

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Interim City Manager Rickelle Williams

DATE: June 28, 2024

TITLE: DISCUSS IDEAS TO INCREASE UTILIZATION OF BALLROOMS AT THE MIAMI BEACH CONVENTION CENTER.

### **BACKGROUND/HISTORY**

On January 31, 2024, at the request of Mayor Steven Meiner, the Mayor and City Commission referred a discussion item (C4 U) to the Finance and Economic Resiliency Committee (FERC), regarding how to increase utilization of ballrooms at the Miami Beach Convention Center. Specifically, the Mayor asked to consider what steps can be taken to increase utilization of ballrooms and meeting rooms by Miami-Dade residents for weddings, bar and bat mitzvahs, quinceañera parties and other festivities. This item has been included on prior FERC agendas but was not reached.

The Miami Beach Convention Center (MBCC) is a City-owned facility that serves as a venue for various activities such as meetings, exhibitions, conferences, tradeshow, and other events. The design of the MBCC creates a space that can support and attract large-scale activities. The mission of the MBCC is to stimulate the economy and provide Miami Beach with direct and indirect benefits by enticing event planners and supporting the community.

The MBCC brings economic and other benefits to Miami Beach and Miami-Dade County. It generates resort tax revenues, encourages private development and jobs creation, and strengthens property values and development opportunities in the City Center district and beyond. The MBCC contributes to the rejuvenation of the Miami Beach market post pandemic, making Miami Beach more appealing to event and meeting planners. Meeting planners play a crucial role in the selection of the MBCC as a host venue and successfully capturing a share of the meeting and exhibition market.

The recent \$640 million investment in the renovation of the MBCC was pivotal. Prior to the renovation, the building was an aging facility in a growing competitive and lucrative convention industry. Lacking a large ballroom and enough meeting space, the historic MBCC had become more of a consumer show space, which largely drew local and regional South Florida visitors, who drove in and did not occupy our hotels, dine in our restaurants, shop in our stores, or enjoy our local entertainment. Not only was the building old, but it also lacked some essential amenities and elements needed to attract competitive conventions, conferences, tradeshow, and events whose attendees meaningfully contribute to the Miami Beach business climate.

The renovation resulted in a 60,979 square foot grand ballroom and four junior ballrooms (Ocean Drive, Lincoln Road, Sunset Vista and Art Deco) to host large, high-quality events that would book 500+ room nights per event and support the local hospitality market. The completion of the renovation put the MBCC on a competitive track that, to date, has created a robust event calendar of more than seventy (70) events in Fiscal 2023. Though not the largest, when measuring exhibition space, the MBCC boasts a full range of unique and unrivaled amenities and world-class culinary options including the Rum Room and Venu near Collins Canal Park. In addition, the venue is blocks from the beach and the Collins Park Cultural District, has nine (9) acres of parks,

more than \$7 million dollars of world-class public art, and is walkable to luxury and boutique hotels, restaurants, retail and entertainment, that will produce continuous positive impact for years to come.

What happens within and around the MBCC is critical to the local economy. What happens inside MBCC also ripples beyond the state and country, enticing and retaining internationally and nationally recognized multi-year quality events such as Art Basel, and other events that drive hotel occupancy, promote the City's brand, and boost the local economy.

A key to the MBCC's success is fostering innovation, collaboration, and partnerships and in turn higher resort taxes generation. OVG360, the MBCC's competitively procured venue management company, assists the City in doing this by balancing commercial and community utilization as well as maintaining fair and non-competitive relationships with the local hotel community. With the assistance of the Greater Miami and Miami Beach Convention and Visitors Bureau (GMCVB) and the Greater Miami and the Beaches Hotel Association (GMBHA), the MBCC purposely partners with versus competes with hotels for event business that could be accommodated at hotels with capacity. Moreover, the MBCC works with small and boutique hotels to provide meeting rooms and dining space where they lack the facilities or capacity.

The booking goals and strategies for the MBCC are intentionally established to promote and maintain the venue as best-in-class. The MBCC booking system characterizes events in the following four (4) categories:

- Priority 1 events which utilize 115,000+ square feet of exhibit space and books more than 1,500 hotel rooms (4,000+ room nights in total);
- Priority 2 events which use 115,000+ square feet of exhibit space and books between 500 and 1,500 room nights (between 1,500-3,900 room nights in total), and cannot be secured more than 24 months in advance;
- Priority 3 events which have no room nights but have community impact and are booked less than thirteen (13) months in advance (collectively referred to as "Priority" events); and Social events which are episodic events such as weddings, engagements, birthdays, galas, religious and cultural ceremonies and celebrations.

The GMCVB, via a professional services agreement, provides the City with destination marketing, communications, public relations and branding services including, but not limited to, a focus on booking Priority 1 and Priority 2 events, as well as large group bookings for Miami Beach hotels. Although OVG360 also contributes to these bookings, it specializes in securing Priority 3 events. Another key to ensuring the success and effectiveness of the MBCC campus is Sodexo Live! (formerly Centerplate), the exclusive food and beverage provider for the MBCC. Sodexo Live!, delivers seamless, customized culinary options and experiences for MBCC clients. Sodexo Live! focuses on providing competitive on-premises pricing and selections, that more often than not, are lower in price, locally sourced, and offer sustainable and environmentally friendly choices to an event planner package. Per the concession agreement with the City, Sodexo Live! also economically impacts the community by sharing 83% of its net profits with the City. This agreement is projected to generate approximately \$2 million in revenue this fiscal year. Sodexo Live! is also the food and beverage manager of the Rum Room and Venu, spaces that uniquely accommodate social events in an intimate setting and historic site.

A third and central key element of achievement of the MBCC, is the value the asset returns to the city; the economic and financial return to the community, and how it can be leveraged for community use. Meaningful engagement is vital, as is how the MBCC welcomes the local community to enjoy the venue. This balance includes weighing how the venue books Priority 1, Priority 2 and Priority 3 conventions, conferences, exhibitions, and weaves in opportunities for social and episodic events when the Priority events are not in the building and/or where the Priority and social events can co-exist.

This balance is critical, but not always easy. However, to encourage the use of the venue, local

non-profits/not-for-profit organizations are offered an opportunity to apply for a MBCC room rental waiver, subject to City Commission approval, which allows the use of the MBCC ballrooms for events that occur within 120 days and contribute to the quality of life of Miami Beach. This effort to support and foster community participation within the MBCC campus is an ongoing endeavor by the Administration and MBCC team.

To date, the MBCC campus has hosted a number of community events annually including, but not limited to, the 5000 Role Models Martin Luther King Jr. Scholarship Breakfast, Pride Family Picnic, Southeast Florida Regional Climate Change Compact, and Miami Beach Hall of Fame, and will soon host Miami Beach public school graduations and promotions and a number of large weddings and galas.

## **ANALYSIS**

As the building recovers from multiple years of construction and a pandemic, the MBCC is currently tracking eleven (11) annual (recurring) Priority events, with approximately 44,000 hotel room nights, booked by the GMCVB, and with potential to use some or all of the ballrooms in addition to exhibit halls.

Thankfully, the MBCC has been experiencing an unprecedented short-term booking season as the market recovers. The MBCC has booked, in less than a two (2)-year window, Priority 1 and Priority 2 clients, which traditionally have required a four (4) to five (5)-year window. One (1) client will attract 12,000 attendees and another will attract 13,305 hotel rooms. The overall economic impact of five (5) Priority 1 and Priority 2 events from October 2023 to February 2024 is approximately \$49 million with total gross revenue of \$877,000. The total gross revenue for 17 Priority 3 events booked for the same period is approximately \$1.15 million. The goal is to end the fiscal year with at least fifteen (15) new Priority 1 and Priority 2 events, 236 hotel group bookings, and \$3 million in gross revenue for Priority 3 events. To date twelve (12) Priority 1 and Priority 2 events have been booked. Totaling 65,010 rooms and an economic impact of approximately \$105,020,826.96. To achieve these goals, the MBCC and the GMCVB engage with over one hundred event planners, conduct countless site visits, and maintain available space to accommodate Priority events.

These events typically require years to cultivate and close. It is an auspicious opportunity for the MBCC to acquire multiple Priority 1 and Priority 2 events for 2024 and 2025, but it is due in part to the MBCC maintaining available space, exceptional food & beverage services, outstanding hotels and customer service, amazing amenities, and a first-rate reputation. Balance is critical to maintaining a thriving venue. As Priority event planner interest in the MBCC increases, so does interest in social events. The ballroom social season (weddings, showers, galas, religious ceremonies/celebrations, etc.) is generally October to April, with most scheduled in October/November and February/March annually. This is driven by the beautiful weather in Miami Beach, which also attracts the Priority events.

The social episodic events are characteristically small to medium in size (less than 1000 people and one day), so in the spirit of partnership, the MBCC generally refers these social events to local hotels with the capacity to host the limited number of attendees. The referrals are to share the benefit of the destination and drive hotel revenue (room rental, food & beverage, audio/visual, valet and other ancillary services) as well as attract and maintain a robust local hospitality talent pool. This natural venue/hotel relationship allows the MBCC to focus on the typical long lead time needed to entice the 70+ Priority conferences, tradeshow and events that utilize the exhibition space, meeting rooms and ballroom space. As current trends indicate a shorter turnaround period/lead time for Priority bookings, it is essential that the MBCC has available ballroom space to secure new Priority clients. If social events, which have low economic impact, occupy ballroom space, it may pose a challenge when securing Priority events. Properly scheduling of events provide the venue the time and opportunity to implement maintenance and service plans. Rest/dormant periods at the MBCC are crucial for the long-term maintenance of the asset.

As the chart below illustrates, the five (5) MBCC ballrooms are intentionally designed to accommodate Priority groups in multiple configurations.

<b>Ballroom</b>	<b>Square Feet</b>	<b>Square Meters</b>	<b>Dimensions</b>	<b>Theater</b>	<b>Classroom 6/8' tables</b>	<b>Banquet Rounds of 10</b>
<b>Grand Ballroom</b>	60,979	5,665	300' x 200'	6,600	4,592	3,600
<b>Ocean Drive</b>	15,858	1,473	118' x 139'	2,230	1,087	1,000
<b>Lincoln Road</b>	16,020	1,488	118' x138'	1,848	1,087	1,000
<b>Art Deco</b>	12,194	1,132	116' x 115'	1,752	800	640
<b>Sunset Vista</b>	19,714	1,831	100' x 198'	2,237	1,368	1,120

However, when we examine Miami Beach's largest hotels, most are designed to accommodate social events with less than 1,000 attendees.

<b>Hotel</b>	<b>Ballroom</b>	<b>Guest Capacity</b>
<b>Eden Roc Miami Beach</b>	70,000 sqft (from 433-8,963 sqft) –11,921 sqft Garden	500 (1000 outdoor)
<b>Faena Hotel</b>	43,000 sqft (2,900sqft Amphitheater)	1,000 (Forum)
<b>Fontainebleau Miami Beach</b>	107,000 sqft - 31,340 sqft ballroom; 42,000 sqft Pre-Function / 51,000 sqft outdoor	Varies
<b>Loews Miami Beach</b>	27,600 sqft/6,270 sqft (Lawn – 9,162 sqft and 5,976 sqft)	2,630
<b>Ritz Carlton South Beach</b>	36,731 sqft total – 10,212 sqft ballroom	1,075 reception, 720 banquet, 1,135 theater
<b>Royal Palm South Beach</b>	20,000 sqft	300

When we examine the utilization of the MBCC ballrooms, we see that most Priority conventions, conferences and groups seek to use the ballrooms as an extension to the events, beyond the exhibit halls.

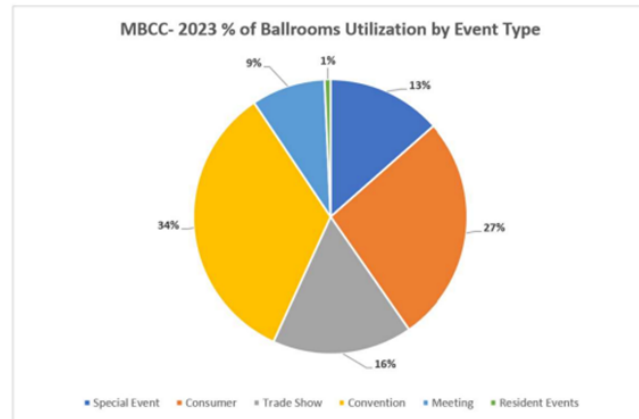
## UTILIZATION OF 5 BALLROOMS AT THE MBCC – By Event Type

### All Ballrooms combined ranked by event type utilization

- 1) 34% Convention (hotel room nights >500)
- 2) 27% Consumer Show (open to the public)
- 3) 16% Trade Show (hotel room nights <500)
- 4) 13% Special Event (galas, sports, wedding receptions, social events)
- 5) 9% Meetings (meetings only)
- 6) 1% Resident Events (CMB Senior and Family events)

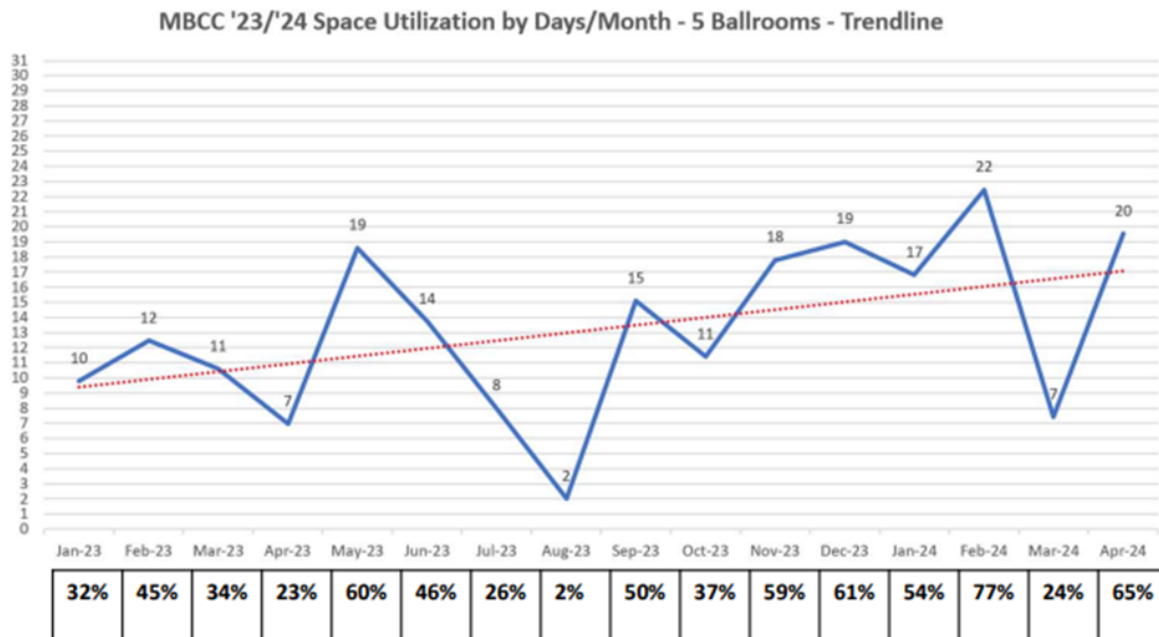
### Insights:

- Primary usage for all 5 ballrooms combined is **Conventions**
- Secondary usage is **Consumer Shows**
- Tertiary usage is **Trade Shows**



The availability of five (5) ballrooms is critical to the attraction of Priority events. For some clients, it is the reason they commit and return the following year or conference cycle.

Accordingly, to increase resident utilization, the MBCC sales and marketing teams focus on promoting use in the summer months (June-August) where availability is high and revenue generating demand are low, as illustrated in the chart below.



1. Blue line: average utilization per days/month of all 5 ballrooms (Jan '23- Apr '24)
2. Red: trendline shows the upward trend in utilization per days/month of all 5 ballrooms over the period of Jan '23- Apr '24
3. Percentage table represents the average utilization percentage of all 5 ballrooms combined per days/month (including all contracted days).
4. Data retrieved from MBCC's internal booking system and Sodexo Live!. Internal analytics. As per Feb 12, 2024.

## FISCAL IMPACT STATEMENT

N/A

## **CONCLUSION**

The MBCC has proven to be an impactful component of driving well-balanced tourism that supports and creates a robust hotel market for Miami Beach. However, the City, via the MBCC, benefits from more than just hotel room occupancy and development, it is creating thousands of jobs and has a significant positive impact on the day to day lives of the Miami Beach community.

The Priority event activity generated by the MBCC provides opportunities for networking and education, attracts talent and workforce, and supports revenue streams that fund community assets and initiatives. These include parks, infrastructure, transportation, cultural programs and numerous other resource pools as a catalyst for economic growth and a benefit to resident quality of life.

The MBCC is playing a significant role in Miami Beach's community development. The venue is stimulating economic development by attracting business tourists and promoting positive images of Miami Beach. The MBCC is generating local income, employment, and contributing to the volume of economic activity in the Civic Center and Miami Beach Redevelopment Agency (RDA) area and soon the Convention Center Hotel. Residents' perceptions of the MBCC are important, and positive perceptions can be fostered through increased engagement, utilization and knowledge of the MBCC's impacts. Residents' attitudes toward the MBCC are influenced by factors such as availability for resident utilization.

Residents are important stakeholders of the MBCC and their perceptions of the MBCC contribute to the overall reputation. To this end, the Administration, together with OVG360 and Sodexo Live! are committed to finding balance between resident/community utilization and the commitment to ensure the MBCC generates high return for the residents and Miami Beach's next generation.

## **Applicable Area**

South Beach

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?**

No

**Is this item related to a G.O. Bond Project?**

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

## **Department**

Economic Development

## **Sponsor(s)**

Mayor Steven Meiner

## **Co-sponsor(s)**

Commissioner Joseph Magazine