



MIAMI BEACH

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

COMMITTEE MEMORANDUM

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

FROM: City Manager Jorge M. Gonzalez 

DATE: June 1, 2011

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF April 27, 2011.**

OLD BUSINESS

1. Discussion regarding Sunset Islands 3 and 4 Guardhouse

ACTION

The Committee approved \$50,000 in allowances for the installation of a bar code activated gate for the new guard house along with the demolition of the existing guardhouse and enhanced security.

The Committee recommended the City enter into a license agreement with the HOA for the guardhouse.

City Manager Jorge Gonzalez presented and gave a brief history of the item.

On March 25, 2010, the Finance and Citywide Projects Committee (Committee) received a status report for the proposed project, which included a sketch and cost estimate. The intent of the project was to beautify the entry to the islands and add security features. The Committee saw a preliminary sketch and a budgetary cost estimate in the amount of \$364,318 for landscaping, hardscaping, decorative lighting, and security enhancements. The estimate include \$50,000 in allowances for repairs to the existing guardhouse (\$15,000), construction of a kiosk for ancillary services to the guardhouse (\$25,000), and installation of a bar code activated gate (\$10,000). At an HOA meeting, not attended by City staff, residents were concerned with the aesthetics of the kiosk. The HOA indicated that it wanted a new guardhouse in the center median and would be willing to sacrifice other improvements for it. The City and representatives of the HOA met to discuss the changes. At this meeting, the HOA agreed to pay any costs for the construction of a guardhouse, including water and sewer connections, installation of new gates, and demolition of the existing guardhouse beyond \$50,000. The Committee approved \$50,000 in allowances for installation of a bar code activated gate, demolition of the existing guardhouse and enhanced security. The Committee approved \$50,000 in allowances for the installation of a bar code activated gate for the new guard house along with the demolition of the existing guardhouse and enhanced security. Chief Deputy City Attorney Raul Aguila stated that since the guardhouse is being funded that the City owned the guardhouse and that it should be leased back to the HOA. The

Committee recommended the City enter into a license agreement with the HOA for the guardhouse.

2. Discussion regarding the implementation of a Municipal Marketing (Corporate Sponsorship) program for the City – beverage contract

ACTION

The Committee asked that staff clarify what a City event is and recommended that the item be brought to the full Commission.

Assistant City Manager Hilda Fernandez presented the item and gave a brief synopsis of the memo.

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. As reported during the budget discussion last summer, the City's municipal marketing consultant, The Superlative Group (TSG), identified priorities for their initial efforts, while other activities were identified that would be pursued internally with the City's Development Coordinator. TSG initiated a selection process for an exclusive/official non-alcoholic beverage partner for the City. This process involved the initial identification of potential respondents, an invitation for those companies to submit proposals, the selection of the best two potential partnership offers for the submission of a "best and final" offer, and the recommendation of a final offer for the City to consider. A "Question and Answer" session with prospective partners was held on January 18th. Three prospective partners attended: PepsiCo, Dr. Pepper/Snapple and Coca Cola Bottling. The "best and final" offers were presented in person to TSG from PepsiCo and Coca Cola Bottling. In reviewing the two proposals submitted, TSG evaluated the short and long term benefits to the City of each partnership. TSG recommended the selection of Coca Cola Bottling as the City's partner, which was also the recommendation of the City Administration. The major deal points of the proposals are as follows:

- **Sponsorship fee:** Coca Cola Bottling proposed an annual sponsorship fee of \$325,000, as compared to the offer of \$100,000/year submitted by PepsiCo. The total value of the Coca Cola sponsorship fee over the proposed ten-year (10) term is \$3,250,000.
- **Signing fee:** Both proposers submitted signing bonuses, with PepsiCo proposing the payment of \$150,000, and Coca Cola Bottling proposing \$475,000. In total, Coca Cola's first year payments total \$800,000.
- **Commissions/Pricing/Rebates:** Both proposers submitted similar commission structures (%). The City's revenues from commissions would increase as business is built over the term of the agreement. Coca Cola Bottling estimates that based on their proposed commission percentage the commissions would average approximately \$85,000-90,000 a year, with the likelihood that this figure would increase, especially with the implementation of credit card readers on vending machines.
- **Other:** While there were differences in the initial cash support, the proposals also varied in the proposed additional components. In particular, Coca Cola presented several additional proposals as part of their partnership of interest to the City. Coca Cola estimates the value of these components as over \$2,000,000 over the term of the partnership agreement, and include:
 - ***Sustainability Partnership:*** While Coca Cola has been engaged in sustainability efforts through new product components (such as greener plastic bottles), hybrid delivery fleet, etc., the company has a

- comprehensive program that they would roll out in the City. This includes, but is not limited to:
- Provision of recycling bins for interior and exterior locations, including temporary bins that can be used at parks events
 - Recycling education program through their mobile recycling vehicle and program
 - Assistance to the City in consumer messaging on recycling
 - Roll out of their “crusher” – reverse vendor- machine placed alongside of certain vending machines to provide a mechanism for recycling (fully serviced by Coca Cola)
- *Marketing:* The largest investment made by Coca Cola will be in creating a co-branded presence promoting the exclusive partnership between the world’s number one beverage brand and the City of Miami Beach. The value of the marketing concepts proposed are estimated at approximately \$200,000 a year. These include:
- *Strategic Partnerships available for marketing activation:* Coca Cola currently has existing partnerships with major existing brands, such as the NCAA, Disney, Target, major airlines (Delta, American, and United), Live Nation, etc. Coca Cola would develop marketing opportunities linking these partners
 - *Participation in My Coke Rewards:* This program is the leading consumer goods loyalty program in the country. This program provides rewards to consumers who redeem points earned for products or services. Coca Cola has proposed two concepts, which can be further explored or modified; these are a reward program for a weekend getaway to Miami Beach, and a link with NASCAR.
 - *Co-promotion with LeBron James:* Already linked with the City through his “bring his talents to South Beach” statement, Coca Cola has a marketing relationship with James through their VitaminWater and Sprite brands. Potential opportunities offered include “meet and greet” and appearances at City events; sweepstakes/promotions that include James.
 - *Advertising/Promotion exposure for the City:* The City would be provided opportunities for advertising/promoting the city brand or a program through several products, including truck-back advertising on delivery trucks; Papa Johns Pizza Box toppers; and a potential can-back program. The truck-back and box topper programs have a value of almost \$50,000, and provide both in market (pizza box) and out market (truck-back) advertising/promotional potential.
 - *Open Happiness Tour:* Viral marketing concept that places a “live” machine in a high visibility area.
 - *Integrated logo:* a new logo that integrates both the Miami Beach brand with the Coca Cola brand provides increased visibility and ties the marketing approach into a recognizable and consistent program. This would be used in all promotional activities.
 - *Community Support Program:* Funding is allocated for a program that can include anything from the provision of products to our parks for programs, to the use of funds to purchase bicycles for our police or code compliance division.
- *Vending approach:* The proposal looks at establishing a unique connection between Coca Cola and the City through the vending products, providing for a customized vending front, with opportunities for City messaging. The proposal looks at assessing current fountain

dispensing and vending equipment and upgrading as necessary, as well as providing additional products to increase "point of purchase" opportunities. The vending approach also includes the introduction of an interactive vending machine that can be placed at select locations, as well as the placement of cashless vending at appropriate locations. The total investment in equipment is estimated at approximately \$320,000.

The estimated total value of the proposed Exclusive Partnership with Coca Cola Bottling over the term of the agreement is approximately \$7 million, inclusive of the signing payment and sponsorship fee (\$3.725 million), estimated commission (approximately \$901,000), marketing program (\$2 million), recycling program (\$15,000-25,000), equipment (\$320,000) and Community support program (\$25,000). By comparison, PepsiCo's proposal provided a total partnership value of \$2.3 million in cash with an additional \$1.1 million in marketing support (non-cash convertible) and equipment/service.

Chairperson Deede Weithorn asked for clarification on the requirements of the City, specifically regarding what a City event was. Mayor Matti Herrera Bower suggested that the City specifically state what events are excluded from the agreement. Conversation ensued. The Committee asked that staff clarify what a City event is and recommended that the item be brought to the full Commission.

NEW BUSINESS

3. Discussion regarding approval of the Traffic Calming Manual

ACTION

The Committee recommended the item be brought to the full Commission.

Public Works Director Fred Beckmann presented and gave a brief history of the item.

The Administration has been working with the County on the approval of the City Traffic Calming Manual (TCM) as well as on its respective Intergovernmental Agency Agreement (IAA). On July 22, 2010, the County' Public Works Director submitted a letter to the City granting authority to the City to follow the guidelines of the City's TCM when performing traffic studies. In the meantime, the city has been working to finalize the respective IAA that will grant the City its respective authority, pursuant to Section 2-96.1 of the Miami-Dade County Code. The current agreement spells out that even though the City would be granted the authority to gauge, measure, and develop traffic calming measures, the County would still be the final authority in the approval of any traffic calming measures proposed by the City. The City would be responsible for incurring all costs associated with the implementation of traffic calming devices. The Committee recommended the item be brought to the full Commission.

4. Recommendation to reject all bids received for the Coast Guard Wastewater Booster Pump Station Project

ACTION

The Committee recommended rejecting all bids for the Coast Guard Wastewater Booster Pump Station Project and placing the project on hold at this time.

The Coast Guard Wastewater Booster Pump Station (CGWBPS) was originally proposed in 1994 as an element of the wastewater infrastructure improvements required to comply with the Miami-Dade Department of Environmental Resource Management (DERM) Volume Sewer Customer Ordinance requirements and handle the projected peak flows. At the time the CGWBPS was out to bid in 2009, the City initiated a Wastewater Peak Flow Management Study that compared projected wastewater peak flows to actual wastewater peak flows. This study revised the wastewater peak flows from 90 MGD to 70 MGD. This reduction is due in large part to the effects of the recession of 2008 which essentially stopped major new developments, and as a consequence changed the previously expected growth affecting utility systems.

To address the 22% reduction in expected wastewater peak flows, City staff retained a consultant to conduct a cost/benefit analysis and a Sanitary Sewer Overflow (SSO) frequency analysis to provide the data needed to determine if the CGWBPS should still be built. The cost benefit analysis finds that, assuming a 50-year life cycle for the CGWBPS, there is an estimated \$3,600,000 net present value in additional operating and maintenance costs associated with not constructing the CGWBPS. This is contrasted with the \$12,764,522 capital cost for constructing the CGWBPS (assuming award to the apparent low bidder). The Miami-Dade Water and Sewer Department (WASD) has a long-term plan to replace the sanitary sewer forcemain from the City to the Central District Wastewater Treatment Plant on Virginia Key. This replacement may include an increase to the diameter of the forcemain which could further reduce the need for the CGWBPS. The Administration recommended that the CGWBPS not be built at this time, that the bids should no longer be held, and that the project should be defunded. The Committee recommended rejecting all bids for the Coast Guard Wastewater Booster Pump Station Project and placing the project on hold at this time.

5. Quarterly reports on the status of new potential revenue initiatives

ACTION

None Required

The Committee reviewed the memo and recommended that any questions related to this item be brought to a future Finance & Citywide Projects Committee meeting.

6. Discussion on a Request for Approval to issue a competitive process for certain advertising programs, and advertising sales support, as part of the City's revenue enhancement initiatives;

Discussion regarding Master Meter and Parking elevator door public service initiative proposal by Rebuzz Marketing and how it can bring revenue to the City without taxation

ACTION

The Committee approved issuance of a Request for Proposals (RFP) to identify potential partners for revenue enhancement partnerships and to obtain advertising sales support.

Assistant City Manager Hilda Fernandez presented the item and gave a brief synopsis of the memo.

During the budget process last summer several concepts were presented as potential revenue enhancement opportunities. As part of these continuing discussions regarding potential revenue enhancement, staff engaged in a review of potential advertising partnerships/opportunities that are designed to generate income to the City in a manner that does not create an overly-commercial environment, and that are sensitive to existing restrictions in City Code. Staff has been researching alternative revenue enhancement opportunities. In some instances it has been identified that there may be more than one entity that might be engaged in the development of a particular program. It was concluded that a competitive process would be the best mechanism to identify potential partners for certain current advertising products that the City wishes to pursue immediately, as well as potential products the City may wish to pursue in the future. In addition, a competitive process was recommended to secure advertising sales support services, on an as-needed basis. Discussion ensued. The Committee approved issuance of a Request for Proposals (RFP) to identify potential partners for revenue enhancement partnerships and to obtain advertising sales support.

7. Discussion regarding granting the Miami Beach Garden Conservancy the right to receive naming gifts as part of the garden renovation

ACTION

The Committee recommended amending the City's Naming Ordinance of the City Code and the Management Agreement with the Miami Beach Garden Conservancy.

On January 17, 2007 the Mayor and City Commission approved a new Management Agreement with the Miami Beach Garden Conservancy (Conservancy) for the operation of the Botanical Garden, with an initial term of five (5) years, commencing on July 1, 2007 (upon expiration of previous agreement), with an option at the City's sole discretion, to renew and extend the Agreement for an additional five (5) year term. On January 13, 2010 the City Commission approved the Basis of Design Report (BODR) for the Miami Beach Botanical Garden providing for the implementation of improvements in three (3) phases, totaling an estimated \$2,148,044. A fourth phase of the adopted Master Plan includes certain improvements not considered an integral part of the immediate design plan, totaling an additional \$358,488. This includes such items as a future visitor center, a reflecting pool, refurbishing the existing fountain, adding an on-site rain water collection system, and a shade structure over the patio for outdoor events. The Conservancy has proposed to fund these elements through private donors, in exchange for naming rights for these interior improvements acknowledging the donors. Chapter 82 Article VI of the City Code, "Naming of Public Facilities and Establishment of Monuments and Memorials" (the City's Naming Ordinance), sets forth the manner in which public facilities may be named, monuments/memorials established and street co-designated. On several occasions the City has provided for an exemption from the requirements of the provisions of Chapter 82 Article VI allowing for the naming

of interior portions of City facilities by the entities managing these city facilities. The Committee recommended amending the City's Naming Ordinance of the City Code and the Management Agreement with the Miami Beach Garden Conservancy.

8. Discussion regarding extending the amount of time residents have to pay their utility bill

ACTION

Item Deferred

9. Discussion regarding incentives for façade renovation in North Beach Commercial Corridors

ACTION

The Committee recommended approving a façade program with a budget of \$120,000, \$100,000 for the program and 20% for administrative costs, and bringing the item back to a July F&CWP Budget meeting.

Assistant City Manager Hilda Fernandez presented the item.

The purpose of façade programs is to provide financial assistance to property owners and business owners who would like to improve their building facades, business signage, awnings, and to correct any exterior code violations. When using any federal entitlement funds (such as Community Development Block Grants) for a façade revitalization program, those businesses that receive the funds are located in or serve the income-eligible areas and Community Development Block Grant (CDBG) Target Areas. The City's prior programs were funded with federal entitlement funds with the last program funded in FY 1999/2000 with CDBG funds. In the City's prior program, grants were generally provided as 50/50 matching grants and the funds were provided on a reimbursement basis. Since the last time the program was funded, the City's CDBG allocation has decreased from \$2,768,000 to an estimated \$1,572,379 in FY 11/12. The City issues a competitive process for the allocation of its entitlement funds, including CDBG funds. The City sets aside and allocates through the competitive process up to the maximum allowable percentage for public service funding (15% of total allocation) to provide funding for the programs that assist the elderly, youth, homeless, etc., and the City also retains the administrative percentage permitted by federal regulations to cover the City's cost in managing the program. The Administration determined that funding for a façade revitalization program would require a budget of approximately \$140,000 and would be allocated from the "Housing, Rehabilitation and Public Facilities Improvements" line item. In terms of funding to any individual recipient, based on the requirements for managing the program, prior experience, the approach of other façade improvement programs, and in light of likely costs associated with typical façade improvements, it would not be feasible to allocate less than \$10,000 to each eligible recipient. Likewise, in light of the administrative oversight related to the federal regulations of the funding source, a program with a value of less than \$100,000 may not be financially feasible to manage.

Mayor Matti Herrera Bower asked what the target area would be in North Beach. Ms. Fernandez stated that staff has met with representatives from North beach and that their feedback suggested starting between 73rd and 75th Street. Mayor Bower then asked what the current cost of administration for the CDBG program is. Ms. Fernandez stated

that it is capped at 20% of the total CDBG allocated to the City, which is approximately \$300,000. Discussion ensued. Chairperson Weithorn was concerned with the administrative cost of 40% for the program and suggested reducing the budget for the program from \$140,000 to \$120,000. The Committee recommended approving a façade program with a budget of \$120,000, \$100,000 for the program and 20% for administrative costs, and bringing the item back to a July F&CWP Budget meeting.

10. Explanation for any increases in individual department budgets (net of increases from pension reallocations and internal service increases)

ACTION

None Required

Budget & Performance Improvement Director Kathie Brooks presented the item.

During the budget development process, it was explained that the City's General Fund budget had increased by \$11.2 million, primarily due to approximately \$19.7 million in increases that were partially offset by employee givebacks. These increases were primarily due to the following:

- Increases in the General Fund portion of the City's annual required contributions to the Fire and Police and General Employee pension plans, primarily due to the downturn in the market and updated assumptions in the Fire and Police Pension Plan (\$15.7 million)
- Increase in the Internal Service charge-backs to departments primarily due to increases in the Risk Management Fund for claims incurred but not reported, as well as increased costs of legal services (\$2.3)
- The impact from those bargaining units that had not yet reached agreement with the City that did not reach agreement with the City until late in the fiscal year 2009/10, thereby resulting in salary increases from merits and steps received in the current Fiscal Year that had not been budgeted and further increases in FY 2010/11 (\$3 million).

11. Discussion of all fees administratively set or have been administratively set

ACTION

None Required

The Committee stated that they had reviewed the memo and no further action was necessary.

12. A resolution ...approving and authorizing the purchase of ten (10) Apple iPads (including a security server), for the individual City Commissioners, City Manager, City Clerk, and City Attorney, in the amount of \$16,000

ACTION

Item Deferred