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 8:00 a.m. He thanked Tom Enders for serving on the Commission for the past three years, and announced that Camille Hill will now be assisting with the Event Working Group.

Chairman Scholefield noted that on April 14 City Council voted to discontinue the Day Tripper Trolley; fund the Downtown Trolley with $300,000 in bed tax funds and $150,000 in transportation operating funds; and fund the Camelback Trolley with $585,000 in transportation operating funds.
2. **Approval of Minutes**
   - March 17, 2015 Regular Meeting

VICE CHAIRMAN HIROSE MOVED TO APPROVE THE MINUTES OF THE MARCH 17, 2015 REGULAR MEETING. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

3. **Manager Reports**
   a. **Staff Bed-Tax Collection Report**

   Mr. Geiogamah reported that bed tax is up 16% for January. Hotel/motel sales tax is up 10%, miscellaneous retail sales is up 7%, and restaurant tax is up 11%. The classification report shows that limited service properties continue to trend well at 24% compared to last year, while full service is up 14%. Commissioner McCreary explained that the limited service classification is trending well across the country, and national revpar is up almost 10%. Mr. Geiogamah added that the number of limited service rooms available has been constant over the past several years.

   b. **Bed Tax Proforma**

   Mr. Geiogamah highlighted that proforma entry for multi-year commitments indicates that the TDC reserved funds for the Desert Discovery Center project, though City Council has not approved that project. The one-time commitments entry now indicates that the World Food Championships was due to receive $75,000, but received $18,698 due to contractual issues related to their marketing spend. Likewise, the Taste of the NFL received $71,000 instead of $75,000. The PRC Rodeo Championship and Baseball City are both currently under review. Event retention and development still notes an allocation of $300,000 for the College Football Championship Game, which is also in the review process, but their ask will likely be $250,000.

   c. **Smith Travel Report**

   Mr. Geiogamah reported that occupancy is up 2.3% year to date. The average daily rate is up 23.1%, and revpar is up 25.9% in the marketplace.

   d. **Program Updates**

   Mr. Geiogamah reviewed the event summary report, noting that the Community Event Funding (CEF) Program currently has $52,000 remaining in the budget. The Event Support Funding Program has been renamed the Matching Event Advertising Fund (MEAF) Program, and $77,000 remains in that fund. The Event Venue Fee (EVF) Program expended its funds a few months ago. Noting that if an event applies for funding in the event venue fee program, we could potentially take it to council for funding approval.
Mr. Geiogamah stated that staff is preparing a report on the Leisure Visitor Inquiry Study conducted by Behavior Research. The TDC has met with the McDowell Sonoran Preserve Commission to discuss matters of common interest. The Event Working Group is preparing a welcome packet to describe Department functions.

Mr. Geiogamah presented a token of appreciation to Tom Enders for his service to the City of Scottsdale.

4. **ESPN FanFest Update**

Emily Ginzl, Senior Manager, Marketing, Scottsdale Fashion Square, reported that Scottsdale was a shining star during Super Bowl week because of the ESPN FanFest. The event was built around ESPN's weeklong coverage leading up to the game. It was free and family friendly. More than 70 individual events took place during FanFest, including 19 culinary events and five fashion shows. There were numerous celebrity appearances and athlete interviews. Media support consisted of 128 TV spots, 875 radio spots, 10 billboards, light pole banners, a print circulation of over 90,000, and two million online impressions.

Kate Birchler of Macerich explained that over 4,500 tourism brochures, directories, and shopping and dining rewards booklets were distributed at Scottsdale Fashion Square. Where Magazine featured an exclusive FanFest cover wrap for that month, and 50,000 copies were distributed throughout the community. FanFest information was also inserted with the City water bills. A dedicated website and social media pages were created for the event. The SCVB put together a message that promoted FanFest and Scottsdale as a whole, and ESPN provided additional exposure for Scottsdale tourism. Every visitor to Scottsdale Fashion Square knew exactly where FanFest was occurring, and every Macerich center joined in the promotion. Yelp was key in promoting FanFest. More than 7,000 pieces of swag were distributed.

Ms. Birchler reported that 350 players' wives participated in a fashion show for charity. The event was moved indoors because of inclement weather but otherwise went off without a hitch. ESPN aired over 140 hours live from the event site, which exceeded their original commitment. Mayor Lane's 30-second commercial ran on the morning of game day. FanFest generated over 42,000 room nights in Scottsdale and fans came from all over the country. The value of the broadcast coverage for Scottsdale was $6.3 million.

Ms. Ginzl stated that over 100,000 locals and tourists attended FanFest. The visitors spent an average of 4.5 nights, with 37% staying in Scottsdale. Ninety-two percent of attendees said they heard about FanFest through promotions. Scottsdale also benefited from an additional $2.4 million in media coverage independent of ESPN.

Mr. Geiogamah said Macerich met all contract requirements and all funds were distributed. Scott Horowitz explained that Repucom measures and monitors media broadcasts throughout the world. Media postcards in the form of the scenic vistas drove the majority of the value of FanFest. They essentially served as commercials within the body of the broadcast.
5. **FY2015/16 Scottsdale CVB Destination Marketing Program**

Rachel Sacco, President/CEO Scottsdale Convention & Visitors Bureau, presented the Destination Marketing Program, which details every activity that the SCVB engages in and provides members with an understanding of how the SCVB operates. In the coming year, the SCVB intends to focus on several initiatives including forging a new brand identity for Scottsdale. The golf campaign will be overhauled with new creative messaging that targets avid golfers. Seasonal, high impact marketing programs will focus on the primary markets of New York and Chicago. There are plans to increase group bookings especially from Canada during the shoulder seasons. A goal has been established to increase bookings from niche markets in the pharmaceutical, medical, financial, sports and insurance industries. The SCVB is also supporting the City's Strategic Plan, and is working to increase its presence on social media and with bloggers.

Ms. Sacco stated that the SCVB listens to stakeholders and has a presence in every major market from the convention sales standpoint. The sales department is at maximum capacity with six sales managers. Fifteen client events, six fams, 16 sales mission, and 34 tradeshows are planned. The SCVB hosts a site inspection nearly every day for the media. The upcoming year looks very promising.

6. **Bed Tax Stabilization Fund**

Steve Geiogamah said the TDC and the Tourism Advisory Task Force have proposed a hybrid percentage-based bed tax allocation and carryover rate stabilization method to ensure that the City's Tourism Program can continue during economic downturns. Staff recommends:

- Continuing the established bed tax hybrid flat rate allocation policy currently in place
- Establishing a stabilization fund at $2.6 million
- Establishing fund allocation priorities, with multi-year commitments coming first, followed in order by the General Fund, administration & research, and event development allocations
- If bed tax revenues for non-marketing purposes are unable to cover all current multi-year tourism capital project debt payments, then the allocation of $2.6 million can be made according to the prioritization list
- Once all commitments, except one-time commitments, can be met the process of replenishing the stabilization fund can begin

Mr. Geiogamah said the proposal will be brought before the TDC for formal acceptance in May or June. Vice Chairman Hirose expressed doubt that the fund would have enough to cover downturns that last more than one year. Mr. Geiogamah responded that the TDC could decide to hold some funding back for future years in those instances. He noted that the SCVB is evaluating a similar proposal for a fund that could be used for emergency marketing purposes.
Chairman Scholefield inquired whether the non-marketing stabilization funds could be used to spread the word that Scottsdale has recovered from the crisis. Mr. Geiogamah said it potentially could be, depending on the circumstances, since the suggested use would fit the overall intent of the fund. It would be a good idea to further specify when funds can be used and what types of priorities they should have. Chairman Scholefield felt that it would be counterproductive to promote events without first telling the world that Scottsdale is back in business after a catastrophe. It would be better to establish the guidelines now so that they are already in place the next time they are needed. Mr. Geiogamah undertook to review the options and return with some further recommendations.

Commissioner Hill asked whether the fund would initially be replenished all at once or over time. Mr. Geiogamah explained that initially the intent is to use the carryover fund to fill it, which currently contains over $5 million. Jeff Nichols added that the City would have to modify Financial Policy 21(a), which governs the use of these funds, so that the reserve aligns with the Ordinance. The City Attorney's Office would also have to review whatever proposal is brought forward for Council's consideration.

### 7. FY2015/16 Event Support Funding Programs

Mr. Geiogamah reported that the Event Working Group has made some new event support funding recommendations to add to those presented last month. The entire set of recommendations will be reviewed and submitted to the TDC for their input at the May meeting.

Mr. Geiogamah said the Tiered Program room night ratio formula will stay in the contract, but the administrator will have the ability to evaluate it on a case-by-case basis. The Community Event Funding Program shall hold a quarter of the payment until the post-event report is received. New Event Development Funding will not cover the cost of PR agencies or talent. Ancillary values will be noted in event program information, but will not be considered as criteria. Staff will follow up with Behavior Research and discuss alternate survey options. The economic impact evaluation will be removed from the Artigue Agency report, though the marketing evaluation will continue. Producers will be allowed to apply multiple times for similar events scheduled at different times a year as long as their events have a minimum of sixty days separation. The MEAF program budget will be increased to $225,000, while the level threshold payments will remain the same at $5,000, $15,000, and $30,000. The CEF program shall be raised to $200,000, an increase of $20,000. The EVF program shall be raised by $10,000 to $30,000.

Commissioner Hill suggested that room night ratio formulas for shoulder season events be evaluated differently to encourage more events during those periods. In response to an inquiry from Commissioner McCreary, Mr. Geiogamah explained that the intent of the Artigue Agency report was always to evaluate marketing, and that the economic impact portion was a cursory addition. The Working Group felt the economic impact portion was outside the scope of work.
8. **Fiesta Bowl 2014/15 Performance Recap**

Rachel Pearson, Vice President of Community & Government Affairs SCVB, provided an update on the Fiesta Bowl program from the past year. Scottsdale is about halfway through its current 20-year contract with the Fiesta Bowl. The contract has helped keep teams and alumni for the Fiesta and Cactus Bowls staying in Scottsdale and Paradise Valley hotels and resorts. Last year, this represented over 4,800 room nights, not including fans who opted to stay in Scottsdale. The contract also provides a host of marketing benefits, which include five public address announcements during the games, two video board spots, and ads in programs and suites. The sales team was also able this year to work with the Fiesta Bowl team to send out leads to ensure that as many groups as possible were staying in Scottsdale properties. Scottsdale CVB receives game tickets that are used by the marketing team for contests and promotions, and by the convention sales team for a sports fam at the game. In return, Scottsdale provides the Fiesta Bowl with promotional support.

Ms. Pearson noted that even though the University of Arizona was one of the teams playing in the Fiesta Bowl, occupancy numbers remained strong. Occupancy increased by 9% over the previous year, while average daily rate increased by 10%. On the other hand, the Cactus Bowl was more disappointing, as the Oklahoma State University and the University of Washington fans did not travel as well as anticipated. Occupancy was down slightly, but ADR was up 17% over the previous year, and revpar was up 7%.

Vice Chairman Hirose said many hotels did not see much of an impact from the University of Arizona fans, and they attributed the impact to other things. Ms. Pearson noted that much of the difference likely came from Boise State fans who are known for travelling well.

9. **Marshall Way Project Update**

Gary Meyer said Scottsdale Public Art issued a national call for artists last year for the Marshall Way project. Over 300 proposals were received. A committee that included merchants and property owners on Marshall Way reviewed the proposals and selected the entry from R&R Studios of Miami, Florida. The Scottsdale Public Art Board unanimously approved the proposal in January. The artist team is currently gathering information on the site and will be meeting with stakeholders later this month. The concept will be further developed over the summer and the Board is set to approve the design in September. Fabrication is scheduled for the fall, with completion in December. Installation is anticipated in January.

10. **Public Comment**

Bob Clendenning, representing the Salina del Sol condominium community, said residents met with City representatives recently to discuss a number of issues. The community is located at 94th Street and Bell Road, near WestWorld and the TPC. When it was built in 2001, the local environment was very different. Bell Road was narrower and WestWorld events were on a much smaller scale. The community is now on an island surrounded by commercial, educational and entertainment establishments. The
open spaces east and south of the property are used for event parking, which causes light pollution, dust pollution, and generator noise at night. Heavy vehicle traffic has negatively affected residents’ quality of life and reduced property values. The residents suggest that the land across Bell Road should be used for event parking instead of the areas adjacent to the community. The surface should be coated to mitigate dust. Bell Road should have a layer of rubberized asphalt to reduce road noise. The City approved the residential community and should take responsibility for the environmental impact that is imposed on the homes there.

Commissioner Hill commended Mr. Clendenning for proposing a solution along with issuing the complaint. Mr. Clendenning responded that the residents enjoy having the events nearby and appreciate what the City is doing by encouraging them, but these steps should be taken to reduce their impact.

11. **Adjournment**

Mr. Geiogamah reviewed that staff will bring back the event program recommendations to the May 19 meeting. Also planned is a presentation from the Arizona Super Bowl Host Committee. The SCVB will present their third quarter report, and finalize the destination marketing guide. The next meeting could potentially be held at the Fiesta Bowl Museum.

The meeting adjourned at 9:19 a.m.

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