1. **Call to Order/Roll Call**

Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m., and noted the presence of a quorum.

2. **Approval of Minutes**

   - May 17, 2016 Regular Meeting

**COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE MAY 17, 2016 REGULAR MEETING AS PRESENTED. 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 Report**

Steve Geiogamah reported that bed tax collections are up 9% for business activity in April. Year to date collections are up 1%. Restaurant tax collections are up 11% for April, and 5% YTD. Miscellaneous retail sales are up 7% for April and up 8% YTD. By hotel classification, resorts are up 4.8% YTD, and limited properties are up 4.3%. Full service hotels are down 4.8%.

Vice Chairman Hirose noted that the numbers do not fully reflect what a good year Scottsdale is having this year because the Super Bowl inflated last year's performance.

b. **Bed Tax Proforma**

Mr. Geiogamah highlighted changes to the proforma. Events entering the final year of their contracts are now more clearly denoted. The proforma now indicates areas where City Council decisions are still pending. All spends on the Event Funding Program have been updated. Bed tax expenditures approved by City Council were allocated in the FY2016/17 budget.

Vice Chairman Hirose reiterated the importance of proactively passing the bed tax stabilization fund so that Scottsdale tourism would be prepared to respond in the event of an emergency.

c. **Smith Travel Report**

Mr. Geiogamah reported that the average daily rate is up 1.6% over 12 months, while revpar is up 2.4%, and occupancy is relatively flat. In terms of occupancy, seven of the past 12 months have been down.

d. **Program Updates**

Mr. Geiogamah stated that the Fiesta Bowl Rugby Event met all contract requirements, and a little under $74,000 in funding has been dispensed. The producer is evaluating whether to continue the event next year. The Special Event User Guide was forwarded to stakeholders for comment on June 7. Karen Churchard added that the first edition of the guide will be released on July 1, and a second edition will be released fairly quickly thereafter once public feedback has been processed.

4. **New Event Development Program**

Mr. Geiogamah presented the New Event Development Program Guidelines for TDC approval.

COMMISSIONER HIROSE MOVED TO APPROVE THE NEW EVENT DEVELOPMENT GUIDELINES AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.
5. **Final Four Tournament Sponsorship**

Chairman Scholefield and Commissioner Hill recused themselves from this discussion.

Mr. Geiogamah stated that the Final Four Tournament is requesting $150,000 in event funding support. Stephanie Jarvis said the Phoenix Local Organizing Committee is a 501 (c) (3) that has been tasked with hosting the Final Four, along with the NCAA. The mission is to promote economic development, charitable giving, and Arizona as the premier destination to host all future mega-events through the platform of the NCAA Final Four.

Kyle Hedstrom said the 2017 event will be the first Final Four ever hosted in Arizona, and the first on the West Coast since 1995. Only ten cities have the capability of hosting the Final Four as the criteria include a domed stadium with over 60,000 seats. NCAA estimates that the event will generate approximately $130 million in economic impact to Arizona through the weekend.

Ms. Jarvis reviewed the benefits that will be provided to Scottsdale in exchange for their commitment. In terms of lodging, 1,000 room nights will be guaranteed in Scottsdale, including the bulk of the high dollar visitor room blocks. The organizing committee will work with the SCVB to encourage sponsors, alumni, and other groups to use Scottsdale hotels and resorts for the games. The SCVB has been included in the planning and execution of NCAA site visits and venue tours. The use of Scottsdale venues and restaurants has been emphasized to the NCAA, Turner Broadcasting, and corporate partners throughout the process.

Mr. Hedstrom said direct links to the City of Scottsdale and the SCVB website will be available on the host website. The SCVB will write a blogpost promoting things to do in Scottsdale. Scottsdale will receive invitations to exclusive events. Ms. Jarvis noted that the games stretch over a 36-hour span, which will encourage people to spend time in and around the Valley on Saturday night and Sunday. Most attendees stay for a minimum of four nights.

Commissioner McCreary felt 1,000 room nights was a modest amount. Ms. Jarvis explained that there will likely be many more room nights, but it would be difficult to guarantee more than 1,000 without being able to control room blocks directly. About 6,000 are expected in the official block for the Valley as a whole. Typically, once fans are accounted for, the numbers are much higher.

Vice Chairman Hirose noted that the College Football Championship Game did not produce the expected numbers, which is why the TDC is concerned about the limited number of room nights expected for Final Four. Ms. Jarvis responded that while the actual results depend partially on which teams make the Final Four, the event has typically drawn well. The event is well established and some people attend the Final Four every year, regardless of who is playing. About 25,000 people will be able to get tickets through the random seat selection process and will be notified of their status in August. The College Football Playoff model was new when it was held in Arizona, and
in future years should draw more people who are not specifically fans of the participating teams as it becomes more established.

Commissioner Dillenbeck inquired about plans for using complimentary tickets for the benefit of the City. Mr. Geiogamah responded that in the past, when the City has received such tickets, staff has worked with other departments to try to maximize their benefit.

Commissioner Bailey asked where the teams are planning to stay. Ms. Jarvis said the NCAA decided that all teams will stay in the downtown Phoenix area. Since basketball teams are much smaller than football teams, they have a smaller impact on hotel stays.

Vice Chairman Hirose recommended that staff develop some guidelines for how this particular sponsorship package is used. He queried about the offers to other cities in comparison. Ms. Jarvis explained that requests from municipalities are based on a formula. In the case of Scottsdale, however, the sponsorship request is for about half of what the formula suggested it should be. Scottsdale is unique in that requests for funding must come before the TDC and the City Council, and certain deliverables are required in return, whereas other cities only require approval from their CVBs. It is difficult to compare proposals directly because of these differences, but she said Scottsdale is getting a good deal. Mr. Hedstrom noted that the proposal to Scottsdale also includes benefits that cannot be offered to corporate sponsors.

Vice Chairman Hirose inquired whether Phoenix would be able to restrict the number of events that are held outside their city. Ms. Jarvis explained that it is up to the NCAA and the networks to decide where their events are held, but noted that Phoenix is the only city with facilities expansive enough to accommodate some of the larger events. In terms of the corporate/private events, the organizing community has been trying to push Scottsdale venues that are capable of handling them. The Arizona Final Four is being pushed with a spring break theme, and people are expected to stay longer than they usually would this year. Vice Chairman Hirose requested that any additional golf tournaments proposed for Final Four weekend be held in Scottsdale.

Mr. Geiogamah clarified that about $1.2 million is available in the New Event Development Fund.

**COMMISSIONER BAILEY MOVED TO APPROVE UP TO $150,000 FROM THE NEW EVENT DEVELOPMENT FUND IN SUPPORT OF THE NCAA FINAL FOUR TOURNAMENT. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ZERO (0), WITH COMMISSIONERS SCHOLEFIELD AND HILL BOTH RECUSING THEMSELVES. COMMISSIONER GRUPP WAS ABSENT.**

6. **Transportation Master Plan**

Chairman Scholefield stated they have seen a number of presentations from Transportation Director Paul Basha regarding the Transportation Master Plan and it was brought to his attention that the TDC hadn't yet made a motion regarding the plan.
Chairman Scholefield felt it would be appropriate for the TDC to consider a motion on the Transportation Master Plan, which will go before City Council in July. Commissioner Hill noted that a request was made to leave light rail out of the discussion, even though approximately 95,000 workers commute to Scottsdale each day, and 87% percent of the workforce live outside city limits. Commuter traffic adds to Scottsdale transportation problems. New apartments being built in Scottsdale are already changing the community and will further exacerbate the traffic issues. Tourism as an industry is very delicate, and negative impacts like traffic gridlock can make tourists choose other destinations. They could also decide to simply stay at their resorts rather than experience the destination as a whole, and this will lessen the total economic benefit of tourism to Scottsdale. To exclude a major transportation option from consideration may not be the wisest course of action. Light rail may not be the best or the only solution, but it has worked well in other communities, and should at least be discussed as an option.

Commissioner Bailey concurred, adding that to take light rail off the table without discussion would be short-sighted. Tourists are always asking about convenient transportation from the airport to Scottsdale, and those options are currently very limited. Vice Chairman Hirose said comparable destinations around the world have good transportation systems in place. City Council should look into all the available options.

COMMISSIONER HILL MOVED THAT THE TDC, WHOSE MANDATE IT IS TO SUPPORT THE GROWTH OF TOURISM, BELIEVES THAT ALL OPTIONS SHOULD BE EVALUATED TO DETERMINE THE OPTIMAL COURSE OF ACTION. IN THE CASE OF THE TRANSPORTATION MASTER PLAN, ELIMINATING OPTIONS MAY POTENTIALLY HAVE AN ADVERSE IMPACT ON THE FIVE-YEAR STRATEGIC TOURISM PLAN APPROVED BY CITY COUNCIL. THE TDC THEREFORE REQUESTS THAT CITY COUNCIL EVALUATE ALL TRANSPORTATION OPTIONS, INCLUDING THOSE PREVIOUSLY REMOVED FROM THE TRANSPORTATION MASTER PLAN, SO THAT A THOROUGH DETAILED REPORT CAN BE CREATED FOR THE CITY COUNCIL FINAL REVIEW AND CONSIDERATION. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

7. **Tourism Development and Marketing Strategic Plan Funding Request**

Karen Churchard, Tourism and Events Director, presented a funding proposal for the Tourism Development and Marketing Strategic Plan. The Tourism Advisory Task Force unanimously voted to recommend that the TDC move forward with the plan. In 2013, the TATF was formed and was allocated $625,000 in initial funding. That money was expended earlier this year. An Event Working Group discussed several initiatives that they would like to move forward on, provided that additional funding is made available. The money could be used to:

- Work with an advertising agency to further develop and market Scottsdale in the metropolitan Phoenix area
- Create event production strategies and marketing campaigns for holiday and Western heritage themed events in downtown Scottsdale
- Promote transportation, parking and the free trolley in downtown
- Implement a general event parking plan for downtown
• Develop a signature event for either September or November of 2017

Ms. Churchard requested that the TDC authorize $745,000 from the carryover fund to be utilized for the five-year strategic plan. If approved, this proposal would go before City Council at an August meeting.

Vice Chairman Hirose asked whether bed tax money would pay for the entirety of the parking plan development initiative. Ms. Churchard explained that the request is for $40,000 to come from the bed tax fund to develop a parking plan that could be used for small or large events. Commissioner Dillenbeck asked why it would not come from the Transportation budget instead, since it seems like a transportation issue. Ms. Churchard responded that it actually is an events issue since the Tourism Department is proposing this idea as a way to make it easier to hold events in Scottsdale. Currently each event has to come up with its own parking plan; consequently there is no consistency between events. Additionally, the City has a better idea of how downtown parking and transportation services works than event producers do, and are better positioned to develop an efficient plan that works in all situations.

Commissioner Hill supported the idea of developing a parking plan for spring training games since tourists find the current situation very frustrating. Ms. Churchard noted that most event plans highlight Indian School Road as the primary way to access downtown, even though there are many other options available that if used could ease event day congestion. A consistent parking plan could also be promoted regularly so that the public has a better idea of what to expect when an event occurs in downtown Scottsdale.

Vice Chairman Hirose felt that $40,000 was a lot of money and argued that the scope of the plan seemed to extend beyond just events. Ms. Churchard explained that the descriptor was added to explain how the parking plan would tie into the broader strategic plan, but it will be specifically tailored to deal with event-related parking.

Mr. Geiogamah clarified that should this allocation be approved, the bed tax carryover fund would be reduced to about $800,000, based on proforma estimates. Some unallocated funds will still need to be trued up at the close of the fiscal year.

COMMISSIONER BAILEY MOVED TO RECOMMEND BED TAX FUNDING UP TO $745,000 FROM CARRY-OVER FUNDS IN SUPPORT OF THE TOURISM DEVELOPMENT AND MARKETING STRATEGIC PLAN FUNDING REQUEST. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

8. Public Comment

There were no public comments.

9. Identification of Future Agenda Items

The next scheduled meeting is July 19, 2016. Possible agenda items include TDC working group updates, an International Visitor Committee update, and a report on the
Tourism Plan. Vice Chairman Hirose requested a report on the trolley survey. Commissioner Hill suggested an update on the WestWorld marketing plan. The Commission agreed to cancel the July meeting if no pressing matters arise.

**Adjournment**

The meeting adjourned at 9:03 a.m.

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