



**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**Tuesday, September 15, 2015**

**Kiva Forum – City Hall  
3939 N. Drinkwater Boulevard  
Scottsdale, Arizona 85251  
APPROVED MINUTES**

- PRESENT:** David Scholefield, Chairman  
Ren Hirose, Vice-Chairman  
Ace Bailey  
Linda Dillenbeck  
Carl Grupp  
Camille Hill  
Robert McCreary
- STAFF:** Steve Geiogamah  
Holli Shannon  
Lee Guillory  
Rose Rimsnider  
Cheryl Sumners  
Brent Stockwell  
Gary Meyer  
Mary Murphy-Bessler  
Derek Earle
- GUESTS:** Virginia Korte, Councilmember  
Rachel Sacco, SCVB  
Rachel Pearson, SCVB  
Caroline Stoeckel, SCVB  
Kerry Dunne, R-Entertainment Company  
Chelsea Fox, R-Entertainment Company  
Valerie LeBlanc, PLACES Consulting

**1. Call to Order/Roll Call**

Noting the presence of a quorum, Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m.

## 2. Approval of Minutes

- August 18, 2015 Regular Meeting

**COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE AUGUST 18, 2015 REGULAR MEETING AS PRESENTED. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).**

## 3. Manager Reports

### a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that for the month of July, bed tax revenue was up 13%, and is trending up 4% for the year. Hotel sales tax increased by 35%, which is probably the result of a possible late payment of bed tax from the previous month. Miscellaneous and restaurant sales taxes are trending well for year to date. Bed tax revenue has continued to increase throughout the summer.

Chairman Scholefield noted a reduction in the Scottsdale inventory of 465 rooms, most of which came with the closure of the Zona. Staff provided a hotel property inventory sheet with these changes noted. The Scottsdale Resort and Conference Center was closed for 90 days, and Commission Grupp added that Chaparral Suites had a tower closed for part of the summer. Steve Geiogamah said he would follow up with STR to update the list.

### b. Bed Tax Proforma

Mr. Geiogamah reviewed the bed tax proforma, noting that it now reflects the actual spend for FY14/15, and includes estimates for FY15/16. Chairman Scholefield noted that a Commission recommendation regarding the Civic Center Mall redesign was voted down by City Council, but has been revitalized through capital projects.

### c. Smith Travel Report

Mr. Geiogamah stated that occupancy is trending up at 2.7% year to date. The average daily rate rose by 13.7%, and revpar is trending 16.8%. The business segment is trending fairly close to leisure travel numbers.

### d. Program Updates

Mr. Geiogamah said the Event Working Group met earlier this month to review five community events and one matching event advertising program application. Barrett-Jackson was approved for \$30,000. Vice Chairman Hirose stated that the exposure that Barrett-Jackson provides to Scottsdale nationally makes it a good partner. The Art Walk is being reviewed to ensure that it falls within the program criteria.

Mr. Geiogamah introduced the City of Scottsdale's new Downtown Specialist Mary Murphy-Bessler.

#### **4. Destination Event Marketing Analysis and Fundraising Feasibility Analysis**

Valeri LeBlanc, PLACES Consulting, reviewed a feasibility analysis for a multi-week event in downtown Scottsdale. The report covers forces and trends in the event industry, regional and local marketing characteristics, an event venue analysis, discusses the economic benefits of events, and offers various approaches and options. Diversity is the key to drawing large audiences. There is much value in technology driven events. Consumers attend events and festivals because they are looking for an experience. That experience needs to begin the minute they step out of the airport, hotel, or apartment. Scottsdale is having trouble developing its next phase of tourism partially because of the differences in demographics. Regionally the population skews much younger, has more families, and has a different ethnic mix. Nearly 18.3% of the households in Scottsdale are seasonal or recreational use. These are important factors to keep in mind when trying to understand what the regional marketplace can contribute to a long event.

Ms. LeBlanc reviewed attendance numbers for various Scottsdale events. Attendance drops off dramatically beyond spring training, the Super Bowl and Bike Week, despite the resources spent to support other kinds of events. There is regional interest in events with arts, Arizona culture, and science and technology themes. The suggested event period is ten to 20 days. Challenges to large events in Scottsdale include the downtown area, which lacks large spaces, and millennial versus boomer interests in different modes of transportation and participation. The corporate base locally is small, and the seasonal population makes fundraising a challenge. Poor connectivity between downtown and north Scottsdale is an issue that has come up repeatedly. There is increased competition for events nationally. Destination events require initiative and significant resources, and will have to be innovative but still authentically Scottsdale.

Ms. LeBlanc noted that the regional and local market is festival and event heavy. The events vary in size, but most are only one day and have attendance of 20,000 or less. The opportunity exists to thematically connect a group of events across the region, which could push up visitation and make for a bigger event. Common themes for events in the region are the arts, food, horses and livestock, cars, sports, western, travel, and culture. Strong media, brand, and celebrity partnerships are imperative. Scottsdale has not explored celebrity partnerships to any great extent up to this point. There is a gap for a fall event centered around arts and entertainment, food, or a western/tribal theme.

Ms. LeBlanc noted that report recommends five possible approaches:

- Create an event that encompasses a large new element but embraces local pre-existing themes and happenings.
- Relocate or create a satellite for an already branded event.
- Package a set of existing festivals and events into a larger, longer-term festival.
- Select an existing Scottsdale event that can be grown and developed to the destination level.
- Create a brand new event.

A combination of these approaches could also work. Events must include components that appeal to a wide variety of people.

The report recommends several possible festival types: country music; food and drink; technology and media; a cool world conference, which is a TED-style event around environmental issues; a bicycle festival; and outside bounds, which is an arts-oriented event. The report also analyzes the fundraising potential for each type of event in Scottsdale. The Task Force will be analyzing this report in more detail.

Mr. Geiogamah stated that Phase 2 will consist of the economic impact of a destination festival, and assess its viability moving forward. The Task Force could potentially take one of the outlined approaches or develop an alternative.

Vice Chairman Hirose said this report confirms the need for larger events, similar to what other cities have. All the good ideas for a destination festival that have been proposed in the past have been blocked by the gift clause or other ordinances. The City Attorney should advise on changes to the ordinance that could allow Scottsdale to pursue these ideas. If changes cannot be made, the idea should be dropped. Ms. LeBlanc said Scottsdale needs an over structure regarding events. Vice Chairman Hirose suggested that the Tourism Advisory Task Force include the City Attorney in their discussions on destination events.

## **5. Food & Wine Experience Presentation**

Kerry Dunne, R-Entertainment, said the Food and Wine Experience is envisioned as a large-scale, high-end, Aspen or South Beach type culinary event in Scottsdale. Chefs from around the world would come to this media-driven event that would be produced in collaboration with the Gannett Company, which publishes *USA Today* and *Arizona Republic*. This media support will be a key part of building this festival over the long term.

Mr. Dunne stated that Macerich will host the first event in the same space ESPN used during the Super Bowl. It is scheduled for November 7 and 8 this year, which places it in the shoulder season. *USA Today* feels this would be an opportune time to bring their major sponsors to Arizona.

This event will go beyond the average tasting festival to create memorable experiences. Towards this end, 36 different activations will be designed to engage people from all generations. Chelsea Fox, R-Entertainment, explained that there will be something for everybody. In addition to a grand tasting, attendees will be able to have intimate dinners with celebrities, VIP experiences and seminars with top chefs, and attend a millennial after party. The festival recognizes the importance of introducing millennials to the food and wine experience

Mr. Dunne said national advertising starts next week in all key markets that drive Scottsdale tourism. Many ads have already appeared in the *Republic* and on AZ Central. Celebrity chefs from around the nation and the world have started creating a buzz for the event. USA Editorial staff are looking for stories that can tie into the

festival. The long-term goal is to grow this into an event that has tourism economic impact, and introduces Scottsdale as an international food destination.

Vice Chairman Hirose said this event is exactly the type that Scottsdale needs for its future. It is big and bold, and occurs in the shoulder season. He suggested partnering with local chefs to create a restaurant week that could culminate with the Food and Wine Experience. Mr. Dune responded that the South Beach Food and Wine Festival grew by starting out small and incorporating many other events into it. That is the same vision for Scottsdale.

Chairman Scholefield commended the advertising plan, but inquired about the impact that additional money from Scottsdale would have. Mr. Dunne explained that it would help subsidize the advertising to which Gannett has already committed. There never is enough money in the first year of a new event. It always takes a couple of years to educate the public, and this is even more true now with the wide variety of options that exist for reaching audiences.

Mr. Geiogamah noted that the requested amount is \$75,000. Most of the deliverables are promotion and marketing based and are designed to ensure that the City gets fair and substantial value for its investment. The bed tax fund has a cash surplus in the one-time commitments fund.

**COMMISSIONER DILLENBECK MOVED TO APPROVE FUNDING OF UP TO \$75,000 FROM THE ONE-TIME COMMITMENT FUND FOR THE SCOTTSDALE FOOD AND WINE EXPERIENCE. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).**

## **6. Tourism Project Prioritization**

Mr. Geiogamah presented an evaluation form with weighted criteria that could serve as a tool to prioritize tourism-related capital projects that could be presented to the TDC in the near future. He requested feedback on the matrix and its criteria.

Chairman Scholefield inquired whether the expenditures would be limited to those projects built within the city limits of Scottsdale. Mr. Geiogamah responded that a component of the program has to be in Scottsdale, but not the entire program. Chairman Scholefield suggested expanding the scope to incorporate programs that benefit Scottsdale but lie outside the city limits. Vice Chairman Hirose requested rating guidelines that could be used to standardize scores.

Chairman Scholefield suggested that key market segments should be judged apart from seasonality, and said identifying clientele that has been lost would be a key part of recapturing them. He pointed to several references in the criteria language that would need clarification to prevent them from being overly broad and too open to interpretation. He requested advice from the City Attorney on when money from the bed tax would qualify as a payback to the City and when it would not. He said the draft is a great first attempt, but it could use some fine-tuning. Mr. Geiogamah said the matrix will be updated and presented again at the next meeting.

## **7. Desert Discovery Center Project Update**

Derek Earle, City Engineer, provided an update on the Desert Discovery Center project. On March 24, 2015, City Council held a work study session to talk about various aspects of the DDC. They provided three key pieces of direction: to issue a request for qualifications for an operator manager of the facility; to utilize the same development process on the DDC that was used on the Museum of the West; and to locate the facility at the Gateway on Thomson Peak Parkway.

Mr. Earle stated that the RFQ included a scope of services for the applicants to respond to, and criteria upon which the responses would be evaluated. Applicants were not asked to respond with architectural services. The City will be potentially contracting for architectural support separately from the manager contract. This gives the flexibility to carry the process with the same manager through completion to operation and sets the groundwork for the entire facility.

Mr. Earle identified four steps in the development process. A vision and preliminary plan for the facility will be prepared. Much work has been done so far to determine what the DDC might look like. The point now is to specify what it will look like, while incorporating the operator manager's vision. Future steps will be a 30% design for feedback from the general public, followed by 100% design of the facility, and finally construction and operation. The focus right now is only on step one.

Mr. Earle explained the scoring criteria. The RFQ resulted in a single response from an organization called Desert Discovery Center Scottsdale, Inc, which is composed of a group of individuals who have been heavily involved in the project for years and are very familiar with it. Their response was fully compliant with the RFQ, and they received 895 points out of 1,000, which is a very good to excellent score.

City Council provided further direction last week to move forward with the contract negotiations for the first phase of services. They also directed the City Treasurer to review possible funding sources for the first stage. Council also discussed having staff provide more detail concerning some of the legal regulatory issues related to the site selection. Staff will be negotiating the scope of services with the respondent for the first step and will put together an estimated budget and funding recommendations. Formal action to move forward with the first phase is anticipated later this year.

Commissioner Hill inquired whether an area of the DDC would be dedicated for producing special events. Mr. Earle responded that the organization is anticipated to give that recommendation. Their business plan will likely view special events as a potential revenue source. Commissioner Hill recommended a review of the design to ensure that the facility would be capable of hosting special events. Mr. Earle said tourism is clearly one of the most critical issues associated with the facility, but the operator is also looking into the possibility of bringing in an educational partner.

Chairman Scholefield noted that the TDC, on March 20, 2012, voted to support the DDC with a \$600,000 commitment from the bed tax, but that never went before City Council

for their approval. Mr. Geiogamah clarified that the funding came from multi-year commitments. Chairman Scholefield noted that the City Council would consider all possible funding sources for the first step, not just the bed tax.

**8. Public Comment**

There were no public comments.

**9. Identification of Future Agenda Items**

Mr. Geiogamah reported that the Baseball Museum will provide a project update next month. Staff is working on the bed tax stabilization fund, and an update might be available next month. The project prioritization matrix will be improved. The October 20 TDC meeting is to be held at the Museum of the West.

**Adjournment**

The meeting adjourned at 9:12 a.m.

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