



DATE: June 2, 2021
TO: Mayor Hayes and Village Board
FROM: Randy Recklaus, Village Manager
SUBJECT: Special Event Planning

Background:

At the January 25th COW meeting the Village Board directed Staff to take the following actions regarding special events after hearing a presentation on analysis of the issues at that time:

- Restart Arlington Alfresco in March with a termination in November or an earlier date if a downtown end of season festival is planned
- Waive parking requirements for non-Alfresco restaurants to help them continue business during pandemic conditions
- Direct Staff to continue to allow but monitor outdoor music in the Alfresco zone with the authority granted to halt music in the venue if too loud
- Direct Staff to develop an operational plan and budget for a post-pandemic Alfresco concept commencing annually in May including criteria for live music, hours, security, and other standards
- Direct Staff to work with Special Events Commission, Chamber of Commerce, and other stakeholders on the development, cost and operational analysis of alternative downtown special events concepts to take place at the annual conclusion of Alfresco and in 2021 if possible

Staff has been working on those items since January and is seeking Village Board feedback and direction on some of them at this time, particularly in relation to potential special events in 2021 and the timing of the conclusion of Alfresco this year.

Feedback from Stakeholders Regarding Downtown Special Events:

Staff has met and corresponded with downtown business owners and residents, the Chamber, and the Special Events Commission on multiple occasions related to these and other issues since the January meeting. This is in addition to the survey that was conducted last fall (see attached survey). The status of those discussions are captured below:

Chamber of Commerce: On Thursday of last week the Chamber provided a new updated proposal for a three-day event to take place in September in the middle of Alfresco called “A Celebration of Taste and Culture”. The event would be very similar to the Mane and Taste with live music, a business expo and food booths but would be one day longer than Mane/Taste. It would run on Friday, Saturday, and Sunday, September 10th through 12th. They are asking that the Village cover the expense of all Village services for the three-day event, certain rental equipment and a marketing campaign. The Chamber would cover stage/lighting and entertainment costs, marketing and signage.

Staff has not had the opportunity to meet with the Chamber on this concept. However, in discussions on the previous iteration proposed earlier this year, the Chamber indicated that it does not wish to partner with the Special Events Commission on this new event. The Chamber also indicated that they are not interested in participating in a shorter one-day event this year. Nor are they interested in holding the Taste of Arlington at a new location.

In previous years, the Village covered 100% of the cost of the Mane Event (Day 1) and 70% of the cost of Taste of Arlington (Day 2). The Village charges all other outside entities 100% of the Village’s out of pocket or overtime costs for their events. As noted in previous correspondence, not only does the Chamber benefit from the 70% subsidy of the Taste, it also benefited from the set-up of the environment for the Mane Event, which precedes it. In 2019 the Village’s total costs for the event were \$83,563. This amount does not include straight time hours for Village Staff but does include overtime expenses. The Chamber reimbursed the Village for \$4,800 of these Village costs in addition to the out of pocket costs that they incurred on their own. The Chamber does generate net revenue for its organization through sponsorship proceeds from the event.

The Chamber’s new proposal suggests a DEI component could be added on the third day of the event and that the tents could somehow be installed within the fencing established for Alfresco. Staff has not seen any formal proposal for how tents could be set up within the Alfresco space and has concerns on whether this could

be feasible given that each restaurant's area is fenced out as is the main pedestrian corridor. The set up and take down of Alfresco fencing is labor intensive, disruptive to business and very time-consuming. Staff believes there would not be enough space to add tents within the pedestrian corridor and allow for required emergency access. The Chamber also suggests it would move all of the restaurants' private outdoor furniture and store it during the event. Staff has not heard the Chamber's ideas on how DEI could be incorporated into a street fair type environment as proposed.

Special Events Commission: The Special Events Commission (SEC) and Village Staff have run the Mane Event, other than the business expo portion, for 20 years. In response to the Chamber's indication that they no longer wish to run an event with the Commission, the SEC has proposed a line up of events given the presence of Alfresco. They have proposed a one day "Octoberfeast" event in October after Alfresco is dismantled. The event would be similar to Mane/Taste with rental booths for businesses and musical entertainment, just like the Chamber's proposal. To avoid conflicts timing wise with Autumn Harvest which would normally occur in October, they are proposing that a new "Summer Harvest" event take place in August in place of Autumn Harvest. The Commission has proposed that these events be paid for with existing funds budgeted for the Mane/Taste in the 2021 Budget. Under their plan, they would work with a rental company to rent and set up tents for participating businesses in the event the Chamber didn't want to participate.

The SEC does not propose to partner with the Chamber on this event, given the Chamber's lack of interest. But the SEC indicated they would partner with the Chamber if the Village Board wishes for them to do so.

Downtown Business Owners: Village Staff conducted a comprehensive survey of downtown business owners that was reported to the Board in late January. Fifty-three downtown business responded. I have attached a copy those survey results for your review. At that time the following results were found:

- 7.69% indicated that they would like to end Alfresco early and hold Mane and Taste as usual
- 48.72% indicated that Mane and Taste be held at a different location than the Alfresco zone, but at the same time as usual
- 35.9% indicated that Mane/Taste should be made into a different event when Alfresco ends for the year
- 7.69% had no opinion.

Staff has met, corresponded with, and heard from various downtown business owners since that survey was written to confirm whether or not their perspectives have changed at all and to gather deeper insights.

Overall, the feedback that we have received indicated that there has not been a notable change in perspective from the various businesses since the survey was presented to the Village Board in January. Based on feedback received since the survey, it appears a number of downtown restaurants within the Alfresco zone favor the Alfresco environment to a Mane/Taste type environment in terms of profitability, particularly those restaurants that have benefitted the most from Alfresco (See attached letter from Chip Brooks). Those restaurants have indicated they would prefer to see Mane/Taste go away altogether in favor of an extra week of Alfresco given the extra costs and logistical challenges that they face during a Mane/Taste type event.

However, some downtown restaurants indicated they would benefit from BOTH Alfresco AND a Mane/Taste type celebration at the very end of the event. These businesses have suggested that the Mane/Taste format brings additional visitors to the downtown and provides additional exposure for their businesses.

In meetings and one on one discussions, downtown retailers and other non-restaurant businesses within the Mane/Taste zone have generally indicated mixed feelings on the benefits of Mane/Taste, again not a significant variation from the survey. Some businesses indicate that they benefitted from exposure from the event, other businesses indicated that the presence of tents blocking their storefronts reduces exposure to their businesses to customers during the event.

Based on informal feedback received in meetings and one-on-one discussions, downtown restaurants generally preferred to keep Alfresco open annually as long as weather permits. Non-restaurant businesses generally preferred Alfresco end earlier if possible.

Businesses and Organizations that Rent Tents During Mane/Taste: Of the 94 organizations that had tents during Mane/Taste in 2019, 89 are still in business today. Of the 89, 17 of them (19% of the total) are not Arlington Heights businesses. Eleven (12.3%) of the tents were occupied by Not for Profit/Government entities. Twenty-six (29%) of the tents were occupied by downtown businesses. The remaining 35 (39%) tents were occupied by Arlington Heights businesses that are outside of the downtown area.

The 35 non-downtown, for-profit businesses were sent surveys (presented in January). Nineteen of them responded. Of that group:

- 63.1% responded that the events were worthwhile for their business to participate in.
- 26.3% indicated the events were somewhat worthwhile for business participation.
- 47.3% derived direct sales or significant business from participating.
- 31.5% responded cancelling events would significantly impact their business.

Downtown Residents: The survey of downtown residents received 484 responses. Meetings conducted since the survey have not indicated a change in perspective. The results were similar to downtown businesses, however, there was greater support among residents for a Mane/Taste event to be held at the end of Alfresco:

- 5.72% indicated that they would like to end Alfresco early and hold Mane and Taste as usual
- 34.55% indicated that Mane and Taste be held at a different location than the Alfresco zone, but at the same time as usual
- 48.7% indicated that Mane/Taste should be made into a different event when Alfresco ends for the year
- 10.76% had no opinion.

A recent downtown resident meeting reiterated the general support for a year end Mane/Taste type event in the downtown as shown in the survey.

Funding for Alfresco:

The Village does not have unlimited revenues to support special events. Both Alfresco and the Mane/Taste require a significant investment in money and staff time. One issue that has arisen in our discussions is the fairness of the Village continuing to pay for Alfresco out of normal Food and Beverage Tax revenues (provided by customers of restaurants throughout the community), when it benefits only a small number of restaurants directly.

Staff has been exploring the creation of a new Food and Beverage Tax (FBT) that would be applied only to restaurants within the Alfresco zone out of acknowledgement of the direct benefit of the program to their business. This new tax would be used to offset the Village's new costs for Alfresco and allow the remainder of the Arts and Entertainment funds to be applied to events that create an overall community benefit.

Based on average FBT sales from 2017-20, an additional 0.75% to 1% FBT tax on Alfresco restaurants only would be sufficient to support the Village's costs for Alfresco, if applied year-round. Non-Alfresco restaurants downtown who utilize on-street parking for additional outdoor seating and non-restaurant businesses within the Alfresco area who wish to utilize street space in front of their business could be charged an annual license fee for that privilege. If the Village Board so wishes, Staff will refine the numbers prior to final approval, once sales from some of our summer months are known so that an updated tax rate can be incorporated into the budget.

Operational/Logistical Considerations:

Staff believes that creating, planning, and managing an altogether new Mane/Taste type event will be challenging this year due the shorter than normal time frame, and lower than usual staffing in some key Village areas due to holding positions open during last year's economic uncertainty and some key retirements. Normally these events are planned several months in advance. Due to the uncertainty of the pandemic, and the unanswered questions relating to the new Alfresco environment, decision making and planning has been delayed. While our region and the State is on track to open up fully in June, any event planned for this year does not have to be the same as a "normal" year due these operational considerations. For these reasons, Staff believes that the easiest option would be to hold an event immediately post Alfresco that utilizes the same playbook as previous Mane/Taste events- with Staff, the Special Events Commission, and the Chamber all playing their familiar roles. By the same token, Staff does not believe there is sufficient time to effectively evaluate a new concept for implementation this fall. The addition of a third day, on a Sunday, also adds disproportionately to the cost of the event as employee time is more costly on Sundays. While Diversity, Equity, and Inclusion are important goals of the Village, Staff believes any events with a DEI theme should be well thought out and include input from many community stakeholders. Therefore, Staff has concerns with including such an element in a street festival this summer.

As noted earlier, Staff does not believe a Mane/Taste type of event is compatible within the Alfresco environment given the lack of space in the footprint. Staff also does not believe holding a Mane/Taste type event at any other time than the beginning or end of Alfresco is feasible. The cost and time to break down the fencing and then put it back up again would be high. In addition, there is no temporary storage available currently for the fencing. During the off season the fencing will be put in long-term storage at the Public Works Annex.

If an event is to be planned this year, Staff believes a more familiar concept for which there is already a playbook would be easier to accomplish the weekend after

Alfresco ends, allowing time to transition from one mode to the other. Staff also believes Sounds of Summer type concerts are very doable within the Alfresco environment and would add a festival type energy to the existing concept. Staff is discussing planning one or two concerts towards the end of the Alfresco season to experiment this year.

While Alfresco remained open until November last year and opened in March this year, attendance was low during the colder months. In addition, the roped off version of Alfresco (necessary to facilitate potential snow operations) was not as attractive as the full fenced in version possible during the warm weather months. Therefore, Staff believes that Alfresco is best suited during Late April to early October when weather is more likely to be conducive to outdoor eating.

Analysis:

If the Village Board does pursue a new FBT to allow Alfresco patrons to support the cost of the concept on an ongoing annual basis, decisions still need to be made regarding the value, impacts, operational model, timing, and funding for a Mane/Taste type event given the presence of Alfresco. Separate decisions need to be made for what if any event should be held in 2021 as well as what will be done in the future.

Part of the benefit of Mane/Taste traditionally has been a way to showcase our downtown as a place to visit and help downtown entertainment venues raise their profile. However, a number of our downtown restaurants have indicated that Alfresco is a more cost effective and more profitable avenue to achieve that goal for them and that Mane/Taste is “played out” as a concept. This begs the question of why would the Village spend money, Staff time, and energy on an event in a location where a number of the businesses in that area don’t want it anymore? Much of the festival type energy could be duplicated with concerts in Harmony Park within the Alfresco environment without much of the cost and logistical concerns that come with Mane/Taste (such as policing open alcohol consumption) on the street. It is also unknown if the presence of the Alfresco environment throughout the summer, will lessen interest in a downtown festival by potential attendees.

The other side of the equation is that our feedback indicates Mane/Taste does provide a number of other non-downtown businesses (35 in 2019) the opportunity to get meaningful exposure for their businesses. In addition, the Mane/Taste weekend is a touchpoint in the year for the community where neighbors can see neighbors and enjoy outdoor music and enjoy street food in a festival type atmosphere. Face

painting, inflatables, and other community benefits have brought families downtown for the creation of good memories as well.

The Mane Event has been the signature event of the Special Events Commission for many years and it has flourished under its leadership and service. In addition to musical acts, the SEC has provided a family friendly atmosphere that residents enjoy. The Taste of Arlington and business expo have been excellent additions that have helped provide exposure to local businesses and added to the “street fest” atmosphere that residents enjoy, providing an opportunity for the Chamber to put its best foot forward, while taking advantage of the environment facilitated by the efforts of the SEC.

Given the well established “playbook” for Mane and Taste and the short time frame this year, Staff believes the easiest path forward for 2021 would be to hold a two-day event, possibly rebranded as a “Finale” event for Alfresco (name to be developed), to take place at the end of Alfresco. If possible, the Chamber could manage the Business Expo and second day of the event and the SEC would manage the first night. However, at this time, the Chamber has not indicated a willingness to work with the SEC again. Accordingly, the SEC’s option of a one day event could be considered as an alternative for 2021, if the Chamber does not wish to participate.

The end time for Alfresco must also be determined. While some businesses would like to see a longer Alfresco season, Staff is concerned about inclement weather and the negative impacts on business who do not benefit as much from the environment. Staff believes that an Alfresco season that runs roughly from the first weekend in May to the first weekend in October is a fair compromise between the stakeholders, and allows for more operational certainty than a later finish. The Mane/Taste type event could be held the second weekend in October. This would allow the breakdown of the Alfresco and Festival environments to occur before Public Work’s leaf removal season gets busy, and far before snow operations begin.

Recommendations:

Based on these factors Staff makes the following recommendations regarding these matters:

1. That a new Food and Beverage Tax concept be developed for restaurants in the Alfresco zone along with an annual licensing fee concept for non-Alfresco restaurants who utilize public parking spaces for eating areas and for non-restaurant businesses who wish to use Alfresco space. The purpose

of these new revenues would be help offset the Village's costs of Alfresco. The concept would be reviewed further for approval at a later Village Board meeting.

2. That Alfresco run from approximately the first weekend in May to the first weekend in October going forward

3. That the Village Staff be directed to approach the Chamber and SEC to develop a two-day Mane/Taste type Finale Event the second weekend in October this year following the 2019 funding and operational program.

4. In the event that the Chamber does not wish to participate in the recommended format- this year, it is recommended that the Village experiment with a one-day Finale Event to be overseen by Village Staff and the SEC.

5. That the Village Staff, Chamber, and SEC continue to work towards a new permanent post Alfresco "finale" event for the second October weekend in 2022 and beyond.

Staff would like to get Board feedback and direction on these issues at the June 7th Village Board meeting.

CC: Diana Mikula, Chief Pecora, Chief Larson, Cris Papierniak, Charles Perkins, Michael Mertes

Attachments