee for each job added above 100

Applicants specializing in technology and/or financial services industry subcategories related to cryptocurrency, blockchain, Web3, decentralized finance, sustainability, resiliency, hospitality, tourism, health and wellness, and arts and culture are eligible for additional incentives, and may not exceed:

- a. \$650 per employee for the first 50 jobs (minimum of 10)
- b. \$450 per employee for each job added between 51 – 100
- c. \$300 per employee for each job added above 100

Applicant may be eligible for the following bonuses for new hires ~~only~~ and relocated employees:

- a. An additional \$125 per employee if a business is located within the North Beach area, as defined by the City of Miami Beach
- b. An additional \$125 per employee if new hire received a degree from a ~~public university, private university,~~ college, or technical school located within Miami-Dade County ~~and graduated within three (3) years of the hire date~~
- c. An additional \$125 per employee if previously unemployed or employed below the Living Wage Rate immediately preceding employment with Applicant

- d. An additional \$150 per employee if their primary residence is within the City of Miami Beach

Applicants specializing in technology and/or financial services industry subcategories related to cryptocurrency, blockchain, Web3, decentralized finance, sustainability, resiliency, hospitality, tourism, health and wellness, and arts and culture are eligible for additional bonuses for new hires and relocated employees:

- a. An additional \$175 per employee if a business is located within the North Beach area, as defined by the City of Miami Beach
- b. An additional \$175 per employee if new hire received a degree from a university, college, or technical school located within Miami-Dade County
- c. An additional \$175 per employee if previously unemployed or employed below the Living Wage Rate immediately preceding employment with Applicant
- d. An additional \$200 per employee if their primary residence is within the City of Miami Beach

Applicant may not receive more than \$60,000 in Incentive awards in any single fiscal year, even if all the New Jobs are created or relocated in one (1) year. Applicant may not receive more than \$240,000 in Incentive payments over the four (4) year period for New-to-Market businesses or \$180,000 in Incentive payments over the three (3) year period for Expansions.

The City Commission, at its discretion, may waive the applicable \$180,000 or \$240,000 total award cap at the request and recommendation of the City Manager.

## 5. Application Process

- An Applicant wishing to participate in the Program will apply to the City of Miami Beach. Upon request, an Applicant's confidentiality will be protected, in accordance with Section 288.075, Florida Statutes, to the best of the city's ability, for any information regarding a project's location and/or expansion evaluation of any Miami Beach site.
- The application will be evaluated by City of Miami Beach staff and approved by the City Commission.
- An application must be signed by an executive officer or owner of the applying business.
- Any New-to-Market business that commits the Applicant to a location within the City of Miami Beach prior to City Commission approval of the Application/Agreement will render an Applicant ineligible to participate in the Program. The City Manager may waive this prior decision rule and forward the Applicant's Application to the City Commission for consideration upon the written request by the Applicant to preserve the Incentive for a limited time. However, the City Commission retains the sole and absolute discretion to approve or deny the Applicant's Application. This prior business decision rule waiver shall not be

available to an Applicant that has already publicly disclosed the intent to locate or expand its operations in the City of Miami Beach.

- Within thirty (30) days of application receipt and initial review, City of Miami Beach Administration shall schedule an application presentation at the following available Finance and Economic Resiliency Committee (FERC) meeting (applicable public notice and agenda deadlines apply). Staff will notify the Applicant when the application is scheduled for consideration at any public meeting.
- Upon receipt of a favorable recommendation from the FERC, City of Miami Beach Administration shall prepare its recommendation on the Application to the City Commission, including an economic impact analysis.
- Upon approval by the City Commission of an application, the City of Miami Beach and Applicant may execute an agreement, authorizing Applicant's participation in the Program, which agreement shall include all Application requirements outlined in this Section and, at a minimum, specify:
  - a. The total number of New Jobs to be created or relocated and that will be dedicated to the project;
  - b. The Average Annual Wage of those jobs, any capital investment, and a time schedule or plan for when such jobs will be in place and active;
  - c. The fiscal impact to the City of Miami Beach;
  - d. The maximum amount of Incentive awards which the Applicant is eligible to receive over the three (3) or four (4) year term and the maximum amount of Incentive awards that the Applicant is eligible to receive annually;
  - e. That the City of Miami Beach may review and verify the financial and personnel records of the Applicant and/or perform onsite visits to verify employment relating to the New or Relocated Jobs, wages paid, and determine whether the Applicant is in compliance with the terms of the Application/Agreement;
  - f. The date by which, in each fiscal year, the Applicant must file a claim to be considered to receive an Incentive award for the following fiscal year (October 1 – September 30);
  - g. That compliance with the terms and conditions of the approved Application/Agreement is a conditional requirement for the receipt of any Incentive award in a fiscal year and that the Applicant's failure to comply with the terms and conditions of the approved Application/Agreement results in the loss of eligibility for receipt of Program awards and the revocation by the City Commission of the certification of the Applicant as a City of Miami Beach eligible business;
  - h. That payment of Incentives is conditioned on and subject to specific annual appropriations by the City of Miami Beach sufficient to pay amounts under the approved Application/Agreement; and
  - i. That the amount of the Incentives received will be based on the Incentive levels specified.

## 6. Award Disbursement

- a. Annual disbursements will be contingent on the verification of the new jobs created and retained.

- b. Disbursement will begin in the City of Miami Beach fiscal year following the Project's start of operations. The City of Miami Beach's fiscal year runs from October 1 through September 30 of the following calendar year.
- c. Companies will be monitored annually to ensure compliance with the projected number of new jobs and the wages associated with the new jobs. Disbursements to the Applicant will only be made after it has met all commitments as set forth in the City of Miami Beach application/agreement.
- d. Disbursement amounts are set forth and limited in each year of the disbursement schedule approved in the Agreement.
- e. To be eligible to claim any Incentive award under the Program, an Applicant that has entered into an approved application/agreement must annually apply to the City of Miami Beach by submitting a Disbursement Request from to the City Manager's designee by July 1st. An appropriation, if made by the City Commission, will be paid in the City of Miami Beach fiscal year that begins on October 1 following the claims-submission date.
- f. The City of Miami Beach shall designate staff, or a third party, to administer the Program and determine Applicant compliance. Any awards determined to be due to Applicant and processed by said designated staff shall require written approval and authorization by the City Manager or City Manager's designee.