CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING

Tuesday, December 20, 2016

Kiva Forum - City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES

PRESENT: David Scholefield, Chairperson
Ren Hirose, Vice Chairperson
Frank Ashmore
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary

STAFF: Steve Geiogamah
Brent Stockwell
Carmen Williams

GUESTS: Wendy Springborn, Parada Del Sol
Don Chiappetti, Parada Del Sol
Bruce Weber, Thunderbird Field II Veterans Memorial, Inc.

1. Call to Order/Roll Call

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

2. Approval of Minutes

• October 18, 2016 Regular Meeting

Mr. Geiogamah noted an addition on the WestWorld Master Plan Update.

COMMISSIONER DILLENBECK MOVED TO APPROVE THE RECONSIDERED MINUTES OF THE OCTOBER 18, 2016 REGULAR MEETING AS AMENDED. VICE CHAIRPERSON HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).
November 15, 2016 Regular Meeting

Commissioner Ashmore clarified his statement on Arizona Beverage Week, but said he had not changed his position.

**VICE CHAIRPERSON HIROSE MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 15, 2016 REGULAR MEETING AS AMENDED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). CHAIRPERSON SCHOLEFIELD RECUSED HIMSELF.**

3. **Annual Planning Work Study Session**

Mr. Geiogamah announced that the Annual Planning Work Study Session will take place on February 21 at 8:00 a.m. at SkySong. This meeting will last about three hours and allow the Commission to delve deeper into action items being considered for next year. The focus will be on events, but other topics can be considered as well. The Commission will review the establishment of event criteria and measurements and follow-up on the event audit. A review of the tourism-related capital project evaluation process will be conducted as well.

Chairperson Scholefield requested that Commissioners review the draft agenda and submit any additions before it is approved in January.

Commissioner Ashmore requested a discussion on the sources of marketing funding that events receive apart from the City of Scottsdale. Vice Chairperson Hirose proposed an overview of large events that are being proposed for Scottsdale. Commissioner Hill felt that establishing an evaluation process for approving or denying capital project funding requests should be the top priority of the meeting.

Commissioner Grupp asked whether the meeting was capped at three hours. Following a brief discussion, the TDC opted to schedule a four-hour meeting.

4. **New Event Development Program Guidelines**

Mr. Geiogamah stated that guidelines for the New Event Development Program are typically reviewed in the spring. These guidelines are used to evaluate event funding proposals. He noted minor changes that have come up due to recent market activity, as well as recommendations and comments from the TDC and the Event Working Group. The focus of the changes are considering using marketing promotional value as opposed to a direct funding match, application deadlines, usage of event funds, and location of eligible events.

Chairperson Scholefield proposed that the TDC wait until the work study session in February to include guideline changes as part of that evaluation. Commissioner Ashmore said he would be okay with approving the document today as long as more could be added in February.
Commissioner Hill inquired whether other destinations ask event producers to provide event budgets that include estimated revenue and expenses. Mr. Geiogamah responded that he has seen it on some other applications, but this request came from City Council, and already exists in some of the TDC’s other programs. Commissioner Dillenbeck felt the first bullet should be for pre-event marketing and promotion, and suggested that marketing and promotion value must equal sponsorship at a minimum, because the program should encourage events to spend as much as possible on promotions.

**COMMISSIONER DILLENBECK MOVED TO TABLE CONSIDERATION OF THIS ITEM UNTIL AFTER THE WORK STUDY SESSION IN FEBRUARY. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

5. **Parada Del Sol Event Agreement**

Steve Geiogamah said the City of Scottsdale is considering an agreement with Parada Del Sol, Inc. The request for TDC consideration is to support the agreement and provide $64,400 in bed tax funding for the event. Ordinance fees will also be waived as part of this agreement. He clarified that if this request is approved, the funding recommendation put forward by the Event Working Group in Agenda Item 7 would be withdrawn.

Wendy Springborn said the Parada Del Sol has existed for 64 years. It is a community-inspired heritage event. An upsurge in community support elevated the event a few years ago and it has become a much stronger event. The parade route being used today has been updated to include the Museum of the West, and mirrors the original route of the late 1950’s. Scottsdale branding was added to the official name. Merchant relations have been improved. A partnership was created with Scottsdale Unified School District to ensure that the schedule did not conflict with band schedules. The Equine Safety Plan was updated. Marshall Trimble has been named the Grand Marshall this year.

Don Chiappetti stated that the Parada Del Sol was in danger of extinction just a few years ago. Interest was waning and leadership was faltering. A small group of people who grew up in Scottsdale agreed to work together to save the event. Parada Del Sol captures the spirit of the West's Most Western Town. Short-term goals include developing a partnership with the City of Scottsdale so that participation in the parade and the Trails End Festival will be boosted and will better reflect Native American and Hispanic aspects of our history. The organizational structure, parade route and festival footprint are set. Private sponsorships have increased slightly. This is one of the oldest events in Scottsdale, and is something that families can enjoy for free.

Mr. Chiappetti said the long-term goals include developing the parade and festival as a destination event that could span multiple days and locations. The event could be a centerpiece for ancillary happenings and overall generate a substantial number of hotel bookings and consumer spending in the area. It could provide an attraction for group bookings as well.
Mr. Chiappetti requested $60,000 in bed tax funding and $4,400 to cover additional costs. The budget is $90,000 and relies heavily on personal favors being done to lower the costs. The money from the TDC will be used to offset some of the costs and grow the project, allowing for more and better parade entries. Parada del Sol used to be known as the longest horse-drawn parade in the world, but equine insurance costs have risen so high that it now consumes half of the budget.

Mr. Chiappetti explained that every aspect of marketing will feature the City of Scottsdale’s branding. Many volunteers are assisting with the planning and execution of the event. With favors included, the estimated promotional value is approximately $150,000.

Mr. Geiogamah reported that the City is considering a one-year agreement. The Task Force identified about $50,000 for Western Heritage week. This request is in addition to that amount and is intended to enhance and grow the event. The Bruce Skinner report shows that the event benefits meets the value associated with the request. The event also meets all event funding compliance requirements.

Commissioner Hill said there is no more worthy event than this one to give these funds to. It is a treasure to keep. She felt the event could be successfully promoted to international tourists looking for the flavor of the American West. She thanked the organizers for saving it. Mr. Chiappetti agreed that it could be a world-class event, as some of the volunteers have experience working with events of that scale, but smaller steps must be taken first.

Vice Chairperson Hirose said he was impressed with the Trails End festival and saw how it can appeal to both locals and tourists. The purpose of bed tax dollars is to bring more tourists to Scottsdale. He encouraged organizers to pursue promotional opportunities outside of the immediate area, including articles in travel publications. Ms. Springborn said she has met with Experience Scottsdale to explore some of these opportunities.

Commissioner Ashmore said it would help the TDC understand the full scope of Parada Del Sol to see the full budget without the favors. He encouraged organizers to secure noteworthy high school and college musical acts for the event, and offered his personal support in doing so.

Commissioner Dillenbeck said she admires the passion and energy of the organizers. She inquired whether the Parada Del Sol website and Facebook page would be changed to reflect Scottsdale’s branding and whether it would be displayed more prominently than other sponsors. Ms. Springborn confirmed that it would.

Commissioner McCready said it will be nice to see this event come back. He suggested reaching out to the Concierge Association. Commissioner Grupp said this is a perfect example of what this community should be doing in terms of leadership from the public. He suggested that Experience Scottsdale should be the connection point because it is the visitor resource. Mr. Geiogamah responded that should the agreement be approved, that would be included as a general contract term.
In response to an inquiry from Commissioner Grupp, Mr. Chiappetti explained that the Hashknife Pony Express will be the official kickoff of the Parada Del Sol, and they will also hold a meet and greet at the Museum of the West. Ms. Springborn added that people will be able to send mail to Holbrook to have it delivered to Scottsdale by pony express. Mr. Chiappetti stated that organizers will be working with Karen Churchard to develop ancillary events and happenings in conjunction with Western Week.

Mr. Geiogamah noted that normally events cannot be funded beyond 30% of their total budget, but this particular agreement is outside the normal program element. Bed tax funding would represent about 64% of the total budget, not including the unbudgeted favors.

**COMMISSIONER HILL MOVED TO RECOMMEND FUNDING FOR PARADA DEL SOL IN THE AMOUNT OF $64,400. COMMISSIONER DILLENECK SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).**

6. **Thunderbird Field Veterans Memorial Project**

Mr. Geiogamah presented a request for $412,500 in bed tax to support the Thunderbird Field Veterans Memorial Project. This had first been presented to City Council, who requested a review of possible funding source options.

Carmen Williams, Management Analyst at Scottsdale Airport, said in 2017, the existing terminal and adjacent aviation business center will be replaced by a new two-story aviation business center and two 30,000 square foot hangars. The airport will also be the site of a new memorial.

Bruce Weber said Thunderbird Field II Veterans Memorial project started more than two years ago. Thunderbird Field II was inaugurated in 1942 and was used to train over 5,500 American pilots over a two-year period. The primary trainer was the Boeing PT-17 Kaydet, and this plane will be used as the primary focal point of the memorial. Underneath the plane will be memorial plaques for the different branches of service. The Thunderbird Pilots Association will provide a list of pilots who trained at the field for inclusion in the memorial.

Mr. Weber stated that the goal is to make this memorial a destination for people within Arizona and outside the state. East Valley Institute of Technology, Embry-Riddle and ASU have committed their support for the memorial. The Zulu Caffé has expressed interest in adopting an aviation theme tying into the memorial. Events can be held at the second floor observation deck. Children will be able to learn about potential careers in aviation.

Mr. Weber said marketing and promoting the memorial is an important part of the vision. A 1940s swing dance will be the primary annual fundraiser to help raise money for Phases II and III, which will include the addition of interactive kiosks that teach about the history of the site, and a Stearman cockpit for visitors to experience. The volunteer group has the connection and experience to promote the memorial. This memorial could be the precursor to an aviation center. If the Pima Air Museum can be relocated to
Scottsdale Airport it would add to the attraction. The website www.tbird2.org is constantly being updated.

Ms. Williams said April 1, 2017 is a key milestone date, where the donor must have the entire cost of the aircraft committed or on deposit with the aircraft restorer. The donor is also responsible for covering the cost of the maintenance of the aircraft, which is estimated at $3,000 annually. The City will be responsible for the cost of landscaping services, utilities and insurance of the aircraft. Public Arts has committed $180,000 of public program funds for the overall terminal redevelopment project, but not necessarily specific to the memorial plaza. A proposed $412,500 would come from the tourism development funds to pay for the design and construction costs of the memorial shade plaza. The donor would provide the aircraft, estimated at $120,000 in value. Another $50,000 would cover the additional monument displays.

Commissioner Grupp asked why the aircraft would be suspended. He felt there would be more interaction with a plane located on the ground. Mr. Weber responded that suspension helps preserve the integrity of the aircraft. The interactivity would come from having a cockpit display added at ground level. Commissioner Grupp inquired about the possibility of having an indoor visitor center to accommodate events throughout the year. Mr. Weber said ideally the space would be enclosed, but the money is not available for that. If Zulu Caffé moves ahead with the aviation theme, this could serve as a sort of indoor museum.

In response to an inquiry from Commissioner Hill, Ms. Williams said the second floor of the new facility would house the restaurant and adjacent outdoor patio/banquet area overlooking the aircraft ramp areas. The banquet area would seat between 200 and 300 people. Commissioner Ashmore said the information about the space, how it is booked and who has access to it will be important for determining whether the space will be multi-faceted enough to be utilized by the community and funnel tourists to that area.

Vice Chairperson Hirose applauded the volunteers for organizing the memorial, but expressed concern that the proposal did not identify a substantial enough return on investment of bed tax dollars. The level of funding being requested matches the range of investments for mega-events such as the Super Bowl that have brought in thousands of visitors and provided many millions of dollars in media exposure for Scottsdale. The people who use Scottsdale Airport just want to fly in and out as quickly as possible, and he doubted that many people would visit Scottsdale simply to see the memorial. He felt funding from elsewhere in the City would be more appropriate. Brent Stockwell explained that $180,000 of the $600,000 memorial has been set aside to support the project, and the terminal is being funded by a $20 million bond. The portion of the terminal project related to public art is all being used in connection with the memorial, and the amount that can be used from Public Art has been exhausted. According to the Ordinance, the airplane does not qualify by definition as public art.

Mr. Weber responded that unlike mega-events, the memorial is not a one-time happening. The memorial will create a destination for people who want to honor the veterans, learn about aviation history, and understand more about current aviation and careers in the field. The organizers are not looking for charter traffic to provide any benefit. The cost is one time and cannot be postponed because the terminal has a finish date of April 2018. If the opportunity is not taken now, it will not come back.
Commissioner Grupp requested data on the percentage of overnight Scottsdale visitors who arrive through the Scottsdale Airport. He felt that more requests come in to use bed tax dollars on capital projects, it will be important for the TDC to start quantifiably measuring their ability to be used as tourism resources, since that money is to be expressly committed to tourism-related purposes. Chairperson Scholefield concurred and suggested that this topic be added to the work study session agenda.

Commissioner Dillenbeck inquired about cost overrides. Mr. Stockwell responded that the standard practice is to build in a contingency to handle cost overruns, though he was unaware if that had been done in this case. Commissioner Grupp asked whether the possibility existed to postpone a decision until after the TDC had a chance to discuss the proposal at the work study session. Mr. Geiogamah explained that in that case the item would have to be brought back in March, which would extend the timeline of the project considerably. Ms. Williams added that such a timeline would make it difficult for architects to proceed on a final design. Mr. Weber noted that the owner of the airplane is holding it for a decision to be made by Scottsdale.

Commissioner Grupp proposed holding a special meeting prior to the January regular meeting to discuss the project once the requested information was available. Mr. Geiogamah said that option is available should the TDC decide to take it.

VICE CHAIRMAN HIROSE MOVED TO NOT SUPPORT FUNDING THE PROJECT. COMMISSIONER DILLENBECK SECONDED. THE MOTION TO NOT SUPPORT CARRIED BY A VOTE OF FOUR (4) TO THREE (3), WITH COMMISSIONERS ASHMORE, GRUPP AND DILLENBECK DISSENTING.

Mr. Stockwell said it would be helpful if City Council had, in addition to the motion, a statement of thoughts behind each of the Commissioner's votes that Chairperson Scholefield could communicate to Council Members.

Vice Chairperson Hirose reiterated that he supports the cause, but if the return on investment is not substantial enough, the funding could violate the terms of the City's Gift Clause. No clear plan has been identified for dealing with potential cost overruns. He doubted that the memorial would generate tourism on its own.

Commissioner Hill said the presentation lacked enough information to make an informed decision on the potential of the facility to accommodate tourism purposes.

Commissioner McCreary concurred with Commissioner Hill. He would be willing to make a personal donation to the project, but more information is required before he could justify committing bed tax dollars to it.

Chairperson Scholefield said while he supports the passion of the volunteers and the initiative, this is a capital project, not a tourism driver, and as such is not an appropriate use of bed tax dollars.

7. Event Funding Program Recommendations
Steve Geiogamah noted that Item 7(d) has been stricken from the agenda following the outcome of the vote in Item 5. These are events that have been reviewed by the Event Working Group. A total of one Matching Event Advertising Fund event, four Community Events, and two Event Venues has been recommended for funding from the TDC:

a. Hashknife Pony Express  
b. Greater Phoenix Jewish Film Festival  
c. Italian Festival  
d. Parada del Sol & Trails End  
e. Arabian Horse Show  
f. Sun Circuit Quarter Horse  
g. Legacy Ostrich Festival Soccer Tournament  
h. College Bound Series Lacrosse Tournament

COMMISSIONER HILL MOVED TO APPROVE THE EVENT FUNDING RECOMMENDATIONS AS SUBMITTED WITH THE EXCEPTION OF THE PARADA DEL SOL. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

8. **Manager Reports**

a. **Staff Bed Tax Report**

Steve Geiogamah reported that bed tax collections for the month of October were up 13% and the year to date collections were up 17%. Restaurants were up YTD by 4%, and miscellaneous year to date retail tax collections were up 5%.

b. **Staff Bed Tax Classification Report**

Mr. Geiogamah said resorts are up year to date by 15.8%. Full service properties are up 9.8% YTD. Limited properties are up 9.2%. Chairperson Scholefield requested that the next report include a list of the properties that were included in each classification for reference purposes.

c. **Bed Tax Proforma**

Mr. Geiogamah announced that Lee Guillory has retired. The proforma numbers for FY 2015/2016 are now final. The Event Venue Fee Program has been updated to reflect spend to date. The WestWorld Municipal Use Site Plan, which the TDC recommended $150,000 for, is still under City Council review. Chairperson Scholefield requested an explanation for the increase in administrative and other professional services expenses. Mr. Geiogamah undertook to provide some detail to the Commission.

d. **Smith Travel Report**
Mr. Geiogamah said the Scottsdale Trend Report covers the 58 properties in the market area. Over the past 12 months, occupancy has been up 1%. The average daily rate is up 1.6% compared to the same period last year, and revpar is up 2%.

The Segment Trend Report indicates transient group and contract data for 25 properties. Over the past 12 months, occupancy is down about 1.8%. The ADR is up, while the revpar is flat. Trend Scottsdale Downtown includes data from 15 properties. Over the past 12 months, occupancy is down about 0.8%, and ADR is up 2.3%, and revpar is up 1.5%.

Commissioner Ashmore requested a review of how the new Andaz resort will fit in the mix. In response to an inquiry from Commissioner Grupp, Mr. Geiogamah explained that staff is more than willing to consider different properties to add or subtract from the reports.

e. Program Updates

1) Smith Travel Reports

Mr. Geiogamah presented two maps reflecting the areas being considered for proposed new regional reports. He requested feedback on which report the TDC would see the most value in.

Commissioner Grupp said he sees Scottsdale as a regional leader in tourism; what the City does impacts what happens outside of its borders. Commissioner Ashmore said he finds great value in having more information to dissect, and that would include what is happening all around the city’s borders. Vice Chairperson Hirose said he would like to see clearly defined borders for the property classifications. Chairperson Scholefield felt the clusters were more useful than broad divisions into north, central, and south. Commissioner Dillenbeck inquired about the added cost associated with these requests for more information. Mr. Geiogamah said he would report back on that matter.

2) Destination Marketing Agreement Audit Report

Mr. Geiogamah stated that on November 14, the Destination Marketing Agreement Audit Report was presented to the City Council Audit Committee. The report was tabled pending further discussion between auditors, contract administrators, and Experience Scottsdale.

3) Tourism Advisory Task Force Updates from December 7, 2016 meeting

a. Downtown Connectivity Phase 2
b. Downtown research and Shoulder Season Event
c. Downtown Scottsdale 2.0 - Tourism-related Economic Feasibility Study

Mr. Geiogamah reported that staff presented options to continue the Public Space Master Plan with Holly Street Studios. After discussion, the TATF voted unanimously to reallocate and fully fund $150,000 from the $745,000 previously recommended by the TDC and approved by Council for the next phase of downtown connectivity. PLACES Consulting reviewed several areas of the Five Year Tourism Strategic Plan.
International made its initial research and analysis presentation, and public input meetings are scheduled.

Chairperson Scholefield requested a breakdown of Task Force expenses, and an update on Downtown Scottsdale 2.0.

9. **Public Comment**

There were no public comments.

Vice Chairperson Hirose expressed his full support for Experience Scottsdale in light of the review of their audit, saying they have done a fantastic job. Commissioner Ashmore concurred, adding that much of their most beneficial work on behalf of Scottsdale is not typically seen by the public. Chairperson Scholefield said he believes in the organization and its leadership.

10. **Identification of Future Agenda Items**

The next scheduled meeting is January 17, 2017. In addition to what has been previously mentioned, agenda items include an annual report, a report on the Desert Discovery Center, a review of the marketing plan for the Museum of the West, and the final work study agenda. The contract for the National Cutting Horse Association will soon be coming forward for review.

Vice Chairperson Hirose requested an update on the Food and Wine Experience.

**Adjournment**

The meeting adjourned at 9:57 a.m.

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