CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING

Tuesday, May 16, 2017

Taliesin West
12621 N. Frank Lloyd Wright Boulevard
Scottsdale, Arizona 85259

APPROVED MINUTES

PRESENT:  David Scholefield, Chairperson
Frank Ashmore
Linda Dillenbeck
Carl Grupp
Camille Hill

ABSENT:  Ren Hirose, Vice-Chairperson
Robert McCreary

STAFF:  Steve Geiogamah
Karen Churchard
Brent Stockwell
Holli Shannon
Jeff Nichols
Ana Lia Johnson

GUESTS:  Rachel Sacco, Experience Scottsdale
Stuart Graff, Frank Lloyd Wright Foundation
Bill Pettus
Fred Unger
Carter Unger
Don Chiappetti
Wendy Springborn
Amy Ettinger

Call to Order/Roll Call

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m.
Chairperson Scholefield announced that Vice Chairperson Hirose will be leaving the TDC and the process has begun to find his replacement. The Commission will have to select a new Vice Chairperson.

1. **Welcome to Taliesin West**

Stuart I. Graff, of the Frank Lloyd Wright Foundation, welcomed the Commission to Taliesin West. He said the facility has changed substantially over the past 15 months. It had traditionally been presented in limited form as a house museum, and as such was looking towards the past. Frank Lloyd Wright was always interested in the future, and the upcoming 150th Anniversary of his birth presents a great opportunity to take stock of what he lived for and what he did. Confining him to the past seems wrong. The Foundation has begun to rethink how to present the space and Mr. Wright's legacy.

In November, for the first time in decades, live professional theater was presented on the Taliesin stage. Audiences were thrilled to see theater in this historic space. The Foundation is looking at a number of different ways to bring these spaces back to life. They were built to celebrate the arts and the relationship of arts to the formation of community. Architecture, to Mr. Wright, was about the sense of an organic relationship between nature, the designed environment, and the lives that people lead. By opening up Taliesin West, the Foundation is putting that idea into practice and providing a great resource for Scottsdale and the world.

Mr. Graff reported that a new Events Director has been hired. The Foundation is looking to interact better with the TDC, the City of Scottsdale, and the hospitality community to create events and bring people from around the world, using Taliesin West as a platform not just for a visit, but for an adventure. Mr. Graff invited the community to provide their input and ideas on how to make Taliesin West an even greater resource.

Frank Lloyd Wright Foundation  
12621 N. Frank Lloyd Wright Boulevard, Scottsdale, Arizona 85259  
Phone: 480.627.5344  
sgraaff@franklloydwright.org.

2. **Approval of Minutes**

Mr. Geiogamah said the City Clerk's Office clarified how to present public comments in meeting minutes.

**COMMISSIONER GRUPP MOVED TO APPROVE THE APRIL 18, 2017 MINUTES AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

3. **FY2017/18 Event Support Funding Programs**

Steve Geiogamah, Tourism Development Manager, presented three sample contracts for the first three programs, noting that New Event Development contracts are unique to each event. Staff requested that the TDC provide recommendations for each program.
Many changes were made to the format and information this year. The two main objectives of these programs are to generate room nights and market the destination. Elements of the programs have been refined to assist in decision making.

Mr. Geiogamah reviewed changes that were made after last month’s meeting. The New Event Development Program was changed to allow the opportunity for producers to use up to 10% of the funds for event production. If an event requests $30,000, for example, the City will require them to spend $15,000 in direct cash expenditures, and the remaining $15,000 can be considered value for the marketing. In terms of ineligibility in all four programs, events cannot occur in the normal course of business. Events must be held either wholly or partially in Scottsdale. Allowances are made for mega events where the benefits and investments impact the region. The TDC recommendations will go before City Council on June 13.

a) Matching Event Advertising Program

Commissioner Grupp questioned the language regarding disqualifying events that are “mainly” fundraising in nature. Mr. Geiogamah responded that nearly all events have some fundraising aspects to them, but events that are focused on that effort, galas for example, would not be eligible. Staff will review events to gain an understanding of their nature and advise accordingly with the assistance of the Event Working Group.

Commissioner Ashmore inquired about the idea of establishing a lower attendance threshold for off-season events. Mr. Geiogamah said the idea was reviewed but 2,000 was felt to be the appropriate minimum. Commissioner Ashmore inquired whether events would lose funding if they fail to meet that threshold. Mr. Geiogamah explained that the contract allows for the reduction or non-payment of funding, depending on the circumstances.

Chairperson Scholefield asked whether the contract addresses the non-eligibility of PR firm fees, agency fees, talent, city permit expenses. Mr. Geiogamah said that terminology is included in most applications. The Community Event Funding Program requires some different terminology. Staff will review the guidelines and amend as necessary to clarify that point.

**COMMISSIONER DILLENECK MOVED TO APPROVE THE MATCHING EVENT ADVERTISING PROGRAM AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

b) Community Event Funding Program

Mr. Geiogamah reiterated that there will be some variations to the language to address accommodations to talent and PR fees for Community Events following staff's review. In the past, the amounts awarded to community events were more subjective, but the new criteria have tightened that up quite a bit. Language was added to clarify that the primary location must be held within the city limits of Scottsdale.
Chairperson Scholefield requested that the TDC be able to see the language in its final format. Mr. Geiogamah said he would forward the changes back to the Commission before the next meeting.

**COMMISSIONER ASHMORE MOVED TO APPROVE THE COMMUNITY EVENT FUNDING PROGRAM AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

c) Event Venue Fee Program

**COMMISSIONER DILLENECK MOVED TO APPROVE THE EVENT VENUE FEE PROGRAM AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

d) New Event Development

Chairperson Scholefield noted that events must be held entirely in Scottsdale. Mr. Geiogamah responded that consideration should be given for a primary portion of an event being held in Scottsdale, and the language would be adjusted accordingly.

Holli Shannon explained that the New Event Development Program uses a worksheet rather than an application, in order to encourage a more uniform method of presenting information. The worksheet makes it easier for the Working Group to capture all the necessary data.

Chairperson Scholefield suggested a language change regarding events that are regional in nature. He suggested consistent language across all categories that specifies that events must be held primarily within the corporate limits of the City of Scottsdale, excepting mega events. Mr. Geiogamah said staff would make the requested changes and forward them to the TDC for review.

Commissioner Ashmore inquired why the New Event Development Program has no room night requirement. Mr. Geiogamah explained that generally with new events, room nights are not emphasized because they are just getting off the ground and the focus is more on marketing value.

**COMMISSIONER HILL MOVED TO APPROVE THE NEW EVENT DEVELOPMENT PROGRAM AS AMENDED. COMMISSIONER DILLENECK SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

4. **FY2017/18 Tourism Development Fund Budget & Tourism-Related Capital Improvement Project (CIP) Update**

Karen Churchard, Tourism & Events Director, reported that following the TDC’s recent discussion on funding for Global Ties/Arizona Council on International Visitors, it was determined that the $75,000 allocated for this purpose from the bed tax would be moved
into the City Manager’s budget. In exchange, Tourism Development was asked to pay $100,000 towards the base fee for the WestWorld marketing contract with National Western Capital Corporation. The budget has been updated to reflect these changes.

Chairperson Scholefield noted that this $100,000 for marketing services was originally requested of the TDC three years ago, but was rejected not out of the lack of support for WestWorld, but in terms of how it was presented and the circumstances surrounding it. Brent Stockwell said in the intervening time, it has become clear that about 75% of the marketing focus is on attracting events and visitors from outside the region. It seemed to staff that a 50/50 split between Bed Tax and the General Fund was reasonable, and more in line with the use of tourism development funds than the Global Ties contract.

COMMISSIONER DILLENECK MOVED TO APPROVE THE FY2017/18 TOURISM DEVELOPMENT FUND OPERATING BUDGET AS PRESENTED. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.

Ms. Churchard presented the proposed CIP plan with some new additions since last month’s meeting. Starting with WestWorld, money is proposed in the FY2017/18 budget for wireless internet for the Tony Nelssen Equestrian Center (TNEC). Downtown Main Street streetscape and pedestrian improvements, downtown entertainment district street and pedestrian lighting, and a downtown splash pad are all items that are moving forward but still need final approval from Council. None of these projects are proposed to be funded by Tourism Development funds.

Chairperson Scholefield inquired about public internet access at TNEC. Carter Unger said the wireless internet will be password protected for the use of show producers and vendors, but not the public. The currently available wi-fi is spotty and not enterprise grade. This will generate revenue and is a one-time cost. Mr. Stockwell said a more robust system would be required if the plan is to make wireless available to the general public. Producers will have to pay a fee to have the wireless service available for event support and for their attendees. Chairperson Scholefield said public wi-fi might be a good project to propose for next year. Even if it was offered to the public for a small fee, it would generate some money for cost recovery.

5. **Experience Scottsdale Third Quarter Performance Measures Report**

Rachel Sacco, President/CEO of Experience Scottsdale, stated that third quarter activities include the bulk of the annual marketing effort, and featured the debut of a new TV commercial in target markets throughout the U.S. and Canada. Station dominations and train wraps occurred in markets like New York, Chicago, Denver and San Francisco. Canadian business is very important and a high focus was placed on this market. Convention Sales and Services brought in over 392 bookings, which accounts for 125,000 incremental room nights. The 30th Annual Sensational Fam was just completed, and over half of the attendees had never been to Scottsdale before. New business is being brought to the destination as a result.
To date, 732 articles have been written about the Scottsdale area, amounting to a value of over $13 million, and reaching almost four million readers. Year to date, staff has met with nearly 3,000 travel agents and tour operators from over 26 countries. This effort has produced over 1,400 leads. Scottsdale was featured in over three million tour operator brochures. HelmsBriscoe just named Experience Scottsdale as their Partner of the Year. All performance-related metrics are on track to be met or exceeded.

Commissioner Hill said the community is lucky to have an organization like Experience Scottsdale promoting the destination.

6. **Canal Convergence Funding Request**

   This item was pulled from the agenda.

7. **Highway to Hell Haunted House Event Funding Proposal**

   Mr. Geiogamah reported that the Event Working Group reviewed a request for $75,000 in funding for the Highway to Hell Haunted House in October at WestWorld. The group offered no recommendation on funding based on the proposal itself not meeting some of the program criteria. Mr. Stockwell said this event highlights some of the issues WestWorld faces in terms of filling the tent and other spaces during the shoulder season. While this event is a regional draw, it would provide business at a time it is most needed.

   Bill Pettus said he has worked in radio for 35 years. His company has hired a PR firm that will be able to get national exposure for the haunted house event in Scottsdale. This will not be a typical haunted house; it will become a destination event year after year. A concert featuring a well known national act will open the haunted house, drawing people from outside Scottsdale and generate some room nights as a bonus. Local bands will fill out the ongoing concert schedule. The musical acts will encourage people to stay longer and they will be more likely to shop in the community. Bands will be varied enough to attract people from different generations. The haunted house will kick off on September 22nd, and will run on various days through Halloween. Admission has not been set yet, but the goal is to make it affordable. An all access pass will allow people to visit both the haunted house and the concert.

   Mr. Pettus said the name of the event is not set in stone and there is room for flexibility if it needs to be changed. Chairperson Scholefield requested more information on the media exposure. Mr. Pettus explained that marketing will be primarily radio driven. Riviera Broadcasting is a partner, and they reach almost two million people between Tucson and Flagstaff, from the California to the New Mexico border. The PR firm will try to tie into national programs as well. A sizeable group of people travel to various haunts around the country to find the scariest ones. About 50% of the coverage will be outside of the Phoenix area. Television will reach eight to 10 million people.

   Commissioner Ashmore inquired about the capacity of the facility. Fred Unger said Sales and Marketing at WestWorld was asked by the WestWorld Oversight Committee to testify on the potential revenue that could be brought in if the tent were to remain open for another year. A haunted house produced by the same people three years ago
brought 33,000 people to WestWorld, and the City received $166,000 of revenue. This was the fourth largest revenue producer to the facility. The event checks off many boxes. No other event will go into the tent at that time of year without air conditioning. It brings a much desired music festival to the space. Carter Unger added that because it stretches over a month and a half, the haunted house brings in good ancillary services revenue. The production team has been a proven success and now they have the media to really drive it.

Chairperson Scholefield summarized the range of options before the TDC. The Working Group recommended zero contribution. The New Event Development Program allows for funding between $30,000 and $75,000. The proposal could be sent back to staff for further evaluation and information, or the TDC could take no action whatsoever.

Commissioner Ashmore pointed out that September/October is a need time for the market. A haunted house has been successful there before and this one has media backing. He requested more information on the target audience and the type of music being offered.

Commissioner Dillenbeck said the working group wrestled with this proposal because it does not meet the criteria set for the funding, which aims to attract a national and international audience. The proposed change to include regional events will not go into effect until the next fiscal year. Approving it despite these limitations could set a precedent. The working group also expressed concern that associating Scottsdale’s name with Highway to Hell could conflict with the City’s branding effort. Mr. Pettus said he understands the concern over the name and reiterated that he is flexible when it comes to changing it.

Commissioner Hill said the working group opted not to provide support based on the information available at that time, but the presentation today puts the matter in a new light. The event will be held in the tent, which is a hard venue to fill. A haunted house proved successful before. She felt open to continuing the conversation.

Commissioner Grupp said the TDC has seen little proposed for WestWorld outside of the peak season. The space will go unoccupied without the haunted house. He questioned whether Scottsdale would get enough revenue in return to make the investment worthwhile. Carter Unger responded that the haunt from 2014 had the same producer and the venue produced a base rent of $85,000. The ancillary income included $30,000 in commissioned concessions that went to WestWorld. Another $30,000 net came from the ticket surcharge, and $21,000 net came from parking fees. This all came in space that would otherwise be empty. The proposal is very financially beneficial from WestWorld’s viewpoint.

Mr. Geiogamah noted that this proposal would qualify for the seasonality bonus as an off-season event should the Commission opt to offer that much. Fred Unger stated that the producer would like to be in Scottsdale for multiple years. They are aware that the tent may go down in one year. The necessary preparation time means the producers need to spend money now in order to meet the deadline, and they need to set their budget first. Delaying a TDC decision until the next meeting would make things difficult for the producer. They are taking a big gamble on Scottsdale for a one-year shot.
Mr. Stockwell noted that considering the City Council's schedule, it would be highly unlikely that this agreement could be done in time for the June 13 meeting. The proposal could return for the June 20 TDC meeting and still be in time to make the June 27 City Council meeting, but staff would need clear direction now on what to include in the agreement so the contract can be prepared first.

**COMMISSIONER HILL MOVED TO RECOMMEND $75,000 IN NEW EVENT DEVELOPMENT FUNDING, AND ALSO RECOMMENDED AN EVENT NAME CHANGE. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

Commissioner Dillenbeck requested that future proposals be made earlier to avoid forcing the TDC to make instant decisions.

8. **Parada del Sol Update**

Mr. Geiogamah noted that the TDC recommended $64,400 last year for the Parada del Sol. All contract requirements were met. Staff is currently in negotiations on an extended agreement of some type.

Wendy Springborn, Parada del Sol, Inc., said the event made huge headway in the past year. A five-year plan imagines a multi-event, multi-site function that partners with the City’s western heritage happenings. Sponsorship and marketing targets will increase next year. Parada recently met with Experience Scottsdale to look at engaging local hotels to spread word about the event to their visitors who are already here.

The City of Holbrook has been interested in pursuing an international market for the Hashknife Pony Express, and a suggestion has been made for coordination between Holbrook, Payson and Scottsdale. An international package could be promoted giving participants the opportunity to ride with Hashknife, camp along the river, deliver the mail, ride in the parade, and take a jeep tour the following Sunday. This would not only increase the event's exposure, but could help overcome the challenge of generating room nights.

Ms. Springborn said the parade has seen a decrease in horse entries, partly due to the expense it takes to get saddle clubs to Scottsdale. One idea is to offer a boarding agreement with WestWorld so that participants could have a place to stay. Eventually a new saddle club roundup event could be developed there on the night before the parade. A recognized talent could give a concert on Scottsdale Road afterwards. Even as these new ideas come forward the goal is to retain the hometown feel of Parada del Sol.

Chairperson Scholefield requested a reference on how attendance was calculated. Don Chiappetti, Parade del Sol Treasurer, explained that it was determined partially from high vantage point photographs in each area, as well as photo booth, wristband and beverage sales.
9. Scottsdale International Film Festival Update

Mr. Geiogamah said this festival, which takes place in October/November, has participated in the Community Event Funding Program for a number of years. Staff is looking for feedback from the TDC on potentially a partnership of some type moving forward.

Amy Ettinger, Executive Director of the Scottsdale International Film Festival, said the upcoming season will be its 17th. The first festival occurred only 17 days after the terrorist attacks on 9/11/2001. People found it a perfect way to embrace other cultures, shed their fears, and feel connected again to the world. For many years, the festival focused only on international film. Advice and support from the Toronto International Film Festival helped the festival grow steadily over the years. The festival's partnership with the Scottsdale Center for the Performing Arts/Scottsdale Cultural Council has waned as the new leadership does not share the same vision. Attendance started losing ground and the agreement will end after two years. This provides an opportunity for the festival to move forward in a way it has not been able to before.

Ms. Ettinger said she has met with City leaders and Experience Scottsdale about the future. The festival has a loyal audience and a strong volunteer base. Over the next five years, the festival should grow to become a destination event for Scottsdale, with red carpet events and more celebrities, additional hired staff, and increased community engagement.

Commissioner Grupp asked about the timing of the event in November in relation to other film festivals around the world. Ms. Ettinger responded that Scottsdale's advantage is its proximity to Los Angeles. October is the biggest film festival month in the calendar. A move to November places the festival right at the start of Oscar season. The festival could open and close with big films, and have centerpiece events each night in between. The studios are motivated to get big films in the festival because Oscar voters live in Scottsdale.

Mr. Geiogamah stated that the plan is to move the festival from the Community Event Funding Program to potentially the New Event Development Fund, with anywhere from $30,000 to $75,000 being considered.

Commissioner Grupp inquired about attendance. Ms. Ettinger responded that attendance was 7,000 last year. Before it was moved to the Center, attendance was approaching 10,000.

10. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that March bed tax collections were down 15%. Reporting is still suffering from the effects of the transition to the state-centered collections process.

b. Staff Bed-Tax Hotel Classification Report
c. Bed Tax Proforma

Mr. Geiogamah said bed tax proforma changes were highlighted.
d. Smith Travel Report

Mr. Geiogamah stated that regional reports have been added to the STR. The regions cover downtown, the middle area, and the northern area. Chairperson Scholefield said the regional reports show the importance of staying connected to the north. The northern properties have the most affluent customer base and the highest average rate. They have trended well for occupancy over the past 12 months. He requested a footnote to explain the 39.1% increase in September last year.

e. Program Updates

Ms. Churchard stated that the agreement contract with Experience Scottsdale has been underway since November. Performance measures have been discussed as well. The plan is to bring the agreement to Council on June 20 or 27. The recommendation will be for a five-year agreement with a five-year renewal.

11. Public Comment

There were no citizens who wished to speak on non-agendized items.

12. Identification of Future Agenda Items

Mr. Geiogamah said the June agenda could include a report on bed tax stabilization, the event agreements, and a discussion on whether to hold a July meeting.

Commissioner Hill requested a report on food event conflicts with WestWorld. Mr. Stockwell said discussions have been held on the matter and a future agenda item could be arranged to provide an update. He added that the June meeting will also address all potential tourism-related capital projects planned over the next few years.

The next meeting will be held on June 20.

Adjournment

The meeting adjourned at 9:50 a.m.

Recorded and Transcribed by AVTronics Inc., an eScribers Company.