



# MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

TO: Mayor Matti H. Bower and Members of the City Commission  
FROM: Jimmy L. Morales, City Manager  
DATE: August 21, 2013

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for August 21, 2013, at 3:00 P.M. at 1755 Meridian Avenue, in the 3<sup>rd</sup> Floor Training Room.

The agenda is as follows:

### OLD BUSINESS

### NEW BUSINESS

1. **General Fund CSL Update (OBPI) – including impact of bargaining unit agreements/givebacks**
2. **Updates related to the General Fund Budget**
  - a. **Discussion on Increasing the Living Wage**
  - b. **Food Trucks**
  - c. **Information Technology Projects**
  - d. **Status Update on Senior Meals**
  - e. **Status Update on Planning Days**
  - f. **Sunscreen Licensing Agreement**
  - g. **Updated Discussion on Proposed Funding Cuts for Libraries**
  - h. **Discussion on Hispanic Heritage Affairs Committee Motion on Hispanic Heritage Month**

**3. Lincoln Road Proposed Enhancements**

**4. Potential Efficiencies, Service Reductions, Revenue Enhancements and Service Enhancements (OBPI)**

**Finance and Citywide Projects Committee Meetings for 2013:**

**August 21, 2013 (Budget)**

**August 22, 2013 (Budget)**

**September 19, 2013**

**October 24, 2013**

**November 14, 2013**

**December 19, 2013**

PDW/rs/kd

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Cc. Mayor and Members of the City Commission  
Management Team

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## COMMITTEE MEMORANDUM

TO: Finance & Citywide Projects Committee Members

FROM: Jimmy Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **DISCUSSION REGARDING INDEXING THE LIVING WAGE RATES FOR FISCAL YEAR 2013-2014.**

### **BACKGROUND**

At its June 9, 2010 meeting, the Mayor and City Commission passed and adopted Ordinance No. 2010-3682, which amended the City of Miami Beach Living Wage Ordinance in the following particulars:

1. Effective October 1, 2010, service contractors, as applicable, were required to pay all employees the indexed hourly living wage rates established by the City based on the following three (3) year phase-in approach:
  - Commencing with City fiscal year (FY) 2010/11 (October 1, 2010), the hourly living wage rate will be \$10.16/hr. with health benefits of at least \$1.25/hr, and \$11.41/hr without benefits;
  - Commencing with City FY 2011/12 (October 1, 2011), the hourly living wage rate will be \$10.72/hr with health benefits of at least \$1.45/hr, and \$12.17/hr without benefits; and
  - Commencing with City FY 2012/13 (October 1, 2012), the hourly living rate will be \$11.28/hr with health benefits of at least \$1.64/hr, and \$12.92/hr without benefits.
2. An indexing process was established that included considerations of current Living Wage rates to the Consumer Price Index for Urban Consumers (CPI-U) increases to be considered during the City's annual operating budget discussions.

The City is currently exercising its final year of the three-year phase-in approach for indexing the Living Wage rate as referenced above. The process for future considerations to index the Living Wage rate, as described in Living Wage Ordinance, allows for the Living Wage rate and health care benefits rate to be increased annually for inflation using the CPI-U for the Miami/Ft. Lauderdale region issued by the U.S. Department of Labor, Bureau of Labor Statistics. Based on the indexing provisions of the Living Wage Ordinance, the following is provided for discussion and consideration:

1. The CPI-U for the Miami/Ft. Lauderdale region 2012, for the year ending December 31, 2012, is 1.9% (See attached Exhibit "A"). This figure represents an overall budget impact to the City of approximately a \$180,000 for the subsequent fiscal year based on current service contracts to which the Living Wage rate is applicable.
2. The Miami-Dade County Living Wage rate for FY 2013/2014 has been increased by 1.393% which translates into an hourly wage rate of \$12.23 per hour with no less than \$1.78 per hour towards a qualifying Health Benefits Plan, and \$14.01 per hour without health benefits.

However, notwithstanding the preceding, the City's Living Wage Ordinance stipulates that no annual increase to the Living Wage rates for the employees of City service contractors shall exceed the corresponding annual compensation increase provided to unclassified City employees. The City's bargaining agreements negotiated to-date do not include any cost of living adjustments for FY 2012/13 or FY 2013/14.

**CONCLUSION**

This information has been provided for your discussion and direction.

  
JM/KGB/AD/CD

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## COMMISSION MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **DISCUSSION REGARDING THE EXTENSION OF THE NORTH BEACH MUSIC AND FOOD FESTIVAL THROUGH THE END OF FY 2013/2014.**

On May 9, 2012, the Mayor and City Commission adopted a Resolution approving a Food Truck Pilot Program in North Beach, pursuant to the parameters recommended by the Neighborhood and Community Affairs Committee (NCAC) for summer 2012. Since the Food Trucks are part of a larger, City-sponsored event, the City applied for the special event permit for this event. The City promoted the event, and the Food Trucks selected also promoted the event through their extensive social media networks.

The Administration recommended a budget for three food truck events, and the Mayor and City Commission approved, at its May 9, 2012 meeting, an allocation of the \$12,000 of funding from the North Beach Economic Development activities budget previously in the Citywide Cost Center approved by the City Commission for an Umbrella Marketing Campaign to the Food Truck Pilot Program.

Although Commission approval for the pilot program was for summer 2012, since these are outdoor events there was a request to start in September. The Food Truck Pilot Program events took place on September, October and November 2012. The events included:

- Participation by the food truck operators;
- Space in the event area for local restaurants to participate;
- Live entertainment in the Bandshell at approximately 6:00 p.m.

The \$12,000 that was originally approved was not sufficient to produce the events properly. There were unspent funds in the approved North Beach Economic Development budget, which were used to supplement the original funding. The City coordinated and provided equipment, staff (Police, Sanitation and Parks), Advertising, Printing and Entertainment for each of the 3 events. Estimated costs for all of these services for the 3 events were approximately \$26,000, or approximately \$8,700 per event.

The response from the community was overwhelming. Ten food trucks and two local restaurants participated in the first event, and many of the food trucks ran out of food. As a result five (5) additional food trucks were added to the second and third events, along with five local restaurants at the October event and six at the November event. Initial feedback from the businesses in the area has been very positive. The Administration also worked with the Greater Miami Convention and Visitors Bureau to conduct surveys during the October and November events. The survey results are included as Exhibit B.

On October 24, 2012, the City Commission authorized two additional food truck events for December 2012 and January 2013. Subsequently, on December 12, 2012, the City Commission adopted Resolution No. 2012-28089 approving funding and extending the event through the end of FY 2012/13.

A total of \$87,000 was approved for the food truck events. Funding was allocated from North Beach Initiative Funding, previously funding for the Festival of the Arts and revenue generated from the food trucks who pay to participate in the event. Each monthly food truck event costs approximately \$6,000 or \$72,000 annually. Staff worked to reduce the cost of each event from what was originally \$8,700 per event.

Total Annual Cost	\$ 71,952
Food Truck Participation Revenue	(\$6,200.00)
<b>Total Required Funding</b>	<b>\$ 65,752</b>

The City's budget for FY 13/14 has \$104,000 available to continue the Food Truck Program and other North Beach Initiatives. In the current fiscal year the City has used these funds for the Food Truck Program, free weekly movies at the North Beach Bandshell from October – May, and enhanced holiday lighting at the Normandy Fountain.

### **CONCLUSION**

The Administration is seeking direction from the Finance and Citywide Projects Committee whether or not to continue with the North Beach Music and Food Truck Festival through FY 2013/2014.

  
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## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager 

DATE: August 21, 2013

SUBJECT: A DISCUSSION REGARDING MEALS DISTRIBUTED BY LITTLE HAVANA ACTIVITIES & NUTRITION CENTERS AND BUDGETARY RESOURCES TO KEEP FUNDING SOCIAL PROGRAMS.

### BACKGROUND

At its July 25, 2013 meeting the Finance and Citywide Projects Committee directed the Administration to explore options to address the elder meals lost to sequester budget cuts. As a reminder, these are the meals lost at each site:

Site	Lost Capacity
Rebecca Towers	15
Council Towers South	10
Stella Maris	3
South Shore Community Center	20
Federation Towers	10

The Committee directed the Administration to provide interim funding to Little Havana Activities & Nutrition Center (Little Havana) and Jewish Community Services of South Florida (JCS) at a rate of \$3.00 and \$5.62 per meal, respectively. On August, 8, 2013, the City received correspondence from Little Havana declining the interim funding as it did not cover the actual cost of meals provided. JCS executed its Letter of Grant Agreement on August 9, 2013 accepting the interim funding.

In response to the Committee's directive to explore ways to safeguard elder meals, staff evaluated a variety of options and met extensively with the City's two congregate meal site providers, Little Havana Activities & Nutrition Center and Jewish Community Services of South Florida, as well as the Alliance for Aging, the Area Agency on Aging tasked with distributing *Older American Act* funds for our City.

In addition, at the Mayor's urging, staff met with Ms. Lynette Sobel of the Fertile Earth Foundation regarding its food reclamation efforts and the feasibility of incorporating this resource to address the sequester cuts.

Attached, you will find a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the following strategies:

- Existing reimbursement rate
- Partial reimbursement rate (overhead offset)
- Food reclamation
- Food vouchers
- City operation of program

In conducting the analyses, staff was mindful of the core purpose of the congregate meals program which is disease prevention and health promotion through the provision of nutritious meals while adhering to the *Dietary Guidelines for Americans (9)* published by the Secretaries of Health and Human Services and Agriculture and the Recommended Daily Allowances (RDA) established by the Food and Nutrition Board.

As a reminder, the *Older Americans Act* created the congregate meals program to achieve these nutritional goals while also serving as a means of preventing frail, elder persons from becoming socially isolated and providing a response framework by which to identify, engage and serve elder residents who may need greater intervention services to ensure their health and independent living. It is also important to note that by virtue of its intent, congregate meal site programs serve elder residents facing physical, social, economic and cultural barriers that must be addressed in the provision of services including accessibility, assistance with meal delivery and locations easily accessible by the population served.

## **ANALYSIS**

Meal site providers must adhere to the standards delineated in the *Older Americans Act Nutrition Programs Toolkit* created by the National Resource Center on Nutrition, Physical Activity & Aging. The Toolkit delineates standards for each of the following but not limited to:

- Meal Service
- Menu & Nutrient Requirements
- Food Safety & Sanitation
- Food Service Operations
- Nutrition & Health Promotion Services
- Site Administration
- Personnel Requirements
- Reporting & Fiscal Management

At a minimum, nutrition programs must ensure that they conform to nutrition standards and menu policies as well as:

1. Provide at least one hot or other appropriate meal per day, five (5) or more days a week;
2. Provide meals in congregate settings, including adult day care facilities and multi-generational meal sites; and
3. Include nutrition education services and other appropriate nutrition services for older individuals. (Part C, Subpart 1, Section 331)

In addition to strict dietary guidelines, congregate meal providers must:

- Enter into contracts that limit the amount of time meals must spend in transit before they are consumed; and
- Comply with applicable provisions of State or local laws regarding the safe and sanitary handling of food, equipment, and supplies used in the storage, preparation, service and delivery of meals to an older individual. (Section 339)

The Alliance for Aging, through the *Older Americans Act*, provides a reimbursement for meals served by both Providers. Providers leverage this reimbursement amount with United States Department of Agriculture (USDA) commodities program contributions as well as a minimum required match of 10%.

In completing the SWOT analysis, staff ensured that the core factors delineated above form the basis for each strategy's review.

### **Funding the Sequester Gap Utilizing the Current Reimbursement Rate**

Given the many federal standards that must be met, providing the meal site providers with a uniform reimbursement rate of \$5.62 is the most viable option that ensures uninterrupted service while ensuring the full leverage of tangential resources and the continued delivery of nutritious meals to the community's elderly.

The uniform reimbursement rate still falls short of the actual delivery cost for meals for both providers but affords full compliance with the *Older Americans Act* and provision of the meals as required by Federal law.

### **Funding Only the Food Cost**

Both Providers have said that they must comply with *Older American Act* standards in order to maintain their certifications. They cannot serve food that does not meet the Federal standards nor can they create an environment in which clients are served food that does not meet the nutritional and programming standards of the *Older American Act*. In short, they cannot serve food without also supplying the tangential services such as screening, insurance, staffing, transportation, etc. as required by their meal site designations.

Both Providers have advised Administration that they cannot accept funding that does not, at a minimum, meet the *Older Americans Act* reimbursement rate (\$5.62 per meal).

## **Food Reclamation**

The Fertile Earth Foundation currently reclaims food from restaurants and hotels for animal consumption. While the Foundation has said that it is willing to reclaim food for human consumption, significant investment must be made to create the necessary and required infrastructure to safely recapture and redistribute food for people including:

- Refrigerated truck (to pick-up and deliver reclaimed food maintained at a safe storage temperature)
- Food reclamation containers (refrigerated receptacles – usually with storage trays -- that maintain food at a constant temperature)

In addition to the infrastructure to collect food, heating and food service equipment must be acquired for the points of distribution. None of the existing meal sites have this capacity as both congregate meal site Providers contract for catered food and do no food preparation on site.

Furthermore, both Little Havana Activities & Nutrition Center and Jewish Community Services of South Florida have said they cannot accept reclaimed food for distribution to their elder clients because of Federal guidelines. Therefore, if the existing meal sites are not used, distribution points and site management would have to be created adding significant cost to this service option.

As it stands, the Fertile Earth Foundation would also need to more aggressively market its efforts in hopes of securing additional donation sites from which to reclaim food. This marketing effort will also increase operational costs without necessarily translating into a fixed amount of food that can be relied upon for distribution.

Finally, food reclamation does not address either nutritional or religious requirements.

## **Food Vouchers**

Food vouchers, pre-loaded credit cards that enable elders to purchase up to a fixed amount of food at local, participating restaurants and grocery stores, offer some benefits:

- Allows elder residents choice
- Promotes use of local businesses
- Fixes the expenses per meal

Unfortunately, this approach promotes social isolation, requires elder residents to provide their own transportation, and still requires another entity to screen client eligibility and distribute food vouchers. Furthermore, it does not ensure that elder residents eat nutritious meals or access tangential services that promote good health.

## **City Operation of Meal Program**

While the City has several facilities that can be tailored to serve meals, it would require a significant investment in equipment, staffing (including training) and procurement. Since

the City is bound by its Living Wage Ordinance, the staffing cost alone is greater than those incurred by either Little Havana or JCS. More so, aside from the initial capital investment and ongoing staffing and food costs, the City would not be able to provide the additional tangential support services (transportation, social work, etc.) without additional increased cost.

Regardless of the cost, the City would require several weeks to create the infrastructure to start a meal program creating a significant gap in services. As a reminder, there are currently five municipalities operating congregate meal programs on their own. Among these cities:

- Hialeah
- Hialeah Gardens
- Miami Springs
- Sweetwater
- West Miami

However, each of these municipalities must augment Alliance for Aging funds with other resources. In Hialeah, the municipal leverage or cash match exceeds \$1 million. Hialeah Gardens leverages more than \$200,000. Both cities use the General Fund as leverage match and independently pursue additional funds through grants and other appropriations.

## **CONCLUSION**

The Administration recommends, if the intent is to maintain the availability of elder meals at the May 16, 2013 level, that funding be awarded at the uniform rate of \$5.62 per meal which is the amount lost as a result of sequester cuts. The total budgetary impact to the General Fund for FY 2013/14 would be \$84,749.60.

JLM/KGB/MLR

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## SWOT Analysis of Elder Meal Options (Strengths, Weaknesses, Opportunities & Threats)

Full Reimbursement Rate	Food Only Reimbursement	Food Reclamation	Meal Vouchers	City-Managed Program
(S) Capacity, resources and infrastructure to provide full service	(S) Leverages provider resources	(S) Minimizes food waste	(S) Affords independent choice	(S) The City has park facilities throughout the City that can be tailored for use
(S) Proven experience and success with program goals and objectives	(S) Proven experience and success with program goals and objectives	(S) Leverages cost among a variety of community members	(S) Supports local business	(W) Infrastructure including space, staff and procurement would need to be created
(S) Sites are known and trusted by residents	(S) Sites are known and trusted by residents	(W) Quantity collected is unpredictable and not known in advance	(S) Encourages community integration	(W) Process to mobilize operations could take months because of procurement and training requirements
(S) Providers leverage funds with the Alliance for Aging, USDA and private sources	(W) Creates disincentive for providers to grow capacity	(W) Nutritional value is unknown	(W) Requires extensive community networking to identify participating restaurants	(W) Requires integrated transportation services support
(S) Ensures access to health, nutrition and independent living supports for elder clients	(W) Increases the proportional share of overhead expenses that Provider must now absorb jeopardizing the overall number that can be served	(W) Requires significant investment in vehicles and food storage equipment	(W) Provides weak control of nutritional content unless proscribed	(W) City's Living Wage increases overall staffing costs
(S) Provide structured programming and socialization to prevent client isolation and health diminishment	(W) Creates environment in which clients cannot equitably access support services (i.e. those receiving only meal support may not access social workers, etc.)	(W) Does not address who will serve meals and where ( <i>current providers cannot serve food that does not meet required nutritional and safety standards</i> )	(W) Does not leverage USDA and other funds	(W) Service would need to be centralized (1 location) to minimize cost
(S) Transportation services are provided for those needed help to get to meal site	(O) Limits the loss of service capacity created by sequester cuts	(W) Drivers and food service costs are separate and offset savings	(W) Adversely impacts elders with limited transportation/mobility	(W) Does not provide for additional social work support services
(S) Space is provided as in-kind or at a very reduced rate in locations where elder residents congregate	(T) If federal cuts continue, provider capacity may be jeopardized altogether	(W) Cultural and religious factors cannot be adequately addressed	(W) Further promotes the isolation of elder, vulnerable residents	(O) Creates an opportunity to leverage Recreational programming and facilities to new group of users
(W) Supplanting of funds may lead to long-term reliance on City resources	(T) Transportation services may be impacted limiting access for some elder residents relying on provider-transportation	(W) Does not leverage USDA and other funds	(W) Client screening & voucher distribution needs to be provided	
(O) Sites have service capacity greater than the funding gap enabling growth w/other sources		(O) May be used to address the	(O) Encourages restaurants to participate and offer their own nutritious meal alternative	
(T) Continued federal cuts further undermine the program's stability		(O) Encourages broader community participation in addressing hunger	(T) Subject to the participation of independent restaurants	
		(T) Relies on volunteer participation by hotels/ restaurants		
		(T) Participating restaurants/ hotels are subject to peak seasons		
<b>Initial Cost Incurrence</b> None (infrastructure exists)	<b>Initial Cost Incurrence</b> None to City (Infrastructure exists but funding gaps must be met by Providers jeopardizing acceptance of City funding)	<b>Initial Cost Incurrence</b> Extensive (Trucks, food receptacles, staffing, training and sites would be needed)	<b>Initial Cost Incurrence</b> None (but participating restaurants would have to be engaged)	<b>Initial Cost Incurrence</b> Extensive (Trucks, food receptacles, staffing, training and sites would be needed)
<b>Ongoing Cost Incurrence</b> \$5.62 p/meal <b>\$ 84,749.60</b>	<b>Ongoing Cost Incurrence</b> \$5.62 (JCS)/ \$3.00 (LHANC) p/meal <b>\$ 43,836 (LHANC) cannot accept reduced reimbursement)</b>	<b>Ongoing Cost Incurrence</b> (Fuel, staffing, space) <b>Unknown</b>	<b>Ongoing Cost Incurrence</b> \$5.00 (estimated) <b>\$75,400</b>	<b>Ongoing Cost Incurrence<sup>1</sup></b> Staffing + Meal Costs (\$57,902 + \$42,240) <b>\$100,142</b>

1- City estimate for staffing of 4 P/T workers @ 4 hours per day at \$2.80 p/meal

2- All estimates based on 58 meals per/day (the sequester gap as of May 16, 2013)

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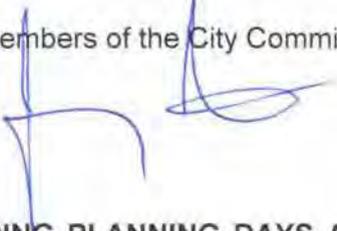
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## COMMISSION MEMORANDUM

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

FROM: Jimmy L. Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **RECOMMENDATIONS REGARDING PLANNING DAYS AND EMPLOYEES CURRENTLY EARNING THEM**

### **BACKGROUND**

At the February 20, 2013, Finance and City Wide Planning Committee (FCWPC) meeting, planning days and their genesis were discussed as the matter had been referred by Commissioner Libbin at the January 16, 2013, City Commission meeting.

Despite an exhaustive effort, which included reviewing archived records maintained by the City Clerk, staff was unable to ascertain the origin of this employee benefit and only had anecdotal information to relay. The general consensus was that the compensation benefit was instituted in part to address salary compression issues and as a component of an executive benefit package used to assist the City's competitiveness in the labor market.

On February 20, 2013, the Committee was presented with a list of 49 classifications/incumbents earning from a low of two to a high of six planning days each year. Planning days cannot be carried over from one year to another so if they are not used, employees are paid for their value at the end of the calendar year. The current list shows 43 incumbents earning planning days. Of those, 9 are in the deferred retirement option plan (DROP) and will be separating from the City as soon as September 30, 2013 and as late as August 31, 2017.

Also at the February 20, 2013, staff was instructed not to offer planning days to new employees and to propose alternatives at the budget meeting for those employees currently receiving this benefit.

As a result of the Committee's directives, new incumbents in the following classifications, who would have otherwise been eligible for the benefit, do not have planning days as part of their compensation: City Manager; two Assistant City Managers; Building Director; Human Resources Director; OBPI Director; Parks and Recreations Director; Public Works Director and Special Projects Administrator.

Three recently vacated positions may be filled by new employees who will not be eligible for the benefit. They are the Real Estate, Housing and Community Development Director, CIP Director and the Assistant Fire Chief, assuming, of course, that the positions are not filled with current employees already earning the benefit.

### **STAFF RECOMMENDATION**

Eliminating the benefit for current recipients, without recognizing its value, results in salary reductions from a low of \$676.00 to a high of \$5,271.00 per year.

Given that all recipients of the planning days benefit are unclassified employees whose wages have been mostly stagnant for several fiscal years and that planning days are paid out at the end of the calendar year when not used, it is recommended that you exercise one of the following two options: (1) that the value of the benefit be rolled over into each incumbent's current earnings; or (2) that the benefit be phased out through attrition.

### **CONCLUSION**

The Administration recommends that you exercise one of its two recommended options: (1) that the value of the benefit be rolled over into each incumbent's current earnings; or (2) that the benefit be phased out through attrition.

The benefit offer was made in good faith and accepted by the employees in the same spirit. The number of people affected is limited, thereby containing the City's liability; however, their value to the individual employee cannot be overstated. This is particularly true of those long term employees at the maximum of their respective ranges when the cost of living adjustment (COLA) of April 2012, did not extend the pay ranges and made them ineligible for that increase.

JLM/KGB/SC-T

### Current Status of Planning Day Benefits: August 2013

TITLE	GRADE	PLANNING DAYS	ANNUAL VALUE
Public Safety Special Projects Coordinator	o017	2	\$676
Human Resources Assistant Director	o019	4	\$1,395
Code Compliance Director	o019	4	\$1,464
Assistant Director - Parking	o018	4	\$1,528
Police Captain	o019	4	\$1,843
Police Captain	o019	4	\$1,843
Police Captain	o019	4	\$1,843
Police Captain	o019	4	\$1,917
Sanitation Director	o019	4	\$1,982
Police Captain	o019	4	\$1,994
Procurement Department Director	o019	4	\$2,000
Assistant Director - Parks	o019	4	\$2,039
Bass Museum Director	o019	4	\$2,060
Acting Director, CIP	o019	4	\$2,185
Division Commander	o020	4	\$2,185
Infrastructure Division Director	o019	4	\$2,198
Police Captain	o019	4	\$2,242
Fleet Management Division Director	o019	4	\$2,252
Assistant Director - Parks	o019	4	\$2,252
Assistant Director - Public Works	o019	4	\$2,254
Fire Division Chief	o020	5	\$2,329
Information Technology Department Director	o021	4	\$2,346
Police Major	o020	4	\$2,418
Fire Division Chief	o020	5	\$2,433
Assistant Director - Finance	o020	4	\$2,447
Police Major	o020	4	\$2,447
Police Major	o020	4	\$2,447
Fire Division Chief	o020	5	\$2,549
Fire Division Chief	o020	5	\$2,549
Acting Planning Director	o017	6	\$2,752
City Clerk	o021	6	\$2,957
Fire Marshall	o020	5	\$3,059
Deputy Director - Building	o020	5	\$3,070
Tourism and Cultural Development Director	o021	6	\$3,754
Assistant Chief of Police	o021	6	\$3,785
Parking Director	o021	6	\$3,884
Parks and Recreation Director	o021	6	\$3,989
Assistant City Manager	o024	6	\$4,708
Chief Deputy City Attorney	o424	6	\$4,830
Chief Financial Office	o024	6	\$5,118
Chief Deputy City Attorney	o424	6	\$5,271
Fire Chief	o023	8	\$5,558
Police Chief	o023	8	\$5,752
<b>43</b>		<b>TOTAL</b>	<b>\$118,608</b>

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## COMMITTEE MEMORANDUM

TO: Finance and Citywide Projects Committee Members

FROM: Jimmy L. Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **Update on Municipal Marketing Partnership for Sunscreen Licensing**

The Finance and Citywide Project Committee (FCWPC) has previously discussed a proposed Sunscreen Licensing agreement at several meetings throughout the 2013 calendar year. Initially those discussions focused on a proposal from Energizer who initially was interested in pursuing a licensing agreement with the City, but has since determined they are only interested in a sponsorship agreement with a flat annual fee. Estimated total value of the proposed Exclusive Sunscreen Partnership with Energizer over the term of the agreement is \$ 1,500,000, inclusive of an annual sponsorship fee (\$150,000), marketing program to promote product and the City of Miami Beach brand. However, once you subtract the Annual Commission fee to The Superlative Group (TSG) and other negotiated benefits, the net annual revenue to the City was approximately \$115,000 or \$1,150,000 over the ten (10) year term.

Pursuant to the terms of the City's Agreement with TSG, TSG is entitled to a 15% commission on gross revenue between \$0 - \$250,000, and 12% commission on gross revenue generated between \$250,001 - \$500,000 for the City by TSG. The potential revenue generated from this proposed agreement, combined with the gross revenue from the Coca-Cola agreement, entitles TSG to 12% commission. TSG is also entitled to a 10% commission on budgeted cost avoidance measures as further defined in the agreement, which could be up to an additional \$8,050 for TSG annually.

In April 2013, the City was directly approached by Rayito De Sol regarding their interest in an exclusive licensing partnership and development of Miami Beach Sunscreen. The Administration has been negotiating with BLIII Holdings, who acquired the North America rights to *Rayito de Sol* and *Tortulan* brands, regarding a Miami Beach Licensing Agreement. The FCWPC discussed this at their May 13, 2013 meeting and expressed the importance of having a high level of quality control and that all advertising promotes the Miami Beach community in a positive light. The FCWPC passed a motion recommending the Administration proceed with the analysis and negotiations with BLIII Holdings and to bring this item back to the Finance Committee.

### **PROPOSED LICENSING PARTNERSHIP – BLIII HOLDINGS**

Rayito De Sol was established over 70 years ago in Argentina as a family run business. Today Rayito De Sol is the #1 suncare brand in Argentina and is the #1 selling bronzing sunscreen in Brazil. It has been available in over 10 other countries including Mexico, Venezuela, Ecuador and Paraguay and recently expanded to offer its sunscreen, bronzer, and instant color collections in the United States. Rayito De Sol products are currently available at ULTA, Kerr Drug, Del Haize, H-E-B and Airport Newslink, as well as their online store.

BLIII Holdings is locally owned and locally operated by the Leon family, a fourth generation Cuban American entrepreneurial family with experience in diverse industries. BLIII entered into

the sun care and skin care industries in 2011 by acquiring the North America rights to *Rayito de Sol* and *Tortulan* brands, top-selling Latin American brands with over seventy years of history and heritage.

BLIII proposes the creation of an entirely new brand and line of suncare products that leverage key elements of Miami Beach. BLIII, in partnership with the City of Miami Beach, would utilize its network of domestic and international development and sales experts to bring the Miami Beach Brand to the global consumer with unique, high quality products that represent Miami Beach. Products would be manufactured in Florida at state of the art facilities.

BLIII has begun doing research on product development including pricing, packaging, consumer focus groups, logo development, quality control, and distribution. During their research they have also been able to put together sales forecasts, estimated costs, and their plans for successful market penetration.

Based on an initial USA market launch and reaching an achievable market share within three to five years, BLIII proposes a partnership agreement whereby net profits would be shared between the City of Miami Beach and BLIII Holdings. BLIII estimates this distribution could be valued in excess of \$1 million USD annually by years three to five of the venture.

BLIII believes that together with the City, they can position the Miami Beach Brand as a leader in destination branding and products and help connect consumers all over the world to the City of Miami Beach. Since the May FCWPC meeting, BLIII has continued their consumer focus groups and research and also attended the ECRM trade show in July to gauge interest from retailers for a potential Miami Beach Sunscreen product line. The results of their focus groups, research and industry meetings were overwhelmingly positive and BLIII remains very interested in moving forward with a contract for an exclusive sunscreen licensing agreement with the City.

### **PRODUCT QUEST MANUFACTURING, LLC**

BLIII has partnered with Product Quest Manufacturing, LLC (Product Quest) to produce, package and fulfill orders for the Miami Beach Sunscreen. Product Quest manufactures over-the-counter sunscreen, health and beauty care products on a contract basis. Its services include research and development, production, designing and packaging, warehousing, fulfillment, and sales and marketing. The company offers drugs in the nasal and ear care categories, as well as beauty products, including skin lotions, cosmetics, and shampoos. It also markets and sells Scherer Labs branded healthcare products in the United States and internationally.

Product Quest was founded in 1996 by John Regan and is based in Daytona Beach, Florida. More than 15 years later, Product Quest is a multi-million dollar operation with two locations capable of producing more than 60 million units a year. They are also a fully licensed over-the-counter (OTC) drug manufacturer with over 200 employees. Mr. Regan has more than 31 years experience in managing manufacturing companies and launched his career with Hawaiian Tropic in Daytona Beach, FL.

Product Quest services include private label and contract manufacturing. These services include the following:

- Turnkey product development, manufacturing and shipping programs
- A la carte contract manufacturing services
- Full service research and development
- Full service graphics & packaging design

- Complete logistics & fulfillment support

Assistant City Manager Kathie Brooks and Tourism, Culture and Economic Development Director Max Sklar, visited Product Quest facilities in Daytona Beach in July 2013. The manufacturing facility in Daytona Beach is 170,000 square feet with 17 production lines, research and development and quality control regulatory labs. Based on the visit and subsequent discussions with Product Quest, the Administration feels confident that Product Quest is the right partner for BLIII to contract with for the Miami Beach Sunscreen.

### **SUMMARY OF NEGOTIATED TERMS WITH BLIII HOLDINGS**

In exchange for the City's agreement to license the Miami Beach brand to BLIII / Destination Brands for the sole purpose of developing, manufacturing, marketing and distributing the Miami Beach Sunscreen as the exclusive and official sun and skin care brand of the City, the Administration and BLIII have negotiated the following proposed terms:

- Initial term of five (5) years with BLIII / Destination Brands, which is a wholly owned subsidiary of BLIII Holdings.
- Renewal terms of three (3) years each as follows:
  - First renewal at the sole discretion of BLIII / Destination Brands.
  - Second renewal at the sole discretion of the City.
  - Three (3) additional renewal terms mutually agreed upon by both parties.
- Minimum annual marketing investment of ten percent (10%) of gross revenue.
- BLIII / Destination Brands responsible for design, research, development, sales, manufacturing, distribution, and account management.
- City to use best efforts to provide access, advertising and promotion at no cost for brands in conjunction with its partners and resources.
- Public Benefits will include the following:
  - Up to one percent (1%) of proceeds of the sale of each product will go towards funding beach cleanups and sun protection education.
  - A minimum of 500 units of sunscreen annual for the City's lifeguards.
- All photographic, video and other marketing and advertising footage must be real depictions of Miami Beach and take place in Miami Beach.
- City to have 40% representation on Advisory Board.
- BLIII / Destination Brands to provide quarterly financial reconciliation and operating reports to City within ninety (90) days of the end of each quarter.
- City to have right to audit throughout the term of the Agreement and for a period of five (5) years after either termination or expiration of the Agreement of all books and records relating to the Agreement to verify accuracy thereof. All costs of City audits will be a cost of the Agreement and must be paid by BLIII / Destination Brands.

Please note that the City and BLIII / Destination Brands have commenced negotiations with the Boucher Brothers with regard to the sale of the Miami Beach Suncare product line. Section 16.5 of City's agreement with the Boucher Brothers does require the Boucher Brothers to sell only the products under the City's exclusive endorsement and/or sponsorship agreement. However, the City's desire is to work with the Boucher Brothers to sell the Miami Beach Suncare product at all of their concessions in Miami Beach (public and private) and at their concession operations throughout the rest of the country. Therefore, the City and BLIII / Destination Brands have been negotiating mutually beneficial terms for Boucher Brothers. *Those negotiations are ongoing and have been very positive.*

**CONCLUSION:**

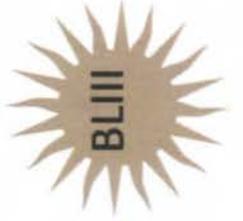
Both Energizer and Rayito De Sol are excellent, well-established companies that would be excellent partners for the City. However, the licensing proposal from BLIII Holdings / Destination Brands offers the City the potential to achieve higher net proceeds than the Energizer proposal. Additionally, BLIII Holdings is interested in developing a Miami Beach branded suncare line with broad distribution. This, in itself, has a tremendous value toward building the City's brand and increase awareness of the destination.

The Administration is seeking direction from the FCWPC before finalizing negotiations. Once the FCWPC gives direction, the City will proceed to finalize negotiations with the preferred company and will work with the Boucher Brothers to address their needs.

JLM/KGB/MAS

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# INTRODUCING

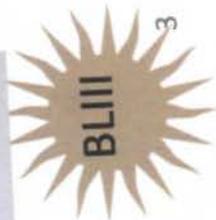


## 2014 PRODUCT LINE



Daily Pre Sun Wash	SPORT SPF 15 gel	SPF 30 Triple action Broad spectrum	SPF 50 SPORT Broad spectrum spray	Daily Post-Sun Sea foam wash
MB exfoliating sand	MB seawater	MB Triple sea kelp	MB fragrance	MB sea foam, aquamarine life
Prepares skin, extends tan	Instant cooling gel	Seaweed natural sunscreen (IR)	SPORT protection	Calming soothing
Anti-photo-aging releases melanin With antioxidants	Minerals Proteins vitamins to nourish skin	Rehydrates, replenishes proteins minerals lost in heat, sun	Long lasting protection, instant drying	Minerals and proteins to rejuvenates skin
With Vitamins A,C,E	Therapeutic	UVA/UVB, 80min	UVA/UVB, 80	antiaging

# Introducing SoBe nights



# SOBE Nights Sunless Line



Sunless Sea Spray	Instant Color Sunless Glow Lotion
MB beach scent	MB beach scent
Gradual color	Instant color gradual glow



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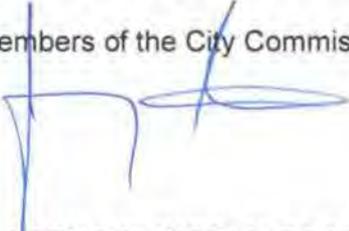


# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMITTEE MEMORANDUM

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

FROM: Jimmy L. Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **PROPOSED REDEVELOPMENT AGENCY/LINCOLN ROAD ENHANCEMENTS**

### BACKGROUND

The Lincoln Road Mall is a major South Florida destination serving tourists, residents and the general public. Maintaining this key thoroughfare clean and well-maintained is essential to helping preserve the City's status as a world-class destination, as well as securing the viability of this important economic engine for the City. For a number of years, the management of maintenance services within the Lincoln Road Mall service area has been provided by the Property Management, Sanitation, and GreenSpace Management Divisions, with the Police Department managing the contracted security services.

### REQUEST FOR PROPOSALS

On September 12, 2012, the City Commission approved the issuance of Request for Proposals (RFP) 006-2013TC to consider options for maintaining and securing the Lincoln Road Mall. The RFP was issued on December 24, 2012. The Public Group issued bid notices to 39 prospective bidders of which 23 accessed the advertised solicitation. In addition, 30 vendors were notified via email. The pre-bid conference was held on January 15, 2013. During the pre-bid conference, prospective bidders were instructed on the procurement process and the information their respective proposals should contain. On April 15, 2013, three (3) bids were received from Keystone Property Management, Inc., Standard Parking, SP Plus Maintenance d/b/a Parking Facility Systems, and Superior Landscaping & Lawn Service, Inc.

Through the Procurement Division's review of each bid for responsiveness, it was determined that the proposals received were nonresponsive based on the following reasons:

- Keystone Property Management, Inc. was deemed nonresponsive for failing to demonstrate a proven track record of maintenance management in pedestrian-oriented venues and facilities open to the public similar to the Lincoln Road Mall.
- Standard Parking, SP Plus Maintenance d/b/a Parking Facility Systems was deemed nonresponsive for failing to submit its pricing on the pricing form provided in Addendum 7 - a mandatory requirement of the RFP.
- Superior Landscaping & Lawn Service, Inc., was deemed nonresponsive for failing to demonstrate a proven track record of maintenance management in pedestrian-oriented venues and facilities open to the public similar to the Lincoln Road Mall.

After considering the review and recommendation of City staff, the City Manager exercised his due diligence and carefully considered the specifics of this RFP process. As a result, the City Manager recommended to the Mayor and City Commission to reject all proposals received. Prior to releasing a subsequent RFP, the City Manager instructed City staff to conduct an industry review meeting to include the companies that currently manage outdoor pedestrian-oriented facilities, such as Bal Harbour Shops, Bayside Marketplace, The Falls, and the Village of Merrick Park.

## **STATUS UPDATE**

The Administration conducted two industry reviews, but with disappointing participation. Property managers for outdoor-type malls within the local area and for several venues around the state were invited to participate. Only one company participated in the industry review. At the same time, the City was approached by several members of the Lincoln Road Property Owner's Association who expressed an interest in submitting a proposal but also expressed concerns with the overall conditions of Lincoln Road beyond routine maintenance issues.

As a result, staff and several members of the Lincoln Road Property Owner's Association conducted a comprehensive walk through of the facility, which yielded the following conclusions:

- The overall condition of many of Lincoln Road's structures, surfaces and systems are in poor condition and in general need of a refresh or replacement. Although \$20 million is programmed over two years in the City's adopted Capital Improvement Program -- Fiscal Year (FY) 2014/15 and FY 2015/16 -- for upgrading the Lincoln Road venue, including its infrastructure, there is no master plan in place to provide an overall comprehensive plan or specifications for the use of the funds. In addition, this effort needs to be coordinated with the Basis of Design Report (BODR) for the City Center 9B project which will impact the side-streets leading to Lincoln Road. There is a significant lack of information in the City regarding the infrastructure that the RFP requires that proposers maintain; including specifications for the pumps for the various water features and fountains, for the light fixtures, etc.
- There are areas for improvement both on the side of the City and on the side of property owners. Unfortunately, given the competing priorities for code enforcement in the City, I do believe that Lincoln Road does not have the level of dedicated Code Enforcement officers that it needs. Further, the limited code enforcement resources are typically focused on sidewalk café operations, rather than on litter, safety concerns and general maintenance issues generated by property owners.

I believe that the current condition of some of the Lincoln Road structures, surfaces and systems, coupled with the general lack of information about maintaining many of these items, are significant drawbacks in getting qualified proposers to respond to the RFP. In addition, as many of you know, there are several departments involved in the maintenance of Lincoln Road, but no one entity responsible for the facility as a whole which impedes coordination efforts among maintenance service providers, property owners and code enforcement.

## **RECOMMENDATIONS**

As a result of these observations, I now believe that releasing an RFP at this time is premature. Rather, I believe that we need to put in place, as soon as possible, the following enhancements which I have recommended as proposed enhancements for the FY 2013/14 budget:

- Add an in-house mall manager that can better direct and coordinate the individual departments involved in Lincoln Road maintenance, including code enforcement, and act as the City's central liaison with tenants and property owners to improve communication and facilitate facility improvements.
- Undertake a master planning process for Lincoln Road improvements so that it is complete by FY 2014/15 when funding becomes available. The scope of this master plan would cover the area from 17<sup>th</sup> Street to Lincoln Lane South and from West Avenue to Collins Avenue and would include a facilities and infrastructure assessment, a historical overlay assessment, and a conceptual master plan, all of which would interface to the City's Geographic Information System (GIS). The facilities and infrastructure assessment components will help the City determine the condition and required replacement cycles of both above and below ground facilities and infrastructure components of the Lincoln Road mall. The inclusion of these components in the master planning process will assure that identified deficiencies are included in future improvements, resulting in greater accuracy of capital resource requirements and predictability of future maintenance expenses.

In addition, the scope would include coordination and integration of improvements with the Citer Center 9B BODR and the approved program for the Miami Beach Convention Center Renovation and Expansion project, as well as an evaluation of any impacts to the surrounding residential areas.

The estimated cost of this study is approximately \$500,000.

- Add two code compliance officers for Lincoln Road which will provide for dedicated coverage on Lincoln Road. These officers would be able to address a number of issues related to Sidewalk Cafes (i.e. site plan modification and expansion, stacking of chairs, solicitation) which take place from early morning until late evening, as well as many other code issues related to property maintenance, illegal vendors/peddlers, Business Tax Receipt violations, excessive/illegal signage on private property, unauthorized sampling, and a more effective way to address our licensed artists/vendors and performers. There are also other code violations that would be deterred as a result of the presence along this district. When necessary, the officers could also address sanitation-related concerns regarding overflowing dumpsters along North or South Lincoln Lane.

The two CCOs would be deployed in two separate shifts in an effort to maximize visibility and coverage. To maximize the number of hours of coverage for Lincoln Road, one Code Compliance Officer will cover day shift and the other will be on night shift with staggered days off to provide for weekend coverage. A typical deployment might be configured as follows:

SUN	MON	TUES	WED	THURS	FRI	SAT
8:30a—4:30p			12p—8p	12p—8p	8:30a—4:30p	8:30a—4:30p
4:30p—12:30a	12p—8p	12p—8p			4:30p—12:30a	4:30p—12:30a

This enhancement will also free up some code enforcement resources which can be directed to Ocean Drive while providing enhanced services on Lincoln Road.

Other initiatives already underway include enhanced maintenance of water features through a new City contract, and development of short-term landscaping improvements with property owners (funded by \$150,000 already included in the Redevelopment District FY 2013/14 budget).

I believe that it is, therefore, appropriate to discontinue the process for the issuance of Request for Proposals for the Maintenance of Lincoln Road and consider in its stead, through a mall manager position, centralize coordination of maintenance efforts by City departments with some service outsourcing as appropriate (e.g., maintenance of water features and fountains). The mall manager will also help to coordinate master planning efforts and future construction and infrastructure improvements with all stakeholders, including City staff, contractors, property owners and tenants. Once we have completed the scheduled upgrades, and have improved the condition of the facility and its systems through the mall manager and enhanced code enforcement, I believe that significantly greater interest will be expressed by potential service providers in responding to a future Request for Proposals.

If these initiative are as successful as I expect them to be, we will evaluate similar initiatives for other business areas of the City in the following fiscal year.

### **LINCOLN ROAD PROPERTY OWNERS**

I have reviewed this approach with Lincoln Road property owners and they are supportive of this approach. In fact, their board has already passed a motion unanimously supporting a Lincoln Road Mall Manager.

### **CONCLUSION**

The City should discontinue the process for the issuance of Request for Proposals for the Maintenance of Lincoln Road and pursue the addition of a mall manager, enhanced code enforcement, and completion of a master plan for the upgrade of Lincoln Road through the FY 2013/14 budget process.

JLM/KGB/MAS/EC/AD

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