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COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Kathie G. Brooks, Interim City Manager 

DATE: November 9, 2012

SUBJECT **Update on Discussion regarding a proposed municipal marketing program for South Pointe Park, and an update on other potential municipal marketing partnership for Sunscreen Licensing Deal**

As you are aware, the City has been involved in efforts to maximize its strong brand presence by partnering with corporate entities in a manner that generates good publicity and marketing for the City, while at the same time generating revenue or providing savings to the City. The City's municipal marketing (also known as "corporate sponsorship") consultant, The Superlative Group (TSG), has identified priorities for their efforts, while other activities have been identified to be pursued internally with the City's Development Coordinator. The City's Development Coordinator serves as the contract support staff for TSG.

Efforts have focused on identifying potential municipal marketing partners and opportunities for partnership, and reaching out to these potential partners to gauge interest. The current economic conditions have impacted the marketing budgets for many large corporations with histories of engaging in these types of partnerships; municipal marketing efforts are funded principally from marketing budgets, as they serve the primary purpose of promoting the corporation's brand and/or product. Not surprisingly, corporate marketing budgets have been impacted and are often the first affected when cost-cutting measures are initiated. While we continued to pursue various efforts in municipal marketing, as you know, we made considerable progress in the area of an Exclusive/Official citywide beverage partner, resulting in the ten-year exclusive, non-alcoholic beverage sponsorship with Coca-Cola Refreshments.

This was first presented to the Finance and Citywide Projects Committee (FCWPC) at its July 26, 2012 meeting. TSG explained that they initiated discussions with a large corporate entity interested in partnering with the City on naming rights for South Pointe Park. At that time, this anonymous company proposed to support the City of Miami Beach by enhancing and updating South Pointe Park. It was further explained that the anonymous company stated they will support the City to offer an enjoyable, inclusive and accessible experience that will strengthen awareness and reinforce the core values of the City of Miami Beach and that of the brand.

The terms presented at that time included a \$4 million cash contribution over 20 years, or \$200,000 annually, with a potential additional contribution toward the maintenance of the park. The Committee recommended TSG negotiate further with the anonymous company and return to the FCWPC. The Committee also stated that the \$200,000 annually was not sufficient and TSG should negotiate additional annual support to offset the City's annual maintenance costs. The anonymous company was subsequently identified to be Carnival Corp.

The concept was later presented to the South of Fifth Neighborhoods Association (SOFNA) and Miami Beach United. Both organizations passed similar motions against selling public land for naming rights or using public land for commercial purposes. SOFNA also stated the city should instead consider forming a park conservancy.

On August 30, 2012, TSG advised the City that Carnival Corp withdrew their proposal and was no longer interested in pursuing naming rights for South Pointe Park.

The Parks and Recreation Department has begun researching the option of establishing a foundation or a conservancy that would be dedicated to augmenting the funding sources now supporting the City's parks and recreation system.

Initial research has indicated that both entities are developed as 501(c) (3) public-private partnership with the primary purpose of generating financial support for a parks and recreation system. A parks foundation may be expansive in its funding support of a parks and recreation conservancy system. An example is the Miami-Dade Park and Recreation Department Foundation. As in contrast to the Central Park Conservancy, that invests its efforts solely in New York's Central Park. To further assist in the clarification, following is an overview and mission statements of the Miami-Dade Parks Foundation and the Central Park Conservancy.

Miami-Dade Parks Foundation

The Parks Foundation of Miami-Dade understands the important role park systems play in a community, and is committed to ensuring Miami-Dade's park facilities, programming and connections provide a world-class experience for residents and visitors.

Founded in 2004 as a 501(c) 3, the Foundation is leading efforts to maintain, improve and expand the assets of Miami-Dade Parks, Recreation and Open Spaces, as well as municipal park systems throughout Miami-Dade. The Miami-Dade parks system includes dog parks, skate parks, beaches, golf courses, Zoo Miami, Deering Estate at Cutler, as well as other programs such as learn-to-swim, after-school programs, summer camps and cultural initiatives.

Central Park Conservancy

The Central Park Conservancy was founded in 1980 by a group of dedicated civic and philanthropic leaders. They were determined to end Central Park's dramatic decline in the 1970s and restore it to its former splendor as America's first and foremost major urban public space, as envisioned by its 19th-century designers, Frederick Law Olmsted and Calvert Vaux. Today, the Conservancy's mission is to restore, manage and enhance Central Park, in partnership with the public, for the enjoyment of present and future generations.

In 1998, the Conservancy and the City of New York signed a management agreement formalizing their then 18-year public-private partnership. The relationship was reaffirmed in 2006 when the agreement was renewed for an additional eight years. As the official manager of Central Park, the Conservancy is responsible for the day-to-day maintenance and operation of the Park. Presently, 90 percent of the Park's maintenance operations staff is employed by the Conservancy, which provides 85 percent of Central Park's \$45.8 million annual Park-wide expense budget through its fundraising and investment revenue.

The City, in addition to the annual fee to the Conservancy for the services it provides, funds lighting, maintenance of the Park drives and enforcement. The New York City Department of Parks & Recreation retains policy control, has discretion over all user permits and events in the Park, and provides 10 percent of the field staff.

Since its founding, the Conservancy has overseen the investment of more than \$600 million into Central Park, of which more than \$470 million was raised from private sources — individuals, corporations and foundations — and more than \$110 million was contributed by the City. The Conservancy has also prescribed and carried out a restoration management plan for the Park; managed the capital restoration of much of the Park's landscapes and facilities; created

programs for volunteers and visitors; and set new standards of excellence in Park care. It has transformed Central Park into a model for urban parks worldwide.

There are currently a number of Parks Foundations and Conservancies throughout the United States that are experiencing varied success with their efforts.

Licensed Sunscreen Product ("Official Miami Beach Sunscreen")

Since the July 26, 2012 FCWPC meeting, TSG has continued negotiations for a licensed sunscreen product. TSG advised prospective proposers of the City's interest in an Exclusive Sunscreen Partner and the availability of opportunities from this partnership. In addition to information on volumes, venues, current pricing, etc., TSG also advised the prospective proposers of our interest in securing a partner that provided a minimum annual guarantee, as well as a percentage of net wholesale sales to be credited against the minimum guarantee. TSG recommended a minimum ten-year term for the partnership which is not only consistent with typical exclusive partnerships, but also creates an incentive for the prospective proposer – as the selected partner will have exclusive rights for an extended time – sufficient to amortize any capital investment, and to establish the new brand's presence in the market.

Proposed Terms:

Terms have been proposed by TSG as a result of their negotiations with Energizer (Banana Boat / Hawaiian Tropic) and a summary of these terms delineate the responsibilities of each party during the term of the Agreement.

Estimated total value:

The estimated total value of the proposed Exclusive Sunscreen Partnership with Energizer over the term of the agreement is, at a minimum, \$ 1,500,000, inclusive of an annual sponsorship fee (\$150,000), 4% licensing fee to be credited against annual sponsorship fee, marketing program to promote product and the City of Miami Beach brand, and potential contribution of apparel to Ocean Rescue. There have been no other offers from competing brands to the City at this time.

The following chart provides a breakdown of the value of the proposed partnership between the City of Miami Beach and Energizer (cash and non-cash):

	1ST Year	Over 10-year Term
Sponsorship Fee (annual fee)	150,000	1,500,000
Commissions (estimate - annual)	4%	TBD
Marketing Value (annual value)	TBD	TBD
Apparel Investment (Ocean Rescue polo's and shirts)	TBD	TBD
Community Support (product)	TBD	TBD
TOTAL VALUE (CASH AND OTHER)	\$150,000 + TBD	\$1,500,000 + TBD

Pursuant to the terms of the City's Agreement with TSG, TSG is entitled to 45% commission on licensing agreements (to include contract monitoring). The total amount to be paid to TSG will be calculated once the payment schedule is determined for the cash components of the agreement above.

Requirements of City:

As is common in these types of partnerships, there are certain expectations of the City's role. In addition to supporting the efforts of expanding the sales of the products through our concession

locations and in our venues – something that is mutually beneficial – Banana Boat/ Hawaiian Tropic identified in their proposal certain areas of support that would be required from the City. Other components include: recognition of the partnership as the official sunscreen of Miami Beach; waiver of certain permit and application fees for a limited number of special events and sampling events on public property (mutually agreed upon); provision of tickets for events at City venues to the sponsor for their use (as may be available); rounds of golf (mutually agreed upon), recognition on all Ocean Rescue vehicles (trucks, ATV's, jet skis) as an Official Product of Miami Beach Ocean Rescue, as well as advertising in MB Magazine and at the City's Alton Road Billboard.

Sponsor will have the opportunity to replace towels at beach concession locations (at Sponsors cost), Opportunity to replace and/or provide umbrellas at pool and tennis locations with Sponsor logo (at Sponsor cost), Opportunity to provide towels to staff at City pool locations with Sponsor logo (at Sponsor cost), Opportunity to replace Ocean Rescue stand up paddle boards including Sponsor logo (at Sponsor cost)

CONCLUSION:

If the FCWPC members and ultimately the full City Commission determine that establishing a park foundation or conservancy is an approach the City should pursue the Administration will begin the action steps necessary to implement it.

Banana Boat and Hawaiian Tropic are excellent, well-established sunscreen brands that would be excellent partners for the City. In reviewing the proposal submitted, TSG evaluated the short and long term benefits to the City of the partnership – both financial and in other intangibles. They recommend the selection of Banana Boat / Hawaiian Tropic as the City's exclusive sunscreen partner. The concept of an Exclusive Sunscreen partner provides an opportunity for the City to partner with a well-established brand in an effort to generate marketing opportunities for the City, in addition to added revenues. In reviewing other partnership packages in place or that have been negotiated in the past in other cities or public institutions, it is difficult to find a similar contract to compare. For example, we have not found agreements for cities for similar proposals.

The Administration is seeking direction from the FCWPC before proceeding.

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