

City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 19, 2025

FROM: PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT WARDS: ALL

SUBJECT: MEMORANDUM OF UNDERSTANDING WITH RIVERSIDE ARTS COUNCIL FOR THE ADMINISTRATION AND MANAGEMENT OF THE FESTIVAL OF LIGHTS IN THE AMOUNT OF \$300,000 EFFECTIVE THROUGH MARCH 1, 2028 – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve a Memorandum of Understanding with Riverside Arts Council for the administration and management of Festival of Lights in the amount of \$300,000 effective through March 1, 2028 and authorize a supplemental appropriation in the amount of \$300,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the Memorandum of Understanding (MOU) with Riverside Arts Council for the administration and management of Festival of Lights through March 1, 2028;
2. Authorize the City Manager, or designee, to negotiate and execute detailed Operational Plans pursuant to the MOU with the Riverside Arts Council in the amount of \$300,000 for Fiscal Year 2025/26;
3. Authorize the City Manager, or designee, to execute the Memorandum of Understanding and annual Operational Plans with Riverside Arts Council, including making minor and non-substantive changes;
4. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$300,000 from General Fund savings to the General Fund, Parks, Recreation and Community Services Department, Arts and Cultural Affairs Festival of Lights account; and
5. Authorize the City Manager, or designee, to transfer the City Council approved operating budget of Festival of Lights to Riverside Arts Council each year, starting Fiscal Year 2026/27 and 2027/28.

BACKGROUND:

One of the signature events for the City of Riverside is the Festival of Lights, presented by Duane and Kelly Roberts and The Mission Inn Hotel & Spa. Prior to 2006, there were three special events for the holiday season drawing thousands from across the region to downtown Riverside. Those events included: the Festival of Lights Switch-On Ceremony (coordinated by the Greater Riverside Chambers of Commerce) held on the Friday evening after Thanksgiving, the Holiday Village (coordinated by the Orange Blossom Festival Association) craft faire on each Wednesday night, and Downtown Aglow (coordinated by the Riverside Downtown Partnership), consisting of vendors and musical groups Thursday through Saturday nights. Starting in 2006, the Festival of Lights became a single celebration, coordinated by the City of Riverside in partnership with The Mission Inn Hotel & Spa.

When the Orange Blossom Festival ended in 2006, the community desired an affordable family event to attend in our downtown. The City recognized the community's desire and invested in the Festival of Lights. Mr. Roberts wanted to create an event for the children of our community after visiting our sister city, Sendai, Japan with our Mayor. From the start to today, with visitors from around the world, the event brings the community together in celebration. For the last 20 years, the City has continued to invest, increase our participation, organization and support of Festival of Lights and holiday programming.

Holiday Events and Programming

Festival of Lights is the City's largest holiday event; it is just one of the many holiday programs that happen across the City. Below is already scheduled programming for this upcoming holiday season.

| Name | Location | Department |
|--------------------------------------|--|--|
| Adopt a Family | Youth Opportunity Center | Parks, Recreation and Community Services |
| Spark of Love | 9 Park locations | Parks, Recreation and Community Services |
| Breakfast with Santa | 3 Locations - Springbrook Clubhouse, Villegas and Orange Terrace Community Parks | Parks, Recreation and Community Services |
| Winter Wonderland | Hunt Park | Parks, Recreation and Community Services |
| Hot Cocoa & Christmas Movie Marathon | Orange Terrace Community Park | Parks, Recreation and Community Services |
| Flapjacks and Flannels | Youth Opportunity Center | Parks, Recreation and Community Services |
| Sledding Under the Stars | Bryant Park | Parks, Recreation and Community Services |
| Snow Day | Bordwell Park | Parks, Recreation and Community Services |
| Midtown Christmas Event | Midtown | Parks, Recreation and Community Services |
| Victorian Christmas Open House | Heritage House | Museum of Riverside |

| | | |
|---|------------------------------------|----------------------|
| Las Posaditas Bilingual Storytime – Children & Family | Arlanza Library | Library |
| Take and Make: Winter Craft – All Ages | Casa Blanca Library | Library |
| Winter Activity – Teens | Casa Blanca Library | Library |
| Beaded Ornaments – Adults | Orange Terrace Library | Library |
| Gingerbread Houses – Children & Family | Orange Terrace Library | Library |
| Holiday Cookie House Decorating – Children & Family | Marcy Library | Library |
| Needlefelt Gingerbread Ornaments – Adults | Marcy Library | Library |
| Ugly Christmas Headbands – Teens & Adults | Marcy Library | Library |
| Winter Fun Preschool Story Time - Children & Family | La Sierra Library | Library |
| Create Your Own Snow – Teens | La Sierra Library | Library |
| Gotta Craft'Em All: Poke Ball Ornaments – Children | La Sierra Library | Library |
| First Sunday: Family Crafts & Activities | Main Library | Library |
| Baby Story Time: Thankful Craft – Children | Main Library | Library |
| Make & Take: Winter Craft – Children & Family | Eastside – Lincoln Park | Library |
| Winter Themed Story Time | Eastside – Lincoln Park | Library |
| El Camino de San Juan Diego Procession | Mt. Rubidoux | Outside Organization |
| Miracle on Main Street | White Park (TBD) | Outside Organization |
| Chanukah Festival | Main Street at Historic Courthouse | Outside Organization |

Economic Impact

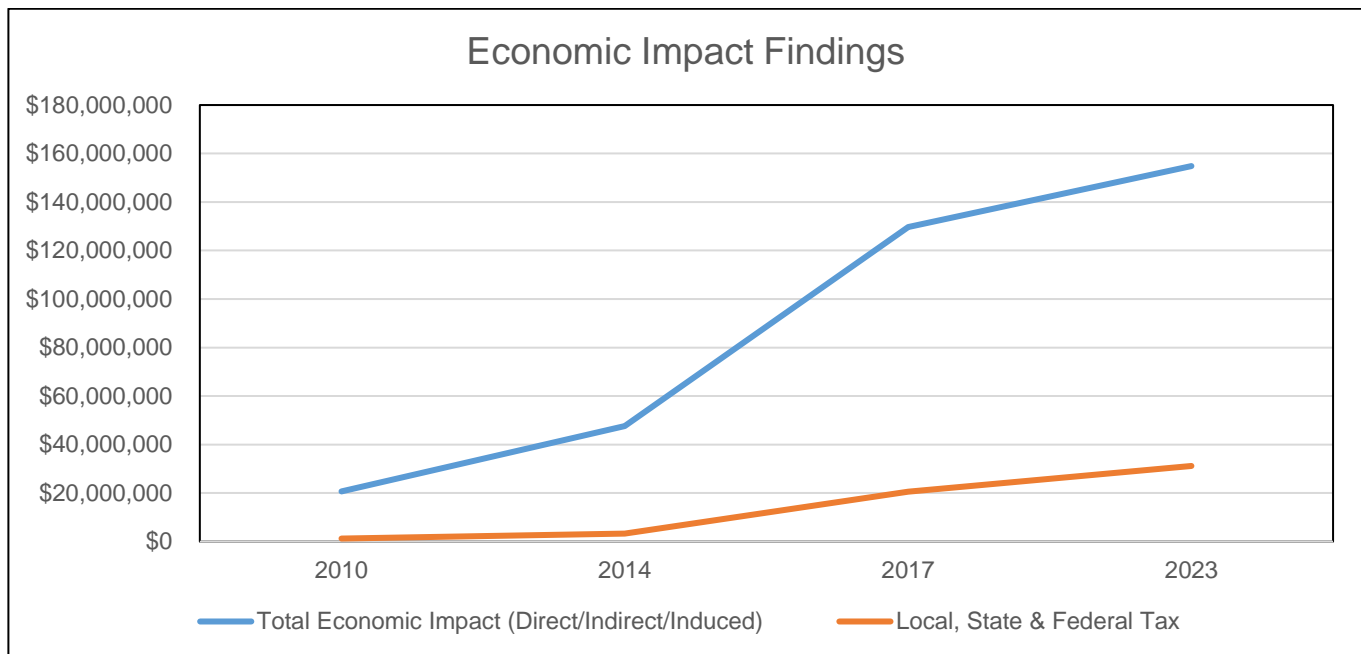
Holiday events add to the quality of life for residents and visitors; staff have heard for many years the value that the Festival of Lights brings to the community. Residents and visitors anecdotally have been sharing it for years and some downtown businesses have also shared anecdotally that the Festival of Lights helps them financially make it through the year, especially if the summer business is low. It is important to know the economic impact of the event and specific programming brought to the community. Starting in 2010, staff contracted for an Economic Impact Study to evaluate the economic impact of the event. The studies were done every three to four years, except during COVID-19.

The studies included: direct dollars spent, re-spending, demographic and economic profiles of out-of-town attendees, corporate/business spending, jobs, and surveys of participants. The total economic impact includes the direct spending of initial expenditure; indirect impacts that represent the business-to-business transactions; and the induced impacts that represent the additional activity generated by households, visitors and employees.

Below are charts that outline the total economic impact and the local, state, and federal tax revenue for the community of Riverside.

| Year | Total Economic Impact | Federal, State and Local Tax | Local Tax | Average Spend per day |
|------|-----------------------|------------------------------|-------------|-----------------------|
| 2010 | \$ 20,693,410 | \$ 1,261,312 | n/a | \$417 |
| 2014 | \$ 47,679,500 | \$ 3,323,711 | n/a | \$448 |
| 2017 | \$129,761,577 | \$20,535,798 | \$1,810,808 | \$448 |
| 2023 | \$154,830,249 | \$31,189,193 | \$1,806,283 | \$701 |

Another data point of note is the increase in our Return on Investment (ROI) from 19.5% in 2017 to 51.6% in 2023. For perspective, for a ticketed public event (concerts, fairs) 20% to 50% is often good. For a community/arts event, a break-even or slightly negative ROI is considered a success if the social/cultural impact is high.



Transient Occupancy Tax

Transient Occupancy Tax (TOT) is a snapshot of the visitors who attend the Festival of Lights and stay locally. The 2024 TOT for the four downtown hotels only for the month of December is \$546,405. The average TOT for January through November (11-month average) is \$418,044. That was a net increase in December over the 11-month average of \$295,326. This data illustrates one aspect of the fiscal benefits of the Festival of Lights to the community.

DISCUSSION:

As staff are evaluating programming, staffing, and resources for the future, Festival of Lights must be included. Today the event attracts hundreds of thousands of visitors and features a spectacular

lighting ceremony, millions of lights and lighted decor, animated figures, fireworks, live entertainment, ice skating, vendors, and food booths. While The Mission Inn Hotel & Spa launched the initial event in collaboration with the Greater Riverside Chambers of Commerce (Chamber), the City has since assumed a large role, investing significantly in monies, staff time, logistics, permitting, public décor, parking, street closures, and public safety.

Currently, The Mission Inn Hotel & Spa leads and secures the fireworks show, hotel décor, and Switch-On Ceremony entertainment. The Chamber coordinates Switch-On Ceremony programming and volunteer recruitment. The City, however, is responsible for the core logistics: managing vendors, infrastructure, live entertainment for the rest of the event, marketing, and numerous other critical components. While the event generates a substantial positive economic impact, it also continues to bring challenges:

1. Increased costs for entertainment, lighting, stage production, and attractions;
2. Higher staffing and time commitments with competing demands of time and resources;
3. Procurement delays due to mandated procurement procedures; and
4. Uncertainty of costs due to the tariffs or lack of tariffs and the impact on the approved budget

In researching other “like” events and programs across the country, it was discovered that most holiday events in downtown areas are either coordinated by downtown districts or nonprofits. It is uncommon for a City to support a festival at the scale the City of Riverside does for FOL. For comparison:

1. The Rose Parade in Pasadena is managed by the Tournament of Roses, with the City of Pasadena providing only in-kind public safety and logistical support;
2. The Orange International Street Fair is managed by OISF, Inc., with the City of Orange billing the organization for all services rendered and providing no funding; and
3. Detroit Aglow, a month-long celebration, is organized by the Downtown Detroit Partnership without financial support from the City of Detroit.

A nonprofit-led model presents opportunities to strengthen and expand the festival for the future. Benefits include:

1. Reduced City burden of staffing and resources thereby allowing staff and resources to be used on the expanded programming of arts, culture and entertainment across the wards;
2. Expanded fundraising capacity (grants, sponsorships, donations) for a nonprofit to offset some of the costs of the event and programming;
3. Greater flexibility in contracting with performers and vendors with no constraints on timing and the City processes that at times hinder the flexibility and creativity needed for events; and
4. Increased engagement and shared ownership by the community.

The Riverside Arts Council (RAC) is a nonprofit that could step into this role. In discussions with RAC, they have an interest and desire to be a part of this cultural institution. A MOU between the City and RAC would provide structure and an agreement to this transition. This framework establishes the collaboration between the City and RAC for the planning, coordination, and delivery of the Festival of Lights. This transition to RAC would occur over a three-year timeline that is outlined in the attached MOU. Included in the MOU are key areas such as purpose; roles and responsibilities of both RAC and the City; timeline; funding; and reporting.

Memorandum of Understanding

The purpose of the MOU would establish the framework for collaboration with a three-year timeline of transitioning primary responsibilities and management of Festival of Lights to the RAC. The MOU would be in effect through March 1, 2028. Clear roles and responsibilities are outlined for both RAC and the City. Some examples of RAC's roles and responsibilities are:

- a. Prepare an Operational Plan as detailed below in this MOU and perform all actions detailed in the Operational Plan agreed to by the parties.
- b. Assume financial responsibility for FOL as detailed below in this MOU.
- c. Convene regular meetings of all stakeholders to ensure coordinated planning, information sharing, and effective joint execution of tasks necessary for a successful FOL.
- d. Organize and contract with vendors, programming, performers, volunteers, etc. as necessary for the event.
- e. Coordinate street closures and traffic control.
- f. Have responsibility for public safety during the event, including coordination with Riverside Police and Fire, and private security as necessary.
- g. Plan, install, remove, and store holiday decorations in public spaces and select private buildings or plazas as agreed upon by the parties, or in the case of private buildings, with the consent of the private owner.
- h. Coordinate the annual opening Switch-On Ceremony in partnership with the ownership of The Mission Inn Hotel & Spa and the City.
- i. Coordinate an annual closing event.
- j. Obtain and maintain all permits needed and regulatory compliance.
- k. Secure Sponsorships and manage budgeted event expenses, however, the City shall remain the "title" sponsor for the ROL.
- l. Develop and manage multi-platform marketing strategy.
- m. Coordinate all public engagement.
- n. Maintain strong lines of communication with affected stakeholders throughout the planning and execution phases, including but not limited to The Mission Inn Hotel & Spa, the City, Riverside Downtown Partnership, and the Greater Riverside Chamber of Commerce.

Some examples of the City's roles and responsibilities are:

- a. Engage as an active partner with the RAC providing institutional knowledge, in-kind assistance with permitting, planning, and relationship building, and engaged problem solving to ensure smooth delivery of a successful FOL.
- b. Provide access to public spaces, including parks and roads, for designated activities of the event, subject to the normal agreement and permit processes carried out by the City.
- c. Provide logistical support such as traffic control plans, street barricades, Police and Fire security planning, coordination, and execution, and assistance from City departments such as Public Works, Parks, Recreation and Community Services, and Riverside Public Utilities, as needed.
- d. Promote the event through official city media and information channels.
- e. Perform other actions as agreed upon by the parties in the annual Operational Plan.

First-Year Funding Allocation

In the initial year of the Memorandum of Understanding (MOU), the \$300,000 supplemental appropriation is proposed to be allocated as follows:

- **\$200,000** will support the annual *Switch-On Ceremony* in collaboration with The Mission Inn Hotel & Spa. This funding will cover costs associated with public-facing and accessible holiday programming, including musical performances, fireworks, and audio/visual components.
- **\$100,000** will support staffing and program development, broken down as follows:
 - One full-time staff member from September through January
 - A second part-time staff member from September through January, with full-time availability during the six weeks of peak activity
 - A third part-time staff member during the six-week event period
 - Approximately \$10,000 allocated for an additional programming element

As this is the first year of the agreement, the Riverside Arts Council (RAC) anticipates dedicating significant staff time to become fully acquainted with the event. This will include coordination with City staff, learning operational processes, and maintaining an on-site presence throughout the event season to ensure effective support and long-term planning.

RAC is ready to step up and infuse new ideas, art, and programming for the Festival of Lights in partnership with The Mission Inn Hotel & Spa. Their experience working with artists, nonprofit organizations, businesses and the community is strong. In recent years, RAC has made efforts to get back to their mission to provide, develop, support and sustain the arts. Two areas of their mission and activities that will help grow and sustain Festival of Lights are their community engagement and promotion of arts integration into the community.

One of the key elements of Festival of Lights has always been the collaboration of the key partners of the event. From the beginning, this event has been a commitment of The Mission Inn Hotel & Spa, the Greater Riverside Chambers of Commerce, and the City. That will not change.

The Festival of Lights is a cultural treasure for the City and our community. As the event has grown, so has its complexity and associated costs. By transitioning to a nonprofit-led model, the City can ensure the festival's long-term sustainability, creativity, and financial health, allowing it to continue to evolve while preserving public resources and creating stronger community ownership.

Purchasing Resolution No. 24101, Section 702(w) states that Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required, "When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions need by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process." The MOU memorializes the collaborative approach between the City and RAC to produce the Festival of Lights for 2025 which begins planning in the previous Festival of Lights season. For that reason, timeliness of finding a qualified collaborative partner was a necessity. Based upon the above and the information in this report, the MOU with RAC is in the best interests of the City.

The Purchasing Manager concurs that this request is in compliance with Purchasing Resolution No. 24101, Section 702(w).

FISCAL IMPACT:

The total fiscal impact of this action is \$300,000 for Fiscal Year 2025/26. A *Financial & Economic*

Update report presented to the City Council on August 19, 2025, identified General Fund savings and recommended corresponding budget reductions, a portion of which could be reallocated to this effort. Upon City Council approval, a supplemental appropriation will be recorded in the amount of \$300,000 in the General Fund, Parks, Recreation and Community Services Department, Arts and Cultural Affairs Festival of Lights account 5240000-453225. Appropriations for future fiscal years will be determined and included in the Department's budget submissions as part of the annual budget process.

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| Prepared by: | Margery Haupt, Parks, Deputy Director |
| Approved by: | Pamela M. Galera, Parks, Recreation and Community Services Director |
| Certified as to availability of funds: | Kristie Thomas, Finance Director/Assistant Chief Financial Officer |
| Approved by: | Kris Martinez, Assistant City Manager |
| Approved as to form: | Rebecca McKee-Reimbold, Interim City Attorney |

Attachments:

1. Memorandum of Understanding
2. Presentation