Call to Order/Roll Call

Chair Dillenbeck called the meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m., and noted the presence of a quorum.
2. **Approval of Minutes**

- December 18, 2018 Regular Meeting Minutes

Chair Dillenbeck referred to Agenda Item 4, the Old Town marketing update, second set of bullet points, indicating, “Good display and video,” and requested that staff clarify the meaning. Commissioner Grupp provided a typographical correction.

**VICE CHAIR HILL MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE TOURISM DEVELOPMENT COMMISSION ON DECEMBER 18, 2018 AS AMENDED. COMMISSIONER GRUPP SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, McKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.**

3. **Election of Chair and Vice Chair**

**VICE CHAIR HILL MOVED TO NOMINATE LINDA DILLENBECK FOR CHAIR. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 5-0 WITH VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. CHAIR DILLENBECK ABSTAINED.**

**CHAIR DILLENBECK MOVED TO NOMINATE CAMILLE HILL FOR VICE CHAIR. COMMISSIONER GRUPP SECONDED THE MOTION, WHICH CARRIED 5-0 WITH CHAIR DILLENBECK, COMMISSIONERS GRUPP, HENRY, MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. VICE CHAIR HILL ABSTAINED.**

4. **Tourism Development Commission Annual Report**

Steve Geiogamah, Tourism Development Manager presented the annual report. Included in the report is attendance and term dates. Staff is seeking approval of the report as presented or with changes. Additionally, staff requests the Commission provide key issues or work products they would like staff to add as part of the approval process. Chair Dillenbeck referenced the stadium funding and the Commission’s role in the direction of funds. If the carryover funds are taken away, difficult decisions will have to be made. Mr. Geiogamah said it could be included under anticipated key issues, challenges or outcome. Yesterday, City staff sat in on a meeting organized by the City Manager’s Office regarding the City commissions with staff providing their input. It is the understanding that the Department will be reaching out to commissioners in the coming weeks and invite them to attend a meeting during which they would provide input. The information will go to City Council in a work study session in early February.

**COMMISSIONER MCKENZIE MOVED TO APPROVE THE TOURISM DEVELOPMENT COMMISSION ANNUAL REPORT AS AMENDED. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.**
5. **Tourism Program FY 2019/20 Budget and Future Program Allocations**

Karen Churchard, Tourism & Events Director, addressed the budget specific to carryover. A total of $570,000 is budgeted for Downtown marketing and media. Last year’s adopted budget was $415,000. The major difference is that all of the contractors have been included in one lump sum, rather than spreading them out through events. Downtown marketing grants remains at $100,000 for matching the Downtown event activation, the major difference being production and staffing. The contracted company, ESI, is being moved to administration. In terms of the Downtown General, the pedestrian signage plan was approved by TDC and City Council last year. It includes pedestrian wayfinding throughout Downtown, based on the Downtown 2.0 information. After speaking to several internal staff people and contacts with Downtown entities, it was decided that there should be an investment of $1 million over four years or otherwise discontinue. Ms. Churchard recommends the signage plan be discontinued. Total Downtown investment is $1.3 million versus the $1.5 million current budget.

Ms. Churchard stated that for destination events, it is important to continue to fund Canal Convergence, with a request to move it to November as a destination event. The streets department is no longer charging to put up the banners for the street banner program, so this expense has been removed. It is recommended that the $400,000 matching for Museum of the West continue next fiscal year. The $200,000 approved by TDC and City Council was one-time funding for advertising. The total carryover request is $2.5 million versus nearly $3 million in the current budget.

In response to a question from Commissioner McKenzie, Ms. Churchard stated that the production and staffing has not been moved to a different department, but a different line. It will move to administration.

Vice Chair Hill asked whether this is all in flux pending decisions regarding the stadium and Super Bowl. Ms. Churchard agreed, however they still must move forward with a budget request.

Vice Chair Hill commented that Museum of the West has secured the CA show, which means they are contributing to tourism by capturing the signature event. Commissioner Grupp referred to the one-time funding being eliminated this year and asked how the loss of funding would affect the Museum. Ms. Churchard stated that the Museum will likely seek funds through the Matching Program.

Chair Dillenbeck noted the clumping of all the agencies together and asked if the figure remains close to the total last year. Ms. Churchard confirmed that the total includes considerations for historic individual totals.

Chair Dillenbeck sought confirmation that the brochure map is not duplicative of something Experience Scottsdale is doing. Ms. Churchard stated that Experience Scottsdale has been generous in paying 100 percent for the Downtown map being used by the City. The City has printed a large number of brochures and it is anticipated there will be a need for another print run in June or July. The item is budgeted in this fiscal year and Ms. Churchard suggests it continue in the following year.
Chair Dillenbeck asked for a refresher on the small business promos and programs. Ms. Churchard stated she did not have the specifics at this time. The item was put in the budget after a meeting with the City Manager regarding a $1.3 to $1.4 million budget for Downtown. After developing the numbers, there was a small amount of wiggle room. The funds will not be used until their purpose has been specifically identified in terms of economic development.

VICE CHAIR HILL MOVED TO APPROVE THE TOURISM PROGRAM FY 2019/20 BUDGET AND FUTURE PROGRAM ALLOCATIONS. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSenting VOTES.

6. Arizona Super Bowl Host Committee Update

Ms. Churchard met with Kyle Henstrom (phonetic) to discuss moving forward on an agreement. The goal is to start this year with $50,000 and build up, however the first step is agreement with the Host Committee. The difficulty is that the NFL has not determined its direction. Mr. Henstrom asked to appear before the TDC in February or March to provide an initial presentation with a subsequent goal to return in April or May with an agreement. The agreement would be presented to City Council in June.

Vice Chair Hill asked about consideration for use of the new sports complex as an offering for an event. Ms. Churchard confirmed that this was included in the packet of City-owned facilities that might be available and noted in the letter to the NFL Commissioner.

Commissioner Grupp inquired as to the possibility of earmarking funds at this time to be included in the proforma. Ms. Churchard agreed it was a good idea and noted they have basically already done this. The $50,000 is a starting point and can be adjusted. Vice Chair Hill commented that the more the better, as there are many entities going after this money. This event will truly impact tourism. She questioned why the funds cannot be designated prior to dealing with the Host Committee. Ms. Churchard stated that the proforma has been completed for the next five years and the potential amounts are included for the Super Bowl as well as the Final Four. As such, it is earmarked in terms of proforma but not approved by City Council. The Host Committee cannot be paid without an agreement that the City Attorney’s Office is comfortable with.

Vice Chair Hill asked about suggestions for speeding the process. Ms. Churchard noted that the budget process takes six months before adoption in June. In the proforma Ms. Churchard is working on, the Super Bowl and Final Four funds have been placed in the Event Development Fund. In the past, the Commission has had $1.2 million to make recommendations to City Council. Council then determines which events would receive the funding. If the Super Bowl and Final Four funds remain in the Event Development Fund, this means that there may be some tough decisions to make in terms of having both Super Bowl and Final Four as well as all the other events needing funding. The $1.2 million flat amount has increased to $1.8 million, leaving a $600,000 increased threshold for both the Super Bowl and Final Four (only in the two years that they are both at the same time). The anticipated timeline is hopefully Super Bowl payments this year (two to three), and
then a payment or two before the Final Four event. The Super Bowl will be held in 2023 and the Final Four in 2024. There is not a budget for the National Championship.

Chair Dillenbeck commented that with the funds going into the Event Development Funds, the TDC may have to make tougher decisions in those years, whereas if they were coming out of carryover funds, they would not necessarily have to make those decisions. The stadium may potentially require all of the carryover funds. There are also things the TDC believes critical and do not wish to give up to fund the stadium. It is a difficult situation, as TDC does not have information needed about the stadium with the bids not yet in, however their presentation states they want to go to City Council next month. Ms. Churchard suggested the possibility of talking to City Council about the Commission’s desires.

Discussion ensued about a possible motion to address the issue, so that there would be documentation that the Commission understood the exercise. Commissioner Grupp said that when the budget allocation was changed in terms of the 50 percent toward the city tourism program, the TDC did so with the intent that based on the information available, the percentage that went to event retention and development was a set percentage and there would be no need to supplement with $600,000 to secure events. He inquired as to whether they could revisit some of the funding sources and their allocation to beef up the signature event line. Chair Dillenbeck stated that when TDC voted to go back to percentage versus fixed, the idea was there would be additional event retention funds to develop new events. Commissioner Grupp added that it also indicates they are spending out of their means.

Mr. Geiogamah addressed allocation of funding, which will depend on the bed tax increases/decreases, as it is percentage-based. For perspective, approximately $900,000 to $1 million is spent on multi-year, new event development and others. If the flat rate was $1.2 million, there was always some excess for other types of funding. If the percentage continues (3 percent for next year) and increased to potentially 6 percent, the total will be up to $1.7 to $1.8 million, which should allow allocation to larger expenditures. This will depend on economic conditions. In terms of new event development funding, it is likely they could absorb the cost of a host committee relationship and reallocations could be made, if necessary.

Vice Chair Hill suggested the possibility of dedicating $1.2 million of funds (wherever they may come from) to the Super Bowl Host Committee. Commissioner McKenzie recalled that last year, the TDC considered the DDC program, which has now been eliminated. It is troubling that there is $7 million in in rollover funds with the TDC and a sudden intent to swipe those funds. It appears there are possibilities to carry the amount for a period of time, rather than stripping out the carryover funds. He requested that staff investigate this further. Mr. Geiogamah agreed that this is a good discussion point and would be included on February’s agenda in terms of what capital project funds are available for multiyear commitment.

Commissioner Henry noted that the figures for Final Four are not included in the presentation. Ms. Churchard stated that $150,000 was invested for the previous Final Four. In doing the proforma for the current program, she doubled the amount.

Chair Dillenbeck sought advice on how the TDC should record its intent that it is critical to provide the funding for the Super Bowl that is needed, but not necessarily at the expense
of other important items. Mr. Geiogamah stated that in the past there have been TDC recommendations for allocation of funds that have not been presented to City Council for action. The TDC is free to address City Council directly with funding allocation concerns on City Council agenda items that may be arising in the next weeks. This could include clarification on the purview of the TDC in terms of funding allocations. Vice Chair Hill added that nothing stops the TDC from making a statement to the effect that the $1.2 million should be dedicated to the Super Bowl. Mr. Geiogamah added that this could also be in the form of a letter to City Council.

Commissioner McKenzie asked whether the TDC has the ability to make a recommendation that they always have a minimum balance and a carryover. Mr. Geiogamah stated that they are always free to make a recommendation. It would likely have to be brought to City Council through the budget process with evaluation by the City Treasurer’s Office. Vice Chair Hill commended the suggestion.

**COMMISSIONER MCKENZIE MOVED TO RETAIN AT LEAST $2 MILLION IN THE CARRYOVER FUND FOR FUTURE YEARS IN ORDER TO ADDRESS UNFORESEEN MARKETING AND PROMOTIONAL PROGRAMS SUCH AS SUPER BOWL. VICE CHAIR HILL SECONDED THE MOTION.**

Mr. Geiogamah stated that the agenda item is strictly related to the update regarding the Super Bowl. The proposed motion may not fit in with the agenda item currently being discussed. This could be agendized in a special meeting or during February’s meeting. In response to a question from Commissioner Grupp, Mr. Geiogamah said that a special meeting could be held at the request of the Chair and the Commission. Commissioner McKenzie recommended that this topic be agendized for the February meeting. The TDC is free to make a statement regarding its concern related to funding.

**VICE CHAIR HILL MOVED TO STATE THE TDC’S INTENTION THAT THERE MUST BE FUNDING TO SUPPORT THE UPCOMING SUPER BOWL. COMMISSIONER MCKENZIE SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY, MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.**

7. **Scottsdale Stadium Renovation Project**

Bill Murphy, Executive Director of Community Services, said he will return in February with a solid number provided by the construction team. Since November, the Design team continues to work with agencies, including Experience Scottsdale, local event planners, Downtown Hoteliers, Center for the Arts, Charros and Giants on the multi-use. They continue to coordinate with internal departments and the design team is completing an assessment of the stadium.

A draft of Phase I for April through December, 2019 includes:

- Clubhouse
- Indoor multi-use space
- Entry and parking
- Press box
- Ticketing and administration
• Charro Lodge
• Right field concourse

A draft of Phase 2 for April through December, 2020 includes:

• Left and right field seating/shade and concourse finish work
• Left field berm and restrooms
• Outdoor multi-uses spaces
• Centerfield/gate access/parking deliveries, maintenance, service and storage

Kroy Ekblaw addressed multi-use space maps and renderings. There is a 10,000 square foot multi-use space and the opportunity to utilize the locker room on the same level of the clubhouse. On the upper level within the clubhouse, there is 3,300 square foot space with views to the north on the main field and east on the practice field. This space includes a patio. The press box includes two areas, one 1,300 square feet and the other 3,300 square feet. Use of suites will be available in these areas.

Commissioner Grupp asked if the windows in slide 7 will open. Mr. Ekblaw said there will be doors that will allow opportunity to flow in and out on both side, east and west. On the east side, there are sliders for bringing larger things into the space.

Vice Chair Hill asked about ingress and egress challenges. Mr. Ekblaw cited the Osborn area, indicating a ramp available for certain materials. Heavier loading could come from the practice field side and opportunity to enter from the west.

Vice Chair Hill inquired about whether the rigging points are 2,000 pounds each and how many there are in total. Mr. Ekblaw stated he would have to verify the specifics. The total amount will be in relationship to the spacing of trusses.

In response to a question from Vice Chair Hill regarding the 202 electrical outlets, Mr. Ekblaw said there are 200 amp services on both the north and south wall. There will be smaller power levels along the walls as well as opportunity coming in from the ceiling. The wall power outlets are all independent.

In response to a question from Chair Dillenbeck, Mr. Ekblaw confirmed that the contract will include a guaranteed maximum price.

Chair Dillenbeck said that TDC had requested several times to receive information regarding marketing plans. Mr. Murphy said they have begun work on a business plan with internal staff. This has been vetted with the concessionaire. A group from Arizona State University has been hired to assist with business planning and an upcoming meeting will begin this process. They will help with naming rights, sponsorships and vetting conversations with planners.

Chair Dillenbeck asked about the timeline for City Council approval. Mr. Ekblaw said the expectation is that the TDC’s recommendation to City Council will likely be required by the City Council’s March meeting. The plan is to bring back more updated information for the Commission’s review in February.
Vice Chair Hill asked if the final design included air walls. Mr. Ekblaw said that at this point in the main room, single spacing is being used. There is still potential structurally for a track to be included for the air walls to be installed later. Vice Chair Hill commented that there would be more opportunity for income if this aspect of the design were more flexible. Commissioner McKenzie stated that the inability to break down the space will create a lack of usability. In consultation regarding the business plan, he would advise staff to seek an opinion on whether to include air walls.

Vice Chair Hill asked about the window coverings. Mr. Ekblaw said they are looking into some form of shades and will be meeting with the acousticians this week on material choices.

8. **Multi-Year Community Event Funding Update: Culinary Festival**

Mr. Geiogamah stated that the event is entering its second year and was contract compliant last year. Direct dollar marketing levels were achieved. Sponsorship development was a little short in regard to the contract.

James Moser, Scottsdale League for the Arts, said that this would be the 41st year for the event. There are six events leading up to the Scottsdale Culinary Festival every year. In the summertime, there is a grants program with the money given to the arts in Arizona. This year, they supported 25 organizations, as one of the main funders of arts in Arizona. Last year was a transitional year with a new general manager and president. The event attracts 25,000 people to the Scottsdale Civic Mall in the springtime, with nearly 500,000 people entertained over the years. Last year, the event spent $11,000 more over the $75,000 requirement established by the sponsorship. They hope to raise this to $100,000 over the next several years.

In terms of demographics, more mature individuals do not have as many transactions, however they spend significantly more on each, purchasing several tickets. Younger individuals have more transactions and spend less money. The event’s word of mouth credibility, image and reputation is the major factor in ticket sales. The marketing strategy includes social media, which activates most of the sales in terms of smaller events. The 2019 market strategy has the potential to reach 3 to 4 million potential attendees. Reach-out efforts utilize geographic and age-focused data.

9. **Event Funding Program Recommendations**

   a. **Arizona Bike Week – $23,235**

Mr. Geiogamah stated that Arizona Bike week has been active for ten years as a WestWorld event taking place in the spring. They are requesting funding through the Matching Event Advertising Fund Program. The program is recommended by the commission working group through an email vote.

COMMISSIONER MCKENZIE MOVED TO RECOMMEND THE EVENT FUNDING AS PRESENTED. VICE CHAIR SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS GRUPP, HENRY,
MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

10. **Staff Reports**
   
a. **Staff Bed Tax Collection Report**  
b. **Staff Bed Tax Hotel Classification Report**  
c. **Bed Tax Proforma**  
d. **Program Updates**

Mr. Geiogamah stated that bed tax collections for November trended fairly well. Year-to-date, collections were up 8 percent. Retail tax collections were up 3 percent. Restaurant was up 10 percent. They did not have the November Bed Tax Classification Report as of today and once received, this will be forwarded to the Commission. Staff would like Commission input in terms of where they see things going on collections and how the properties are doing over the next year. Commissioner McKenzie commented that all CBREs and Smith Travel see growth being anywhere from 2 to 4 percent in the next three years from a RevPAR perspective. The CBRE is reflecting that occupancy might tick down this year, but rates will be up, offsetting the decrease. Commissioner Henry commented that discussions regarding flat or declining occupancy cause nervousness, however it is important to remember that it is about the money spent, not how many people are actually in the rooms.

Mr. Geiogamah reported no significant changes in the bed tax proforma. There was one minor correction on one of the event fundings, which was posted last month at $15,000, but is actually $7,500 (the recently approved Off Road Expo).

The Smith Travel report has been fairly consistent. Under regional reports, Downtown properties are doing fairly well in occupancy at about 75 percent, compared to other regions. Occupancy in the north is trending down slightly. The RevPAR continues to be very strong across the board.

For program updates, the City Event Directional Program (Banner Program) has received questions in terms of criteria and application. The program has been in place for five to six years. Staff would like to have a discussion on this in February or March as the program moves forward to the new fiscal year.

Commissioner packets include a letter from the DDC nonprofit group thanking the TDC for its advocacy over the years.

11. **Public Comment**

There were no public comments.

12. **Identification of Future Agenda Items**

Mr. Geiogamah listed items for next month, which include stadium, Arizona Super Bowl Host Committee. There may also be an update from the Horse and Power Polo Event.
There is potential for new event development coming forward, which is the Wonder Space art exhibit.

Chair Dillenbeck requested that two items be included on upcoming agendas, including the 20 year proforma and an update from Canal Convergence in terms of last year's program new ideas going forward.

13. Adjournment

With no further business to discuss, being duly moved by Vice Chair Hill and seconded by Commissioner Grupp, the meeting adjourned at 9:27 a.m.

AYES: Chair Dillenbeck, Vice Chair Hill Commissioners Grupp, Henry, McKenzie and Newman
NAYS: None

SUBMITTED BY:
eScribers, LLC