

Condensed Title:

A resolution adopting and approving the Miami Beach Visitor and Convention Authority (MBVCA) FY 2012/2013 budget in the amount of \$2,594,692.

Key Intended Outcome Supported:

Maximize Miami Beach as a destination brand.

Increase community ratings of cultural and tourism related activities.

Supporting Data (Surveys, Environmental Scan, etc.): According to the 2012 Survey, around two out of three businesses felt the number of restaurants and nightclubs was about right, while 60% of businesses thought there were too few museums (61% of residents thought the City had the right number of museums). Businesses' positive ratings for City's management of special events were down considerably from 74% in 2009 to 59% in 2012. Despite this result, the percentage of businesses that thought the City held the right number of major events increased from 50% in 2009 to 66% in 2012. Residents in 2012 reported visiting various venues and cultural activities more frequently in 2012 than in 2009. The typical resident ate in restaurants 77 times in the past year, went to the beach 67 times and visited City parks and recreational areas 58 times. Conversely, the typical resident went to museums and nightclubs only eight times in the past year.

Issue:

Shall the Mayor and Commission approve the Miami Beach Visitor and Convention Authority (MBVCA) FY 2012/2013 budget in the amount of \$2,594,692?

Item Summary/Recommendation:

This budget allows the MBVCA to continue its mission to support, maintain and develop quality programs, by strategically focusing its investments which generate, satisfy and enhance the year-round tourist attractiveness of Miami Beach. The MBVCA's budget funds programs and special events designed to promote the destination.

The MBVCA is committed to a careful, long-term plan for allocation of resources to build the uniqueness of Miami Beach as one of the world's greatest communities and tourist destinations.

Advisory Board Recommendation:

The Miami Beach Visitor and Convention Authority (MBVCA) board unanimously approved the FY 2012/2013 budget during its' August 31, 2012 board meeting.

Financial Information:

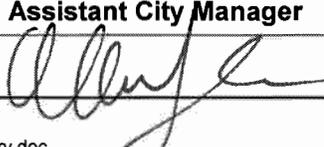
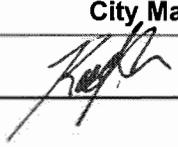
Source of Funds:	Amount	Account	Approved
1	\$2,118,361	2% Resort Tax Revenue	
2	\$207,000	Rollover from FY 2010/11 year	
3	\$269,331	Unrestricted Reserve	
4			
Total	\$2,594,692		

Financial Impact Summary:

City Clerk's Office Legislative Tracking:

Grisette Roque Marcos

Sign-Offs:

Department Director	Assistant City Manager	City Manager
		

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MIAMI BEACH

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

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie G. Brooks, Interim City Manager

DATE: September 27, 2012

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING THE MIAMI BEACH VISITOR AND CONVENTION AUTHORITY (MBVCA) FY 2012/2013 BUDGET IN THE AMOUNT OF \$2,594,692.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

BACKGROUND

The Miami Beach Visitor and Convention Authority (MBVCA) was created and exists pursuant to Chapter 67-930 of the Laws of Florida and Sections 102-246 through, and including 102-254 of the Code of the City of Miami Beach (CMB).

According to Sec. 102-251, the MBVCA is to take "all necessary and proper action to promote the tourist industry for the city, including but not restricted to causing expert studies to be made, promotional programs, the recommendations and development of tourist attractions and facilities within the city, and to carry out programs of information, special events, convention sales and marketing, advertising designed to attract tourists, visitors and other interested persons." The MBVCA also has the duty of making all necessary rules and regulations for the efficient operations of the authority.

The MBVCA is a seven-member authority. Each member is appointed by the City of Miami Beach (CMB) Commission, with the goal of encouraging, developing and promoting the image of Miami Beach locally, nationally and internationally as a vibrant community and tourist destination. To this end, the MBVCA strategically focuses its funding investments in a balanced manner, fostering outstanding existing programs, stimulating new activities, and encouraging partnerships. The MBVCA is committed to a careful, long-term plan for allocation of resources to build the uniqueness of Miami Beach as one of the world's greatest communities and tourism destinations.

A budget revenue projection is provided to the MBVCA by the City of Miami Beach Budget Office annually based on 5% of the 2% Resort Tax. On an annual basis the MBVCA must provide the City with a budget, on City forms, based on this projection as outlined in Sec. 102-252, before October 1st. The MBVCA normally budgets funding below the City's projection, as the collection of funds can differ substantially from projection, such as the result of unanticipated problems like an airline strike, terrorism, economic issues or storms. When and if there are unallocated funds remaining at the end of the budget year, those funds are either rolled over and allocated in the next budget year, or retained in MBVCA's accounts for future reserves. (e.g. endowment funding, to address any funding reductions in future years) In 2001, by statute, the MBVCA began investing into the creation of an endowment fund.

ANALYSIS

The MBVCA is required by law to maintain reserve bank accounts in approved public depositories, with sufficient reserves to cover one year of funding, which it does. Reserves are maintained to pay grant recipients (contracted) for the previous program funding cycle, and to ensure that sufficient funds can

be invested to stimulate tourism in the future. The level of reserves was modified in 2011 in order to maximize the value and impact of tourism directed funds.

The Board has allocated funds for the continuation of the 3 projects recommended to the MBVCA by the City's Finance Committee in FY 2010/11, for the 2012/13 and 2013/14 fiscal years. The projects in which funds have been allocated include Public Relations, Visual Memoirs Project, and Mobile API.

The MBVCA submits an annual Program of Work to the CMB as required by Sec. 102-281, and is audited annually by the City of Miami Beach as required in Sec. 102-281. MBVCA audits have been positive for the past 12 years.

Tourism Advancement Program

The MBVCA Tourism Advancement Program (TAP) was established to promote Miami Beach as a sophisticated tourist destination by increasing the number of visitors and through enhancement of visitors' experiences, through the allocation of funds granted to events or programs that bring visitors to the CMB and strengthen the CMB brand. In fiscal year 2011/2012, the MBVCA funded TAP in nine categories, including: Cultural Tourism, Development Opportunities, Film Incentive, Initiatives, Major One Time Special Event, Special Events Recurring, Special Projects, Special Projects Recurring, and the Tourism Partnerships. And, in 2011, the MBVCA began new investments, utilizing funds rolled over from several years past.

A total of \$1,683,650 was awarded in FY 2011/2012, compared to \$1,637,000 in FY 2010/2011. The increase in awards reflects an increase in the number of applicants. Grants funded in partnership with the CMB are critical. Branded tourism-related programs, such as the South Beach Wine & Food Festival and Art Basel Miami Beach are both examples of events whose beginnings in Miami Beach stem from grants provided by the MBVCA—events that could be recruited by other destinations.

The MBVCA strategically focuses funding to maximize tourism and brand, to improve Miami Beach by focusing on events and projects that generate significant publicity, strengthen brand and increase tourism (generating critical resort taxes for Miami Beach). The Board pays significant attention to marquee events.

Review process:

For the past decade, the MBVCA has used a multi-level review process for grant review; the process is reviewed annually. The process includes a mandatory pre-proposal staff conference regarding MBVCA policies and procedures and TAP. During the interview, MBVCA administration advises each potential applicant regarding eligibility and appropriateness of the proposed project and defines the grant category best suited to the potential grant. If eligible, the applicant will then meet with administration to discuss the process in further detail, including required attachments and meeting dates. All grant formats and policies are available on the MBVCA website. By Florida law, all MBVCA meetings are posted and open to the public; all records are public records.

Annually, the MBVCA reviews and refines grant guidelines with respect to efficacy and effectiveness. In FY 2012/2013, the MBVCA implemented changes to its funding caps and declining scale. The new declining scale and funding caps allows the MBVCA to diversify their funding into other areas and initiatives as requested by the City administration and/or the Board. The MBVCA also increased the criteria in place for the Major One Time Special Event and Special Events Recurring grant categories. The MBVCA guidelines and application process place emphasis on defining and measuring the economic impact of each event, as well as considering the impact and value of marketing, publicity and television origination/viewership. Questions concerning the economic impact of the program, including requiring an explanation of various aspects of the marketing plan, and how the numbers of hotel room nights are calculated, are also included in the application, as are the event's or organization's name, publicity plan, community and residential involvement, or special residents' considerations.

Standardized recap sheets have been developed to give each applicant a score that rates potential success. Using this tool, the MBVCA can better evaluate the recipient's long-term commitment to the community, commitment to brand enhancement, value to tourism, and economic impact. The application requires contract confirmation for hotel room blocks, letters of media confirmation and/or viewership contracts to be attached to the completed application; that data must be confirmed before and after funding is awarded. The MBVCA votes on each specific and individual grant, and evaluates the grant request, funds available and possible extenuating circumstances after a formal presentation by the grant applicant. A question and answer period follows with further discussion as needed.

Recurring projects:

The MBVCA also has a current policy in place to fund recurring projects on a declining scale, as necessary. The declining scale encourages recurring events to recruit corporate and private sponsorship and, therefore, not solely rely on MBVCA funds as a means of sustaining the event year after year. The award category establishes funding caps for recurring events, funding that can be reduced based on the maximum request for the specific grant category. Below is the new scale, implemented in FY 2012/13:

Year 1	Initial Grant Award
Year 2	No more than 80% of Eligible Request
Year 3	No more than 70% of Eligible Request
Year 4	No more than 60% of Eligible Request
Year 5	New Cycle Begins

Categories:

Tourism Advancement Program funds are currently awarded in eight categories, including: Cultural Tourism, Film Incentive, Initiatives, Major One Time Special Event, Special Events Recurring, Special Projects, Special Projects Recurring and Tourism Partnerships. The MBVCA has developed pre-eligibility criteria for grants within these categories. The criteria allow staff to determine eligibility and the appropriate grant category. Applicants must meet two of three of the criteria noted.

Grant Category	Hotel Room Nights	Impressions	Viewership
Cultural Tourism	200	500,000	1,000,000
Film Incentive*	250	N/A	N/A
Initiatives**	N/A	N/A	N/A
Major One Time Special Event	350	1,000,000	1,000,000
Special Events Recurring	350	1,000,000	1,000,000
Special Projects	2,500	250,000,000	15,000,000
Special Projects Recurring	2,500	250,000,000	15,000,000
Tourism Partnerships	200	500,000	5,000 (visitors/attendees/participants)

* Industry specific eligibility criteria in place for this program

** Initiatives are specifically targeted towards organizations chosen by the MBVCA to carry out the designated initiative

Budget (TAP) FY 2012/2013:

The MBVCA has budgeted \$1,671,167 for FY 2012/2013 for its Tourism Advancement Program. This grant funding reflects an increase of \$43,517 from FY 2011/2012. This increase is due to the increase in the number of new events and applicants for the upcoming fiscal year.

- The *Tourism Partnerships* category is budgeted at \$120,000, for FY 2012/2013 currently

including applicants at the maximum request cap of \$30,000. Four applications are anticipated to be received.

- The *Development Opportunities* category has been retired due to the small number of applicants over the years.
- The *Major One Time Special Event* category, representing 7% of the total budget, is budgeted at \$190,000 in FY 2012/2013, which reflects an increase from FY 2011/2012. The MBVCA expects four new events to apply; however, the maximum request for the category has decreased from \$50,000 to \$45,000. The MBVCA works tirelessly to stimulate and recruit new events and is willing and prepared to fund valuable tourism and brand related events. In fact, the MBVCA works with all partners, city leadership and media to solicit appropriate new projects. New events are expected to include Gourmet Festival Miami, UNTITLED Art Fair, and the Alzheimer's Public Education Scientific Innovation Summit.
- The *Special Events Recurring* category has been calculated at \$636,000 for FY 2012/2013 based on the established declining scale and on the number of applicants anticipated to return.
- The *Special Projects Recurring* category is budgeted at \$510,000. Anticipated applicants include Orange Bowl Marketing Campaign; South Beach Comedy Festival; ING Miami Marathon and Half Marathon and Tropical 5K; the Food Network South Beach Wine and Food Festival; the Miami International Film Festival; FUNKSHION Fashion Week Miami Beach; and Miami Beach International Fashion Week. These events, recruited and sustained by the MBVCA, are all marquee events and annually fill the City's hotel rooms.
- The *Film Incentive* category is budgeted at \$30,000 for FY 2012/2013; budgeting for a total of 1 possible applicant.

Destination Marketing

The Destination Marketing allocation reflects a 3% increase from FY 2011/2012. This increase is due to the additional placement of stories and press releases on the PR Newswire.

New Initiatives

The MBVCA expects to support new initiatives in FY 2012/2013. Strategic plans, goals and initiatives are developed through consultation, the result of ongoing communications with Mayor, Commission and City Administration. Some of these initiatives include:

Public Relations Initiative

Following a competitive Request for Proposals (RFP) search, the MBVCA selected H+K as P.R. agency of record to enhance Miami Beach's image in FY 2011/2012. H+K will continue to support the MBVCA effort by increasing brand awareness through strategic media outreach to consumer and travel trades, major event recruitment, and business and corporate communications programs. H+K has an extensive presence in the US and internationally. The agency's ability to network and leverage its global relationships is crucial to the growth of brand 'Miami Beach.'

The MBVCA has renewed the contract with H+K and will invest \$250,000 in FY 2012/2013 in this effort. Objectives include increased public relations or tourism related activities in CMB, recruitment on new events and meetings, improvement of CMB global reputation. CMB leaders have been active participants in planning and in oversight.

H+K created and distributed a total of 15 press releases during their first year as agency of record, garnering 4,630,690,127 media impressions.

Visual Memoirs Project

The MBVCA issued an RFP for qualified entities to record, catalogue and warehouse personal and eyewitness accounts of the history of the City of Miami Beach in FY 2011/2012. These deliverables were to include a recorded detailed history of Miami Beach through personal interviews, creating

collateral materials about the history of Miami Beach and identifying comprehensive exhibit concepts that can be implemented to execute a comprehensive visual memoir library and promotional campaign.

The Miami Design Preservation League was awarded a one year contract on October 1, 2011 in the amount of \$21,000, and the contract is expected to be renewed in FY 2012/2013 for an additional \$21,000. Thirty-six interviews have been conducted to date with an additional four expected by the end of the fiscal year. These interviews have included a wide variety of individuals that have been a part of Miami Beach.

The proposed exhibit will open for its initial run from mid-October through late November 2012 and will be open to the public free of charge daily from 10:00am until 4:30pm. The documentary will be played on a loop in the lecture hall portion of the Art Deco Welcome Center. Seating will be placed near the screen and will accommodate approximately 25 people at a time with standing room in the back.

An educational component is also being developed for FY 2012/2013.

IT/API Development

The MBVCA wishes to provide visitors with timely and relevant information about the City of Miami Beach, its public and private attractions, services, hotels, businesses, and events in order to enhance visitors (and residents) experience. Visitors to Miami Beach - all visitors worldwide – are increasingly using technology to navigate cities or make decisions about leisure experiences, dining, parking, entertainment and travel in general. Worldwide, technology is king. Many visitors already use the Miami Beach Wi-Fi service to access the information they need at locations around town.

Miami Beach visitors and residents are using smart phones and tablets to communicate and acquire information to make these kinds of decisions on-the-go. It is now critical for these visitors and residents to have access to mobile applications that can help them obtain the information they need to make a timely and informed decisions.

The MBVCA believes that the development of multiple applications must be developed to answer the varied needs before and during a CMB visit; appropriately designed and crafted applications can and should positively impact residents' experiences, as well. Providing a superior information-access experience will become a differentiating factor for our community. Visitors leave with the knowledge that CMB is au courant. The MBVCA is taking immediate action to create a platform for future IT development through a substantial financial investment.

The MBVCA's preliminary review of opportunities and needs was initiated in spring 2011 in consultation with area experts, and subsequent to a public meeting sponsored by the MBVCA as a situational analysis. The MBVCA released an RFP in January 2012 and Just Program LLC dba Solodev was awarded a one year contract on May 22, 2012 in the amount of \$116,500. The purpose of the RFP was to develop a Miami Beach-focused web-based digital content management system (CMS) and modifiable database to support 3rd party mobile applications via an application programming interface (API).

Additional strategic goals and initiatives will be developed through consultation with partners and continued outreach.

Projected Cash Flow Reserve

The MBVCA has budgeted \$2,000 in the cash flow reserve for FY 2012/2013. The City of Miami Beach allots resort tax payments to the MBVCA a month after its collection. Therefore, as a fiscal responsibility, the MBVCA has built in a \$2,000 projected cash flow reserve to its budget to ensure that all grants awarded will have the necessary funds to be reimbursed upon proper request and documentation.

FY 2012/2013 Administration and Overhead

The MBVCA's administration and benefits costs are budgeted at \$314,000 for the FY 2012/2013. The overhead allocation is budgeted at \$165,000 which reflects 6% of the overall budget. The increase from FY 2011/2012 is attributed to the hiring of an additional staff person; the build out of additional office space, cloud information hosting and redundancy, and capital expenditures.

FY 2011/2012 Rollover

A total of \$207,000 will be rolled over from FY 2011/2012 into the FY 2012/2013 MBVCA budget to fund special projects. This rollover of funds is primarily from the grants that were either not awarded and/or were rescinded for noncompliance.

CONCLUSION

At their August 30, 2012 meeting, the MBVCA Board recommended the Mayor and City Commission adopt the MBVCA Budget for FY 2012/2013 in the amount of \$2,595,667 as reflected in Exhibit A.

**MIAMI BEACH VISITOR AND CONVENTION AUTHORITY
FY 2012/2013**

	ADOPTED BUDGET FY 2011.2012	PROPOSED FY 2012.2013	VARIANCE
REVENUES			
Unrestricted	\$ 320,000	\$ 269,331	\$ (50,669)
Rollover	200,000	207,000	\$ 7,000
Projected Resort Tax	1,817,729	2,118,361	\$ 300,632
TOTAL REVENUES	\$ 2,337,729	\$ 2,594,692	\$ 256,963
EXPENDITURES			
Administration & Benefits	\$ 250,000	\$ 314,000	\$ 64,000
Operating Expenses	54,350	140,000	\$ 85,650
Capital	7,000	25,000	\$ 18,000
Total Administration	\$ 311,350	\$ 479,000	\$ 167,650
GRANTS - Tourism Advancement Program			
Tourism Partnerships	\$ 78,250	\$ 120,000	\$ 41,750
Cultural Tourism	\$ 30,000	30,000	\$ -
Development Opportunities	\$ 30,000	-	\$ (30,000)
Major One Time Special Event	\$ 150,000	190,000	\$ 40,000
Special Events Recurring	\$ 575,400	636,000	\$ 60,600
Special Projects	\$ 75,000	155,167	\$ 80,167
Special Projects Recurring	\$ 629,000	510,000	\$ (119,000)
Film Incentive	\$ 60,000	30,000	\$ (30,000)
Total Tourism Adv. Program	\$ 1,627,650	\$ 1,671,167	\$ 43,517
Reinvestment plan over 3 years			
Marketing/Communications and PR RFP	\$ 250,000	\$ 250,000	\$ -
Visual Memoirs	\$ 20,000	\$ 21,000	\$ 1,000
IT Development	50,000	100,000	\$ 50,000
Total	\$ 320,000	\$ 371,000	\$ 51,000
Other			
Destination Marketing	40,000	41,525	\$ 1,525
R&D	7,729	-	\$ (7,729)
Initiatives	24,000	30,000	\$ 6,000
Projected Cash Flow Reserve	7,000	2,000	\$ (5,000)
Total Other	\$ 78,729	\$ 73,525	\$ (5,204)
TOTAL	\$ 2,337,729	\$ 2,594,692	\$ 256,963

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ADOPTING AND APPROVING THE MIAMI BEACH VISITOR AND CONVENTION AUTHORITY (MBVCA) FY 2012/2013 BUDGET, IN THE AMOUNT OF \$2,594,692.

WHEREAS, the Miami Beach Visitor and Convention Authority (MBVCA) was created pursuant to Chapter 67-930 of the Laws of Florida, and Sections 102-246 through 102-254 of the City of Miami Beach Code; and

WHEREAS, the MBVCA's mission is to support, maintain and develop quality programs, which generate, satisfy and enhance the year-round tourist attractiveness of Miami Beach; and

WHEREAS, the MBVCA strategically focuses its funding investments in a balanced manner, fostering outstanding existing programs, stimulating new activities, and encouraging partnerships; and

WHEREAS, the MBVCA is committed to a careful, long-term plan for allocation of resources to build the uniqueness of Miami Beach as one of the world's greatest communities and tourist destinations; and

WHEREAS, pursuant to its enabling legislation, the MBVCA's budget for each FY shall be **presented to the Mayor and Commission**; and

WHEREAS, accordingly, the MBVCA recommends approval of the proposed budget for FY 2012/2013, in the amount of **\$2,594,692**, to continue implementation of its programs.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission adopt the Miami Beach Visitor and Convention Authority's FY 2012/2013 budget, in the amount of **\$2,594,692**.

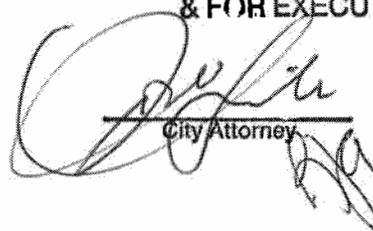
PASSED AND ADOPTED THIS _____ DAY OF _____, 2012.

ATTEST:

CITY CLERK

MAYOR

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

9/20/12

Date

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