



**COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT**  
**APPROVED SUMMARIZED MINUTES**

Thursday, March 12, 2020

4:00 P.M.

Kiva Conference Room, City Hall  
3939 N. Drinkwater Blvd., Scottsdale, AZ 85251

**PRESENT:** Councilwoman Suzanne Klapp, Chair  
Vice Mayor Linda Milhaven  
Councilwoman Solange Whitehead

**STAFF:** Rob Millar, Economic Development Director  
Rachel Smetana, Chief of Staff – Mayor’s Office  
Karen Churchard, Tourism & Events Director  
William Hylan, Assistant City Attorney

**GUESTS:** Bob Whitehouse, Chief Operating Officer - Fiesta Bowl  
Heather Macre, Central Arizona Project Board Member  
Tammi Watson, Stakeholder Outreach Coordinator – Central Arizona Project  
Rachel Sacco, CEO – Experience Scottsdale

**Call to Order/Roll Call**

Chair Klapp called the regular meeting of the Council Subcommittee on Economic Development to order at 4:05 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

**1. Approval of December 12, 2019 Minutes**

COUNCILWOMAN WHITEHEAD MOVED TO APPROVE THE MINUTES OF THE DECEMBER 12, 2020 MEETING AS PRESENTED. COUNCILWOMAN MILHAVEN SECONDED THE MOTION, WHICH CARRIED 3-0 WITH CHAIR KLAPP, COUNCILWOMAN MILHAVEN AND COUNCILWOMAN WHITEHEAD VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

**2. Fiesta Bowl**

Bob Whitehouse, Chief Operating Officer of the Fiesta Bowl, stated that the City of Scottsdale has had a long-term partnership with the Fiesta Bowl starting in 1971. This was strengthened in 2007 when the Fiesta Bowl offices and museum was moved from Tempe to the waterfront south of Fashion Square Mall. The two games attract fans from desirable areas. There has been a \$2.9 billion economic impact over the past 13 years. This year’s festivities will include a 50th anniversary.

Hotel usage was reviewed:

Cheez-It Bowl

- Hyatt Regency at Gainey Ranch
- Double Tree Resort PV-Scottsdale
- JW Marriott Camelback Inn

Bowl Week

- Fairmont Scottsdale Princess
- Scottsdale Plaza
- Hilton Scottsdale
- Hotel Valley Ho
- Embassy Suites Scottsdale
- Royal Palms
- Mountain Shadows
- JW Marriott Camelback Inn

The partnership guarantees 4,000 room nights. In 2019, over 7,900 room nights were generated. Food and beverage expenditures set records.

Bowl Week events include:

- Two Fiesta Bowl player events at Top Golf
- Media party at Top Golf
- Two Fiesta Bowl events at City Hall
- Community outreach events
- Kickoff dinner at Ocean Club
- Cheez-It Bowl player event at Fogo de Chao
- Ohio State pep rally
- Three teams use Scottsdale practice facilities

Other Fiesta Bowl organization events include:

Spring Summit details:

- First week of May
- Located at Hyatt Regency at Gainey Ranch
- Includes athletic directors and head football coaches
- Six of the ten major conferences host spring meetings at Hyatt Regency
- 1,387 room nights

As a nonprofit organization, the Fiesta Bowl organization gives back any profits to the community through a grant process. Last year over \$2 million was granted to local Arizona nonprofits. The Wishes for Teachers program was created three years ago and provides grants valued at \$5,000 to teachers. Last year, 200 wishes were granted for public and charter schools throughout the state. Three teachers in Scottsdale received their wishes this year. The organization moved its 32-year hole-in-one event from the Arizona Biltmore three years ago to Mountain Shadows. They now have a three-day Par 3 challenge event there as well.

In terms of the future vision, the organization recently renewed its deal with the College Football Playoff Group for the Fiesta Bowl to be part of a new six-year deal. They will have two top 12 teams each year in the Bowl game. Every third year will include a semifinal. The new six-year deal for the Cheez-It Bowl includes a partnership with the Big 10 and the Big 12. These are very

large traditional schools with very large travel parties. One of the team hotels is being changed from the Hyatt Gainey Ranch to the Scottsdale Resort at McCormick Ranch. Important needs include access to the practice facility. The organization appreciates Scottsdale Police Department's assistance. Media days have been challenging in terms of timing. These are held at Camelback Inn. All national media is represented and present for three to five days.

Chair Klapp asked whether they have ever attempted to have media day located at the same place as where the players are staying. Mr. Whitehouse reiterated the challenge of timing in terms of the inability of media to be at two places at one time.

### **3. Central Arizona Project (CAP)**

Heather Macre, Central Arizona Project Board Member provided an overview of CAP:

- 336-mile aqueduct stretches from Lake Havasu to Tucson
- 14 pumping plants lift water nearly 3,000 feet
- 10 siphons, 3 tunnels
- Lake Pleasant/New Waddell
- Dam & Pump Generating Station
- Delivers more than 500 billion gallons of water annually
- Delivery began in 1985 in Maricopa County
- Construction complete in 1993

Service area details include:

- 3 counties
- 23,790 square miles
- < 8" annual rainfall
- 5 million people (approximately 80% of Arizona's population)
- 350,000 acres of irrigated agriculture
- 11 Native American tribes

CAP water is provided to:

- Municipal and Industrial: 33 percent
- Native American communities: 35%
- Agriculture: 26 percent
- Recharge: 6 percent

CAP worked with ASU School of Business on a complete study to determine the economic impacts of Colorado River Water deliveries by CAP to Arizona. The delivery has supported Arizona's gross state product with approximately \$2 trillion in economic benefit since delivery began in the mid 80's. They support 22 sectors of Arizona's economy. There is approximately \$100 billion per year in economic benefit, which can be related directly back to the delivery of approximately 1.5 million acre-feet of water. This represents approximately 40 percent of Arizona's gross state product and 1.6 million jobs.

The top five sectors are:

- Government

- Healthcare
- Real estate & travel
- Retail
- Construction

Colorado River Basin details include:

- Upper Basin states: Colorado, New Mexico, Utah and Wyoming
- Lower Basin states: Arizona, California, Nevada
- 7.5 million acre-feet (MAF) annual allocation for the Upper Basin
- 7.5 MAF for Lower Basin
- 1.5 MAF for Mexico
- Lower Basin Allocations: Arizona (2.8 MAF), California (4.4 MAF), Nevada (0.3 MAF)

Chair Klapp asked whether Mexico has always been included. Ms. Macre stated that Mexico has not always been included and has bounced in and out. The current 1.5 MAF allocation is fairly recent. Mexico has been a great partner and CAP has assisted them with wetland restoration projects.

The Lower Basin and Mexico receive approximately 9 MAF per year. The Upper Basin and the river itself only produce approximately 8.2 MAF per year. There are evaporation losses of approximately 0.6 MAF. The result is a structural deficit of 1.2 MAF. This is causing a 12-foot drop in Lake Mead every year. Lake Mead serves as the bellwether for shortage. The Drought Contingency Plan (DCP) is a set of agreements designed to protect the Colorado River system through voluntary reductions and increased conservation. Actions taken by CAP have propped up volumes in the lake, which bought time to work through the DCP process. Importantly, there is no anticipated shortage for 2020. Levels at Lake Mead in January were above the Tier 1 shortage level. Some of this is attributed to excellent hydrology over the past year as well as excellent snowpack.

The DCP includes a broad federal umbrella in terms of guidelines for the Lower Basin and Mexico to save the river. Under this umbrella, each state has its own plan. Arizona is part of the larger federal DCP, but also has its own intrastate plan. CAP is one of the agencies implementing the plan, as the major Colorado River distributing agency. They are also working with the Department of Water Resources, SRP and other agencies. The goal is to mitigate the risk of Lake Mead falling below critically low reservoir levels. While the total cost of delivery will decline, because there is less water to deliver, the total price of water will increase. Benefits of the DCP include reliability and stability. DCP will not prevent a shortage, but will assist with preventing severe shortage levels. In January, 2020 the Colorado River Basin was at Tier zero shortage. This means that there is technically no shortage, however, voluntary conservation will be encouraged.

The Central Arizona Groundwater Replenishment District (CAGRDR) was created in 1993 by the legislature to use excess CAP water for outlying communities that do not have an available water supply. It is not a separate entity, but a special function of CAP. CAGRDR provides its members with a mechanism to demonstrate compliance with the management goal under the Assured Water Supply Rules. With DCP, CAP has addressed many of the issues with surface water, however, they have not addressed the issues with groundwater. The concern is that with the limits for use of surface water, there will be more pumping in groundwater. There is a need to explore ways to change management of groundwater resources through the CAGRDR and other ways.

Councilwoman Whitehead asked whether the recommendations made by the Jon Kyl Center for Water Policy are being utilized. Ms. Macre said some of these are included. The Institute will send

representatives to the CAGRD meeting on March 19th. Some recommendations have been helpful, but others were based on misunderstandings about how the system works.

#### **4. Economic Development Update**

Rob Millar, Economic Development Director, prefaced the discussion by noting that due to posting requirements, the memorandum provided was written ten days ago. Much has changed since that time. The economy is changing day to day and Scottsdale will be impacted. The City is working with the Arizona Commerce Authority as well as the Greater Phoenix Economic Council. Twenty-six economic development directors from around the Valley met and discussed challenges and strategies. There had been a large number of companies in the pipeline to do site visits and many have paused those plans. Mr. Millar has also had conversations with the Chamber and other City leaders to discuss ways to support small business and the economy.

The City had two healthy quarters of the fiscal year, being ahead of some targets. The third quarter is anticipated to do well also. Effects of the virus may be apparent in the fourth quarter. Staff is currently working on 36 prospects significant for Scottsdale. Vacancy rates have been positive for some time, being very healthy as of the last quarter. Staff continues to reach out to small and large Scottsdale businesses to assess needs. A business appreciation event was held at the Spring Training game last week with approximately 26 companies in attendance. There was a partnership with the Charros this year, which includes the You Can Be campaign. The Department continues to use social meeting as one of its outreach efforts.

The report highlights two companies that have located in Scottsdale, thredUP and WeTravel. thredUP is one of the largest online resale platforms. WeTravel is also an online platform.

The Department is preparing to launch a development video program to increase messaging outreach. It will provide an opportunity to highlight Scottsdale companies. They are still developing name ideas. One current option is "We Mean Business."

Preparations are underway to hiring a consultant to develop the new Strategic Economic Development Plan, which will address strategies over the next 24 to 36 months.

In response to a question from Chair Klapp, Mr. Millar stated that they have no idea how many consulting companies will provide proposals. An internal team will evaluate proposals and make the final selection. The result will be presented to the Subcommittee. The goal is to have a draft plan to City Council in the fall of 2020 or early 2021.

Chair Klapp asked about results of the current Strategic Plan. Mr. Millar stated that they use metrics to ensure they are meeting deliverables. He offered to bring details to the next meeting. Information would include direct and indirect impacts, number of jobs, capital investment and real estate.

#### **5. Open Call to the Public (A.R.S. §38-431.02)**

There were no public comments.

#### **6. Future Agenda Items**

There were no items discussed.

**7. Adjournment**

Being duly moved and seconded, with no further business to discuss, the meeting adjourned at 5:03 p.m.

Respectfully submitted,  
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