



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 23, 2023
FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: ALL
SUBJECT: UPDATE ON THE MISSION INN HOTEL & SPA 30TH ANNUAL FESTIVAL OF LIGHTS AND FUTURE PLANS FOR 2023

ISSUE:

Receive an update on The Mission Inn Hotel & Spa 30th Annual Festival of Lights and future plans for 2023.

RECOMMENDATIONS:

The City Council receive and file an update on The Mission Inn Hotel & Spa 30th Annual Festival of Lights and future plans for 2023.

BACKGROUND:

The Mission Inn Hotel & Spa initiated the annual Festival of Lights over thirty years ago. At that time, the City was not involved in the planning and implementation. In 2006, the City Council allocated funds and set forward a vision to collaborate with The Mission Inn Hotel & Spa to host an annual signature event aimed to highlight community pride and offer a family-friendly celebration for the community and the region.

DISCUSSION:

The Mission Inn Hotel & Spa's 30th Annual Festival of Lights (FOL) was held from November 25, 2022, to December 31, 2022, with lighting and programming continuing until January 6, 2023. The Community & Economic Development Department, Arts & Cultural Affairs Division coordinates the event through partnerships with the Mission Inn Hotel & Spa, Greater Riverside Chambers of Commerce, Keep Riverside Clean and Beautiful, Riverside Downtown Partnership, other City departments and many notable sponsors. The event in total attracted over 400,000 attendees and included food vendors, entertainment, artisan vendors, photo visits with Santa and new lighted decorations to commemorate the 30th anniversary.

The Switch-On Ceremony was held on November 25, 2022 and attracted over 50,000 attendees after two years without this key celebration due to the COVID-19 pandemic. The Festival of Lights was named the number two, Best Public Light Display for 2022 by *USA Today's 10 Best*. The event attracted an average reach of over 20,000 on Instagram and Facebook and the overall feedback was positive with participants commenting favorably on the experience.

Event Cost

Spending for the event breaks down by the following categories:

Category	Description	Total Expense	Percentage of Budget
Decorations	Purchase, install, <u>remove</u> and store decorations, holiday trees and lights	\$331,258	44%
Logistics	Security, safety equipment rental, street closures, portable restrooms, permits, vendor booths, and fencing	\$383,582	51%
Marketing	Event signage, photography, captioning, social media, print communication, and promotional items	\$7,786	1%
Programming	Santa Claus; artisans; and entertainment	\$22,468	4%
	TOTAL	\$745,094	100%

Staff Resources

Over the years the numbers of hours of staff time have increased due to various reasons, such as public safety, programming changes, and the overall size of the event. For 2022, City staff dedicated approximately 5,000 hours to make this event safe, dynamic, and enjoyable for residents and visitors. Staff time includes: Community & Economic Development; Communications; Charter Officers and their staff; Finance; Fire; General Services; Innovation & Technology; Parks, Recreation & Community Service; Police; and Public Works.

Arts & Cultural Affairs staff worked on this event for approximately 2,000 hours in preparation and execution of the event. Public Safety worked over 2,200 hours, with approximately 225 Public Safety staff working on this event either in preparation, at the Switch-On Ceremony or during the event. Code Enforcement worked approximately 375 hours, with 11 staff members who worked nightly to monitor the event for street vendors who do not have approval for the event. Parks, Recreation & Community Services with approximately 10 staff, worked over 500 hours. Public Works staff had over 950 hours of work placing equipment and monitoring the safety equipment and street closures.

In addition to City staff time, there is a great commitment of collaborators and volunteers who help to make this event a success. The Greater Riverside Chambers of Commerce and Keep Riverside Clean and Beautiful coordinate over 300 volunteers every year to support the Switch-On Ceremony.

Revenue Generation

City revenue is generated from sponsorships, vendor fees, and parking fees. This year’s event brought in a total of \$552,818 in total revenue. The table below provides a breakdown of the revenue categories received by the City through the event directly for the past six years.

Revenue						
Description	2016	2017	2018	2019	2021	2022
ATTRACTIONS	\$98,854	\$117,648	\$124,305	\$35,656	\$0	\$0
HORSE CARRIAGES	\$18,000	\$21,000	\$18,000	\$46,217	\$0	\$0
VENDORS	\$144,040	\$168,160	\$247,298	\$170,178	\$0	\$159,000
SPONSORSHIPS	\$14,500	\$0	\$0	\$100,000	\$40,000	\$40,000
PARKING	\$177,801	\$341,622	\$409,187	\$290,222	\$0	\$353,818
Total Revenue	\$453,195	\$648,430	\$798,790	\$642,273	\$40,000	\$552,818

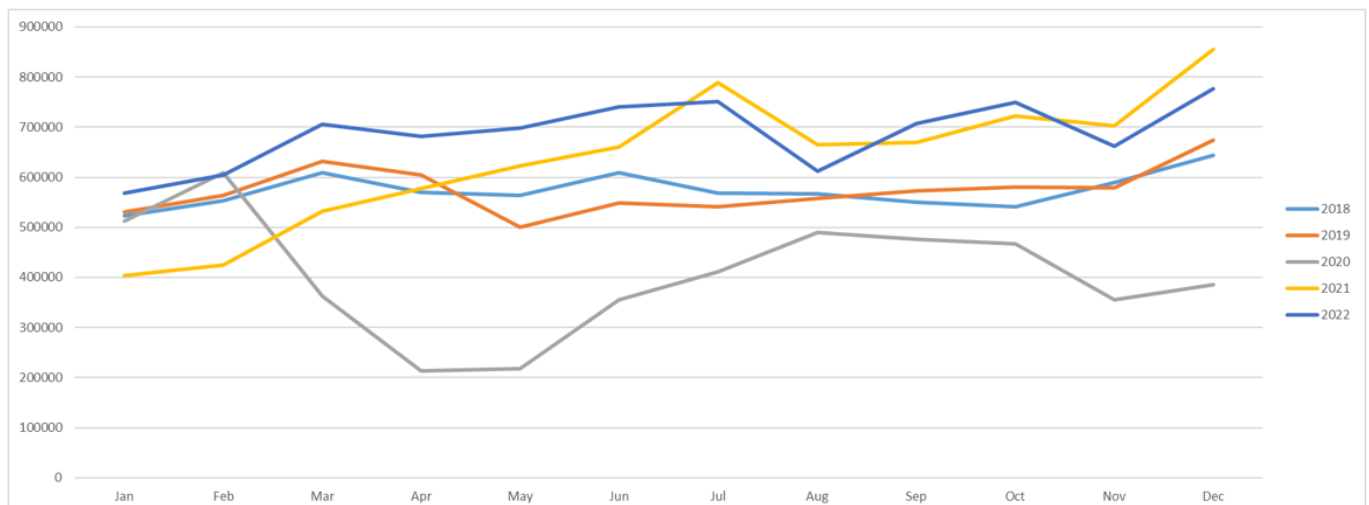
Historically FOL receives both in-kind and monetary sponsorships. This year’s event received \$40,000 in monetary sponsorship.

Vendors were chosen to participate through an application process including references and past experience with the event. There were 13 vendors that participated in the Switch-On Ceremony paying a flat fee of \$1,000 generating \$13,000 in revenue. The Festival took place over five weeks and vendors participating paid a fee of 18% of their sales. This year the revenue from vendors totaled \$146,000. Overall, vendors participating in the event provided positive feedback and were pleased with the attendance throughout the event days.

In addition to vendors, the event also generates revenue from parking fees. Parking provided several options with free lots after 5 p.m. on weekdays and on weekends; \$10 parking per vehicle at entry, Friday through Sunday; and advanced reserved parking for \$6 per vehicle. The revenue generated this year totaled \$353,818 in net revenue from parking fees.

Transient Occupancy Tax (TOT)

One benefit to the City of this event is an increase in tourism/visits to the downtown. Five years of Transient Occupancy Tax shows an increase in occupancies in December. In the downtown area, occupancy rates for the same time last year were up an average of 5% in the last 6 months, and 9% in November, 13% in December during the Festival of Lights. January and February were also up 4% over January and February in 2021. The chart below illustrates the total TOT increases in December each year even with the economic changes of the last few years.



Return on Investment

The event drives economic benefits to Riverside each year. Event visitors spend money at the event and surrounding businesses including hospitality. Since 2010 an economic analysis was performed every three to four years with the exception period during the pandemic due to reduced programming. These studies measured:

1. Direct dollars spent and income generated by the event.
2. Demographic and economic profiles of out-of-town visitors to the event:
 - a. How many attend
 - b. How much they spend
 - c. Where are they spending their money
 - d. On what do they spend while in attendance
 - e. Origin geographic locations of “out-of-town” visitors
 - f. Basic demographics;
3. Corporate/business spending patterns as a direct result of event-related activities.
4. Types of local businesses effected by event driven spending, and
5. Precise number of jobs in all local businesses effected by event driven spending.

Data Collected per Event Year			
Categories	2017	2014	2010
Daily total per travel Party of Group	\$701.40	\$448.01	\$417.17
Average Party	1.99	3.84	2.81
Spending per Person	\$373	\$116.17	\$148.46
% Out of Town Visitors	43%	51.8%	48.8%
Main Reason to Attend	89%	79%	51.63%

The data shows an increase in spending and overall economic impact is due to higher attendance, more traveling groups, and higher spending per group. A summary of the economic analysis findings is represented in the following table.

Economic Impact Findings per Event Year		
Festival of Lights Season	Company/Organization Study Completed By	Economic Impact (Total Effect)
2017	<u>SMRI</u>	\$129,761,577
2014	<u>UCR</u> – Center for Economic Development & Innovation	\$47,679,250
2010	<u>SMRI</u>	\$20,693,410

Other interesting data showed 89% of survey respondents shared that the 2017-2018 Festival of Lights was the primary purpose of their visit. Of these respondents, a majority (54%) were

residents followed by out-of-town visitors (43%). More importantly 65% shared they would return to the Riverside community in the next year.

In the 2017 study, our return on investment was \$76,314,690 for added income impact of visitor spending. The local taxable impact of the visitor spending was \$9,212,333, which includes but is not limited to: Sales tax, Property tax, TOT, Motor Vehicle, Personal tax and Corporate tax.

The Request for Proposal to complete an economic analysis for 2023 is scheduled to be released in late spring/early summer 2023. The study is anticipated to be completed in January of 2024.

Planning for Future Event

Planning for the 31st Annual Festival of Lights includes:

- program and budget development;
- vendor and service procurement;
- marketing and planning;
- safety and logistics review and
- event implementation.

Development of the program and budget began January 2023 to ensure ample time for procurement of necessary services. The procurement process for services began in April to allow sufficient time for the competitive process, approval of agreements, and pre-event meetings. The Arts & Cultural Affairs Division oversees the effective management of the budget throughout all phases. Community partners and staff hold monthly meetings hosted by the Greater Riverside Chambers of Commerce. Coordination with partners takes place before and for the duration of the event.

As planning is well underway for the 31st Annual Festival of Lights, staff is reviewing programmatic options for inclusion into this year's event. The options include but are not limited to: expansion at White Park with programming and more décor; ice skating rink (location to be determined); entertainment; expansion of Artisan's Collective; attractions; vendors; food truck area; and lighting and décor.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 1 – Arts, Culture and Recreation**, and **Goal 1.2**, enhance equitable access to arts, culture and recreational service offerings and facilities.

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Services contracted for the Festival of Lights participate in the city's procurement process, community partners make up the planning committee, and marketing and information about the event is shared throughout various platforms to ensure the community is informed.
2. **Equity** – The 2022 Festival of Lights returned as a free community event. Programing for the event extended to areas outside the event footprint with department programs at parks and community centers.
3. **Fiscal Responsibility** – Competitive procurement was used to secure the lowest cost for services related to the Festival of Lights.
4. **Innovation** – New illuminated decorations offered beautification enhancements to the

Festival of Lights while demonstrating less of an impact to the use of electricity.

5. **Sustainability & Resiliency** – The program and decoration services enhanced the look and experience of the Festival of Lights for years to come. The event was limited for the previous two years due to COVID-19 and the updates to the decorations allowed for the community to come together and celebrate the signature event in a safe environment.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Attachment: Presentation