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 8:01 a.m. He took note of the reminder Mayor Lane issued discouraging audience members from outward displays of emotion during board and commission meetings.

2. **Approval of Minutes**

- January 19, 2016 Regular Meeting
Mr. Geiogamah noted one correction on page 5.

COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE JANUARY 19, 2016 REGULAR MEETING AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). CHAIRMAN SCHOLEFIELD ABSTAINED. VICE CHAIRMAN HIROSE WAS ABSENT.

- January 26, 2016 Special Meeting

Commissioner Dillenbeck noted a missing zero on page 3. Mr. Geiogamah explained that budget amounts for marketing and miscellaneous would be specified.

COMMISSIONER HILL MOVED TO APPROVE THE MINUTES OF THE JANUARY 26, 2016 SPECIAL MEETING AS AMENDED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). VICE CHAIRMAN HIROSE WAS ABSENT.

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah stated that bed-tax collections for the month of December were up 10%, and are up 3% year to date. Excluding a late payment of $67,000, December finished 4% higher overall. Restaurant and tax collections were up 14%, and YTD was up 8%. Miscellaneous retail sales tax was up 11%, and YTD 10%. By classification, resorts were up 2.5%, limited properties were up 4.9%, while the full service sector continued to trend downward at 13%.

b. Bed Tax Proforma

Mr. Geiogamah highlighted changes to the February 2016 proforma. The Museum of the West proposed exhibit expenditure of $500,000 is noted in the carryover balance, as is the TDC recommendation to move $2.6 million into bed-tax stabilization. These changes have yet to be approved by City Council. Chairman Scholefield felt it should be noted that while the TDC decided to allocate multi-year commitments for the Desert Discovery Center, the matter has not gone before City Council yet.

c. Smith Travel Report

Mr. Geiogamah said the average daily rate is up 9% for the month of December, revpar is up 10%. Occupancy was down 1.7% for the month, but up 1.4% for the year.

d. Program Updates

Mr. Geiogamah noted that three events were recommended by the Event Working Group: Back the Badge Bull Riding was approved for $5,000, Arizona Bike Week was approved for $24,080, and the Grand Canyon National was approved for $11,000. Community Event Funding has $6,000 remaining in the budget for the year.
4. **Tourism Development Commission Annual Report**

Mr. Geiogamah presented the Annual Report for approval, with changes recommended by the Commission.

**COMMISSIONER HILL MOVED TO APPROVE THE ANNUAL REPORT AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). VICE CHAIRMAN HIROSE WAS ABSENT.**

5. **SCVB Second Quarter Performance Measures Report**

Rachel Sacco, President/CEO of the Scottsdale CVB, presented SCVB performance measures reflective of work done from July 1, 2015 through the end of December 2015. All performance measures are on track to be met or exceeded. The Holiday Campaign is in the fourth year of building Scottsdale as a leading travel destination for the holidays. Occupancy in November and December has increased by 11% since the campaign began. The Loonie Love Campaign has successfully promoted Scottsdale to the Canadian market, the leading source of international visitors. Group meetings have increased by 6% compared to the same time last year, and 42% of these bookings have come during need periods. The SCVB has hosted three familiarization tours so far this year, representing 36 planners who have the opportunity to come to Scottsdale. So far, 84 journalists from leading publications have been hosted this year. SCVB staff has visited 18 countries to inspire travel agents, tour operators and airline reservationist centers to sell Scottsdale. This effort has led to 1,114 leads.

6. **Preliminary FY2016/2017 Destination Marketing Program Objectives**

Mr. Geiogamah stated that $18.7 million is anticipated in bed-tax collections next fiscal year, of which $9.3 million will be available for use for marketing services. Chairman Scholefield felt that rebranding efforts to be launched in the fall will have a big impact on all aspects of the marketing plan for the next fiscal year.

Ms. Sacco requested Commissioner feedback on the program objectives. In addition to the rebranding effort, an additional salesperson has been added to Convention Sales. The TDC will have another opportunity to review the SCVB's detailed program of work before it goes before City Council.

7. **Transportation Master Plan Updates**

Transportation Director Paul Basha presented the Transportation Master Plan (TMP) as recommended by the Transportation Commission. The plan features four different transit elements: general transit, new trolley routes, a new bus route, and three potential future rail routes. There are also two non-motorized vehicle sections. Two trolley routes would run in the Airpark area; one would serve the west side of the Scottsdale Airport, and the other the east side. They would connect at the existing Park and Ride at Thunderbird and Scottsdale. A Scottsdale Limited bus route is intended to compete favorably with private vehicle travel times. It would only have two stops, one at the Park and Ride and the other at Scottsdale Fashion Square. The Cactus Trolley route has not been fully determined at this time, and much will depend on anticipated needs when the service begins two years from now.
Mr. Basha stated that the Transportation Commission voted to include three potential rail routes in this master plan. One would begin in downtown and extend south on Scottsdale Road to the existing light rail station at Rural Road and University.

Another route would begin in downtown Scottsdale and extend to McDowell Road, then west to Galvin Parkway before connecting to the Priest/Washington station in Phoenix. This option has the advantage of connecting Scottsdale to the Desert Botanical Garden and Phoenix Zoo, with trains continuing to downtown Phoenix without requiring a transfer. The disadvantage of this route is that it would either have to travel through the park or require the use of existing roadway. There is also a roundabout on this route that would be problematic. Considerable multi-agency collaboration would be necessary to complete this route.

Mr. Basha said the third option would travel along McDowell Road from the General Dynamics facility at Granite Reef Road west to 64th Street, before eventually connecting to the Skytrain station at 44th Street and Washington. Trains running along this route would continue through downtown Phoenix and into Glendale. This route would have the benefit of providing direct connection to Sky Harbor Airport, but would also require considerable collaboration with the City of Phoenix.

Mr. Basha said the TMP addresses paved multi-use paths and unpaved trails outside the McDowell Sonoran Preserve. A list of potential projects throughout the city have been identified and designated as high, medium, or low priorities.

Commissioner Hill inquired about plans to accommodate the additional traffic that will come from the increased density occurring in downtown Scottsdale, saying that visitors do not want to get stuck in traffic. Mr. Basha responded that each project requires a traffic impact analysis and improvements to mitigate their impact. McDowell Road is significantly under capacity and can accommodate the apartments being constructed along it. The same is true of Scottsdale Road south of downtown. The goal of the Transportation Department is to provide a much more comprehensive multi-modal system, which is necessary to accommodate envisioned growth. The new trolley and bus routes speak to this system, and bus frequency on many existing routes will have to be substantially increased.

Commissioner Hill asked whether rail is an inevitable solution. Mr. Basha responded affirmatively. Commissioner McCreary noted that light rail has met with considerable opposition in the past in Scottsdale, and inquired whether that has lessened recently. Mr. Basha acknowledged that there has been strong opposition in the past, especially during the development of the 2008 TMP, but there has been some change of opinion in the community. A vocal minority is strongly opposed to light rail, but a majority of Scottsdale residents would prefer some sort of rail option, whether it be light rail or modern streetcar.

Chairman Scholefield asked whether any other rail route options existed before the three presented options were decided upon. Mr. Basha explained that approximately a dozen routes were contemplated, five of them for a considerable amount of time. Chairman Scholefield noted that none of the options extend north of Camelback. Mr. Basha said there was discussion about extending a route much farther north, but the Transportation
Commission opted to limit rail service to downtown Scottsdale at this time. He noted that it will be 20 to 30 years before any of the routes could be constructed, giving plenty of time for modifications. All of the routes have potential for future expansion. There is no intention to build more than one route into Scottsdale at this time, since coverage and cost are limiting factors. There could eventually be some combination of the three alignments.

Chairman Scholefield suggested that instead of the express bus stopping at the Thunderbird Park and Ride, it should continue up the Scottsdale Corridor to Kierland Commons. Mr. Basha explained that such an extension was considered by the Transportation Commission, but dropped because it would overlay existing service. Commissioner Grupp said the point of interest for visitors would not be the Park and Ride but Kierland Commons and the Scottsdale Quarter. They will probably not want to make another connection by bus. Mr. Basha agreed that such a connection would be more logical for tourism, but the dominant travel along this stretch of Scottsdale Road is for commuters, and the Airpark is a prime destination for them. The Airpark is experiencing parking deficiencies, which the proposed route would help alleviate.

Commissioner Hill felt that adding an extra stop at Kierland Commons could make sense from an economic impact perspective. Mr. Basha encouraged the TDC to formulate their own recommendation regarding the Transportation Master Plan. The document will not go before City Council until late April or early May. Chairman Scholefield requested an agenda item to discuss a possible recommendation before the City Council work study session in late March or early April.

Commissioner Grupp requested an update on the funds reallocated from the Hospitality Trolley to the Downtown Trolley. Mr. Basha reported that the Downtown Trolley has experienced a 40% increase in travel since switching to ten-minute frequency. Approximately one third of Downtown Trolley riders come from other U.S. states, and another third come from Canada. Nearly 90% of riders report that they are seeing more of Scottsdale, are spending more money, and would likely return because of the trolley. Riders are surveyed the first week of every month. Commissioner Grupp inquired about the length of the financial commitment. Mr. Basha said it has to be approved by the City Council with the budget on an annual basis. The survey is conducted to ensure that the ridership consists primarily of tourists.

8. Western National Championship Event Bid Proposal

Mr. Geiogamah requested that the TDC evaluate a resolution outlining Scottsdale's intent to support WestWorld's proposal to attract a National Cutting Horse Association national championship event. They are requesting $30,000 per year for two years in direct support. It is expected that 800 room nights would be generated. The potential bed tax value related to the room nights is $9,700 and the total economic impact is expected to be $2.7 million.

Brian Dygert, WestWorld General Manager, said the City's NCHA bid was made in June of 2015 and has been open ever since. This is one of five shows the NCHA puts on each year. It is currently being held in Denver, Colorado for two weeks in May. If the contract is solidified, the event would start next spring and run for two years with three one-year renewals. Participation comes from 25 states and there is a trade show
component. The TDC’s event funding support would be added to Scottsdale’s bid in an effort to get a final commitment and contract.

Commissioner Hill queried the status of the bid. Mr. Dygert explained that he had a conference call with NCHA two weeks ago to discuss specific line item costs and the possibility of event funding. He expects a final decision to come in March. Scottsdale is competing with Fort Worth and Denver. Chairman Scholefield asked if the TDC could do anything more to help the bid. Mr. Dygert said additional letters from the Commission, Mayor Lane, and Rachel Sacco would be helpful.

Commissioner Grupp inquired whether the money would be used to market the event. Mr. Dygert said he does not know how they intend to use the money. The money could potentially be used to offset the higher cost of shipping cattle to Scottsdale. The NCHA does highly market their events. Mr. Geiogamah added that if City Council approves the TDC recommendation, and WestWorld is successful in their bid, staff would meet with the producers to discuss contract deliverables, which would return to the TDC for a recommendation. Deliverables could include marketing objectives. Commissioner Grupp suggested that Scottsdale’s branding be worked into the marketing agreement.

COMMISSIONER HILL MOVED TO RECOMMEND SUPPORT OF THE NCHA WESTERN NATIONAL CHAMPIONSHIP EVENT BID PROPOSAL IN THE AMOUNT OF $30,000 PER YEAR FOR TWO YEARS TO COME FROM EVENT DEVELOPMENT FUNDS. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). VICE CHAIRMAN HIROSE WAS ABSENT.

9. FY2016/17 Bed-Tax Tourism Budget

Mr. Geiogamah outlined the budget proposal that will be presented to City Council, including a summary of revenue and expenditures, tourism-related capital projects, event retention and development allocations, carryover and research related expenses. In response to an inquiry from Commissioner Dillenbeck on the Museum of the West, Ms. Guillory explained that the proforma reflects amounts committed for the project, even those not spent in the year shown.

Chairman Scholefield noted that the estimated carryover balance of $2.445 million is a 75% drop from the prior year, which is a reflection on the quality ideas that have been brought forward for consideration on the expenditure of that fund.

Karen Churchard reviewed some of the expenditure requests for FY2016/17. A $520,000 expenditure would help address ambient lighting in downtown, which would solve some ongoing issues and also help with festivals and events. About $300,000 would be spent on event activation in downtown in three different components: to upgrade the holiday experience, to support Western heritage events, and to activate the canal banks at the Waterfront.

Chairman Scholefield questioned whether the ambient lighting should be considered a tourism expense instead of a General Fund expense. Seasonal lighting makes more sense. He also felt that the initiatives should target the feeder markets north of downtown along Scottsdale Road. Ms. Churchard felt that the ambient lighting enhances the downtown from a tourist perspective. The Tourism Advisory Task Force
has specifically targeted downtown activation as a goal. Chairman Scholefield stated that he would need more information on these proposals before he would feel comfortable approving these expenditures. It is important to activate downtown, but to do so in isolation make little sense.

Commissioner Hill said adding electrical outlets to the street lights would make it easier to hold events there without bringing in generators. This would create more event opportunities there. Ms. Churchard agreed that that is the intent. She clarified that this proposal would only add electrical outlets and conduits to the existing street lights in the Main Street/Fifth Avenue area, not add new lights. Chairman Scholefield suggested tabling this request until the TDC has had an opportunity to review the proposal. It should be added to the April agenda.

10. **TDC Work Study Agenda**

Steve Geiogamah presented a proposed agenda for the March work study session. The focus will be on events. A facilitator will lead the majority of the conversation. No action can be taken, but the meeting will provide an opportunity to have conversations on different activations being considered.

Commissioner Hill suggested revisiting the possibility of allowing vehicles in the Preserve. Commissioner Bailey requested an overview of the Task Force's recent activities and objectives.

**COMMISSIONER HILL MOVED TO APPROVE THE AGENDA AS AMENDED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). VICE CHAIRMAN HIROSE WAS ABSENT.**

11. **Tourism Development Commission Proposed Bylaws Update**

Chairman Scholefield noted that the time commitment required for the Chair and Vice Chair was considerable, and requested the ability to recognize Past Chairs on meeting minutes. Past Chairs would not preside over meetings in the absence of the sitting officers, but would be able to attend meetings and represent the Commission. No other changes to the bylaws are proposed. Bill Hylen said the bylaws could specify that the Chair, Vice Chair, or Past Chair could attend meetings. It could be done by motion, and does not necessarily require a bylaw change. Mr. Geiogamah explained that this item is for information only at this point. It can return for a potential vote at the April meeting.

12. **Public Comment**

Sandy Schenkat expressed concern about the street lighting in downtown Scottsdale. The current system, which relies on exposed wires crossing over to buildings, creates a hazard and looks terrible. She implored the TDC to make money available for some necessary upgrades. Main Street and Fifth Avenue are in dire straits, and unless something is done soon, more tenants will be lost and the area will become blighted. Gallery owners feel the Celebration of Fine Arts hurts their business. Sixty galleries have gone out of business since 2008. Something needs to be done during the current season.
13. **Identification of Future Agenda Items**

Mr. Geiogamah reviewed the March agenda items, which include the bed-tax stabilization policy and the special events ordinance.

Next regular meeting is scheduled for March 15, 2016.

**Adjournment**

The meeting adjourned at 9:32 a.m.

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