



**CITY OF SCOTTSDALE
TOURISM ADVISORY TASK FORCE
REGULAR MEETING**

Wednesday, June 15, 2016

**Arizona State University SkySong
Global Conference Room 201
1475 North Scottsdale Road
Scottsdale, Arizona 85257
APPROVED MINUTES**

- PRESENT:** John Holdsworth, Chairman
Kate Birchler, Vice Chair
Kathy Duley
Richard Hayslip
Allan Henderson (Left at 11:05 a.m.)
Taryl O'Shea
Sandra Schenkat
Susan Potje
- ABSENT:** Andrew Chippindall
Scott Eubanks
Fred Unger
- STAFF:** Karen Churchard, Director
Steve Geiogamah, Tourism Development Manager
Rose Rimsnider
Susan Conklu
- GUESTS:** Ace Bailey, TDC
Deanne Boynton Grupp, SCVB
Valeri LeBlanc, PLACES Consulting
Rachel Sacco, SCVB
Rachel Smetana, Office of the Mayor
Kelly Triplett, SCVB
Kathy Littlefield, Councilwoman

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Holdsworth called the meeting of the Scottsdale Tourism Advisory Task Force to order at 8:10 a.m.

2. Public Comment

There were no public comments.

3. Approval of Minutes

TASK FORCE MEMBER HAYSLIP MOVED TO APPROVE THE MINUTES OF THE APRIL 27, 2016 REGULAR MEETING AS PRESENTED. TASK FORCE MEMBER SCHENKAT SECONDED. THE MOTION CARRIED BY A VOTE OF EIGHT (8) TO ZERO (0). TASK FORCE MEMBERS CHIPPINDALL, EUBANKS AND UNGER WERE ABSENT.

4. Scottsdale CVB Visitor Industry Customer Analysis (VICA)

Deanne Boynton Grupp, Scottsdale Convention and Visitors Bureau, provided the presentation. Highlights included:

- The VICA Study began in 2003 to gather information on Scottsdale's core visitor and how to market to them. The first study analyzed 65,000 records with this year's study analyzing 320,000 records. VICA helps ensure a higher return on target market investment.
- Visitor transaction data does not address the average Scottsdale customer, but focuses on those that may have the means to purchase art or upgrade hotel suites.
- Transaction data was collected from June 2013 through May 2015. It reflects only domestic and Canadian leisure guests. Each participating hotel provided visitor data. Additional data was collected through inquiries by the SCVB as well as a third party data mining company.
- Scottsdale VICA Core customer is approximately 50 years old with an annual household income of approximately \$247,000. Seventy-five percent are married and 78 percent have children in the home. Customers enjoy international travel, cultural experiences and exercise regularly.
- Top-line benchmarks reflect a trend towards rising booking windows, particularly in the September through November segment.
- Length of stay has increased, including the months of September through February.
- The City enjoys a high level of multi-visitors, which are categorized as repeat guests or guests with more than one visit transaction. The luxury set of multi-users is at 42 percent and upper moderate guests are at 60 percent.
- The high/winter season continues to overproduce, equating to approximately 50 percent of revenues for luxury resorts and 60 percent of revenues for upper moderate properties.
- For top-line revenue benchmarks, there is continued growth rate in all seasons for both the luxury set and upper moderate.

- When looking at customer age versus revenue per stay, as the visitor age increases, so does the revenue per stay. The current target age range is 35 to 55.
- Typical customer behaviors include gathering information on the internet, using websites such as Wall Street Journal, New York Times and Expedia. Customers are cultured, visiting museums and art galleries and attending live theater. They exhibit brand loyalty, shopping at Nordstrom's and Whole Foods. Over 30 percent exercise on a regular basis.
- Customer data is broken down into core clusters, including demographics, lifestyles, attitudes and product preferences. Approximately 45 percent of visitors fall into a core cluster, or best customer groups, equating to 13.7 percent of the U.S. population. Core cluster visitors generate revenues that are higher per night by about 15 to 18 percent, have a longer than average booking window and visit more often in high seasons and less in the summer value season.
- The QO4 core customer group category makes up approximately 12.8 percent of visitors and approximately 2.4 percent of the U.S. population. Average household income is \$409,000 and their net worth is \$840,000. Average age is approximately 59.5 with 90.2 percent being married and 92 percent with children still in the household. They are in the top quintile for post-graduate education with a high propensity for foreign travel.
- Top customers originate from New York, Chicago, Los Angeles, San Francisco and Denver.
- Shoulder season continues to grow in terms of market revenues by month, dropping off at the end of December.
- Utilization of a market mapping by zip code is the process of selecting audiences for cable ad buys or direct mail campaigns.
- Repeat visitors spend more than other visitors, book in advance in high season and closer to stay in summer season. They choose destination and hotel based on preference, rather than price. Top markets include Los Angeles, New York, Chicago and San Francisco.
- Top markets for summer visitor business include Phoenix, Los Angeles, New York, Chicago and San Francisco. In 2013, Phoenix visitors spent an average of \$188 per night for rooms and in 2016 are spending \$234. They are spending \$737 per visit, which is an increase of \$250.
- The top five Canadian markets are Toronto, Calgary, Vancouver, Edmonton and Montreal. Canadians enjoy a longer length of stay than any domestic markets. Because of the recent economic strain in Canada, promotions such as the Loonie Love Campaign are being developed to provide an incentive to travel.

Vice Chair Birchler asked about the lack of data for Mexican markets. Ms. Grupp stated that statistics for international markets are difficult to gauge, as many people will use receptive operators based in the U.S. Because this skews the data, international markets were excluded from the study. Canadians tend to book directly and not through a wholesaler, which allows for more accurate information collection.

5. Downtown Scottsdale 2.0 Feasibility Study

Task Force Member Hayslip stated that CSL International was selected to conduct the study. CSL's first visit served to lay the groundwork for the analytical portion of the

study. This process included an onsite tour. CSL conducted a number of interviews at their initial visit and will continue with interviews. The next segment will focus on specific interest groups.

Karen Churchard, Director, stated that the first interviews featured a cross-section of business owners, developers, landlords and leasing agents. The second round will include Council Members. A particular area of focus for upcoming group meetings is the Fifth Avenue Merchants, Entertainment District, Old Town Merchants Association, Scottsdale Realtors Association and the Scottsdale Gallery Association.

CSL will return during the week of June 21st through the 23rd, beginning with a presentation to staff for this collaborative process with Economic Development, the Transportation Department and the Planning Department. Valeri LeBlanc, PLACES Consulting, stressed the need for inclusion of the Downtown restaurants. There will be a one on one interview with Dan Worth, as he lives in the Downtown area and knows it well, particularly due to his role as Director of Public Works. Task Force Member Schenkat requested a list of individuals who have been confirmed for upcoming and completed interviews.

Phase I of the study encompasses analysis including transportation, tourism, strategic plans and economic development information. Phase I is scheduled for completion by the end of July or beginning of August. Phase II covers next steps, public process and the financial component. The nine-month study will reach completion at the end of spring.

Vice Chair Birchler asked about the short-term efforts that were presented a year ago. Ms. Churchard stated that an Instagram photo contest was run through the PBS channel. The main objective was to persuade leasing agents and building owners to allow the department to put up photographs in vacant spots. This effort resulted in only one property manager/owner agreeing to the placement of one photograph in one window. There was discussion regarding the possibility of setting up a committee to assist in approaching property managers and owners.

6. TATF Working Group Updates

Ms. Churchard stated that the Events Working Group is operating as originally envisioned.

Chairman Holdsworth clarified that he was previously involved in the Arizona Central initiative, which was subsequently tabled in favor of the Holly Street initiative. The initial task for the Holly Street group was to look at the Canalside, which eventually expanded to include Downtown. The original Arizona Central initiative remains included in Holly Street's plans.

Ms. Churchard stated that the Downtown group has been reinvigorated to a degree. She would like to expand the group, which could be accomplished in conjunction with CSL's project. Expansion efforts would also include involving a cross-section of participants. Chairman Holdsworth noted that this approach should be taken with all of the working groups.

The Events Working Group has been expanded. Five members are currently in the group. Chairman Holdsworth pointed out that the revised bylaws mandate a quorum of six. Ms. Churchard stated that the group has representation from the Museum of the West, the Scottsdale Cultural Council and a member with expertise in downtowns and who worked for the Scottsdale Gallery Association. Discussions include events planned for the holidays, the Western Month and ideas gleaned from the Webb report. The vision is to take the Holly Street idea and incorporate it to activating a variety of other public spaces. Five to six activation locations were identified, but the working group decided to focus on one area at a time, the first being the Canal Banks. Some ideas include the possibility of hayrides or carriage rides. This will not exclude other areas, such as Old Town and Fifth Avenue.

In response to a question from Task Force Member Duley, Ms. Churchard stated that the 60th Anniversary of Fifth Avenue is being addressed through partnership efforts with those businesses.

Ms. Churchard stated that Kate Hastings has been hired to reduce all the various ideas and strategies into a three year strategic plan. The plan will be provided to Task Force Members this summer to collect input.

Another strategy is to partner with different associations. The associations will be tasked with ideas to activate their areas with budgeting assistance provided by the department. Ms. LeBlanc stressed the importance of the partnership component of engagement.

Chairman Holdsworth reported that the Generational Change Working Group has been successful in bringing in outside influence beyond the tourism realm. There were some issues with funding mechanisms and City activity, which halted some of the development. PR agencies, ad agencies and software developers and other entities familiar with building websites and creating websites were contacted. There is now a current, live website, scottsdale.life, although content is limited. It was funded completely with donations from commercial companies. Progress is currently delayed as Task Force Member Chippindall's professional responsibilities are significant and increasing. It has been determined that the group will need new leadership. Chairman Holdsworth stressed the importance of having a Task Force Member take the lead.

Steve Geiogamah, Tourism Development Manager, stated that the World Class Biking Working Group includes initiatives for trail concepts. In addition, within the next 30 days or so an RFP will be issued to have a vendor set up a bike rental facility on public property.

Susan Conklu, Senior Transportation Planner, addressed the new bike route signage installation which will likely be completed to coincide with the seasonal uptick in activity. Outreach efforts have begun with businesses regarding the Friend of Bikes Program. The second two route installation plans are being developed. Task Force Member Duley stated that the markers tell the story of what the rider is seeing along the route. In response to a request for Chairman Holdsworth, Ms. Conklu stated that she would send sample photographs to Task Force Members. Task Force Member Potje suggested a hashtag designation for riders to take photographs at vista points and post them with the hashtag.

There was discussion about the need for additional bike rack installations. Ms. Conklu cited the various challenges with installation, including required clearance space and lack of right-of-way access. Task Force Member Potje suggested consideration for an installation at Marshall Way and 1st Avenue north of Main Street. Ms. Conklu stated that she would investigate the possibility. A bike rack footprint requires three sides to have two feet of clearance space with six feet in the front.

7. TATF Five Year Tourism Strategic Plan

Ms. LeBlanc quoted from the Strategic Plan as follows: “Develop a foundation, define and provide leadership and strategic investment in Downtown as a centerpiece of Scottsdale,” extended to the remainder of Scottsdale, noting that this remains a major component of the Strategic Plan. During the original process, it was noted that many Scottsdale residents with high net worth will be moving enormous amounts of assets into foundations for financial planning purposes, within the next few years. The question is which foundation the individuals will select and whether there is a vehicle for them to participate in the life of Scottsdale.

In addition, there is a question as to whether there will be a need for resources outside of government, bed tax and others that might provide infrastructure and special components. Another consideration is that business and political interests have a place within the structure of Scottsdale, but the structure regarding civic interests is not as strong. A foundation can offer a place where civic interests can live. It is advisable that developing this foundation remain on TATF’s list of priorities.

Chairman Holdsworth stated that he has been a great proponent of the community foundation from the beginning. There have been multiple discussions among political leaders regarding alternative funding structures for downtown. A group was formed to explore these opportunities; however a conclusion was not reached. The feasibility portion of the study requirements are to come up with multiple potential funding opportunities. Chairman Holdsworth has already spoken with the CSL consultants about exploring the community foundation option. There is no doubt that the current funding opportunities within City resources are insufficient. Task Force Member Hayslip agreed, noting that it will be looked at as an option under the Scottsdale Downtown 2.0 project.

Chairman Holdsworth noted that Steve Seleznow, the CEO of the Arizona Community Foundation is one of the premier foundation organizers and operators in the country and is happy to provide guidance. His organization has offered to manage a foundation on a reduced rate basis. There will be clearer direction once the feasibility study is complete, which is already a year and a half late.

Rachel Smetana, Office of the Mayor, stated that a couple of years ago, the Mayor formed an ad hoc group which looked at various structures. This was a small group of Downtown stakeholders and property owners. This occurred commensurate with the draft of Scottsdale Downtown 2.0 and it has been two years since that time. These individuals have been waiting to participate. Their work had been put on hold until a public entity with proper credentials could recommend and approve work going forward. Task Force Member Potje suggested reaching out to known interested parties to let

them know that work is progressing. Chairman Holdsworth agreed that those involved originally through Ms. Smetana should be contacted and engaged with CSL.

Ms. Churchard commented that she initially made the assumption that the foundation would be just for downtown, however, she has since understood that it would be for Scottsdale in total, i.e., Scottsdale Community Foundation, which was confirmed by Chairman Holdsworth and others. Task Force Member Schenkat stated that DDCS would likely be interested in participating.

TASK FORCE MEMBER HAYSLIP MOVED TO RECOMMEND THAT THE TOURISM ADVISORY TASK FORCE CONTINUE DISCUSSIONS FOR A COMMUNITY FOUNDATION. TASK FORCE MEMBER DULEY SECONDED. THE MOTION CARRIED BY A VOTE OF EIGHT (8) TO ZERO (0). TASK FORCE MEMBERS CHIPPINDALL, EUBANKS AND UNGER WERE ABSENT.

Ms. LeBlanc addressed the possibility of a large shoulder season event, possibly consisting of two weekends and in-between time and invited ideas for consideration.

Chairman Holdsworth asked for a list of items requiring discussion. Ms. LeBlanc identified the following: Biking, including mapping and interpretative paths throughout the City, bike friendly businesses, Civic Center Mall and possible revisiting of dashboard work in relation to data and statistics. Many components of the plan will depend on the results of the CSL report. She stated that the Arizona Central project is an essential area of focus. There should be an exploration of where to go in terms of the ritual concepts, crisis in reserve and next generation.

Chairman Holdsworth stated that Civic Center Mall and Arizona Central are interwoven into the Holly Street project and that everyone is waiting to see how it will roll out and how much it will cost. All of these components are tied to the feasibility study. Interim work may not be the best use of time. Ms. Churchard suggested that the TATF consider that Civic Center, Holly Street, Arizona Central, Transportation and Dashboard can be easily tied into the 2.0 study. CSL has already requested significant research. This can lead to a conversation about what a dashboard would look like and how the information would look fresh going forward.

Vice Chair Birchler noted that if the feasibility study results will not be available until the end of the year, from a timing standpoint, the TATF is not able to engage in actionable items until the end of next fiscal year going into the final year of the five year plan. Chairman Holdsworth stated that TATF could continue to work on biking, which is unlikely to be compromised by the outcome from CSL. Significant help will be needed for a big event in September or November. He advised that TATF not stop looking at potential September/November opportunity and that the Next Gen effort should continue.

Ms. Churchard stated her belief that the Crisis Reserve Fund was on the shoulders of the Tourism Development Commission. Mr. Geiogamah stated that funds have been allocated in the amount of \$2.6 million, however approval has not been put before City Council as yet. They created a working group, Working More Effectively with City Government and one of its initiatives is the bed tax stabilization fund. Chairman Holdsworth stated that TATF should support the TDC's recommendation.

Ms. Churchard summarized the discussion that TATF would like to continue with the foundation, the shoulder event, generational and biking. She would like to see the Civic Center, Holly Street, Arizona Central, and Transportation included in a continued conversation relative to the feasibility study. Chairman Holdsworth stated that when TATF receives updates, it should decide whether there are other appropriate actions within these tasks that it should weigh in on.

Ms. Churchard offered to take on Rituals and Experiences initially. She was invited to attend a group called the Experience Lab, taking place in Minneapolis in October. She would bring a report back to TATF based on what she learns. She will also attend the International Festival of Events Association Conference in Tucson. She would be prepared to provide an update in September with CSL and what should be done in terms of a Downtown-type working group.

In response to a question from Vice Chair Birchler, Ms. Churchard confirmed that all working groups as outlined in their initiatives are staff directed and led.

There was discussion concerning the solicitation of more volunteers, partners and entities. Chairman Holdsworth commented that the outreach for the Next Gen Group is a good model to gain more expertise and knowledge. He would like to see the list of groups and participants reorganized over the summer to be ready for the September meeting with a clear picture of this information.

Vice Chair Birchler suggested beginning to contemplate action and ideas for the next five year plan, in order to stay ahead of the curve. Ms. LeBlanc commented that one of the purposes of the foundation should be to transition momentum components. Chairman Holdsworth added that there are many cities where civic organizations take responsibility for ongoing strategic development and that there are times when a formal structure is required to accomplish projects. The TATF can be effective in organizing all the required components to move forward, but may not be the right solution to actually carry it forward.

8. Recommended TATF Budget for Year 4 Tourism Strategic Plan

Ms. Churchard stated that if the TATF budget is approved today, she will provide the same presentation to the Tourism Development Commission. Assuming they approve, it will go before Council most likely on consent in late August. In May of 2013, City Council approved the Tourism Development and Marketing Strategic Plan and the implementation process and established specific funding for the FY2013/14 Plan at \$625,000. The application process for the TATF was also established at that time. Prior to Council approval, the approximate investment for each of the five years in the plan as well as a total amount of \$2 million to implement the strategic plan elements was provided for Council review and discussion. The TDC unanimously voted to recommend both the funding and the leadership processes as outlined by staff.

As part of the initial recommendation in 2013, the Treasurer's Office estimated bed tax revenue during the five years of the strategic plan to be \$77.1 million. In 2016 terms, these numbers have been re-forecasted based on actuals and future estimated bed tax revenues to be \$88.03 million. For FY2016/17, the estimated bed tax revenue is \$18.7 million.

Staff proposes the selection of a local advertising agency to assist with an urban tourism plan to promote Scottsdale to locals. This would include marketing, advertising and social media. A minimum of \$100,000 of the allocated amount would be for advertising. Advertising efforts would also focus on Scottsdale's bike path system and status as a bike friendly community. It would also highlight the trolley system. Staff also proposes engagement of a public relations agency to assist with media and storytelling efforts as part of the Strategic Plan. Vice Chair Birchler suggested due diligence in not duplicating efforts with the SCVB. Ms. Churchard replied that all efforts will be done in tandem with the SCVB.

The Downtown Event Parking Plan addresses the need for better parking coordination at various events. Walker Parking, an on-call parking consultant with the Transportation Department, will provide a general plan for approximately \$35,000. This will include consideration of alternative travel modes, including bicycle and trolley.

The Department has requested and been approved by City Council for the receipt of a \$300,000 budget for event production and strategies. Ms. Churchard stated that additional funds are requested to focus on Western Heritage month as well as the development of a signature event for the fall of 2017.

Of the \$2 million budget approved by the City Council in 2013, only \$625,000 has been drawn thus far for year one. For years two and three, the funds were not drawn. Staff recommends a budget of \$745,000 in addition to the \$300,000 which has already been approved for a total of \$1.04 million. This is not a request for additional funds, but an allocation of carryover funds from previous years.

Current event productions and strategies include a holiday activation event (November 15, 2016 through January 1, 2017), Western Heritage Month (February 2017) and development of signature events (2017 fall shoulder season). Event producers and decorators will be engaged to help coordinate events. Task Force Member O'Shea suggested consideration for in-house staff to provide these services, which would lessen the fragmentation that occurs with outside producers handling each separate event. Chairman Holdsworth stated that he has asked Ms. Sacco and the SCVB to look at other cities that have a similar structure, so that this option can be presented to the City Attorney for advice before proceeding further. Ms. Sacco stated that one of the models being looked at is very close to that of Tempe, particularly with local promotions.

VICE CHAIR BIRCHLER MOVED TO RECOMMEND \$745,000 OF FUNDING BE ALLOCATED FOR USE IN YEAR 4 (FY2016/17), WHICH REPRESENTS THE ORIGINAL PROPOSED TATF BUDGET FOR YEARS 2 AND 3. TASK FORCE MEMBER HENDERSON SECONDED. THE MOTION CARRIED BY A VOTE OF EIGHT (8) TO ZERO (0). TASK FORCE MEMBERS CHIPPINDALL, EUBANKS AND UNGER WERE ABSENT.

9. Staff Updates

Ms. Churchard stated that staff sent out the special event user guide and requested input and suggestions. It has been filed with the City Clerk's Office. Depending on input received, an update may be done at the end of the month.

A facilitator was hired to help with a discussion about baseball and this was agendaized for the next meeting.

City Council directed Public Works to take capital improvement projects that were on their secondary lists and move them to the front of the line. This involves Downtown sidewalks, street lighting, public restrooms and electrical outlets. City Council approved approximately \$6 million for Downtown improvements. An internal meeting with Capital Projects, Transportation, Tourism and Planning will begin a larger conversation about how these improvements will proceed.

10. Identification of Future Agenda Items and Meeting Dates, Times and Locations

Ms. Churchard stated that there will be an event producer meeting in July. She would like TATF members to look at potential future meeting dates for 2017. Remaining dates for this year are September, November and December. Chairman Holdsworth added that if there is something meaningful to address from CSL, a special meeting could be called, if necessary.

11. Adjournment

The meeting adjourned at 11:50 a.m.

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