

MIAMI BEACH

OFFICE OF THE CITY MANAGER

LETTER TO COMMISSION

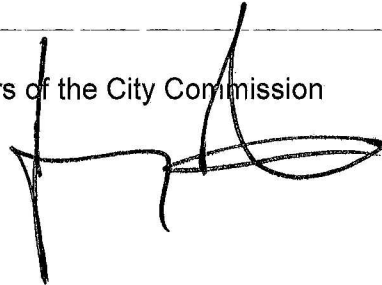
LTC #: 164-2017

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: March 28, 2017

SUBJECT: World OutGames 2017



This letter serves to update the Mayor and Commission on the planning and fundraising progress of the World OutGames 2017 scheduled to take place from May 26-June 4, 2017.

The City of Miami Beach has entered into two grant agreements with Miami-Beach-Miami LGBT Sports and Cultural League, Inc. in support of the World OutGames 2017. Per Resolution 2014-28492, the first grant was issued in FY 2013/14 in the amount of \$100,000; with \$50,000 to be repaid from World OutGames to the City of Miami Beach upon receipt of funding from the Miami Beach Visitor and Convention Authority (VCA). Although VCA funding for OutGames was secured for 2013/14; 2014/15; 2015/16; and 2016/17, OutGames has not yet reimbursed the City in the agreed upon amount of \$50,000 per this initial sponsorship agreement.

The second sponsorship agreement provides for \$300,000 to be disbursed in three installments:

1. The first disbursement of \$100,000 at signing in October 2016,
2. The second disbursement of \$100,000 at such time as when the World OutGames has contracts in place/proof of fundraising of at least \$1,100,000 from funding sources other than the City.
3. The third disbursement of \$100,000 would be made at such time as World OutGames has contracts in place/proof of fundraising of at least \$2,200,000 in cumulative funds from funding sources other than the City.

Furthermore, the second sponsorship agreement stipulates that OutGames would be responsible for providing financial reports on fundraising activities to the City summarizing fundraising receipts for the following dates:

- October 31, 2016
- December 31, 2016
- February 28, 2017
- April 30, 2017
- July 31, 2017

Upon repeated request, the first fundraising and financial reports were presented on March 14, 2017. The fundraising report indicated an estimated value of \$2,357,000 in both cash and in-kind sponsorships and represented \$495,000 in current cash collected.

Upon review of the fundraising report, it was clear that both cash and in-kind sponsorships were co-mingled in the reporting, and City staff asked for an updated fundraising report showing current commitments; cash received; outstanding gifts; and in-kind support.

Further, OutGames staff estimated that the total operating budget for the World OutGames 2017 was now in the realm of \$2.5-3 Million. Staff requested an updated operating budget, as the budget reflected in the agreement is represented as between \$11.1 and 5.35 Million. OutGames has not yet provided an updated operating budget.

At a subsequent meeting on March 24, 2017, OutGames provided an updated fundraising report indicating the following funding secured to-date:

- \$1,732,541 in committed gifts; including both cash and in-kind
- \$495,691 in cash gifts received
- \$605,000 in remaining cash gifts to be collected
- \$631,850 in in-kind support

The Administration has not received copies of any sponsorship agreements and cannot verify the cash collected. However, the financial report presented at the March 14, 2017 meeting represented a Balance Sheet indicating a total cash balance of \$31,499, indicating that any sponsorship funds received had already been largely expended. (See attached financial reports)

Updated fundraising and financial reports were provided on March 27, 2017. In this updated version, the fundraising report indicated a total of \$193,000 in cash gifts collected, with anticipated gifts remaining in the amount of \$620,000. The financial report did not match this fundraising report, but rather indicated \$175,000 in cash gifts/sponsorships collected and anticipated gifts remaining in the amount of \$643,000. Further, the financial report indicated a total operating budget in the amount of \$2.185 Million.

The current Miami Beach Convention Center event schedule shows the OutGames using a 14-day time window including load-in and load-out. This would be the first event of 2017 to open, and construction crews are ramping up and incurring additional expense in order to reach this milestone and prepare the building for an opening. It would be a waste of resources should the event cancel at the last minute and leave the building unoccupied for that period of time.

At this juncture, Administration has grave concerns about the World OutGames ability to successfully execute the planned events schedule given the very large gap between the current cash balance (\$31,499) and the anticipated expenses (\$2.185M), as well as the impact a potential cancellation will have on the Miami Beach Convention Center construction timeline and budget.

KGB/MH/ES/VW

World OutGames Est. Sponsorships & Grants:

World OutGames Est. Sponsorships & Grants:		Value	CASH BALANCE				TOTAL	Category
			RECEIVED	ANTICIPATED	INKIND	PENDING		
Presenting Sponsor	CMB	\$350,000	\$150,000	\$200,000			\$350,000	General Funds
Apparel Sponsor	Adidas	\$220,000		\$100,000	\$120,000		\$220,000	General Funds & Marketing
Alcohol Sponsor	Bacardi	\$149,000	\$0		\$149,000		\$149,000	Product, POS and Staffing
Alcohol Sponsor	Coke	\$0 -			\$0		\$0	
Alcohol Sponsor	Budwesier	\$50,000			\$50,000		\$50,000	Week of Event Signage
Hotel Sponsor	The National Hotel	\$21,600		\$20,000	\$1,600		\$21,600	General Funds
Decathlon Sponsor	My Gay Miami	\$20,000			\$20,000		\$20,000	Hotel Rooms
Hotel Sponsor	Marriot Hotel	\$15,000		\$15,000			\$15,000	General Funds
Sponsor	AARP	\$5,000				\$5,000	\$5,000	Human Rights
Sponsor	OutClique	\$15,000			\$15,000		\$15,000	Marketing
Sponsor	I heart Radio (Goodman)	\$5,000			\$5,000		\$5,000	Marketing
Sponsor	Miami Heat Charitable Fund	\$25,000				\$25,000	\$25,000	Cash towards Sports
Sponsor	Art Deco Muesum	\$20,000				\$20,000	\$20,000	
	Perez Art Museum	\$1,370			\$1,370		\$1,370	
	New World Center	\$5,650			\$5,650		\$5,650	Venue
	Soundscape Park City	\$5,000			\$5,000		\$5,000	Venue
	Poetry Foudation	\$5,000		\$5,000			\$5,000	Cash
	Burger King	\$5,000				\$5,000	\$5,000	Cash
	GoDaddy	\$5,000				\$5,000	\$5,000	Cash
	Papi Underwear	\$5,000				\$5,000	\$5,000	
	Institute for Race and Equility	\$30,000	\$5,000	\$5,000	\$20,000		\$30,000	
							\$0	
		\$957,620	\$155,000	\$345,000	\$392,620	\$65,000	\$957,620	
	Grant – Florida Sports Foundation	\$200,000		\$200,000			\$200,000	
	Grant – VCA	\$45,000		\$45,000			\$45,000	
	Grant – Miami Dade Culture	\$5,045		\$5,000			\$5,000	
	Grant – Miami Dade TDC	\$20,000	\$20,000				\$20,000	
	Grant – Miami Dade TDC	\$18,000	\$18,000				\$18,000	
	Grant – State of Florida Culture	\$25,000		\$25,000			\$25,000	#
		\$313,045	\$38,000	\$275,000	\$0	\$0	\$313,000	
		\$1,270,665	\$193,000	\$620,000	\$392,620	\$65,000	\$1,270,620	

World Outgames 2017 Operating Budget

INCOME			Full Budget		Bare Bones Budget		Revised March 1, 2017		Received	Anticipated	Inkind/Waivers	Pending/Short
Participant Registration Fee	15000	\$ 2,543,370.00	8660	1,515,500.00	2,300	402,500.00	283,500.00	119,000.00				
Sports Fee	11500	\$ 575,000.00	7660	500,400.00	1,800	90,000.00	78,000.00	12,000.00				
Human Right Conference Fee	2000	\$ 550,000.00	500	137,500.00	250	43,750.00	14,000.00	29,750.00				
Opening & Closing Ceremonies		\$ 1,083,000.00		250,000.00		150,000.00		150,000.00				
Cultural Program		\$ 968,850.00		\$ 319,720.50		\$ 45,000.00		\$ 45,000.00				
Women's Program		\$ 99,500.00		\$ 65,670.00		\$ -						
Sponsorship		\$ 4,157,500.00		2,000,000.00		1,500,000.00	155,000.00	345,000.00				
Grants/Gifts/Private/Govt		\$ 1,500,000.00		750,000.00		313,000.00	20,000.00	293,000.00				
Merchandising		\$ 25,000.00		\$ 12,500.00		\$ 5,000.00		\$ 5,000.00				
Outreach-Fundraising		\$ 142,250.00		50,000.00		5,000.00		5,000.00				
Cultural Fee	1500	\$ 60,000.00	500	\$ 19,800.00	250	\$ 10,000.00		\$ 10,000.00				
TOTAL INCOME				\$11,704,470.00		5,621,090.50						
EXPENSES							Already Paid	Waivers Pending	Inkind/Waivers			
Sports		\$ 515,800.00		\$ 340,428.00		\$ 227,000.00						
Sports: Officials		\$ 102,000.00		98,000.00		\$ 85,000.00						
Sports: Venues		\$ 750,000.00		422,000.00		\$ 200,000.00	35,000.00	63,900.00				
Human Right Conference		\$ 126,500.00		\$ 31,625.00		\$ 20,000.00						
Human Rights Conference: Venue		\$ 600,000.00		200,000.00		\$ 15,000.00		15,000.00				
Human Rights Conference: Speakers		\$ 185,000.00		\$ 46,250.00		\$ 35,000.00						
Opening & Closing Ceremonies		\$ 1,819,050.00		\$ 727,620.00		\$ 245,000.00	\$ 75,000.00					
Cultural Program		\$ 313,187.00		\$ 103,351.71		\$ 10,000.00						
Cultural Program: Venues		\$ 175,000.00		50,000.00		\$ 35,000.00	5,000.00					
Cultural Program: Artists/Films		\$ 90,000.00		\$ 29,700.00		\$ 15,000.00						
Festival Village: Lummus Park						\$ 187,000.00		37,000.00				
Women's Program		\$ 68,775.00		45,000.00		\$ -						
Operations: Admin		\$ 1,464,516.00		\$ 805,483.80		\$ 580,500.00						
Operations: Insurances		\$ 100,000.00		78,000.00		\$ 35,000.00						
Operations: Travel (Non-Marketing)		\$ 25,000.00		15,000.00		\$ 5,000.00						
Operations:Safety & Security		\$ 300,000.00		300,000.00		\$ 100,000.00						
Operations:Medical		\$ 43,000.00		37000		\$ 15,000.00						
Operations: Marketing		\$ 1,156,400.00		\$ 636,020.00		\$ 175,000.00		\$ 10,000.00				
Operations: Staffing		\$ 2,982,630.00		#####		\$ 173,000.00		\$ 28,000.00				
Outreach		\$ 242,250.00		\$ 159,885.00		\$ 15,000.00						
Merchandising		\$ 15,000.00		\$ 9,900.00		\$ 7,500.00						
Contingency		\$ 125,000.00		\$ 25,000.00		\$ 5,000.00						
TOTAL EXPENSES				\$11,199,108.00		#####		\$ 115,000.00	\$ 115,900.00	\$ 38,000.00	\$ -	
Community Legacy GOAL												
				\$ 505,362.00		267,774.99						

March 29, 2017

World OutGames Est. Sponsorships & Grants:

		CASH			
		BALANCE			
		Committed	RECEIVED DUE	INKIND	Total
Presenting Sponsor	CMB	\$550,000	\$150,000	\$200,000	\$550,000
Apparel Sponsor	Adidas	\$220,000		\$100,000	\$220,000
Alcohol Sponsor	Bacardi	\$149,000	\$0	\$149,000	\$149,000
Alcohol Sponsor	Coke	\$0		\$0	\$0
Alcohol Sponsor	Budwesier	\$50,000		\$50,000	\$50,000
Bronze Sponsor	Copenhagen Tourism	\$50,000			
			\$25,000	\$25,000	\$50,000
Hotel Sponsor	The National Hotel	\$21,600		\$20,000	\$21,600
Decathlon Sponsor	My Gay Miami	\$40,000	\$20,000	\$20,000	\$40,000
Decathlon Sponsor	Miami Dade County Commissioner	\$25,000	\$25,000		\$25,000
Hotel Sponsor	Marriot Hotel	\$15,000		\$15,000	\$15,000
Triathlon Sponsor	Ritz Carlton South Beach	\$10,000		\$10,000	\$10,000
Sponsor	AARP	\$7,500	\$7,500		\$7,500
Sponsor	Centerplate	\$30,000	\$25,000	\$5,000	\$30,000
Sponsor	Expo	\$5,000		\$5,000	\$5,000
Sponsor	Prestiage AV	\$5,000		\$5,000	\$5,000
Sponsor	Spectrum (Global Spectrum)	\$15,000	\$10,000	\$5,000	\$15,000
Sponsor	Collins Park Neigh Assoc.	\$7,000	\$7,000		\$7,000
Sponsor	Art & Business Council	\$5,000		\$5,000	\$5,000
Sponsor	CARE Resource	\$2,500	\$1,250	\$1,250	\$2,500
		\$1,207,600	\$270,750	\$335,000	\$1,207,600
					\$0
	Grant - Florida Sports Foundation	\$200,000		\$200,000	\$200,000
	Grant - VCA	\$195,000	\$150,000	\$45,000	\$195,000
	Grant - GMCVB	\$80,000	\$50,000	\$30,000	\$80,000
	Grant - Miami Dade Culture	\$9,941	\$4,941	\$5,000	\$9,941
	Grant - Miami Dade TDC	\$20,000	\$20,000		\$20,000
	Grant - State of Florida Culture	\$20,000		\$20,000	\$20,000
		\$524,941	\$224,941	\$270,000	\$524,941
		\$1,732,541	\$495,691	\$605,000	\$1,732,541

Miami Beach-Miami LGBT Sports & Cultural League, Inc.

BALANCE SHEET

As of March 14, 2017

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
MDGLCC Foundation - WOG 2017	1,840.53
MDGLCC Foundation Savings - Wells Fargo	1,151.37
Miami Beach-Miami LGBT Sports and Cultural League, Inc	14,381.51
Total Bank Accounts	\$17,373.41
Accounts Receivable	
Accounts Receivable (A/R)	9,000.00
Total Accounts Receivable	\$9,000.00
Other Current Assets	
Security Deposit	5,125.50
Total Other Current Assets	\$5,125.50
Total Current Assets	\$31,498.91
TOTAL ASSETS	\$31,498.91
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	6,008.00
Total Accounts Payable	\$6,008.00
Other Current Liabilities	
Loan	-1,000.00
Total Other Current Liabilities	\$-1,000.00
Total Current Liabilities	\$5,008.00
Total Liabilities	\$5,008.00
Equity	
Opening Balance Equity	100.00
Retained Earnings	5,000.44
Net Income	21,390.47
Total Equity	\$26,490.91
TOTAL LIABILITIES AND EQUITY	\$31,498.91

Est. Sponsorships & Grants:		Est. Value:	CASH	INKIND
Title Sponsor	TBD	\$2,357,000.00	\$735,750	\$421,250
Presenting Sponsor	CMB	\$1,000,000.00		
Alcohol Sponsor	Bacardi, Carlsberg, Coke	\$500,000.00	100,000	200,000
Bronze Sponsor	Copenhagen Tourism	\$150,000.00	20,000	130,000
Hotel Sponsor	The National Hotel	\$50,000.00	25,000	25,000
Decathlon Sponsor	My Gay Miami	\$30,000.00	\$20,000	\$10,000
Decathlon Sponsor	Miami Dade Commissioner	\$25,000.00	\$25,000	\$10,000
Hotel Sponsor	Marriot Hotel	\$25,000.00		
Triathlon Sponsor	Israeli Tourism	\$15,000.00		
Triathlon Sponsor	Ritz Carlton South Beach	\$10,000.00	\$10,000	
Sponsor	AARP	\$10,000.00		\$10,000
Sponsor	Collins Park Neigh. Assoc.	\$7,500.00	\$7,500	
Sponsor	Art & Business Council	\$7,000.00	\$7,000	
Sponsor	CARE Resource	\$5,000.00		\$5,000
		\$2,500.00	\$1,250	\$1,250
		\$1,837,000.00	\$240,750	\$391,250
Grant -- Florida Sports Foundation		\$200,000.00	\$200,000	
Grant -- VCA		\$195,000.00	\$195,000	
Grant -- GMCVB		\$80,000.00	\$50,000	\$30,000
Grant -- Miami Dade Culture		\$30,000.00	\$30,000	
Grant -- State of Florida Culture		\$20,000.00	\$20,000	
		\$520,000.00	\$495,000	\$30,000

Miami Beach-Miami LGBT Sports & Cultural League, Inc.

PROFIT AND LOSS

January 1 - March 14, 2017

	TOTAL
INCOME	
National Hotel	26,685.00
Registration Fees	116,791.81
Total Income	\$143,476.81
GROSS PROFIT	\$143,476.81
EXPENSES	
Aquatics Expenses	8,500.00
OPERATION EXPENSES	
Bank Charges	30.00
Office Expenses	476.82
Other General and Admin Expenses	1.13
Postage/Mailing	139.91
Rent or Lease	6,521.59
Telephone	674.09
Utilities	80.59
Total OPERATION EXPENSES	7,924.13
PAYROLL EXPENSES	
Executive Director	9,000.00
Sports Director	5,025.00
Total PAYROLL EXPENSES	14,025.00
PR & MARKETING	
Advertising	5,000.00
Advertising/Promotional	13,512.38
Event Activations	23.09
Printing	197.50
Promotional	1,756.80
Total PR & MARKETING	20,489.77
Rowing	375.00
Subcontractors	28,167.32
Travel	
Internet Access Fees	10.85
Travel Entertainment	86.11
Travel Hotel/Lodging	747.60
Travel Tips	13.00
Travel Transportation/taxi/car rental	797.87
Total Travel	1,655.43
Travel Meals	537.19
Venue Fees	38,412.50
Total Expenses	\$120,086.34
NET OPERATING INCOME	\$23,390.47
OTHER EXPENSES	
Miscellaneous	2,000.00

	TOTAL
Total Other Expenses	\$2,000.00
NET OTHER INCOME	\$-2,000.00
NET INCOME	\$21,390.47