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 8:01 a.m.

Chairman Scholefield introduced Karen Churchard, Scottsdale’s new Director of Tourism and Events. He noted that starting in January, TDC meetings will be held in the Kiva and televised on Channel 11.
2. **Approval of Minutes**

- November 17, 2015 Regular Meeting

Vice Chair Hirose clarified that Chairman Scholefield accompanied him on the Chicago media trip, not Commissioner Grupp.

**COMMISSIONER GRUPP MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 17, 2015 REGULAR MEETING AS AMENDED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

3. **Manager Reports**

   a. **Staff Bed-Tax Collection Report**

   Mr. Geiogamah reported that bed tax collections were up 9% for October, and up 3% for the year. One late payment from a full-service property impacted the September and October collections. Year to date hotel bed tax is up 11%, miscellaneous retail sales tax is up 12%, and restaurant tax collections up 8%. For most of the fiscal year, full service hotels have been down almost 6%.

   b. **Bed Tax Proforma**

   Mr. Geiogamah noted that the TDC's recommendation on the 2016 Fiesta Bowl rugby event will go to the City Council on January 11 for potential approval. The Competitor Group is entering their final year of qualifying for New Event Development Funding, and will move into the Matching Event Advertising Fund Program. Tourism research is listed at $33,000 on the proforma, and will include another $30,000 for the Longwoods research. The Tourism Strategic Plan budget will be presented to the Tourism Advisory Task Force tomorrow. The $520,064 in the current budget should be enough to carry the Task Force through to the end of the fiscal year.

   Vice Chair Hirose requested an update on the Museum of the West five-year donation match. Mr. Geiogamah said a report could be forthcoming next month. Chairman Scholefield proposed adding a new column to begin the forecast for FY2016/17.

   c. **Smith Travel Report**

   Mr. Geiogamah reported that year to date occupancy was up 2.4% in the market area. The average daily rate is up 6.2%, and revpar is still trending high at 11.8%.

   d. **Program Updates**

   Mr. Geiogamah reviewed the Event Audit Management Action Plan. Staff has completed a response related to event contract evaluations and will be working with the TDC Event Working Group to further refine it for a presentation to the Commission next year. The Hashknife Pony Express received a recommendation for $7,000 from the Community Event Fund.
4. **Funding of Desert Discovery Center Business Plan and Feasibility Analysis**

Jeff Nichols, City Treasurer, said four funding sources were reviewed for this particular contract. He clarified that all funding sources will be reviewed for the DDC project itself. Two recently approved bond questions have placed a lot of strain on the General Fund, and there is in excess of $130 million in requests for General Fund dollars against a balance of $23 million in the carryover.

The Tourism Development Fund has carryover money available and is a viable option compared to the bed tax related tourism funds. The City Attorney has been asked for an opinion on whether the DDC can be built within the Preserve Gateway. The Preserve Privilege Tax cannot be spent outside the Preserve, and would not be an option if the DDC is built elsewhere unless voters approve an amendment. Mr. Nichols recommended that carryover funds be used for this contract alone. Once the project is defined, his recommendation to City Council will be updated to include all viable options for the funding of the project, including General Obligation bonds.

Mr. Geiogamah summarized that $1,696,900 in funding from the bed tax collections has been requested for a DDC business plan and feasibility analysis. Director of Public Works Dan Worth explained that City Council in 2007 approved a Municipal Use Master Site Plan (MUMSP) envisioning a Desert Discovery Center at the Gateway on land that is part of the Preserve. At the Council meeting on January 11, 2016, staff will request that Council approve the contract to carry out that work. Council will also be asked to initiate a new Municipal Use Master Site Plan Process. The MUMSP that was approved in 2007 may or may not conform to what the DDC project ends up becoming. The 2010 concept study proposed a facility at the Gateway. It remains to be seen whether that final product will be appropriate for the Preserve.

Vice Chair Hirose felt it would be premature to fund the study before the TDC can be certain that the DDC will work at the Gateway. Mr. Worth responded that the starting point for the study is an assumption that the DDC will be built at the Gateway. Things may change as the project becomes more or less feasible. The City Attorney's opinion will be based on the potential uses that go into the facility, and his decision will have to be made before the City proceeds with this contract.

Lynne Lagarde said she is a retired land use attorney who has been part of a legal team that has looked into the issue of whether the DDC is appropriate for the Gateway. All of the research shows that this use has been the consistent intent of the City going back to 1993, before the Preserve was even created, when an interpretive center was included as part of the concept. In 2007, City Council approved a Municipal Use Master Site Plan with an interpretive center use, specifically the DDC, to be included as part of Phase 2. Phase 1 only had the site plan for a trailhead facility. It was always anticipated that the 2007 MUMSP would come with back for an amendment. For that amendment to occur, however, a final site plan and design is needed. Although the proposal has changed since 2007, the ordinance allows the size of a use to be determined during the final site plan approval. The legal team submitted a memo to the City Attorney detailing their research, and is confident that there are no legal issues. Their focus is to create a facility that is compatible with the conservation goals of the Preserve.
Chairman Scholefield noted that two other guests declined the opportunity to speak on this matter.

Commissioner Hill inquired whether event and meeting spaces would be incompatible with the Preserve. Ms. Lagarde responded that those uses would be ancillary to the interpretive center. Chairman Scholefield summarized that if the City Attorney verifies that the DDC could be built within the confines of the Preserve, the Preserve Privilege Tax, which has about $30 million in it, could be considered as a funding mechanism for a portion of the project. Mr. Nichols added that the City Attorney will be advising Council on this matter during an executive session on January 11, 2016.

Ms. Guillory clarified that the TDC previously committed $600,000 for multi-year DDC debt service for the project itself, which has yet to go before Council for approval. Vice Chair Hirose inquired whether approving this motion would close the door on other funding sources being used in the future. Mr. Geiogamah said it would not. Mr. Worth noted that the nearly $1.7 million appropriation would fund the development plan as a whole, including the architect and various related City services, in addition to the study and analysis.

VICE CHAIR HIROSE MOVED TO RECOMMEND $1,696,900 IN FUNDING FROM THE BED TAX CARRYOVER FUND FOR DESERT DISCOVERY CENTER SCOTTSDALE INC., TO PRODUCE A DESERT DISCOVERY CENTER BUSINESS PLAN AND FEASIBILITY ANALYSIS, PHASE 1 AND PHASE 2. THIS APPROPRIATION WILL FUND THE DEVELOPMENT PLAN AS A WHOLE. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

5. **Findings and Implications of the 2015 Leisure Visitor Inquiry Study**

Bruce Hernandez, Behavior Research Center, stated that the Leisure Visitor Inquiry Study (LVIS) is conducted annually and consists of interviews with people who contacted the Scottsdale Convention and Visitors Bureau over the course of one year. About 700 interviews were completed by phone and internet.

Mr. Hernandez said there has been an uptick in the percentage of interviewees who have visited, and in the total visitation. Sixty percent of visitors are women, a trend that has long remained constant. The population of those making contact is aging, however. Visitors typically have high income. The Midwest and West remain the largest sources of visitors. Foreign visitation has increased slightly. The average length of stay has dipped slightly over the past few years. Party size has remained consistent for many years. Resort hotels spiked up significantly last year, but have dropped back down to historical averages. Average daily spending has varied wildly over the years. Activities have varied little over time, though downtown visits have increased noticeably from previous studies, as have day trips. Visitors typically like Scottsdale as a vacation destination, with over 90% indicating their approval. The conversion rate has recovered from several down years.

Commissioner Dillenbeck inquired whether the poll is influenced by major events like the Super Bowl. Mr. Hernandez explained that the survey does not pinpoint visitors to one
particular time, but instead looks at an entire year. Chairman Scholefield said the aging of the visitor population has been noted as a concern by the TDC. This will be a critical issue to address moving forward. Mr. Hernandez responded that there are real differences between activities that different age groups participate in, though it is also true that generations progress through different activities as they get older.

Vice Chairman Hirose noted that the data could be skewed depending on how they are sampled. Millennials, for example, access data in ways that differ from previous generations and may never even contact the SCVB. Mr. Hernandez said measuring the conversion rate is one way to determine the effectiveness of the SCVB’s marketing effort. It does not present a pure reflection of every visitor to Scottsdale. Day trippers are particularly underrepresented.

Chairman Scholefield inquired whether the conversion data is still relevant to the SCVB. Rachel Sacco, SCVB, said that early on it was helpful for the City to know that when people contacted the SCVB, the information they received was relevant and useful. While it might not be as useful as it once was, it is good to know that people are still converting at a high level once they receive information. The typical inquirer to the bureau is a bit older than average, and today there are many other means by which people can get information. The SCVB is working on product development that addresses a younger crowd and is working on a new rebranding effort. In tandem with this research, the SCVB conducts its own Visitor Industry Customer Analysis (VICA) which focuses on visitors actually staying at Scottsdale hotels and resorts. VICA results are compared to LVIS results to complete a broader picture. Mr. Geiogamah noted that the Longwoods research is also valuable in this regard.

6. **Special Events Ordinance Update**

Cheryl Sumners, Events Manager, reported that the City held three public meetings last week related to the draft ordinance outline. This document provides the key points that will be included in the draft outline. Open houses are planned for January 12 and January 13 for people to comment on the draft ordinance and submit their ideas. The draft ordinance outline is also available on the City’s website. A work study session is planned with City Council in mid-February, and the ordinance is scheduled for the regular agenda in mid-March for Council review.

Ms. Sumners said 27 people participated in last week’s public meetings. Of those, about a third were residents, a third were business owners, and a third were people in the event industry. The SCVB hosted a meeting with event producers to gain an understanding of best practices and similar ordinances from other cities.

Commissioner Grupp inquired about the lower attendance numbers at last week’s meetings. Ms. Sumners said she did not know the reason behind the decline. The attendees have been very interested in the ordinance, and their feedback has helped shape and guide it. Commissioner Bailey inquired why Scottsdale could not simply use an ordinance that has proven effective in other cities. Ms. Sumners responded that Scottsdale has always tailored its approach to respond to unique circumstances. Commissioner Bailey said the definition of small, medium and large events seems vague.
and could cause confusion. Ms. Sumners noted that the current regulations take a one-size-fits-all approach, but events of different sizes have very different requirements.

Commissioner Bailey inquired about the definition of signature events. Ms. Sumners explained that many people feel the City should have something in place for those events that have come to define Scottsdale. Commissioner Bailey asked whether events have to prove their success. Events would all have to follow the same permitting rules, but signature events would have more of a partnership relationship with the City. The exact details have yet to be fully worked out.

Commissioner Hill inquired whether this new ordinance would prevent something like the ESPN Super Bowl event from happening in Scottsdale again. Ms. Sumners responded that the main changes are being made to the approval process. Commissioner Hill asked whether we are asking events to prove their success or failures. Regarding event funding, Mr. Geiogamah explained that staff looks at the value of each event and captures that information in the post-event reports. Deliverables are a very important part of the consideration. Some new events need more time to build their audience. Commissioner Hill asked if the success or failure is determined by the person producing the event. Mr. Geiogamah noted that we do look at producer history.

Vice Chair Hirose suggested that future public meetings be spread out over several days to accommodate those who might be away on one particular day.

7. **PRCA Rodeo Event Proposal**

Dave Alford, Parada del Sol, said the Professional Rodeo Cowboys Association (PRCA) just received approval from WestWorld to move their event to Sunday, which will make more top cowboys available for the competition. The Scottsdale event will receive free publicity from the Wrangler network. The professional associations from Canada, Mexico and the U.S. are now co-approving their rodeos, which should boost international attendance.

Mr. Alford showed a video demonstrating the proposed placement of signs showing the City of Scottsdale’s logo at the event. The PRCA was broadcast four times by CBS Sports, and viewership was good. It is easy to get contestants to come to Scottsdale. It has been a pleasure to work with WestWorld.

Commissioner Grupp inquired about the possibility of Scottsdale hosting a bigger event at some point in the future. Mr. Alford said that has been Parada del Sol’s goal all along. Commissioner Grupp proposed wrapping the chutes with the Scottsdale/SCVB branding during the destination spotlight, and working with national sponsors on marketing during the prior week. Chairman Scholefield said the TDC is very interested in events that are held outside peak season, and would welcome another rodeo from mid-May to the end of the year. He inquired whether such an event would qualify for New Event Development funding. Mr. Geiogamah said the parameters of the event would have to be evaluated.

Vice Chairman Hirose suggested that promotional shots during broadcasts show some of Scottsdale’s other offerings beyond the Western-themed ones. Commissioner
Dillenbeck suggested putting the experiencescottsdale.com website address on signs used during the broadcast.

Mr. Geiogamah reported that this event is in its third and final year of qualifying for the New Event Development Fund. They have been in compliance for the first two years. There is $44,000 in funding available in the bed tax budget for new event development, and $140,000 is available in one time use funds for this fiscal year. The requested ask is a recommendation for $75,000.

COMMISSIONER DILLENBECK MOVED TO RECOMMEND BED TAX FUNDING OF UP TO $75,000 FOR THE PARADA DEL SOL PRCA EVENT, TO BE DRAWN FROM THE NEW EVENT DEVELOPMENT FUND. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER BAILEY WAS NOT PRESENT.

8. **Public Comment**

There were no public comments.

9. **Identification of Future Agenda Items**

Mr. Geiogamah said the next scheduled meeting is January 19, 2016. Future agenda items include a TDC work study session, the required Annual Review, an update on the Special Events Ordinance, and a recommendation on event contracts. Chairman Scholefield requested a report on the Charles Schwab Cup, an update on the Transportation Department survey regarding the downtown trolley, an item on bed tax stabilization, and a report from the Tourism Advisory Task Force. Vice Chair Hirose requested a post-event report on the Food and Wine Festival.

**Adjournment**

The meeting adjourned at 9:45 a.m.

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