



**DEPARTMENT OF CULTURAL AFFAIRS AND SPECIAL EVENTS
CITY OF CHICAGO**

MEMORANDUM

To: The Honorable Carrie M. Austin
Chairman, Committee on the Budget and Government Operations

From: Michelle T. Boone
Commissioner
Cultural Affairs and Special Events

CC: Farzin Parang
Mayor's Office of Legislative Counsel and Government Affairs

Date: October 27, 2014

Re: Request for Information from Annual Appropriation Committee Hearing

The information provided below is in response to questions posed at our department's hearing on October 22, 2014, to discuss the proposed 2015 budget.

Alderman Tunney asked for information regarding larger city-wide events such as the Chicago Pride Parade and Lollapalooza, including how much is the organizer required to cover in terms of security and cleanup costs and how many of these associated costs fall on the City.

Response:

The Lollapalooza contract is administered by the Chicago Park District and specifies the concert promoters must pay the Park District to repair any damage caused by the festival. The Office of Emergency Management bills concert promoters directly for the cost of traffic control aides and the Chicago Police Department bills for police services.

Many parades, including the Chicago Pride Parade, pay a fee to the City of Chicago, to cover costs associated with barricades, clean-up and other related expenses. However, the parade ordinance, updated in 2012, provides a provision for a waiver of fees and insurance if such requirements would prevent First Amendment activity.

As always, please let me know if you have any further questions.



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The information provided below is in response to questions posed at our department's hearing on October 22, 2014, to discuss the proposed 2015 budget.

Alderman Tunney asked for information on whether the City recovers costs from organizers or special events and whether the City has limits on the level of services provided to each special event.

Response:

City service costs can be and are recovered from event organizers. There is no cap on city services.

As always, please let me know if you have any further questions.



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The attached information is in response to questions posed at our department's hearing on October 27, 2014 to discuss the proposed 2015 budget.

Alderman Tunney asked the following: Are event organizers required to cover the revenue loss from the CPM/LAZ concession agreement?

Response:

Yes, event organizers are required to cover the revenue loss from the CPM/LAZ concession agreement.

As always, please let me know if you have any further questions.



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Alderman Tunney asked for the following: Has there been discussion on changing the special event permit process to a year-round application rather than the requirement to submit the application on January 2 or after for a reoccurring event?

Response:

We are always looking at ways to become more efficient, however, the change in the application due date would require an adjustment to the Chicago Department of Transportation ordinance for special event permits.

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The attached information is in response to questions posed at our department's hearing on October 22, 2014, to discuss the proposed 2015 budget.

Alderman Fioretti asked for the breakdown of all grants and private support for events through the chair.

Response:

A complete listing of the Department of Cultural Affairs and Special Events grants are located in the Mayor's 2015 Budget Recommendation booklet on page 504. The page is also attached and denoted as "DCASE 2015 grants".

As always, please let me know if you have any further questions.

Grant Detail
Grants by Program Category, Department, and Grant - Continued

	2014 Grant	2015 Anticipated Grant	Carryover	2015 Total
City Development				
023 - Department of Cultural Affairs and Special Events				
2865:0J57:Art Works		\$50,000		\$50,000
2865:0J25:Art Works	50,000			
2867:0J28:Burnham Award for Excellence in Planning	5,000			
2855:0P72:Chicago Cultural Center Exhibition	75,000	20,000	50,000	70,000
2864:0P72:Chicago Cultural Center Foundation	136,000		136,000	136,000
2862:0P72:Chicago Cultural Center Renovation / Restoration	200,000		200,000	200,000
2859:0P73:Chicago Cultural Plan	258,000	200,000	64,000	264,000
2868:0P72:Chicago Jazz Festival	36,000			
2851:0P72:Cultural Fund		50,000		50,000
2858:0P72:Development / Artists Residency Project	50,000	50,000	20,000	70,000
2829:0J67:Farmers Markets	89,000		89,000	89,000
2861:0P72:Gertrude Bernstein Memorial Garden	10,000	5,000	5,000	10,000
2839:0J23:IAC - Community Arts Access Program	146,000		146,000	146,000
2839:0J55:IAC - Community Arts Access Program		147,000		147,000
2838:0J56:IAC - Partners in Excellence		46,000		46,000
2838:0J24:IAC - Partners in Excellence	45,000	1,000	44,000	45,000
2846:0P72:Made in Chicago World Class Jazz	45,000			
2849:0P72:Millennium Park Workouts	100,000	100,000		100,000
2869:0P72:Millennium Park Presents		100,000		100,000
2863:0P72:Public Art Endowment	610,000		610,000	610,000
2848:0P72:Summerdance and World Music Festival	230,000		205,000	205,000
2866:0J58:Tourism Marketing Partnership Program		58,000		58,000
2866:0J26:Tourism Marketing Partnership Program	58,000		20,000	20,000
2852:0P72:World Music Festival	20,000	25,000		25,000
Total - 023 - Department of Cultural Affairs and Special Events	\$2,163,000	\$852,000	\$1,589,000	\$2,441,000



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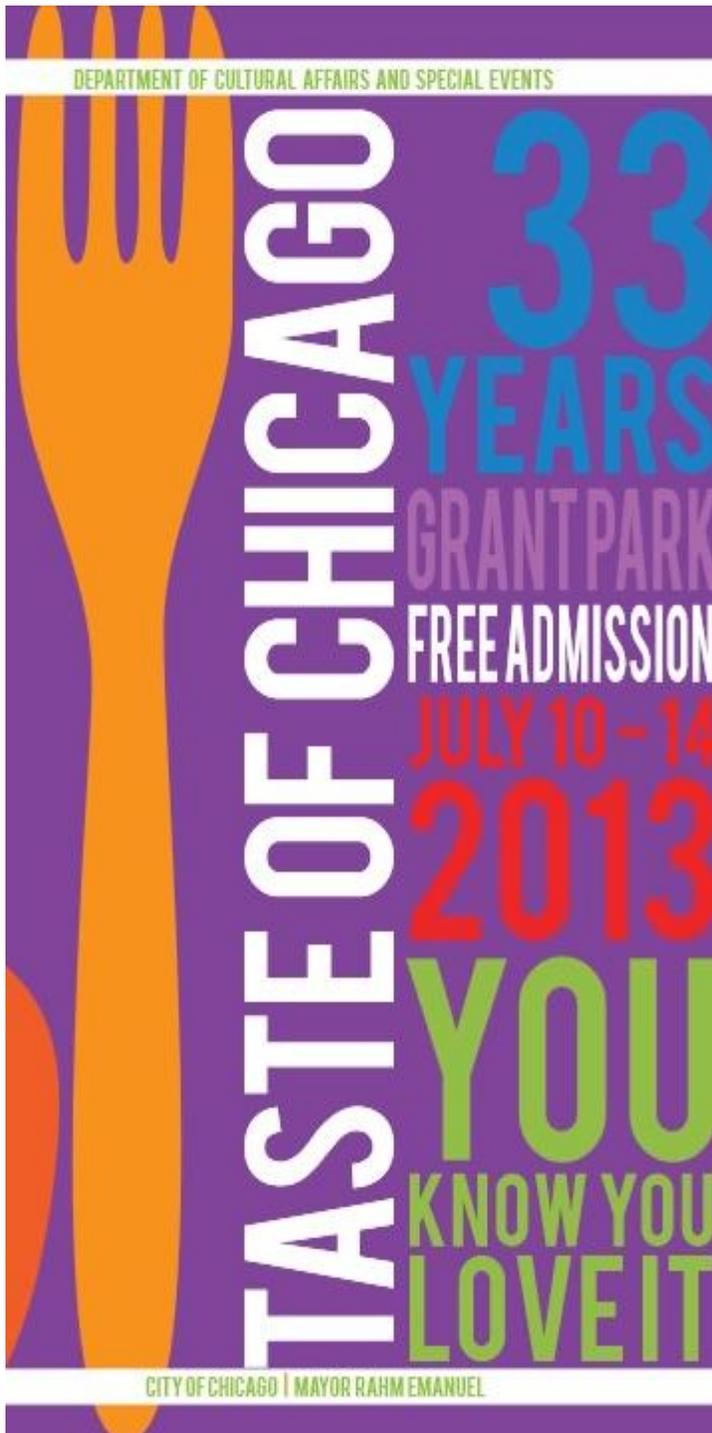
The attached information is in response to questions posed at our department's hearing on October 22, 2014, to discuss the proposed 2015 budget.

Alderman Fioretti asked for the economic impact report for the Taste of Chicago.

Response:

Please see the attached 2013 Taste of Chicago economic impact report.

As always, please let me know if you have any further questions.



Market Research for City Festivals
Specification No. 110845

2013 Taste of Chicago
Intercept Survey Summary Report
Economic Impact

presented by:

presented to:



July 23, 2013

2013 Taste of Chicago

Project Overview



Custom Intercept Solutions (CIS) conducted intercept surveys of 2013 Taste of Chicago attendees in Grant Park from Friday, July 12th through Sunday, July 14th. A target of 400 completed surveys was set by project representatives prior to the event. Over the course of the three-day initiative, CIS surveyors collected a total of 451 surveys of Taste of Chicago attendees.

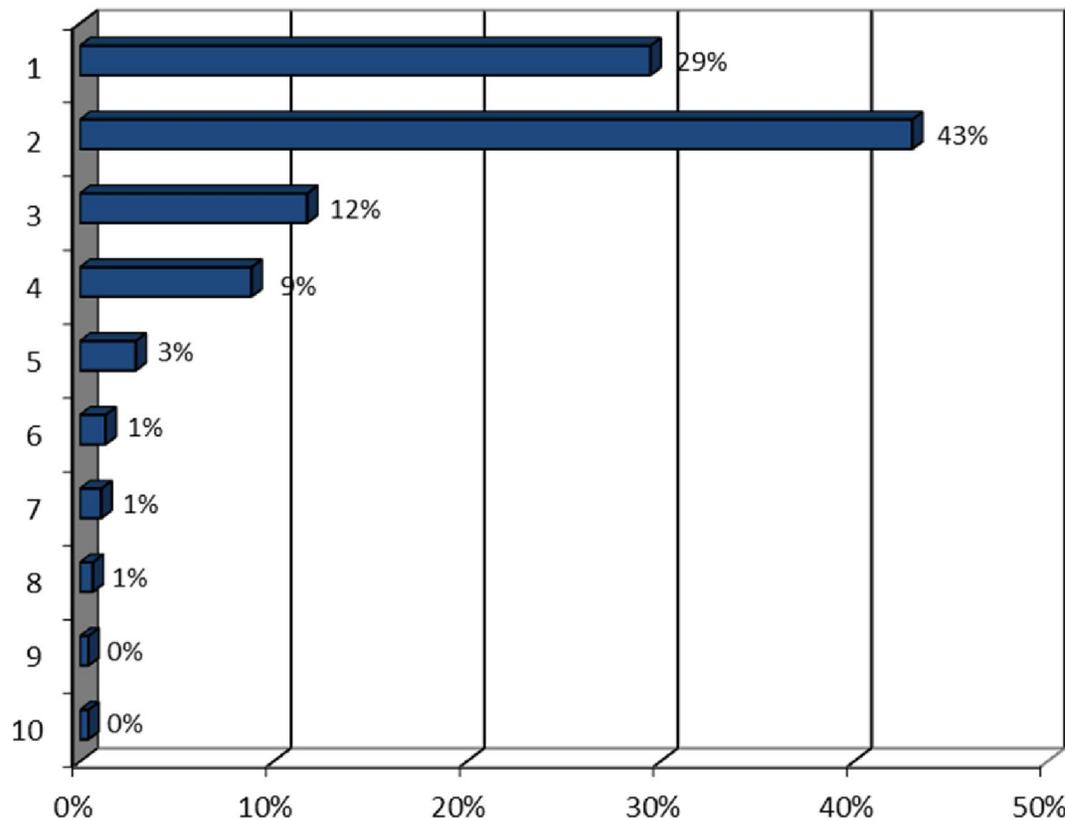
Survey data was captured by a team of seven (7) surveyors utilizing Apple iPad devices. The survey instrument consisted of approximately 35 questions covering a variety of topics including but not limited to attendance influencers, customer satisfaction, spending and demographics.

The following slides provide a summary impact analysis summarizing the economic and fiscal impacts of the event as well as job creation and other related metrics.

2013 Taste of Chicago

Personal Travel Party Size

Question: Please indicate the number of people in your PERSONAL travel party including yourself, that is, the number of people you are personally responsible for/will be sharing expenses with:



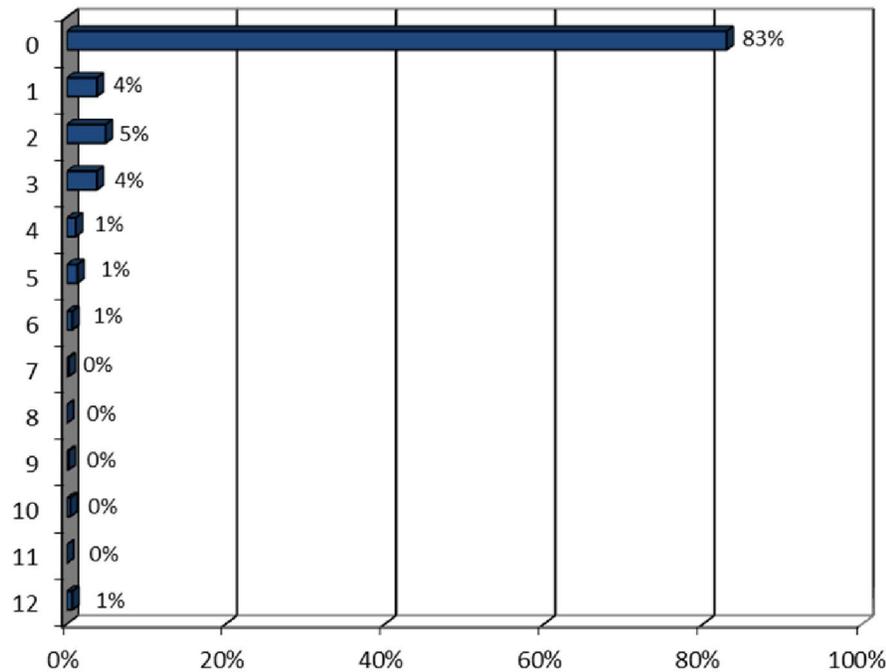
For purposes of determining economic impact, it is critical to capture accurate PERSONAL group size information. Respondents first indicated how many people (adults and children) they were attending the event with. It is necessary, however, to delve deeper to provide the exact number of people the ensuing spending questions account for. This is important because the amount of people covered by spending levels is often a subset of the entire group size.

The average personal travel party size is calculated as approximately 2.3 people (compared to 3.1 for the total group).

2013 Taste of Chicago

Overnight Stays

Question: How many nights are you staying away from home in downtown Chicago during your visit for the 2013 Taste of Chicago?*



Approximately 17% of all survey respondents indicated they would be staying away from home in Chicago during their visit for the Taste of Chicago. Of those that were staying overnight, the average length of stay was approximately 3.3 nights.

The table below presents the percentage of each geographic respondent group that stayed overnight in Chicago:

	Yes	No
Chicago resident	2%	98%
Suburban resident	4%	96%
IL resident	18%	82%
US outside IL	48%	52%
International	68%	32%

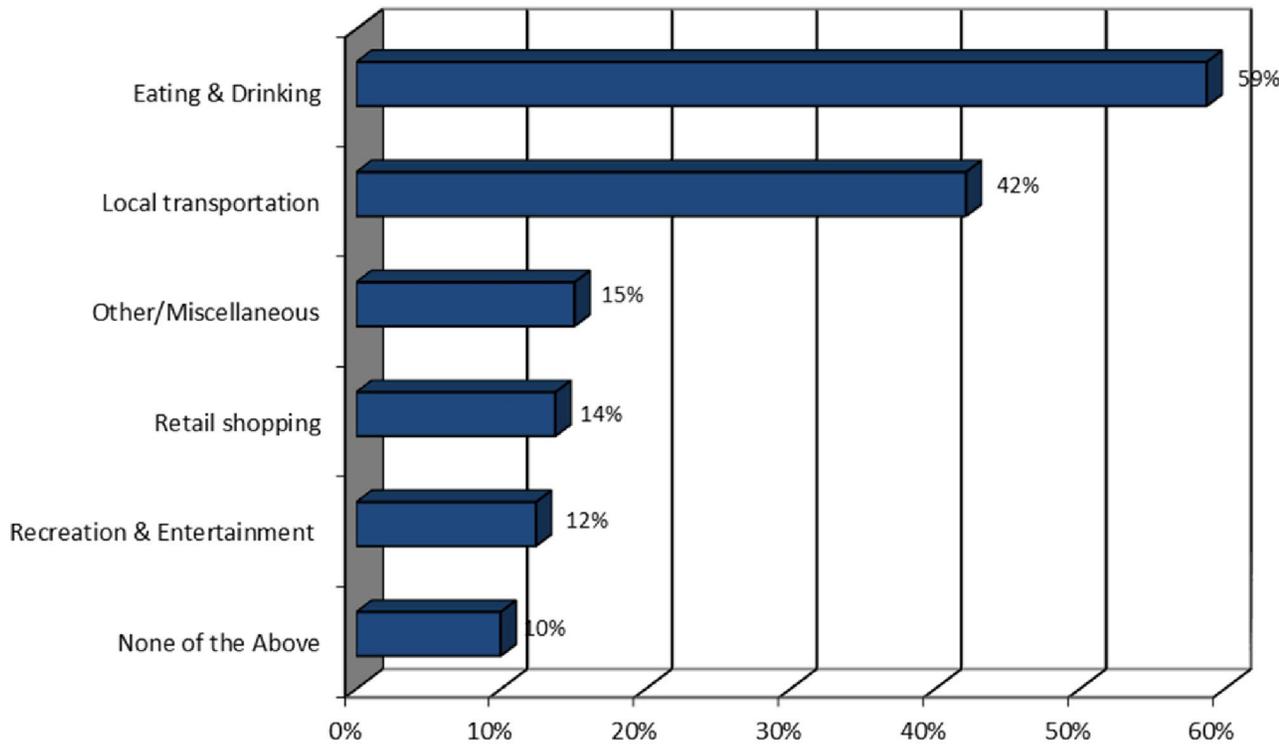
Approximately 52% of respondents that indicated they were staying overnight had hotel accommodations (representing approximately 9% of all survey respondents). The majority of remaining overnight respondents indicated they were staying with *Friends/Family*.

The average number of hotel rooms utilized by each overnight travel party was approximately 1.9.

2013 Taste of Chicago

Trip Spending Categories

Question: Thinking about the rest of your trip, within which of the following spending categories will/has your PERSONAL travel party incurred expenses while in Chicago OUTSIDE of the Taste of Chicago?

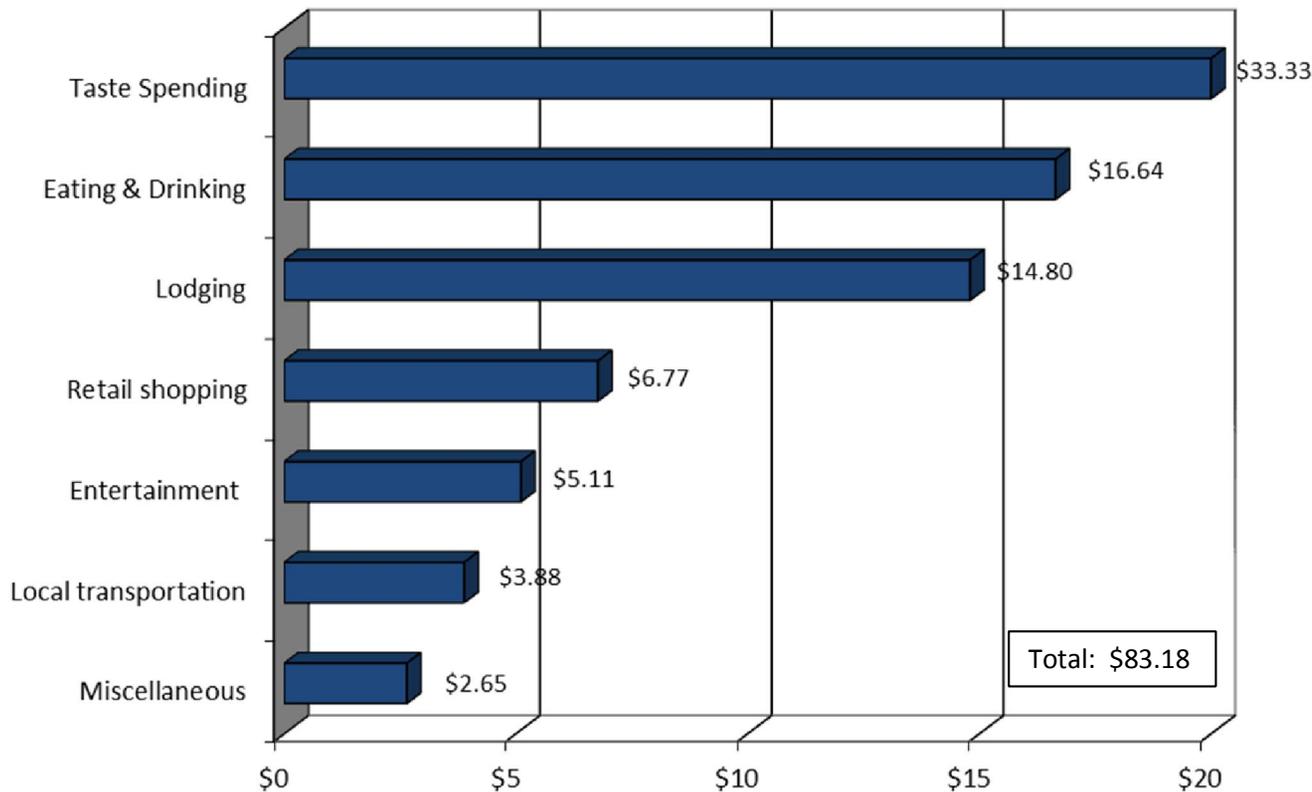


Approximately 90% of all survey respondents indicated that they would spend money in Chicago (outside of the Taste of Chicago) during their trip. Nearly 60% of respondents indicated they would eat and/or drink elsewhere in Chicago and more than 40% indicated they had or planned to utilize local transportation.

2013 Taste of Chicago

Category Spending

Question: Please indicate your personal travel party's average DAILY spend within each of the following categories while in the Chicago area during this trip:



Based on the spending data provided by event attendees, the total average per person daily spending was approximately \$83.18.

It should be noted that these spending figures were calculated in the aggregate and do not account for displaced spending. These considerations are made in the economic impact summary to follow.

2013 Taste of Chicago

Economic Impact Analysis Overview



Hosting a major event such as the Taste of Chicago can provide significant benefits to a destination. Typically, and for the purposes of this summary, quantifiable effects are characterized in terms of economic impacts and fiscal impacts.

Economic Impacts

Economic impacts are conveyed through measures of direct spending, total output, personal earnings and employment – each of these measures is defined below.

Direct Spending – represents local spending generated by the event and includes lodging, food and beverage, entertainment, retail, transportation and other miscellaneous spending which occurs within Chicago due* to the event.

Total Output – represents the total direct, indirect and induced spending effects generated by the event. Total output is a function of direct spending and market-specific multipliers.

Personal Earnings – represent the wages and salaries earned by employees of businesses impacted by the event.

Employment – is expressed in terms of full- and part-time positions supported by the event.

**Spending that is likely to have occurred in Chicago regardless of the Taste of Chicago is defined as displaced spending. For purposes of this economic impact analysis, only non-displaced 'new' spending which can be directly attributed to the event is considered.*

2013 Taste of Chicago

Economic Impact Analysis Overview

Multiplier Effects

Quantifying the total economic impact (total output) associated with the 2013 Taste of Chicago requires accounting for not only the original direct spending in the market generated by the event but also the re-spending of these dollars throughout the local economy. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with the direct spending and continuing through each successive round of re-spending. Economic multipliers are specific to each market. The multiplier estimates used in this analysis are based on the IMPLAN system, which is currently used by hundreds of universities and government entities throughout the country. For purposes of this analysis, multipliers specific to Cook County have been utilized.

Fiscal Impacts

In addition to the economic impacts generated throughout the area by the event, the public sector also benefits from increased tax revenues. In preparing estimates of fiscal impacts, total tax revenues attributable to the direct spending generated by the event were estimated. The sources of tax revenue focused on in this analysis are as follows:

Sales tax – assessed at a total rate of 9.25% (1.25% going to the City)

Hotel tax – assessed at a total rate of 16.4% (5.6% going to the City)

Restaurant tax – assessed at a total rate of 1.25% (0.25% going to the City)

Additional City taxes may apply, but have not been quantified in this analysis.

2013 Taste of Chicago

Methodology and Results

Surveys were specifically designed to capture the required data necessary to perform an economic impact analysis of this kind. The survey questions were used to determine the respondent's residential status, reason for visiting Chicago, length of stay, size of party, localized spending in specific categories and other related information. Specific assumptions made to reduce overstating of results include:

- Spending by local residents was completely disqualified from the analysis as this is largely displaced spending and thus does not represent new money to the economy.
- Similarly, spending by non-local residents that indicated that the Taste of Chicago was NOT their primary reason for visiting Chicago was also entirely disqualified.
- Spending occurring at the event has not been included in the analysis. Once the City receives final event spending and tax collections data, it can be incorporated into the cumulative follow-up report.

Based on the data collected, key statistics of the survey population include:

- Approximately 59 percent of event attendees were from outside of Chicago.
- Of these non-local residents, approximately 27 percent stayed in Chicago overnight.
- Approximately 74 percent of non-local respondents indicated that the Taste of Chicago was their primary reason for visiting Chicago.
- For purposes of calculating new (non-displaced) economic impact, the average daily spending for each non-local visitor was approximately \$46.

2013 Taste of Chicago

Methodology and Results

The economic and fiscal impacts attributable to the 2013 Taste of Chicago based on the assumptions outlined herein are summarized below:

Attendance	
Total Attendance	1,500,000

Economic Impacts	
New Direct Spending	\$66,239,000
Total Output	\$106,345,000
Total Employment	1,122
Total Earnings	\$39,530,000

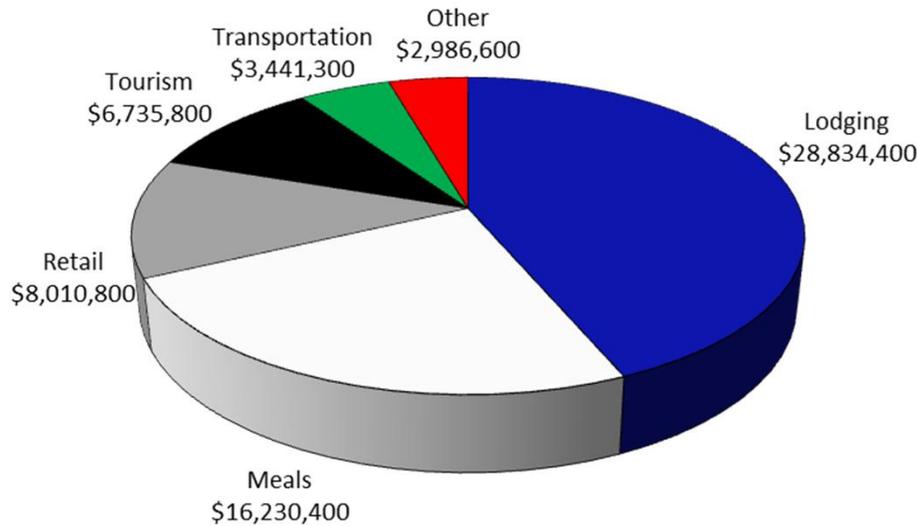
Fiscal Impacts (to the City of Chicago)	
Annual Sales Tax Revenue	\$870,500
Annual Hotel Tax Revenue	\$1,453,300
Annual Restaurant Tax Revenue	\$26,400
TOTAL ANNUAL TAX REVENUE	\$2,350,200

As shown above, new direct spending occurring in Chicago attributable to the 2013 Taste of Chicago is estimated at approximately \$66.2 million. Total output, which takes into consideration all direct, indirect and induced spending, is calculated as approximately \$106.3 million. An estimate of full- and part-time jobs supported by the increased economic activity generated by the Taste of Chicago is approximately 1,122. Total earnings, which represents wages and salaries earned by employees of businesses associated with or impacted by the Taste of Chicago is approximately \$39.5 million. Total fiscal impacts, representing the value of taxes collected by the City of Chicago due to economic activity generated by the Taste of Chicago is estimated at approximately \$2.35 million.

Note: Values in the chart do not include spending occurring at the event

2013 Taste of Chicago Summary Chart

New Direct Spending Detail



The pie chart to the left presents the new (non-displaced) direct spending attributable to the 2013 Taste of Chicago by spending category. Cumulatively, the total new direct spending generated by the Festival was approximately \$66.2 million.

Regional Fiscal Impact

	Chicago	Cook County ⁽¹⁾	Illinois ⁽²⁾
Est. Annual Revenue	\$2,350,200	\$522,300	\$5,961,600

⁽¹⁾ Includes 0.75% sales tax

⁽²⁾ Includes 6.25% sales tax + 6.2% hotel tax

The table to the left presents the estimated total tax collections of the City of Chicago, Cook County and State of Illinois based on spending generated by the 2013 Taste of Chicago .



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The information below is in response to questions posed at our department's hearing on October 22, 2014, to discuss the proposed 2015 budget.

Alderman Fioretti asked for contracts related to the Taste of Chicago.

Response:

Below are the listing of contractors engaged for the 2014 Taste of Chicago:

- AAA RENTAL SYSTEM
- BARRICADE LITES, INC.
- CHICAGO EVENT GRAPHICS INC
- ENTERPRISE LEASING CO OF CHICAGO
- FELLOWSHIP FLEET
- GARDA CL GREAT LAKES INC
- HARRIS ICE COMPANY
- ILLINOIS RESTAURANT ASSOCIATION
- INDUSTRIAL FENCE INC.
- KNOX-ARRAY EVENT PRODUCTION
- KOBOTECH STAGE PRODUCTION