

C7 BG A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING THE ENGAGEMENT OF A CONSULTANT TO UPDATE THE MIXED-USE ENTERTAINMENT DISTRICT REVENUE AND EXPENDITURE REPORT, AT AN AMOUNT NOT TO EXCEED \$75,000, AND SUBJECT TO BUDGET APPROPRIATION BY THE CITY COMMISSION.

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Rickelle Williams, Interim City Manager

DATE: June 26, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING THE ENGAGEMENT OF A CONSULTANT TO UPDATE THE MIXED-USE ENTERTAINMENT DISTRICT REVENUE AND EXPENDITURE REPORT, AT AN AMOUNT NOT TO EXCEED \$75,000, AND SUBJECT TO BUDGET APPROPRIATION BY THE CITY COMMISSION.

RECOMMENDATION

The Administration recommends the Mayor and City Commission adopt the resolution to engage a consultant to update the 2020 Mixed-Use Entertainment District (MXE) Revenue and Expenditure Report, in an amount not to exceed \$75,000, and that such engagement be subject to budget appropriation by the City Commission.

BACKGROUND/HISTORY

In July 2018, the Administration provided a Letter to Commission (see attachment 2018 LTC), summarizing the calculated costs of a variety of core City services dedicated to the Mixed-Use Entertainment District (MXE) throughout the year, as well as estimates for property tax and resort tax revenues generated. (See attachment A).

Thereafter, in October 2018, the Mayor created the Mayor's Panel on Ocean Drive to provide targeted recommendations on safety, security and infrastructure, and business and culture. This panel, in April 2019, recommended that the data on the revenues generated and the cost of services in the MXE be updated, and the City Commission agreement. Accordingly, the Administration issued a solicitation and engaged Lambert Advisory to reevaluate the 2018 Letter to Commissioners.

In May 2020, the City provided a Letter to Commission (see attachment 2020 LTC) updating the revenue and expenditure report for the MXE and included portions of Washington Avenue (zoned CD2 from 5-16 streets). The cost for Lambert Advisory consulting services was approximately \$22,000.

During the May 20, 2024, Commission Budget Retreat, Commissioner Bhatt inquired into engaging consultants to update the MXE revenue and expenditure report.

ANALYSIS

An update of the MXE revenue and expenditure study would include, but may not be limited to, review prior studies and task force recommendations for the area from Washington to Ocean Drive and 5th Street to 17th Street; coordination with ongoing County transportation plans and review of County studies; analysis of current neighborhood conditions and potential impacts of

City approved and proposed development projects; and engagement city officials and staff, business and civic leaders and other community stakeholders to develop another high-level evaluation and position strategies for the MXE including: Land use recommendations; economic development strategies; branding strategies; traffic impact analysis of proposed mobility recommendations including circulation analysis on each of the three major corridors, side streets and local streets west of Washington avenue; mobility recommendations for each street, including connectivity citywide and beyond; and review of safety and security measures and impact.

FISCAL IMPACT STATEMENT

\$75,000 (not to exceed)

Does this Ordinance require a Business Impact Estimate?
(FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on . See BIE at:
<https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

TBD

CONCLUSION

The Administration recommends approving the resolution for engagement of a consultant to update the 2020 Mixed-Use Entertainment District (MXE) Revenue and Expenditure Report, at an amount not to exceed \$75,000, and that such engagement be subject to budget appropriation by the City Commission.

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)

Commissioner Tanya K. Bhatt

Co-sponsor(s)

MIAMIBEACH

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

OFFICE OF THE CITY MANAGER

LETTER TO COMMISSION

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager 

DATE: May 22, 2020

SUBJECT: **Updated Revenue and Expenditures for MXE Area**

This Letter to Commission is provided as a summary of the updated revenue and expenditure report for the Mixed-Use Entertainment District (MXE), to include those portions of Washington Avenue zoned CD2 from 5-16 street.

On October 30th, 2018 Mayor Dan Gelber created the Mayor's Panel on Ocean Drive. The Panel consisted of 15 members which split into two subcommittees in order to provide targeted recommendations; the Safety, Security and Infrastructure ("SSI") and the Business and Culture ("BCP") subcommittees. At the April 2019 SSI subcommittee meeting, a motion was made and passed to review and update a July 2018 LTC (LTC#387-2018), regarding revenues generated and the cost of services in the MXE. The full Panel voted in support of the subcommittee motion and it was provided to the Commission in October of 2019 as part of their final recommendations.

Following support and direction from the City Commission to reevaluate the 2018 LTC, the Administration engaged Lambert Advisory. Lambert was tasked with performing a cost benefit assessment as the update to the LTC.

As seen in the below graphic and noted by Lambert in **Attachment A** "the updated analyses identifies several cost and revenue sources that were not delineated in the LTC. Accordingly, there are select sources for which there is a measurable change from the prior year based upon a modification to departmental allocations to the MXE based upon updated processes that were adjusted as a result of greater insight as to how best distribute certain shared revenues and/or costs; or, the basis of information used at the time of the study which may have included either budgeted vs. actual 2016/17 and/or 2017/18 figures. In any case, the analysis herein provides a comparative representation of year-over-year costs for the MXE district, with a clarification of any adjustments and modifications."

| Item | LTC | Update 2016/17 | Update 2017/18 |
|--------------------------------------|-----------------------|----------------------|----------------------|
| Revenue | | | |
| Property Tax | \$11,847,604 | \$16,424,524 | \$16,989,819 |
| Resort Tax | \$11,409,364 | \$21,215,442 | \$22,421,580 |
| Parking | n/a | \$8,325,199 | \$9,039,539 |
| Half-penny Tax | n/a | \$1,345,725 | \$1,509,389 |
| TCED | n/a | n/a | n/a |
| Other (BTR, Fees, etc.) ² | n/a | \$972,250 | \$1,088,768 |
| Sub-Total Revenue | \$23,337,968 | \$48,283,140 | \$51,049,095 |
| Costs | | | |
| Police | \$30,097,697 | \$30,137,273 | \$36,791,243 |
| Fire & Emergency | \$15,364,286 | \$15,364,286 | \$8,983,501 |
| Parking | \$141,975 | \$2,586,483 | \$2,726,701 |
| Sanitation | \$2,953,204 | \$2,953,205 | \$5,554,838 |
| Parks & Recreation | \$1,179,831 | \$1,179,831 | \$635,013 |
| TCED | \$280,296 | n/a | n/a |
| Code | \$1,049,885 | \$1,205,304 | \$2,057,468 |
| Transportation | \$715,000 | \$715,000 | \$715,000 |
| Sub-Total Costs | \$51,782,176 | \$54,141,382 | \$57,463,764 |
| Net Fiscal Benefit/Cost | (\$28,444,208) | (\$5,858,242) | (\$6,414,669) |

Due to the refined methodologies in assessing the revenue and costs generated, the above updated figures, while less than the previously stated deficit, still reflects a deficit. The attached Technical Memorandum outlines Lambert Advisory's methodologies and findings.

If you have any questions, please email Amy Mehu at amymehu@miamibeachfl.gov.

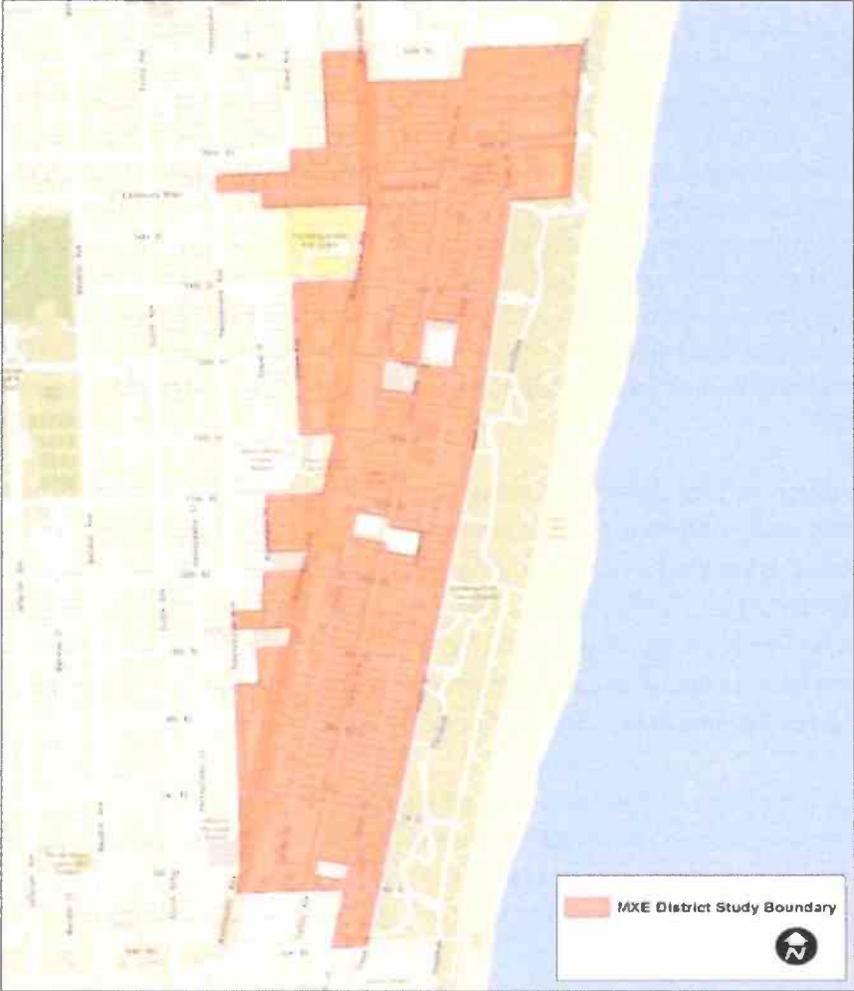
JLM/EC/AM

TECHNICAL MEMORANDUM

To: City of Miami Beach
From: Lambert Advisory, LLC
Date: May 22, 2020
Subject: MXE Cost Benefit Assessment

Lambert Advisory (Lambert) has completed its preliminary cost benefit assessment associated with the Mixed Use Entertainment (MXE) District, which is generally defined by the area encompassing: 5th Street to the south; 16th Street to the north; properties bounding Washington Avenue to the west; and, Ocean Drive to the east.

Figure 1: MXE District/Area 4 Boundary Map



The cost benefit assessment herein has been conducted to provide an update to a previous analysis prepared by the City and included within a Letter to Commission (LTC#387-2018). In brief, that memorandum (referred to herein as "LTC") provided an overview of the cost of providing city services to the MXE District in comparison to the revenue the area generates.

This Technical Memorandum provides the key assumptions and findings associated within the updated MXE District cost benefit assessment (referred to herein as "Update"). Importantly, the research, analysis and documentation are based upon a few guiding principles. Namely, an understanding of the of the cost benefit assessment process as it relates to the goals and objectives of our specified scope of work. In that, the initial step was to generally detail what a cost benefit assessment is and identify some of the more notable challenges impacting this process. From a certain standpoint, a cost benefit analysis can be viewed as relatively simplistic as it is a matter of identifying sources of revenue created by an asset(s) against the cost to operate and manage those assets – in this case, the public spaces and City services provided to the MXE District. Revenue can be quantitatively identified through sources such as ad valorem tax, sales tax, licensing fees, permitting fees, and assessments, among others. Accordingly, costs can be directly attributed to employment/wages (full time equivalent jobs), goods and services used, and administration/management of the City. The differential between these two is theoretically the net benefit or cost. However, the fact is, it is not that straight-forward. On both the revenue and cost side, there are challenges associated with shared resources and operations between the MXE District and other areas of the City which cannot be easily distinguished and/or simply allocated to a specific boundary. For instance, there are visitor expenditures that are being captured in other areas of the City outside of the MXE District (ie. hotel stay) and for which at least some portion of that expenditure applies to the MXE District since a primary reason for some visitors is associated with visiting the MXE (South Beach). In contrast, there may be some costs that are not being allocated to the MXE District that should be otherwise allocated to it – for example, given the international prominence of the "South Beach" and "Miami Beach" brands there is a cost of reputation from serious crimes or a steady stream of traffic accidents or fatalities which follow those involved in the accidents leaving the MXE late at night. Likewise, those accidents or crimes while potentially occurring outside the MXE may involve individuals who spend the majority of their time prior to the incident within the MXE.

As it relates to direct costs for this effort, the City – through each of the operating departments – prepared estimates of cost for four primary Zones or Areas within its boundaries and the MXE District defined as Area 4. As part of this assessment, we participated in meetings (or calls) with each applicable department to gain an understanding of the key functions within each department and, specifically, obtain insight into how revenues and/or costs are allocated to the MXE District. Through this process, we sought to understand departmental operations and the allocation process, but also identify applicable revenue and costs that should be included in the cost benefit assessment in addition to those identified in the LTC.

The following is a summary of revenue and expenses when comparing the prior Letter to Commission (LTC) and the analysis prepared by Lambert Advisory which at the behest of the City developed a much deeper understanding of the revenue and costs than the City's initial analysis; and, for which the update analysis was prepared for FY2016/17 and FY2017/18 – identified below in columns labeled Update:¹

¹ Subject to final verification by the City upon receipt of all departmental costs and revenue.

Figure 2: MXE District Cost Benefit Assessment – Summary of Key Findings

| Item | LTC | Update | Update |
|--------------------------------------|-----------------------|----------------------|----------------------|
| Revenue | | 2016/17 | 2017/18 |
| Property Tax | \$11,847,604 | \$16,424,524 | \$16,989,819 |
| Resort Tax | \$11,409,364 | \$21,215,442 | \$22,421,580 |
| Parking | n/a | \$8,325,199 | \$9,039,539 |
| Half-penny Tax | n/a | \$1,345,725 | \$1,509,389 |
| TCED | n/a | n/a | n/a |
| Other (BTR, Fees, etc.) ² | n/a | \$ 972,250 | \$1,088,768 |
| Sub-Total Revenue | \$23,337,968 | \$48,283,140 | \$51,049,095 |
| Costs | | | |
| Police | \$30,097,697 | \$30,137,273 | \$36,791,243 |
| Fire & Emergency | \$15,364,286 | \$15,364,286 | \$8,983,501 |
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| Code | \$1,049,885 | \$1,205,304 | \$2,057,468 |
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| Net Fiscal Benefit/Cost | (\$28,444,208) | (\$5,858,242) | (\$6,414,669) |

As shown above, the Update analyses identifies several revenue sources that were not delineated in the original LTC. Accordingly, there are select sources for which there is a measurable change from the prior year based upon a modification to departmental allocations to the MXE based upon updated processes that were adjusted as a result of greater insight as to how best distribute certain shared revenues and/or costs; or, the basis of information used at the time of the study which may have included either budgeted vs. actual 2016/17 and/or 2017/18 figures. In any case, the analysis herein provides a comparative representation of year-over-year costs for the MXE district, with a clarification of any adjustments and modifications.

In sum, the Update analysis, though still reflecting a deficit and subject to modification, shows a more balanced cost to benefit ratio within the MXE District. However, this updated information, leads us to the question – what does this really mean for future policy decisions? Is the area performing at peak, or should it be contributing more of a benefit since it is often regarded as the *centerpiece* of economic activity within the City? Furthermore, the MXE District with its 8,600 jobs represents 15 percent of the City’s employment; however, 85 percent of these jobs are in the more modest wage Accommodation and Retail sectors. This compared to the 55 percent of Accommodation and Retail jobs within the City, which has a more balanced proportion of higher wage FIRE and Profession Services sector jobs.³

Importantly, this singular analysis does not fully answer these questions. For one, there needs to be further clarification associated with certain revenues and costs that can only be vetted through a more comprehensive process than what was undertaken as part of this scope of service. In that regard, visitor,

² Represents estimated MXE BTR collections as proportion of total City-wide collections based upon Half-Penny Tax historical pro-rata ratios

³ Florida Department of Economic Opportunity (FDEO) – Miami Dade County, Q1 2019; US Census On-the-Map (2017)

stakeholder and business surveys will help to better define what other sources of revenue and cost should be attributed to the MXE District that is not currently being captured in the district. There is no possible way to precisely account for these ancillary/indirect revenue and cost factors, but more comprehensive data will certainly help to narrow the window. Secondly, it will be beneficial to identify certain elements within the MXE District for which the City can help to improve and maximize the benefits in relation to costs that flow into the City. This specifically includes physical planning related adjustments and policy modifications – which the City already recognizes through its recently approved Entertainment District Study.

MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC# 387-2018

LETTER TO COMMISSION

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: July 10, 2018

SUBJECT: Revenues Generated & Costs for Services in the Mixed Entertainment District

This Letter to Commission is provided as an update and summary of the calculated costs of a variety of core City services dedicated to the Mixed Entertainment District (MXE) throughout the year, as well as estimates for property tax and resort tax revenues generated. The departments that participated in this calculation include: Police, Tourism, Culture and Economic Development, Parking Services, Parks and Recreation, Sanitation, Code Compliance, Fire and Emergency Services, Office of Budget and Performance Improvement (OBPI) and Transportation. With the exception of OBPI, each of these Departments provides staffing and resources directly to the MXE and incurs expenses as a result of their service delivery. A separate calculus for each discipline is summarized in this document. All estimates are based on annual cost projections.

Property tax revenues are based on the City's current total combined millage rate of 5.8888 mills and assessed taxable property values within the MXE as of August 7, 2017. Resort taxes generated within the MXE are based on actual Fiscal Year (FY) 2016/17 collections.

The estimates of revenues generated in the MXE by category are outlined below.

| | |
|------------------------------|-------------------|
| Property Tax Revenues - MXE | 11,847,604 |
| Resort Tax Collections - MXE | 11,490,364 |
| GRAND TOTAL | 23,337,968 |

By contrast, the expenses incurred by the City for a variety key services previously noted, are outlined by department in the remainder of this document. Because the Miami Beach Police Department provides both proactive, dedicated services to the MXE area and indirect services, a brief clarification is provided. Direct services include staff specifically deployed to the MXE district: for example, 12 officers funded by resort taxes, the Lummus Park patrol detail, and the new Tourist Oriented Policing Services (TOPS) initiative. Indirect services include police functions that consistently support the Department's on-going overall service delivery to the MXE. Accordingly, an estimated percentage of this staff time is included in the calculus and identifies the assistance of various units; for example, investigations, traffic operations, Neighborhood Resource Officers, and public information dissemination.

Police Department:

Estimated Cost of Policing the MXE District

| | |
|---|-------------------|
| Area 4 Patrol Personnel | 13,958,779.17 |
| 12 Resort Tax Funded police officer positions | 1,896,000.00 |
| 30 percent of the cost of the Traffic Operations Unit, including Motors and AIU | 1,352,927.83 |
| 50% of the cost of the Investigations Division | 8,296,000.00 |
| Cost of NRO Services | 107,375.22 |
| 40% of the cost of the Internal Affairs Unit | 693,066.67 |
| 40% of the cost of the Intelligence Unit | 180,800.00 |
| 50% of the cost of the Information Resources Unit | 699,072.46 |
| Cost of PIO Services | 75,333.33 |
| Overtime - Lummus Park High visibility detail | 77,449.87 |
| TOPS Program | 151,000.00 |
| Spring Break overtime & related expenses | 997,518.26 |
| Memorial Day Weekend overtime and related expenses | 1,308,940.25 |
| All Other Special Events | <u>303,434.50</u> |

TOTAL Expense Incurred: \$30,097,697.57

Fire and Emergency Services:

- 5 Special Events during high impact periods \$ 274,646.39
- 18% pf the cost of Fire Rescue \$11,428,380.00
- 22% of the cost of Ocean Rescue, 8 towers \$ 2,618,660.00
- 13% of the cost of PSCD 911 Total Calls for Service \$ 1,042,600.00

TOTAL Expense Incurred: \$15, 364.286.39

Parking Services:

- 7 Special Event dates ranging from 1-5 days each
- Spring Break dates impacting services ranging from 24-32 days
- 8 "other" impact dates of 3 days total

TOTAL Lost Revenue: \$141,975.00

Sanitation:

- 21 employees assigned to the district
- Total # of hours per year = 43,680
- 43,680 X \$67.61 (current productive hourly rate)

TOTAL Expense Incurred: \$2,953,204.80

Parks and Recreation:

- Personnel: \$381,668.30 (Not including Park Rangers)
- Park Rangers: \$509,000 (This is the enhancement that was funded to place Park Rangers in Lummus Park)
- Grounds Maintenance Services: \$129,206.88
- Janitorial Services: \$159,956.00

TOTAL Expense Incurred: \$1,179,831.10

Tourism, Culture and Economic Development:

- TCED MXE Revenues: \$1,220,859
- TCED MEX Expenditures: \$1,501,155

TOTAL Expense Incurred: \$280,296.00

Code Compliance:

- General Fund Projection for MXE Year-end FY 17/18: \$865,191.92
- Resort Tax Projection for MXE Year-end FY 17/18: \$21,544.94
- RDA Projection for MXE Year-end 17/18: \$163,148.37

TOTAL Expense Incurred: \$1,049,885.23

Transportation:

- Cost of South Beach Trolley: \$5,001,450
- Cost within the MXE Specifically: \$715,000

Note the trolley costs are estimated hourly, therefore, the estimate below is based on the distance covered within the MXE.

TOTAL Expense Incurred: \$715,000

Summary:

| | |
|-----------------------|------------------------|
| Police | \$30,097,697.57 |
| Fire | \$15,364,286.39 |
| Parking | \$ 141,975.00 |
| Sanitation | \$ 2,953,204.80 |
| Parks and Rec | \$ 1,179,831.10 |
| TCED | \$ 280,296.00 |
| Code | \$1,049,885.23 |
| Transportation | \$ 715,000.00 |

GRAND TOTAL: \$51,782,176.09


JLM/DJO/wrg

RESOLUTION NO.

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING THE ENGAGEMENT OF A CONSULTANT TO UPDATE THE MIXED-USE ENTERTAINMENT DISTRICT REVENUE AND EXPENDITURE REPORT, AT AN AMOUNT NOT TO EXCEED \$75,000, AND SUBJECT TO BUDGET APPROPRIATION BY THE CITY COMMISSION.

WHEREAS, the City is moving toward and is placing greater emphasis on enhancing citywide business corridors including the Mixed-Use Entertainment District and Ocean Drive; and

WHEREAS, in July 2018, the Administration provided a Letter to the Commission summarizing the calculated costs of a variety of core City services dedicated to the Mixed-Use Entertainment District and estimates for property tax and resort tax revenues generated in year; and

WHEREAS, in October 2018, the Mayor created the Mayor's Panel on Ocean Drive to provide targeted recommendation on safety, security, infrastructure, business and culture; and

WHEREAS, in April 2019, the Mayor's Panel on Ocean Drive recommended that the data on the revenues generated and the cost of services in the MXE be updated and the City Commission approved via Resolution XXXXX; and

WHEREAS, in 2019, the Administration engaged a consultant to reevaluate the 2018 Letter to the Commission; and

WHEREAS, in May 2020, the City provided a Letter to Commission that updated the revenue and expenditure report for the MXE and included portions of Washington Avenue; and

WHEREAS, during the May 20, 2024 Commission Budget Retreat, Commission Tanya Bhatt expressed an interest in having the MXE revenue and expenditure report updated and the engagement of a consultant to provide updated information would be necessary to prepare such a report.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commissioner hereby approve the engagement of a consultant to update the Mixed-Use Entertainment District (MXE) revenue and expenditure report, at an amount not to exceed \$75,000, and subject to budget appropriation by the City Commission.

PASSED and ADOPTED this ____ day of _____ 2024.

Steven Meiner, Mayor

ATTEST:

Rafael E. Granado, City Clerk