



Financial Report

2021 City of Sturgis Motorcycle Rally



Central Sturgis Financing Programs

The ambitious private and public development program for Central Sturgis will pay major dividends to the community and the people who live in and visit it. However, incentives and funding sources will be necessary to provide the necessary front-end momentum. These sources fall within two basic categories:

- **FINANCING AND REGULATORY INCENTIVES** to encourage investment, upper level reuse, and extended occupancy.
- **AN INCREASED RALLY REVENUE STREAM** for reinvestment in Main Street enhancement and product improvement.

In addition, design guidelines should be applied to projects that benefit from funding assistance or infrastructure investments. These guidelines would be enforced through specific development agreements for projects receiving funding assistance through tax increment financing (TIF) or enterprise funds.

Financing and Regulatory Incentives

Because Rally economics tend to reward property owners and business operators for taking the low-risk route of maintaining a very short season, financing incentives and removal of obstacles may be necessary to encourage desirable investment in buildings and businesses. Such a program should be coordinated with the business recruitment efforts described above, and include the following approaches:

- *Using tax increment financing (TIF) to assist targeted development projects.* Uses of funds should include acquisition and redevelopment of vacant sites and rehabilitation and adaptive reuse of existing buildings. TIF uses the added value created by a redevelopment project to finance project costs. Especially appropriate uses include adaptive reuse of upper levels of buildings for residential or office uses; façade rehabilitation; and new development unless a new project causes demolition of a National Register-listed or eligible property.

- *Developing a targeted business enterprise fund.* While enterprise funds, which typically provide initial capitalization assistance to new businesses, can entail significant risk, such a program could complement business recruitment efforts. Capitalization of a fund could be derived from permit fees or business assessments on vacant lands or buildings occupied only during the Rally. This fund would provide short-term capitalization during the first years of operation, and would require repayment with interest or revenue participation to replenish capital.

- *Creating a downtown development authority (DDA) with the ability to acquire and reuse properties.* Such a corporation could

buy properties on a voluntary basis, redevelop them for subsequent use, or convey them for private redevelopment. A DDA could continue to own and/or operate certain kinds of projects, such as a multi-tenant retail incubator or art exhibition/sales space.

- *Recalibrating property tax assessment policies.* Assessment policies based on land and improvement value rather than revenues further discourages owners from improving their properties for year-round operation.

- *Reviewing existing city ordinances for obstacles to desirable development.* City statutes should not unnecessarily obstruct desirable change or development. Yet, laws from another era can discourage such desirable outcomes as upper level building reuse and outdoor dining. Sturgis should complete an audit of existing legislation, and remove legislative obstacles to desirable Main Street development without compromising public health or safety.

Increased Rally Revenue Stream

The Sturgis Rally generates incredible economic activity in the city. While Sturgis realizes revenues from sales taxes and permit fees, most proceeds are used for the costs of the event itself – security, visitor accommodations, utilities, print material, and organization. The city's net revenue appears to be very small, estimated in the range of \$300,000. This leaves little funding for either enhancing the product that Sturgis offers Rally visitors, or for the annual impacts on the city such as vacant property, or excess infrastructure capacity.

In order to fund community enhancements that specifically benefit Rally participants and other visitors, Sturgis should establish a time-limited funding source, possibly based on vendor permit fees, a sales tax surcharge, or property assessment policy to generate at least \$1 million annually to devote to central district improvements, including the capital projects and enterprise funds identified by this plan. These additional costs would be relatively inconsequential to Rally businesses and visitors, but would produce highly visible benefits to both that would further increase the popularity of this great event and improve the ability of Sturgis to attract other programs.

Design Guidelines

Specific design guidelines should be created to guide development assisted by public infrastructure or project financing. These guidelines should address such issues as:

- *Main Street building setbacks.* Generally, guidelines in Main Street districts include mandatory build-to lines, requiring new structures to be built to the street right-of-way line. However,

Rally Related Income

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vendor Fees, Tattoo License	\$ 250,335	\$ 318,600	\$ 410,279	\$ 536,005	\$ 389,206	\$ 381,039	\$ 339,111	\$ 361,869	\$ 321,887	\$ 383,990
Vendor Fines, Insp. Fees / Relocations	\$ 3,075	\$ 4,228	\$ 13,331	\$ 15,275	\$ 18,814	\$ 250	\$ 1,035	\$ -		
Property Rentals	\$ 274,344	\$ 316,616	\$ 284,936	\$ 582,909	\$ 761,806	\$ 554,620	\$ 759,953	\$ 559,095	\$ 607,046	\$ 700,414
Sponsorship Program	\$ 294,227	\$ 243,653	\$ 299,656	\$ 481,433	\$ 356,533	\$ 373,786	\$ 429,036	\$ 531,859	\$ 229,942	\$ 242,029
Advertising Revenue	\$ 147,094	\$ 171,120	\$ 248,590	\$ 270,939	\$ 192,873	\$ 190,458	\$ 221,473	\$ 232,765	\$ 205,779	\$ 176,611
Photo Towers	\$ 19,102	\$ 16,800	\$ 10,895	\$ 34,727	\$ 15,225	\$ 21,890	\$ 18,302	\$ 14,221	\$ -	\$ -
Website Ad Sales	\$ 5,400	\$ 3,155	\$ 12,385	\$ 44,833		\$ 20,305	\$ 13,000	\$ 1,880	\$ 1,374	\$ 66
Cups, Website, Info Booths	\$ 9,995	\$ 7,708	\$ 5,977	\$ 8,130	\$ 4,525	\$ 5,885	\$ -	\$ -	\$ -	\$ 92,664
Parking	\$ 5,938	\$ 5,456	\$ 6,749	\$ 1,116	\$ 450	\$ 410	\$ 277	\$ 821	\$ 509	\$ -
Comm Center & Misc. Revenues	\$ 19,215	\$ 24,909	\$ 30,257	\$ 15,350	\$ 16,353	\$ 9,298	\$ 6,762	\$ 5,202	\$ -	\$ 1,384
Mayor's Ride	\$ 28,000	\$ 68,293	\$ 56,216	\$ 74,070	\$ 76,025	\$ 70,020	\$ 88,627	\$ 79,933	\$ 72,999	\$ 77,552
Brick Project	\$ 13,985	\$ 53,257	\$ 40,312	\$ -		\$ 10,976	\$ 8,688	\$ 12,188	\$ 24,063	\$ 16,587
Rally - other	\$ 1,789	\$ 11,009	\$ 8,785	\$ 314	\$ 6,407	\$ 81	\$ 3,558	\$ 9,728	\$ 18,621	\$ 44,120
ATM Machine Revenues	\$ -	\$ 2,340	\$ 2,282	\$ 3,970	\$ 2,060	\$ 2,310	\$ 2,919	\$ 2,236	\$ 1,520	\$ 2,196
Special Sanitation Fees	\$ 159,654	\$ 178,722	\$ 143,080	\$ 223,744	\$ 164,239	\$ 190,439	\$ 201,488	\$ 162,164	\$ 149,014	\$ 180,937
Retail License Royalty										\$ 22,009
Rally Charitable Activities										\$ 6,505
VIP Hospitality	\$ -	\$ 26,031	\$ 23,063	\$ 32,438	\$ 23,669	\$ 33,383	\$ 58,154	\$ 48,973	\$ 58,963	\$ 24,313
Total Income	\$ 1,232,153	\$ 1,451,898	\$ 1,596,794	\$ 2,325,253	\$ 2,028,184	\$ 1,865,150	\$ 2,152,383	\$ 2,022,931	\$ 1,691,717	\$ 1,971,376

Rally Expenses

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Supplies, Materials & Food (all dept)	\$ (75,734)	\$ (25,439)	\$ (110,318)	\$ (137,680)	\$ (143,938)	\$ (128,761)	\$ (56,184)	\$ (154,690)	\$ (363,543)	\$ (83,995)	\$ (160,167)
Insurance	\$ (14,246)	\$ (3,257)	\$ (4,679)	\$ (5,146)	\$ (7,000)	\$ (7,096)	\$ (5,747)	\$ (6,192)	\$ (10,049)	\$ (3,285)	\$ (4,921)
Unemployment & Work Comp	\$ (8,418)	\$ (7,746)	\$ (7,366)	\$ (8,571)	\$ (8,822)	\$ (9,070)	\$ (8,280)	\$ (7,553)	\$ (8,220)	\$ (9,196)	\$ (7,912)
Professional Fees (Motoring USA)	\$ (159,768)	\$ (163,056)	\$ (70,225)	\$ (22,344)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees (Legends)	\$ -	\$ -	\$ (115,968)	\$ (133,889)	\$ (187,772)	\$ (182,273)	\$ (33,474)	\$ (27,268)	\$ (27,989)	\$ (25,728)	\$ (17,400)
Professional Fees (Events)	\$ -	\$ (26,322)	\$ (33,700)	\$ (33,000)	\$ (36,694)	\$ (38,803)	\$ (33,621)	\$ (63,433)	\$ (62,350)	\$ (8,984)	\$ (165,293)
Publishing - Rally	\$ (111,040)	\$ (145,485)	\$ (40,006)	\$ (77,221)	\$ (137,405)	\$ (122,883)	\$ (147,335)	\$ (4,647)	\$ (16,105)	\$ (7,555)	\$ (17,715)
Rental & Lease Expenses	\$ (21,021)	\$ (19,017)	\$ (24,813)	\$ (30,217)	\$ (178,289)	\$ (385,912)	\$ (301,720)	\$ (340,526)	\$ (309,455)	\$ (354,877)	\$ (308,553)
Repairs & Maintenance--Rally Related	\$ (8,445)	\$ (300)	\$ (6,432)	\$ (3,066)	\$ (1,881)	\$ (3,995)	\$ (930)	\$ (3,330)	\$ (2,906)	\$ (3,190)	\$ (6,471)
Travel--Rally	\$ (9,042)	\$ (3,112)	\$ (15,618)	\$ (5,358)	\$ (7,935)	\$ (9,405)	\$ (8,617)	\$ (12,482)	\$ (8,680)	\$ (11,221)	\$ (5,118)
Utilities--Rally	\$ (1,798)	\$ (1,786)	\$ (5,507)	\$ (4,168)	\$ (3,033)	\$ (2,188)	\$ (3,531)	\$ (3,588)	\$ (9,174)	\$ (12,696)	\$ (11,754)
Housing & Other - (all departments)	\$ (75,927)	\$ (26,057)	\$ (31,366)	\$ (29,011)	\$ (31,382)	\$ (4,677)	\$ (9,364)	\$ (27,087)	\$ (13,598)	\$ (32,157)	\$ (5,070)
Rally Pay Pal/Credit Card Fees	\$ (420)		\$ (3,172)	\$ (2,257)	\$ (1,797)	\$ (1,257)	\$ (4,054)	\$ (6,501)	\$ (6,481)	\$ (11,420)	\$ (9,288)
Merchandise for Resale	\$ (8,586)	\$ (28,730)	\$ (16,844)	\$ (22,621)	\$ (23,470)	\$ (9,726)	\$ (7,180)	\$ (7,463)	\$ (10,480)	\$ (15,620)	\$ (17,121)
City Promotion, & Receptions	\$ (31,238)	\$ (12,054)	\$ (9,685)	\$ (8,287)	\$ (31,790)	\$ (9,790)	\$ (56,184)	\$ (39,115)	\$ (26,001)	\$ (17,984)	\$ (3,661)
Portapots & Tipping Fees	\$ (63,256)	\$ (69,557)	\$ (73,772)	\$ (73,426)	\$ (114,569)	\$ (69,561)	\$ (77,639)	\$ (74,618)	\$ (82,599)	\$ (92,570)	\$ (72,858)
**Wages & Benefits	\$ (259,682)	\$ (344,273)	\$ (311,005)	\$ (339,129)	\$ (553,425)	\$ (490,042)	\$ (468,481)	\$ (462,983)	\$ (505,513)	\$ (516,775)	\$ (586,123)
State Inspection Fees	\$ (5,540)	\$ (5,820)	\$ (2,290)	\$ (1,985)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SMRI Royalty Payment for use of marks	\$ (50,292)	\$ (26,944)	\$ (24,147)	\$ (23,991)	\$ (50,280)	\$ (24,790)	\$ (50,000)	\$ (83,375)	\$ (70,138)	\$ (83,142)	\$ (57,142)
Total Expenses	\$ (904,452)	\$ (908,955)	\$ (906,910)	\$ (961,364)	\$ (1,519,484)	\$ (1,500,228)	\$ (1,272,339)	\$ (1,324,851)	\$ (1,533,281)	\$ (1,290,396)	\$ (1,456,567)

Donations to Charities	2018	2019	2020	2021
City of Sturgis Efforts				
City of Sturgis Sponsorship Donation to Sturgis Rally Charities	\$ 19,575	\$ 26,593	\$ 11,651	\$ 10,395
City of Sturgis Sponsorship Donation to Sturgis Charities Endowment				\$ 62,400
Open Container Proceeds to Sturgis Rally Charities				\$ 17,600
Open Container Proceeds to Sturgis Charities Endowment				\$ 17,600
Sturgis Photo Towers - Various Charities				\$ 21,432
Mayor's Ride-Fire Dept	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Mayor's Ride Fire Station Lot	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Mayor's Ride-Police Reserves	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,000
Mayor's Ride-Sturgis Ambulance	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Mayor's Ride - Wounded Warriors	\$ 373			
Mayor's Ride - Love INC. Sturgis		\$ 1,500	\$ 1,500	\$ 2,500
Mayor's Ride - Animal Shelter	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Mayor's Ride - Deadwood VFW	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Mayor's Ride - United Way Employee Match	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Mayor's Poker Tournament - Sturgis Rally Charities	\$ 797	\$ 2,220	\$ 1,760	\$ 1,250
Mayor's Pub Crawl - Sturgis Ambulance				\$ 1,820
Director's Ride - Colorado Captain Charity				\$ 250
Director's Ride - Sturgis Outdoor Recreation				\$ 938
Ride with A Local - Sturgis Outdoor Recreation				\$ 2,171
Sturgis Tattoo & Beard Donations				\$ 275
Sturgis Liquors Engraving Scholarships			\$ 2,000	\$ 2,600
Sturgis Liquors Bourbon Raffle				\$ 7,500
Bike Raffle - Sturgis Police Athletic League	\$ 16,000	\$ 3,500		\$ 5,000
Legendary 5K - Sturgis Outdoor Recreation	\$ 1,000	\$ 1,519		\$ 1,500
Brown-Forman Sturgis Scholarship Fund	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000
Brown-Forman Operation Ride Home		\$ 15,000	\$ 2,925	\$ 700
Brown-Forman Sturgis Rally Charities			\$ 3,000	
Jack Daniel's Experience Tasting - Sturgis Rally Charities	\$ 5,000	\$ 10,000		
Vendor Donations to Sturgis Rally Charities			\$ 1,892	
Screwball Whiskey donation to Sturgis Rally Charities			\$ 2,500	
Community Efforts				
SMRi - Donation to Sturgis Rally Charities	\$ 50,000			
Wyatt Dennis St. Jude's Lemonade				\$ 32,600
Travis Sorensen Sculpture Auction				\$ 31,000
Church Activities - 1st Pres, Grace Lutheran, Blessed Emmanuel, St. Francis	\$ 57,590	\$ 49,330		\$ 28,100
Sturgis Brown High School - Showers and Breakfast	\$ 9,000	\$ 8,042		\$ 27,000
1st interstate Bank J&P - Local Charities from Parking lot rental	\$ 12,997	\$ 10,778	\$ 8,605	\$ 15,818
Cary Hart Good Ride		\$ 13,000		
Sturgis Gold Star Memorial Donations				\$ 2,003
Motorcycle Industry Efforts				
Hamsters - Lifescape Children's Care Hospital, Rapid City, Sturgis Motorcycle Museum, Spearfish Food Pantry	\$ 299,941	\$ 318,344	\$ 161,833	\$ 612,000
Buffalo Chip - Legends Ride, Legends Lunch, Biker Belles, Freedom Celebration	\$ 85,000	\$ 132,076	\$ 60,000	\$ 149,000
Summary of Others		\$ 13,000	\$ 4,392	\$ 1,746
Total Charitable Donations	\$ 596,273	\$ 635,902	\$ 301,666	\$ 1,100,198

Net Profit of City of Sturgis Motorcycle Rally to the City of Sturgis

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Income	\$ 1,141,705	\$ 1,232,153	\$ 1,451,898	\$ 1,596,794	\$ 2,325,253	\$ 2,028,184	\$ 1,865,150	\$ 2,152,383	\$ 2,022,931	\$ 1,691,717	\$ 1,971,376
Sales Tax Generated	\$ 277,825	\$ 561,169	\$ 569,116	\$ 541,591	\$ 891,283	\$ 442,247	\$ 590,408	\$ 628,839	\$ 606,706	\$ 587,913	\$ 750,279
City Donations to Charity	\$ (45,146)	\$ (33,472)	\$ (39,074)	\$ (48,036)	\$ (60,572)	\$ (54,327)	\$ (54,787)	\$ (53,948)	\$ (66,612)	\$ (48,911)	\$ (152,199)
Less Expenses	\$ (904,452)	\$ (908,955)	\$ (906,910)	\$ (961,364)	\$ (1,519,484)	\$ (1,500,228)	\$ (1,272,339)	\$ (1,324,851)	\$ (1,533,281)	\$ (1,290,396)	\$ (1,456,567)
Net Profit	\$ 469,932	\$ 850,896	\$ 1,075,030	\$ 1,128,985	\$ 1,636,480	\$ 915,877	\$ 1,128,433	\$ 1,402,423	\$ 1,029,744	\$ 940,323	\$ 1,112,889

