



1040 Harley-Davidson Way
Sturgis, SD 57785
605-347-4422

City Council Report

Meeting Date: May 17, 2021
Agenda Item: Open Container for 2021 Motorcycle Rally August 6-14, 2021
Prepared By: Daniel Ainslie

Background/History

Objective

Previously, the City has discussed the potential of allowing open container during the annual City of Sturgis Motorcycle Rally. New discussions by the Rally and Events Committee have centered on three potential positives of allowing open container during this year's events.

The first potential positive has been creating a more welcoming environment for visitors. This is the same goal that was discussed at length before the 2017 event. The goal of the proposal has been to allow a more welcoming environment for guests, who would be able to take their adult beverage from a licensed location along a sidewalk to another location. Currently, visitors are required to quickly consume their product in order to exit a licensed location or carry their alcoholic beverage illegally onto a sidewalk. The proposal would allow visitors to have a more relaxed, inviting experience throughout the Downtown core, similar to Las Vegas and New Orleans. Over the years, the City's experience with open containers has increased with festivals such as the Mustang Rally, Music on Main and the Opening Ceremony for the 79th Annual City of Sturgis Motorcycle Rally.

The second potential positive has been focused on potential benefits in the age of COVID-19. Though we all hope that we are wrong, the pandemic in August 2021 is not likely to be significantly different than it is now. A significant number of people will have been vaccinated or have recovered from the virus, but there will still be some transmission of the virus ongoing, while people significantly increase their movement.

When reviewing the national exposure that occurred during last year's event, the most significant criticism came from pictures of people gathering in tight quarters drinking shoulder to shoulder. Though many of the photos were old and taken from previous events, the narrative still remained that there was significant crowding indoors. The City eliminated the events under its control that generated significant crowds, however, the indoor drinking still went against the national norms that had evolved.

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During the discussions regarding the potential outcomes of canceling the event or portions of the event, the idea of allowing for an open container to allow visitors to enjoy an alcoholic beverage outside gained some positive comments.

The third potential positive has been the potential for establishing a new significant revenue stream for local charities. With the decline in royalty revenue from officially licensed SMRi product, the amount of funding to local charitable and youth groups in our community has decreased significantly over the past two years. For years, more than \$75,000 had been distributed to local agencies. Unfortunately, that figure has been reduced to near \$25,000 for two years. The City has attempted to assist in increasing revenue by allowing opt in donations by vendors, increasing the number of events and encouraging partners to increase donations. Despite these efforts, the funding to local charities has decreased significantly. The proposal would provide a significant amount of the proceeds from event cup sales to be provided to local charities. The proposal includes the net proceeds from the sales of official open container cups to be used for distribution to Sturgis Rally Charities and funding for an endowment to provide funding for distributions in future years. The actual amount raised would depend upon the number of cups sold, however, conservative estimates indicate that the open container cup sales would generate tens of thousands for Sturgis Rally Charities.

Due to the issues surrounding open container during the Rally including the issues with the pandemic and social distancing Rally & Events proposes using a controlled, relevant study along with the open container resolution, to evaluate and understand both the positive and negative effects of open-container policy. This study would provide empirical evidence by which future decisions could be made. What would be the effect on local citizens and businesses, law enforcement, City employees, attendees, and the “Rally experience” during the 2021 City of Sturgis Motorcycle Rally. The City could more definitively answer the range of questions and concerns surrounding this issue, while following CDC guidelines and to better predict future impacts for both the Rally and the charities who would benefit from this activity.

Background

The City of Sturgis Motorcycle Rally is the single largest event in the state of South Dakota, providing value to our region by attracting visitors and businesses from around the world. The economic impact to Sturgis and the region is unprecedented. The Rally, as with most longstanding events, has evolved dramatically over the years. The City of Sturgis is tasked with the ongoing process of assessing annual results and realigning goals to meet the needs of our citizens, local & regional businesses, attendees, and outside partners. This is done with a dual role to both preserve and improve the Rally. The 2020 80th Anniversary showed that people would come to the Rally even in a pandemic. It also illustrated the reliance that regional and local business have on the City of Sturgis and the Rally.

The proposed Rally Open Container plan consists of allowing an open container, for beer and wine, within an approximate area of Main and Lazelle Streets, provided that consumption be restricted to a City special-event cup (which the City would produce and sell) by an individual whose ID has been checked and has been provided a wrist band (provided and checked by the City or partners). Per the resolution, open container would be allowed for a nine-day period from 10:00 a.m. until 10:00 p.m. each day.

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Approach

Sturgis Motorcycle Rally “open-container” study:

- Create a larger area to social distance in the downtown corridor
- Obtain a meaningful measured data from which future Councils can determine if open container is a net enhancement or detraction from the Rally
- Development and implementation of a risk mitigation plan
- Obtaining tangible data required to make informed, responsible municipal/community decisions, with respect to future or long-term implementation
- Provide up to four locations staffed by the City where individuals could purchase an Official Event Cup
- The same locations would check ID’s and provide a daily open container wrist band
- Any individual using an open container would only be able to do so in an Official Event Cup and if they have a wrist band
- The proposal would create a funding source for Rally Charities to develop a yearly source of income for distribution and to save a portion of the proceeds for future distribution

Assumptions

Rally Open-Container

Benefits:

- Enhanced Rally-goer experience
- Social Distance
- Fewer number of beer garden boundaries where enforcement is required
- Increased number of Rally-goers in downtown Sturgis
- Extended average duration of respective downtown visits
- Vendors and potentially local businesses could experience a resulting net increase in revenue
- City would recognize a net increase in revenue due to the profitability of the sale of the cups and the sponsorship opportunities on the cup
- Net proceeds of the cup sales would be distributed to Sturgis Rally Charities and to fund an endowment for future distribution

Concerns:

- Increased law enforcement contacts with Rally attendees
- Reduction in local business alcohol net revenue
- Rally goers not becoming educated with what containers and drinks are legal outside

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Recommendation

The Rally and Events Committee recommends adoption of the attached resolution.

City Manager Approval:



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RESOLUTION 2021 -28
A RESOLUTION TO PERMIT MALT BEVERAGE AND WINE OPEN CONTAINERS ON CERTAIN PUBLIC PROPERTY AND WITHIN CERTAIN PUBLIC RIGHTS OF WAY

WHEREAS, the City of Sturgis Motorcycle Rally is one of the nation's largest events, drawing hundreds of thousands of visitors each year to the State of South Dakota and focusing that attention on the Black Hills, and,

WHEREAS, the City of Sturgis Motorcycle Rally is the single largest event contributor to the State of South Dakota's General Fund and Tourist Fund as well as to numerous hotels, casinos, restaurants, gas stations and other businesses located throughout the State of South Dakota; and,

WHEREAS, the City of Sturgis is the host of the annual City of Sturgis Motorcycle Rally and has a particular responsibility to help ensure a successful event which continues to draw hundreds of thousands of visitors to the State of South Dakota; and,

WHEREAS, numerous events and tourist destinations throughout the United States makes use of an open container area in order to allow for responsible outdoor malt beverage and wine consumption; and,

WHEREAS, one of the highest catalysts for interactions between Sturgis law enforcement and attendees is unlawful open container and the City seeks to reduce unnecessary interactions to the greatest degree possible; and,

WHEREAS, the City of Sturgis Motorcycle Rally must continue to evolve in order to ensure that it remains a competitive and relevant destination throughout the summer period to help ensure the profitability of numerous businesses throughout the region and the State of South Dakota; and,

WHEREAS, the request from numerous landowners and business owners for a designated Open Container area is permitted under the authority of state law;

IT IS HEREBY RESOLVED as set forth herein that the City of Sturgis shall establish a malt beverage and wine open container area beginning on August 6th, 2021 and continuing through August 15, 2021, to commence each day at 10:00 a.m. and to conclude each day at 10:00 p.m. as authorized by Section 3.02.20(C) of Sturgis City Ordinance and SDCL 35-1-5.5, those persons legally possessing a malt beverage and/or wine in the authorized non-glass container, bearing the logo of the City of Sturgis Motorcycle Rally and wearing a wrist band issued by the City of Sturgis notating that the individual has been checked for being 21 years of age or older, may do so on that public property open to the public, within area bounded as follows:

1. Beginning on the west, along the western edge of the Right of Way of 7th Street, beginning at the intersection of 7th Street and Williams Street and continuing south to the intersection of 7th Street and Main Street, and
2. From Main Street and 7th Street continuing east on the northern edge of Main Street to 4th Street and Main Street; and
3. From Main Street and 4th Street south on the western edge of 4th Street to Sherman Street; and
4. From 4th Street and Sherman Street then East along the northern edge of Sherman Street to the intersection with the eastern edge of Lot 34, Block 3 of Ft. Meade Addition, then North along the east edge of lot 34 to the alley, then East along the southern edge of the alley, across Middle Street, to a point 280 feet East of the intersection of Middle Street and that alley; and

5. From that point then north along the eastern lot line of the Vet's Club property to the North side of Main Street, then West along the northern edge of Main Street to the intersection of Main Street and Middle Street; and
6. From that intersection then North along the eastern edge of Middle Street across Lazelle Street to the intersection with Dudley Street; and
7. From the intersection of Middle Street and Dudley Street West along the northern edge of Dudley Street across Junction Avenue to the intersection with First Street; and
8. From that intersection, North along the western edge of First Street to a point 220 feet north of that intersection, and then due West along an imaginary line to a point immediately adjacent to the eastern edge of the US Postal Service property; and
9. From that point then due South to a point at the southeast corner of the US Postal Service property, and from that point then due West to Kinship Street; and
10. Then proceeding North along the eastern edge of the Kinship Street to the intersection with Williams Street; and
11. Then proceeding West along the northern edge of William Street to the point of beginning at the Intersection with 7th Street.
12. Included in this Open Container area are the designated cross walks at the intersections of Main Street with Middle Street, Junction Avenue, First Street, Harley Davidson Way, Third Street and Fourth Street within these boundaries.
13. Not included in the area are the cross walks at the intersections of Lazelle Street and Junction Avenue, First Street, Harley Davidson Way, Third Street and Fourth Street within these boundaries.

This area shall be marked by clearly legible signs, provided by the City and consistent with the limitations of this Resolution, stating that the sign marks the boundary of the open container area. The open container area does not include the City Library, any City Property not open to the public, and does not include any private property within the open container area.

Dated this 17th day of May, 2021.

CITY OF STURGIS

Mayor Mark Carstensen

ATTEST:

Fay Bueno, Finance Officer

Published:
Effective: