



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

Tuesday, May 17, 2016

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

PRESENT: David Scholefield, Chairperson
Ren Hirose, Vice Chairperson
Ace Bailey
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary

STAFF: Steve Geiogamah
Karen Churchard
Lee Guillory
Brian Dygert

GUESTS: Rachel Sacco, SCVB
Deanne Grupp, SCVB

1. Call to Order/Roll Call

Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:04 a.m. The presence of a quorum was noted.

2. Approval of Minutes

- April 19, 2016 Regular Meeting

COMMISSIONER GRUPP MOVED TO APPROVE THE MINUTES OF THE APRIL 19, 2016 REGULAR MEETING AS PRESENTED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Manager Reports

a. Staff Bed Tax Report

Steve Geiogamah reported that bed tax collections were up 1% for March, and flat year to date. Restaurant tax collections were up 3%, and up 4% YTD. Miscellaneous retail sales tax down 2%, and up 8% YTD. By classification, resort hotels are up 4.5%, limited properties are up 3%, and full service continues to trend downward at 7.1%.

b. Bed Tax Proforma

Mr. Geiogamah indicated the proforma changes for the month. The payment indicated for the Competitor Group Marathon Series represents their base payment as well as the barricading costs for the event. This is the final year of a three-year agreement. Chairman Scholefield requested that future proformas indicate whenever agreements reach their final years.

c. Smith Travel Report

Mr. Geiogamah noted that the average daily rate is up 1.9% over the past 12 months. Revpar is up 2.6% over the same period. March occupancy was down 1.1%, while year to date occupancy has been flat.

d. Program Updates

Mr. Geiogamah said the Marshall Way Art Project continues to move forward after delays were encountered related to site preparation and artist selection. The installation will begin in early 2017. Funds for the project have been allocated in the TDC budget. Karen Churchard added that John Randall Nelson of Scottsdale is the selected artist. The Public Art Advisory Board will be engaging in public outreach this summer.

WestWorld's bid to host the NCHA Western Finals was successful, which means the 2017 and 2018 events will be held in Scottsdale. A total of \$60,000 was allocated from bed tax in support of this bid. Brian Dygert explained that the submitted bid was based on market demand and the cost of assets. Staff continuously tracks prices for comparable venues nationally. Vice Chairman Hirose said he was glad to see that seasonal discounts are being offered, and that general managers can offer discounts at their discretion.

4. FY2016/17 Event Support Funding Programs

Mr. Geiogamah presented the finalized changes to the Community Event Funding Program, Matching Event Advertising Fund Program, and the Event Venue Fee Program for the TDC's approval. Among the changes, an additional 10% of funding above the eligible level will be provided for events taking place between the months of May through December. All funding will now be provided after the conclusion of the events. A total of \$1.2 million will be utilized from financial policy 21(a), providing an allocation resource with flexibility. Vice Chairman Hirose noted that for the Community Event Advertising Program, 30% of the budget must be used for marketing and advertising.

COMMISSIONER HILL MOVED TO APPROVE EVENT PROGRAMS AS PRESENTED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

5. New Event Development Program

Mr. Geiogamah said the working group has been addressing New Event Development Program guidelines to use for next fiscal year. The factors being considered include seasonality, event program funding eligibility and approved uses, program information, and format. The City will match 30% of the overall event budget up to \$75,000. Staff will request a recommendation on this program at the next TDC meeting.

Chairman Scholefield inquired whether the working group discussed adding tiers to the program to encourage more participation. Mr. Geiogamah said this matter was not reviewed. Generally, an event can apply up to \$75,000, if their marketing budget, including PR value is \$150,000. At minimum, they would be required to have a \$75,000 outlay for marketing. There have been no indications that the program needs tiering.

6. FY2016/17 Tourism Program Objectives

Mr. Geiogamah reported that four working groups have begun meeting to discuss the objectives outlined by the TDC for the next fiscal year:

- Event Program Criteria - The TDC has, or soon will, consider recommendations from this working group.
- Working Effectively with City Government - This group has identified reaching out to City Council as a main objective, with a focus on education, lobbying, and advocacy.
- Leveraging Relationships - This working group has been identifying organizations to reach out to. Initial efforts will center on education, and exploring leveraging opportunities.
- Proactive Pursuit of Marketing Activities - At their first meeting, this group considered releasing an RFP related to event development.

Vice Chairman Hirose said the Proactive working group also spoke about ideas to build upon the success of the holiday season activities, and discussed events that would work during the off-season. Community input will be valued.

7. FY2016/17 Scottsdale CVB Destination Marketing Guide & Performance Measurements

COMMISSIONER HILL MOVED TO APPROVE THE FY2016/17 SCVB DESTINATION MARKETING GUIDE AND PERFORMANCE MEASUREMENTS AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER DILLENBECK RECUSED HERSELF.

8. SCVB Third Quarter Performance Measures Report

Mr. Geiogamah stated that all 12 performance measures are being met at this stage and it's anticipated that they will be met at the end of the fiscal year.

Vice Chair Hirose noted that SCVB activities have driven \$290 million of economic impact for the community.

9. Scottsdale CVB Visitor Industry Customer Analysis

Deanne Grupp, SCVB Vice President of Tourism, presented the Scottsdale CVB Visitor Industry Customer Analysis (VICA). VICA started in 2003 to get a better gauge on customers and how to better market to them. About 65,000 records were analyzed in the first study, and it has grown to 320,000 records this year. Analysis of this data provides the SCVB with great tools. The return on investment is much higher because of the information, and the research helps staff determine ways to effectively spend a relatively small budget. Competing destinations have responded with their own studies similar to VICA.

Ms. Grupp said the visitor transaction data showcases Scottsdale's core customers, who typically spend more, and differs from other studies that focus on overall visitation to Scottsdale. The information tracks data from June 2013 through May of 2015 from domestic and Canadian leisure visitors only. Records are calculated per guest day. Information is gathered from a list of hotel partners. A third party data solution company compiles all the data, which is kept anonymous.

The average length of stay has increased since the last VICA. This indicates that people are getting the message that there is more to see and do here, and so are staying longer. Scottsdale has a high propensity for multi-visitors. Winter season produces more than 50% of the revenue for luxury resorts, and over 60% for upper moderate resorts. Booking windows are increasing. The average daily rate is continuing to increase, as is total spend overall.

Ms. Grupp explained that the core customer is about 50 years old. Their annual household income is \$247,000. Seventy-five percent are married, 78% have children in the home. They enjoy international travel, regular exercise, and cultural experiences. The data indicates that Scottsdale should continue to target customers in the 35 to 55 age range. Customers tend to gather information from the internet. They visit art galleries and attend live theater. They exhibit brand loyalty. Many core customers take domestic trips to attend events.

The U.S. population is divided into 130 different clusters depending on their demographics, lifestyles, attitudes and product preferences. This information helps in finding the best customer for Scottsdale. Core customers generate higher revenues per night by about 15% to 18% than other visitors. Eighty percent of the business is coming from 20% of the clients. The top customer cluster is 2.5 times more likely to get information from the SCVB, and five times more likely than average to visit Scottsdale. About 2.5 percent of the U.S. population falls into this cluster. Their average household

income is \$409,000 per year, and their net worth is \$840,000. Their average age is 59.5 and over 90% are married. Ninety-two percent still have children living in the household. They are in the top quintile for post-graduate education, and have a high propensity for foreign travel.

Ms. Grupp noted that the top markets for customers continue to be New York, Chicago, Los Angeles, and San Francisco. Second tier, high-production markets are Denver and Seattle. Dallas and San Diego dropped down the list, while Minneapolis rose. The last VICA report showed signs of shoulder season growth, and that has continued in this latest report. This indicates that the SCVB's ongoing efforts are paying off. Customers are targeted according to their zip code. Marketing dollars are spent in zip codes with the most people with a high propensity to visit Scottsdale.

Repeat visitors are more likely to choose hotels based on their preference, not on rate. Summer visitors are most likely to come from Phoenix, Los Angeles, and tertiary markets. Phoenix customers book closer to their stay and spend fewer days in Scottsdale, but are currently spending more than ever before. Phoenix continues to be Scottsdale's number one market across the board, but it takes more volume to get the same revenue that outside markets generate. When top markets drop off, the Phoenix market tends to kick in. September is a month that really needs a boost.

Ms. Grupp said Canada continues to be one of the top markets, being number six overall in aggregate revenue and visitation. Canadian visitors typically stay longer and spend more than domestic visitors. Toronto, Calgary, Vancouver, Edmonton are the top producers for both revenue and visitation. The declining value of the Canadian dollar may impact these results.

Vice Chairman Hirose asked whether the data is correlated by airlift. Ms. Grupp said SCVB has a great relationship with Sky Harbor Airport, which recognize the importance of sustaining Phoenix as a hub. They provide monthly passenger lift numbers to the SCVB.

10. 2017 Off Road Expo Event Sponsorship

Mr. Geiogamah noted that the TDC recommended funding of \$75,000 in bed tax money for new event development to the 2017 Off Road Expo. Staff is continuing to work with the event producer on possible marketing and sponsorship opportunities.

The Commissioners indicated their approval of the direction the agreement was moving in.

11. Public Comment

There were no public comments.

12. Identification of Future Agenda Items

The next scheduled meeting is June 21, 2016. Possible agenda items include the New Event Development Program, Tourism Advisory Task Force funding request, and a presentation from the organizing committee for the Final Four.

Vice Chairman Hirose requested a post-event report on the Fiesta Bowl rugby/hot air balloon event. Scholefield requested an update on the Transportation Master Plan, and a summary of City Council's feedback on the budget.

Karen Churchard indicated that Holly Street will probably not be making any presentations until City Council provides further direction. Their study is available online.

Adjournment

The meeting adjourned at 8:59 a.m.

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