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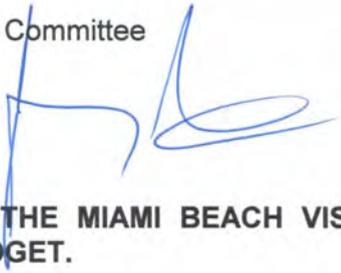


# MIAMI BEACH

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

## COMMISSION MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jimmy L. Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **DISCUSSION REGARDING THE MIAMI BEACH VISITOR AND CONVENTION AUTHORITY FY 2013/14 BUDGET.**

The attached memorandum and budget has been submitted by the Miami Beach Visitor and Convention Authority for your review and consideration.

  
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**MEMORADMUM**

TO: Max Sklar

FROM: Grisette Roque Marcos *GRM*  
Executive Director

DATE: August 8, 2013

RE: MBVCA FY 2013.2014 BUDGET

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As per your request, attached please find a copy of the MBVCA FY 2013.2014 Budget. The budget was unanimously approved by the board on August 7, 2013.

Cc: Harold Rosen, Esq.

**ADMINISTRATION RECOMMENDATION**

Adopt the Budget

**ANALYSIS**

**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 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, calculated on 96% of the collections. 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 1<sup>st</sup>.

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. In 2008, revenue collections came in \$48,000 under estimated projection, and in 2001 the revenue collection was down approximately \$300,000 from projection. 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 accounts for future reserves, endowment funding, to address any funding reductions in future years; in 2001, by statute, the MBVCA began investing into the creation on an endowment fund.

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 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 13 years.**

**FY 2012/2013 REVIEW/TOURISM ADVANCEMENT PROGRAM (TAP)**

The MBVCA Tourism Advancement Program (TAP) was established to promote Miami Beach as a sophisticated tourist destination by increasing the number of visitors; 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 2012/2013, the MBVCA funded TAP 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. In 2012, the MBVCA continued to fund investments, utilizing funds rolled over from several years past.

A total of \$1,432,000 was awarded in FY 2012/2013, compared to \$1,683,650 in FY 2011/2012. The decrease in awards reflects a revision to the declining scale in place and less applicants. Grants funded in partnership with the CMB are critical, branded tourism-related programs, such as the South Beach Wine & Food Festival and Winter Music Conference, both examples of events whose beginnings in Miami Beach stem from grants provided by the MBVCA—events that could be recruited by other destinations.

#### **FY 2013/2014 TOURISM ADVANCEMENT PROGRAM**

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 over a decade, the MBVCA has used a multi-level review process for its grant program; 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 the eligibility and appropriateness of the proposed project and defines the grant category best suited to the potential applicant. If eligible, the applicant will then receive further detail of the process, including required attachments and meeting dates. All grant formats and policies are available on the MBVCA website. By Florida law, all MBVCA meetings are advertised and open to the public; all records are public records.

Annually, the MBVCA Board 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 allow 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 requiring a total of 350 hotel room nights to be contracted, from the original 250 hotel room nights required and the media impressions up from 500,000 to a required 1,000,000. Although the declining scale was revised and the maximum request caps reduced, by splitting the Special Events Recurring and Major One Time Special Event grant categories, and the Special Projects and Special Projects Recurring grant categories to each having their own maximum grant requests, each applicant was moved up by one year on the declining scale. This led to individual increases in their request caps for the 2012/2013 fiscal year, even though it reduced the percentage cap requests over time.

The MBVCA guidelines and application process places 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 and where they are contracted, are also required as part of the application, as are the event's or organization's publicity plan, community and residential involvement, or special residents' considerations. Standardized recap sheets and point systems have been developed to give each applicant a score that rates potential success. Using this tool, the MBVCA can better evaluate the applicant'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 is made by the grant applicant. A question and answer period follows with further discussion as needed.

**RECURRING PROJECTS:**

The MBVCA has a current policy in place to fund recurring projects on a declining scale. 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 current scale, implemented in FY 2012/13; applicable to not and for profit agencies.

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**

*Budget (TAP) FY 2013/2014:*

The MBVCA has budgeted \$1,589,500 for FY 2013/2014 for its Tourism Advancement Program which reflects 61% of the total budget. This grant funding reflects a decrease of \$81,667 from FY 2012/2013. This decrease is due to the decrease in the total grant amount being requested due in part to the declining scale.

- The *Tourism Partnerships* category is budgeted at \$120,000, reflecting 5% of the total budget for FY 2013/2014. The category currently includes applicants at the maximum request cap of \$30,000. Four applications are anticipated to be received.
- The *Cultural Tourism* category, a joint grant with the City’s Cultural Arts Council (CAC) is budgeted at \$30,000 with the CAC contributing an additional \$30,000. A total of three applicants are expected, each at a \$30,000 request.
- The *Major One Time Special Event* category, representing 7% of the total budget, is budgeted at \$180,000 in FY 2013/2014, which reflects a decrease from FY 2012/2013. The MBVCA expects four new events to apply at a maximum request of \$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 applicants are expected to include Scope Miami Beach, Sweat Miami Beach, Miami Beach Jazz, and Nature Capitale.

- The *Special Events Recurring* category, reflecting 24% of the total budget, has been calculated at \$616,000 for FY 2013/2014 based on the established declining scale and the number of applicants anticipated to return.
- The *Special Projects* category is budgeted at \$180,000 with a total of two applicants expected at the maximum request of \$90,000 each.
- The *Special Projects Recurring* category is budgeted at \$433,500 and represents 17% of the total budget. 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 2013/2014, which represents 1% of the budget; budgeting for a total of 1 possible applicant.

### **Destination Marketing**

The Destination Marketing allocation reflects a 2% of the total budget for FY 2013/2014. This allocation provides for the additional placement of stories and press releases on the PR Newswire.

### **New Initiatives**

The MBVCA expects to support new initiatives in FY 2013/2014. Strategic plans, goals and initiatives are developed through consultation, the result of ongoing communications with the Mayor, Commission and City Administration. Some of these initiatives include Code for America, in conjunction with the City of Miami Beach and the continued support of The Customer and You – Certificate Program in Service.

### **Public Relations Initiative**

In FY 2013/2014, the MBVCA will again put out a Request for Proposals (RFP) for a P.R. agency of record to enhance Miami Beach's image. The selected agency will support the MBVCA efforts by increasing brand awareness through strategic media outreach to consumer and travel trades, major event recruitment, and business and corporate communications programs. There is an allotment of \$250,000, representing 10% of the total budget, towards this effort.

The MBVCA renewed the contract with H+K in FY 2012/2013. The contract runs through June 30, 2014 in FY 2013/2014. Objectives include increased public relations or tourism related activities in CMB, recruitment of new events and meetings, and improvement of CMB global reputation. CMB leaders have been active participants in planning and oversight. 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 the 'Miami Beach' brand.

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 and 12 press releases during their second year, generating 3,913,341,910 media impressions as of June 2013.

### **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. The 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 in partnership with Close-Up Productions, was awarded a one year contract on October 1, 2011 in the amount of \$21,000, and the contract was renewed in FY 2012/2013 for an additional \$21,000,

which represents 1% of the total budget. A total of forty interviews were conducted during the Project's first year.

The proposed exhibit opened to the public daily for its initial run from mid-October through late November 2012, free of charge from 10:00am until 4:30pm and reopened during Art Deco Weekend 2013. The documentary played on a loop in the lecture hall portion of the Art Deco Welcome Center. Seating was also placed near the screen and accommodated approximately 25 people at a time with standing room in the back. A total of twelve interviews have been conducted as of July 2013 with another eight interviews to be completed by September 2013.

An educational component was developed for FY 2012/2013 that included a video and guide for Miami Beach Middle Schools.

In FY 2013/2014, the videos will be prepared for archival as part of a statewide university consortium. MDPL will also collaborate with various institutions to create links to the online materials.

### **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 free Miami Beach Wi-Fi service to access the information they need at locations around town.

Miami Beach visitors and residents are using smartphones 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 (Apps) that can help them obtain the information they need to make a timely and informed decisions.

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 awarded a one year contract to Just Program LLC dba Solodev on May 22, 2012. The purpose of the RFP was to develop a Miami Beach-focused web-based digital content management system (CMS) and modifiable database to support 3<sup>rd</sup> party mobile applications via an application programming interface (API).

Currently, the API is fully functional with 230 different categories of businesses each averaging 90 different services and amenities. Web and App developers will be able to use these attributes to create new and exciting experiences for their end-users.

We have allocated \$100,000 or 10% of the overall budget in FY 2013/2014, to undertake a fine tuning and release of a fully functional mobile App for the MBVCA API for both iPhone and Android platforms, expand the API data to include local non-business information that can be useful in app development such as beach access roads, public restroom, and life guard stands.

### **Research and Development**

The MBVCA has budgeted \$21,235 for the FY 2013/2014, to be used toward the development of a business plan for the API. The allocation represents 1% of the overall budget.

### **Projected Cash Flow Reserve**

The MBVCA has budgeted \$2,000, or 0% of the total budget, in the cash flow reserve for FY 2013/2014. 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 2013/2014 Administration and Overhead**

The MBVCA's administration and benefits costs are budgeted at \$311,265 for the FY 2013/2014. This figure represents 12% of the total budget and includes a 3% COLA.<sup>1</sup> The overhead allocation is budgeted at \$170,000 which reflects 7% of the overall budget. The increase from FY 2012/2013 is attributed to the hiring of an additional staff person; the build out of new office space, cloud information hosting and redundancy, and capital expenditures. The total administration and overhead is 19% of the total budget.<sup>2</sup>

**FY 2012/2013 Rollover**

A total of \$200,000 will be rolled over from FY 2012/2013 into the FY 2013/2014 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.

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<sup>1</sup> Approved by the City Commission on March 21, 2012

<sup>2</sup> This is below the non-profit industry standard of 20% (Source: BBB)

**MIAMI BEACH VISITOR AND CONVENTION AUTHORITY**  
**FY 2013/2014**

	ADOPTED BUDGET FY 2012.2013	PROPOSED FY 2013.2014	VARIANCE
<b>REVENUES</b>			
Unrestricted	\$ 269,331	\$ 175,000	\$ 94,331
Rollover	207,000	\$ 200,000	\$ (7,000)
Projected Resort Tax	2,118,361	\$ 2,220,000	\$ 101,639
TOTAL REVENUES	\$ 2,594,692	\$ 2,595,000	\$ 308
<b>EXPENDITURES</b>			
Administration & Benefits	\$ 314,000	\$ 311,265	\$ (2,735)
Operating Expenses	140,000	\$ 170,000	\$ 30,000
Capital	25,000	\$ 25,000	\$ -
Total Administration	\$ 479,000	\$ 506,265	\$ (27,265)
<b>GRANTS - Tourism Advancement Program</b>			
Tourism Partnerships	\$ 120,000	\$ 120,000	\$ -
Cultural Tourism	30,000	\$ 30,000	\$ -
Major One Time Special Event	190,000	\$ 180,000	\$ (10,000)
Special Events Recurring	636,000	\$ 616,000	\$ (20,000)
Special Projects	155,167	\$ 180,000	\$ 24,833
Special Projects Recurring	510,000	\$ 433,500	\$ (76,500)
Film Incentive	30,000	\$ 30,000	\$ -
Total Tourism Adv. Program	\$ 1,671,167	\$ 1,589,500	\$ (81,667)
<b>Reinvestment plan over 3 years</b>			
Marketing/Communications and PR RFP	\$ 250,000	\$ 250,000	\$ -
Visual Memoirs	\$ 21,000	\$ 21,000	\$ -
IT Development	100,000	\$ 100,000	\$ -
Total	\$ 371,000	\$ 371,000	\$ -
<b>Other</b>			
Destination Marketing	41,525	\$ 45,000	\$ 3,475
Initiatives	30,000	\$ 60,000	\$ 30,000
R&D	-	\$ 21,235	\$ 21,235
Projected Cash Flow Reserve	2,000	\$ 2,000	\$ -
Total Other	\$ 73,525	\$ 128,235	\$ 54,710
<b>TOTAL</b>	\$ 2,594,692	\$ 2,595,000	\$ 308