Call to Order/Roll Call

Vice Chairperson Hirose called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m. and noted the presence of a quorum.

Approval of Minutes

- October 18, 2016 Regular Meeting

COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE OCTOBER 18, 2016 REGULAR MEETING AS PRESENTED. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). CHAIRPERSON SCHOLEFIELD WAS ABSENT.
3. **Reconsideration of Funding Recommendation for CRUSHBREW Festival Event**

Vice Chairperson Hirose recused himself from this discussion.

Steve Geiogamah stated that in October, the Commission agreed to allocate $5,000 in New Event Development funding to the CRUSHBREW Festival. Event producers had requested $35,000. He explained that the guidelines approved by the Commission in June 2016 require that New Event Development funding recommendations fall between $30,000 and $75,000. As a result, this matter has been brought before the TDC for reconsideration. Three options are available to the TDC:

1) Approve the requested $35,000
2) Not approve any amounts
3) Approve a different amount between $30,000 and $75,000

Mr. Geiogamah noted that the TDC has received an evaluation report examining the value of the event. Staff has reviewed the proposal to confirm that it meets all the guidelines and criteria for new event development, and that it does not violate the gift clause.

Commissioner Ashmore said he initially supported this event because he felt it would draw new business and traffic to the downtown area, but he has since learned there is a similar event being held at the same time, Arizona Beverage Week. He now feels that attendance will not be high enough to support either the $35,000 request or the $30,000 minimum. This allocation will not benefit the taxpayers as much as it could if expended elsewhere.

Commissioner McCreary inquired about sponsorship support for CRUSHBREW. Mr. Geiogamah responded that they have currently secured about $20,000 of their $100,000 goal. Commissioner Hill said CRUSHBREW is a very well organized and produced event that should be welcomed in Scottsdale. She proposed allocating $30,000, saying that hosting similar events shows creativity, and that having multiple events in one area could draw more people.

Commissioner Grupp said it would be difficult for him to support this much funding to an event that is being held during the peak season. The amount of room nights generated is insufficient to justify the allocation. Commissioner Hill countered by saying that the funds are available, and if left unexpended could become targeted for other uses besides stimulating the economy. Commissioner McCreary said CRUSHBREW seems to him to be more commercial than other events that the TDC has funded in the past. Commissioner Ashmore said the main problem he has with similar events downtown is that the attendees will already be downtown spending money. It will not draw anybody new to the area.

**COMMISSIONER HILL MOVED TO RECONSIDER FUNDING IN THE AMOUNT OF $30,000 FOR THE CRUSHBREW FESTIVAL. COMMISSIONER DILLENBECK SECONDED. THE MOTION FAILED BY A VOTE OF TWO (2) TO THREE (3), WITH COMMISSIONERS ASHMORE, GRUPP AND MCCREARY DISSENTING. VICE CHAIRMAN HIROSE RECUSED HIMSELF. CHAIRPERSON SCHOLEFIELD WAS**
ABSENT. AS A RESULT OF THIS VOTE, CRUSHBREW WILL NOT RECEIVE EVENT SUPPORT FUNDING.

4. Downtown Trolley Update

Paul Basha, Transportation Director, stated that the Downtown Trolley began running at ten-minute intervals late October of 2015 using hotel bed tax funds. Staff has now had the opportunity to analyze one full year’s worth of ridership data. In March of 2015, the TDC opted to discontinue the Day Tripper and the Scottsdale Road hotel trolleys. Staff recommended instead that $300,000 in bed tax revenue be used to help fund the Downtown Trolley, while transportation sales tax revenue would fund another trolley connecting Scottsdale Fashion Square with Scottsdale Community College. The TDC recommended against this idea, but the City Council approved it and it was implemented last fall.

Mr. Basha said the survey was conducted for eight months and involved approximately 800 riders in 40 different periods. Approximately 7% were from outside the U.S. and Canada, while 16% were from Canada. Less than half were from states other than Arizona. About 10% were from Arizona outside of Scottsdale, and most of these were from Phoenix. Roughly one quarter of riders were Scottsdale residents.

The survey also showed that 92% of riders were engaged in tourist activities. Approximately 7% were using the trolley for work purposes, and a small percentage for other purposes. Fashion Square, as the starting point, was by far the most popular stop. Many people were riding the trolley simply to see downtown. The Main Street Old Town and Museum of the West stops were among the more popular. Most frequently, people learned about the trolley by word of mouth and street signs.

Mr. Basha compared three months of peak season data for the Downtown Trolley with the Day Tripper's three-month schedule. The downtown trolley had double the total number of riders as the previous Day Tripper, and had between 2.5 and 3 times as many tourist riders as Day Tripper did. Considering the total cost of the trolley compared to the number of riders, the Day Tripper was over $13 per rider, while the Downtown Trolley was over $2 per rider. Per tourist rider, the Day Tripper cost $18, whereas the Downtown Trolley was approximately $2.50 per tourist. When compared to all of the buses and trolleys in Scottsdale, the downtown trolley with ten-minute frequencies, was slightly under $3 per rider, whereas the average of other agencies was $3.50 per rider. Trolleys run by other agencies in downtown Scottsdale averaged $2.56 per rider.

Commissioner Grupp inquired about the data as compared to other comparable cities in the U.S. Mr. Basha responded that it would be difficult to compare cities because the type of service offered varies dramatically from location to location. Generally speaking, service provided in Scottsdale is superior to many other locations in North America, in that more money than average is spent to encourage tourism.

Mr. Basha said staff recommended three criteria to be used when evaluating the trolley:

a) That ridership exceed 700 per day
b) That the cost per rider be less than the citywide bus/trolley average
c) That the percentage of Scottsdale hotel guests riding the trolley exceed 60%
Mr. Basha reported that actual peak daily ridership was much lower than anticipated. The percentage of visitors staying in Scottsdale hotels was about 34%, but many tourists interviewed were uncertain of what city they were staying in exactly. A number of riders were visiting family and friends who reside in Scottsdale. Considering this percentage, he felt the real measure should have been the number of riders engaged in tourist activities.

Commissioner McCreary inquired whether any changes were anticipated for the program next year. Mr. Basha explained that a fifth trolley was added for the current fiscal year that ends in June of 2017. It is a morning express trolley that connects the downtown remote parking areas to the high employment centers.

Vice Chairperson Hirose said the data showing that 92% of users were engaged in tourist activities was encouraging. He felt the trolley would benefit from a more streamlined route that focused on Scottsdale Road. Most attractions are within two blocks of that street and the route would be easier for tourists to understand. This could also potentially reduce the number of trolleys required to service 10-minute intervals. Mr. Basha explained that the current route was designed by committee and he agreed it is circuitous. Some tourists rode the entire route without getting off, which suggests that they were afraid of getting lost somewhere. Staff is considering a proposal for two separate north/south routes running on Marshall Way and Brown Avenue. Other ideas that have been suggested are to have only an east/west trolley running along Main Street, or a trolley only running on Fifth Avenue and Stetson Drive. The main problem with routes on single streets is that turnarounds can dramatically affect the schedule.

Vice Chairperson Hirose felt the Museum of the West would make a good turnaround point. He inquired about the possibility of making the change prior to the peak season rather than waiting nine months. Mr. Basha said the route could be altered, but dramatic changes can cause problems. This is an exceptional route, however, considering its tourist focus. Karen Chuchard added that staff will be printing the annual downtown directory in the next few weeks, which will include several trolley maps. A smaller printing run could be done initially, while a second run covers the rest of the year once the route changes are made, but this approach will likely cost more.

Vice Chairperson Hirose inquired about the possibility of reducing the amount of money required from the bed tax fund for this project. Mr. Basha explained that it would be difficult to justify using transportation funds to cover the whole of the downtown trolley because it is an ancillary transportation service. It seems more reasonable to use hotel bed tax monies for a primarily tourist-oriented trolley route. Using only transportation sales tax money would also require other trolley routes around the city to be discontinued at a time when there is considerable pressure to increase such services. Vice Chairperson Hirose inquired about the viability of establishing a connection between downtown Scottsdale and Scottsdale Quarter. Mr. Basha said in 2018, a limited service express shuttle is scheduled to begin running between downtown Scottsdale and the Thunderbird Park & Ride lot. Adding a stop to this route would have both positive and negative consequences.
5. **Experience Scottsdale First Quarter Performance Measures Report**

Rachel Pearson reported that the Scottsdale Convention and Visitors Bureau is changing its name to Experience Scottsdale. Major placements will begin in January, including TV commercials and transit station dominations in New York and Chicago. The holiday campaign is now in its fifth season and a whole host of new offerings are being included this year. The Second Annual Scottsdale Sonoran Fam Tour recently brought in 17 meeting planners and one journalist. Travel Classics West provides an opportunity to expose Scottsdale to freelance writers and travel editors.

Most of the performance measures are on track. Those that have fallen behind are mostly due to timing issues. The convention sales and services team is on track to meet its performance measures in leads, bookings and room nights generated. The communications team is meeting its goals for article generation. The tourism team is connecting with travel agents and tour operators.

6. **Manager Reports**

   a. **Staff Bed Tax Report**

   Steve Geiogamah reported that bed tax revenue for the month of September was up 34%, which is one of the biggest gains since the bed tax increase. Restaurant sales tax collections were up 6%, while miscellaneous retail sales tax was up 8%. All year to date numbers are up as well. Commissioner Ashmore said part of the explanation for the dramatic increase is that a large group that normally meets each October in Scottsdale moved their meeting date to September for this year only. This impacted six or seven big hotels. There has also been a 15% influx in leisure travel. Vice Chairperson Hirose noted that two Jewish holidays that are normally soft travel periods fell in October this year instead of September.

   b. **Staff Bed Tax Classification Report**

   Mr. Geiogamah said resorts were up 18% post-classification change and 21% pre-classification. Limited properties were up 13% post and up 12.4% pre-change. Full service properties were up 7.3% post, and up 7.1% pre change.

   c. **Bed Tax Proforma**

   Mr. Geiogamah summarized that the proforma now reflects updates, including actuals, event funding allocations, and recent City Council recommendations related to event funding. The WestWorld Municipal Use Master Site Plan funding recommendation will be presented to City Council on November 28.

Vice Chairperson Hirose noted that the TDC agreed to share half of the $300,000 cost for the WestWorld Municipal Use Master Site Plan, but now that proposed allocation could be higher. Mr. Geiogamah clarified that in addition to the TDC's recommendation of $150,000, City Council is considering drawing the full amount from the bed tax fund. Vice Chairperson Hirose reiterated his belief that WestWorld benefits interests beyond just tourism, and felt the costs should be shared accordingly.
d. Smith Travel Report

Mr. Geiogamah summarized that the average daily rate was up 1.6% over a 12-month period. Revpar was up 2%, and occupancy was flat. For the group market, ADR was up 2%, revpar was flat, and occupancy was down 1.6%.

e. Program Updates

Mr. Geiogamah reported that the Special Event Sign Ordinance Open House is scheduled for December 6 and 7 for initial public feedback regarding criteria for special event signage. Cheryl Sumners, Events Manager, added that the Planning Department will handle temporary and semi-permanent signs, while Tourism will take special event signs. This ordinance will reduce current restrictions on sign placement and processes.

Mr. Geiogamah noted that City Council received an update regarding the Civic Center Mall and moved forward with initiating the Municipal Master Use Site Plan. On November 28, City Council will hear a status update regarding the Desert Discovery Center. Public meetings will be held on the DDC on November 30.

Ms. Churchard announced that the Scottsdazzle Tree Lighting Ceremony is on Friday, November 25 at Soleri Plaza. Commissioner Dillenbeck inquired about the merchant response to Scottsdazzle. Ms. Churchard explained that merchants are extremely pleased that the City is stepping up to promote the event, and the hotels have been very enthusiastic supporters, though website deals have been slow to materialize so far. Many associations will be discussing Scottsdazzle in their meetings this week.

7. Public Comment

There were no public comments.

8. Identification of Future Agenda Items

The next scheduled meeting is December 20, 2016. Possible agenda items include a presentation by Mike Fox on marketing the Museum of the West, a review of the draft work study agenda, and new criteria for event development. Commissioner Dillenbeck said the TDC was supposed to hear recommendations for funding the Tourism Strategic Plan Update. Ms. Churchard responded that this issue will be presented in either December or January. Vice Chairperson Hirose requested updates on the trolley route changes when they become available. Commissioner Ashmore asked for a follow-up report on the Food and Wine Festival.

Adjournment

The meeting adjourned at 9:04 a.m.

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