

CITY COUNCIL REPORT



Meeting Date: **July 1, 2013**
 General Plan Element: **Economic Development**
 General Plan Goal: **Sustain Scottsdale as a tourist destination**

ACTION

The Scottsdale Showdown Event

Adopt Resolution No. 9444 authorizing funding of \$75,000 from the City portion of bed tax allocated toward event development for the Scottsdale Showdown event, and authorize the City Mayor to execute Agreement No. 2013-080-COS with the Scottsdale Charros.

BACKGROUND

Major events are an important component of Scottsdale's overall image and its "product." Events are also used to increase national and international visibility for Scottsdale as a desirable tourist destination.

On May 8, 2012, City Council approved Resolution No. 4019 establishing an allocation of bed tax funds for events and event development. Per the City Council decision, \$1.2 million of City bed-tax funds are allocated toward events and event development.

The Tourism Development Commission (TDC) has recognized the opportunity to develop new events that have the potential to increase shoulder season occupancy as a primary event program objective. In addition, the Tourism Development and Marketing Strategic Plan adopted by City Council on May 14, 2013, identifies the need to develop events which exemplify historical value and advance the knowledge of Scottsdale

The Charros and Championship Bull Riding (CBR) have partnered to bring the City of Scottsdale an all-star bull riding event. The inaugural event known as the Scottsdale Showdown will be staged at WestWorld of Scottsdale on October 19, 2013.

ANALYSIS & ASSESSMENT

The Scottsdale Charros have proposed a one year agreement with the City of Scottsdale in order to establish the annual western themed event.

The Scottsdale Showdown event is anticipated to attract over 10,000 attendees with an additional 825 out of state participants. The first year event is scheduled to be one day with the intent to grow the event to a multi-day, multi-faceted event.

The 2013 Scottsdale Showdown event marketing and advertising budget is estimated to be \$381 thousand, which represents 38% of the total event budget of \$1.0 million.

In addition to the proposed City sponsorship, event costs will be paid by the event producer, as well as corporate and business sponsorships. Estimates for the 2013 event corporate sponsorships are \$408 thousand.

In order to enhance the City's event sponsorship evaluation process, the City has retained a qualified marketing research consultant, Artigue Agency, to measure, analyze, and report the economic and fiscal impact as well as overall value and benefits associated with a proposed event sponsorship.

The Artigue Agency has provided an analysis and report of the Scottsdale Showdown event sponsorship proposal. The report indicates that the estimated overall economic impact for the City of Scottsdale will exceed the proposed City sponsorship of \$75,000. The report also noted the benefit of regional and national media attention that will come from coverage associated with a touring competition such as championship bull riding.

The report has recommended that the City of Scottsdale proceed with a one year agreement to fund the event.

In addition to the noted benefits associated with the event, additional benefits include:

- Reinforcing and enhancing the positioning of the Scottsdale brand as well as showcasing WestWorld as a premier multipurpose event venue.
- Increase awareness, visits and economic development in Scottsdale while showcasing Scottsdale to visitors by providing a memorable western experience.
- The Scottsdale Showdown event will add to the Scottsdale's inventory of events and attracts regional, domestic, and international visitors.

Proposed Agreement Summary

The following are host and promotional benefits outlined in the proposed one-year agreement between the Charros and the City:

- The Scottsdale Charros will host The Scottsdale Showdown at WestWorld in Scottsdale Arizona for a minimum of seven (7) hours on Saturday, October 19th, 2013.
- The City of Scottsdale will have "naming rights" to The Scottsdale Showdown event.
- The Scottsdale Charros will provide a minimum of \$200,000 in publicity value from inside and outside Arizona.
- The Scottsdale CVB will have the opportunity to provide thirty-six (36):30 second prime time television commercials which the Scottsdale Charros will provide broadcast nationally on Fox Sports during the Championship Bull Riding (CBR) season May-August.

- The Scottsdale Showdown will be broadcast nationally on Fox Sports in May 2014 to over 80 million households.
- The Scottsdale Showdown will feature the City of Scottsdale and Scottsdale CVB name or logo in all advertising and promotional materials create for the Event, including but not limited to, event posters, flyers and event guides.
- The Scottsdale Charros will feature the City of Scottsdale and the Scottsdale CVB as "co-hosts" of The Scottsdale Showdown event in over 250 radio spots on KMLE 108.
- The Scottsdale CVB will have the opportunity to provide one (1), :30 second video to be shown to over 6,000 attendees of the Championship Bull Riding portion of the Event.
- The City of Scottsdale and Scottsdale CVB will be prominently featured in the Event press release to over 300 local, national and regional media outlets.
- The Scottsdale Charros will provide the City directly, or if requested by City, provide SCVB for the benefit of City, with hospitality opportunities consisting of:
 - Twenty (20) VIP passes to the event
 - Ten (10) Valet Passes
 - Fifty (50) general admission tickets to The Bullpen Concert event
- Opportunity for the SCVB to provide collateral to over 825 out of state vendors, cowboys, talent and cattle stock producers in welcome packets.
- The Scottsdale Charros will obtain all event sponsors and are solely responsible for fulfillment of all sponsor benefits which are provided in return for cash, product or in-kind services.
- The Scottsdale Charros will work closely with the SCVB to create additional promotional opportunities for the Event.
- The Scottsdale Charros will create and implement a marketing and promotional plan by July 2013, which will require the Scottsdale Charros to provide a \$150,000 direct dollar event marketing investment.
- The Scottsdale Charros will provide the City a post event report which will provide an evaluation of the producers performance under this agreement, the benefits to the City and the public achieved and likely to be achieved because of the event, and such other information as the post event report template to be provided by the City shall require. Post event report shall be provided no later May 31, 2014 to the City. If requested, a presentation to City Council will be required.

Event marketing efforts will be required to target feeder cities in order to provide assurance of increased tourism for Scottsdale as a result of the event. In addition, the City will conduct an

event intercept survey during the event using questions selected by the City at the event at a reasonable cost to the event producer.

Community Involvement

The TDC's discussion relating to the Scottsdale Showdown Event took place at the May 21, 2013 TDC meeting and the May 13, 2013, City Council Economic Development Subcommittee meeting.

RESOURCE IMPACTS

Available funding

On May 21, 2013, the TDC unanimously recommended that City Council support the agreement between the City and the Charros producer of the Scottsdale Showdown Event. The total maximum approximate City investment for the agreement is \$75,000. Based on FY2013/14 bed tax projections, funds are available.

Staffing, Workload Impact

No additional staffing or other resources are anticipated as a result of the proposal.

OPTIONS & STAFF RECOMMENDATION

Adopt Resolution No. 9444 authorizing funding of \$75,000 from the City portion of bed tax allocated toward event development for the Scottsdale Showdown event, and authorize the City Mayor to execute Agreement No. 2013-080-COS with the Scottsdale Charros.

RESPONSIBLE DEPARTMENT(S)

Economic Development

STAFF CONTACTS (S)

Steve Geiogamah, Tourism Development Coordinator Economic Development Department, sgeiogamah@scottsdaleaz.gov

APPROVED BY



Danielle Casey, Director

Economic Development

480-312-7601 dcasey@scottsdaleaz.gov

6-17-13

Date



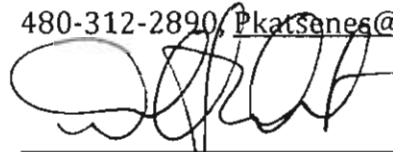
Paul T. Katsenes, Executive Director

Community & Economic Development

480-312-2890, pkatsenes@scottsdaleaz.gov

6-17-13

Date



Dan Worth, Acting City Manager

480-312-5555, Dworth@scottsdaleaz.gov

6-18-13

Date

ATTACHMENTS

1. Resolution No. 9444
2. Agreement No. 2013-080-COS
3. May 21, 2013 Tourism Development Commission Meeting Minutes

RESOLUTION NO. 9444

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING A TRANSIENT LODGING (BED) TAX FUNDING AWARD FOR "THE SCOTTSDALE SHOWDOWN" AND AUTHORIZING A NEW EVENT FUNDING AGREEMENT WITH THE EVENT PRODUCER

WHEREAS, City desires to provide funds for The Scottsdale Showdown event, and

WHEREAS, City and the selected event producer wish to enter into an agreement for the event,

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Scottsdale, Arizona, as follows:

- Section 1. The City Council authorizes an amount not to exceed \$75,000.00 from the Event Development portion of transient lodging (bed) taxes for promoting the City of Scottsdale through "The Scottsdale Showdown" event.
- Section 2. The City Council authorizes and directs the Mayor to execute, on behalf of the City, Contract No. 2013-080-COS.

PASSED AND ADOPTED by the City Council of the City of Scottsdale, Arizona this ____ day of July, 2013.

City of Scottsdale, an
Arizona Municipal Corporation

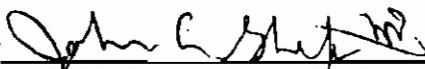
ATTEST:

Carolyn Jagger, City Clerk

W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

Bruce Washburn, City Attorney

By 
John C. Shafer, III, Asst. City Attorney

2013-080-COS

NEW EVENT FUNDING AGREEMENT

THIS NEW EVENT FUNDING AGREEMENT (the "Agreement") is made this ____ day of _____, 2013 by and between The Scottsdale Charros, Inc. an Arizona not-for-profit company ("Producer") and the CITY OF SCOTTSDALE, an Arizona municipal corporation ("City").

RECITALS

A. City's City Council has approved the expenditure of a portion of certain funds collected (the "Bed Tax Funds") in conformity with Financial Policy 21A to be used to help promote certain events supporting tourism and the hospitality industry in Scottsdale, Arizona.

B. Producer is the producer of a certain tourist-oriented event (the "Event") known as "The Scottsdale Showdown."

C. Producer has submitted to City a proposal (the "Proposal") describing the Event and requesting that City authorize use of a portion of the Bed Tax Funds for the Event to promote Scottsdale as a tourist destination.

D. At Producer's request, City has determined to provide funds (the "Event Funds") to Producer up to the maximum amount of Seventy Five Thousand and No/100 Dollars (\$75,000.00) (the "Event Amount").

E. City's willingness to provide the Event Funds is conditioned upon Producer's executing and performing this Agreement and delivering to City after the Event a report (the "Post Event Report") accompanied by a separate invoice (the "Invoice").

NOW, THEREFORE, in consideration of the foregoing and good and valuable consideration received, the parties hereto agree as follows:

1. Funding Limitation. Payment of the Event Funds is subject to all of the following cumulative conditions and limitations:

1.1 The total amount of Event Funds City pays under this Agreement shall not exceed the Event Amount, minus setoffs and other amounts to which City may be entitled.

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Contract No. 2013-080-COS

1.2 City's payment shall be made only from Bed Tax Funds, specifically the portion allocated to event development. City is not obligated to provide funding from any other source.

1.3 Without detracting from limits contained elsewhere in this Agreement, Event Funds shall be disbursed only to the extent City determines, in its sole and absolute discretion, that City has collected adequate Bed Tax Funds to disburse these amounts, taking into account all circumstances including, without limitation, competing uses for the Bed Tax Funds.

2. Event Requirements. In addition to the Event Scope of Deliverables more specifically set forth in Exhibit A, attached hereto and herein incorporated by reference in its entirety, Producer shall cause the Event to comply with all of the following requirements:

2.1 The Event shall be held within the corporate limits of the City of Scottsdale.

2.2 The Event shall be open to the public.

2.3 The Event shall be held on the date stated in the Proposal-October 19, 2013. If the Event fails to occur on such date, the City shall not be obligated to perform.

Notwithstanding the foregoing, if the Event fails to occur on the above date solely due to weather, an act of God, or a condition beyond the reasonable control of Producer, then Event (or any portion thereof) may be rescheduled to a subsequent date certain. All rights and privileges of the parties will continue until conclusion of the Event. Should the Parties agree that rescheduling the Event is not tenable, they may mutually decide to cancel this Agreement and sponsor (City) shall have no further obligation to provide additional funds beyond the value of sponsorship benefits provided to date.

2.4 Producer's representation that the Event will be of the same scale, quality, attendance, economic benefit to the public, and other public benefits-or better-as are described in the Proposal is a material term of this Agreement.

2.5 Producer shall publicly acknowledge the City support represented by this Agreement. Without limitation, all Event publicity, advertising and other activities before, during and after the Event (that are entirely or partially paid for by Event Funds) shall acknowledge City's support, shall clearly indicate that the Event occurs in Scottsdale, shall clearly indicate the Event is sponsored by City, and shall utilize (as determined appropriate by City) a logo provided

by City or an event sponsorship logo provided by the SCVB. No other use of City's name is allowed in any form of advertising or public relations without prior City approval.

2.6 If City requests, Producer shall publish in the Event program at least one reasonably prominent advertisement that is at least half of a page. The advertisement shall use content provided by City promoting Scottsdale.

2.7 No later than (60) days prior to the Event, Producer shall meet with City and SCVB and shall present for City's input the booking engines, room blocks, third party economic impact reports or equivalent methods that Producer will use to track which hotels and other lodgings are used by attendees, staff, vendors and other person who attend the Event.

2.8 No later than thirty (30) days prior to the Event, Producer shall deliver to City a letter, email, or fax (the "Exhibit Space Invitation") offering City a minimum of eighty (80) square feet of reasonably prominent exhibit space at the Event to be used by City at no charge for the purpose of promoting Scottsdale.

2.9 The official Event website shall have a prominent link to City's website and to SCVB's website.

2.10 City will conduct an event intercept survey contemporaneous with the Event, with questions to be provided by City, which cost (\$500-\$1000) will be reimbursed by Producer.

2.11 After the Event, Producer shall provide the Post Event Report to City as follows:

2.11.1 The Post Event Report shall be a written report formatted according to the template to be provided by City.

2.11.2 The Post Event Report shall include the following:

2.11.2.1 A narrative description of:

2.11.2.1.1 The Event.

2.11.2.1.2 Producer's performance under this Agreement.

2.11.2.1.3 The benefits to City and the public achieved and likely to be achieved because of the Event.

2.11.2.1.4 The Event's effects on City hotels.

2.11.2.1.5 The positive and negative effects on City services, facilities and neighborhoods.

2.11.2.2 A statement of the total attendance for the Event.

2.11.2.3 Such other information as the Post Event Report template to be provided by City shall require.

2.11.3 Producer shall deliver the Post Event Report to City no later than May 31, 2014.

2.11.4 Producer shall deliver the Post Event Report and the Invoice simultaneously in the same package and delivery, but each shall be enclosed in a separate sealed envelope within the package.

3. Event Fund Payment. Producer shall request Event Funds and City shall pay Event Funds as follows:

3.1 City's payment of the Event Funds is conditioned upon Producer's executing and performing this Agreement. City reserves the right to reduce the Event Amount below \$75,000 to the extent Producer's pre or post Event marketing impression values do not support such direct sponsorship amount.

3.2 City shall make the payment within sixty (60) days after receiving all of the following:

3.2.1 The Post Event Report.

3.2.2 The Invoice.

3.2.3 All supporting and other materials required by this Agreement. Payment of Event Amount shall be conditioned on Producer providing such evidence as City requests.

4. Compliance With Law. This Agreement does not waive and is not a substitute for Producer's obligation to comply with all state, local and federal laws, policies and regulations applicable to the Event. This Agreement is not a permit or regulatory approval to hold the

Event. This Agreement is not a promise to make City venues or other resources available for the Event.

5. Indemnification. To the fullest extent permitted by law, Producer, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by Producer relating to the Event, and any work or services in the performance of this Agreement including, but not limited to, any subcontractors, suppliers or others connected with the Event or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Producer's or such other persons, customers or employees. Producer's indemnification obligations shall extend beyond and will not be affected by any termination of this Agreement.

6. Insurance. Producer shall purchase and maintain during the Event and during all setup and takedown of the Event insurance with coverages and limits as follows:

6.1 The following coverages are required:

6.1.1 Commercial/Business Automobile Liability insurance with a limit of not less than \$1,000,000, each accident with respect to the Producer owned, hired, and non-owned vehicles.

6.1.2 Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Producer's employees; and Employers' Liability insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit. If any work is performed by third parties, Producer will cause the third parties to provide Workers Compensation and Employers' Liability to at least the same extent as required of Producer.

6.1.3 "Occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate limit. The policy shall cover liability

arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying.

6.1.4 If valet parking is offered, Garagekeepers Legal Liability with limits of not less than \$75,000 per vehicle.

6.1.5 If alcohol is sold at the Event, liquor liability insurance with a limit of not less than \$5,000,000 for each occurrence and \$5,000,000 aggregate.

6.2 For all insurance policies except Workers Compensation, City shall be named as additional insured.

6.3 City's Risk Management Division may increase or change required insurance coverage and limits from time to time depending on the size, scope and nature of the activities of the Event. No reduction in coverage or policy limits is effective without the written approval of City's Risk Manager or designee.

6.4 Producer shall purchase and maintain all required insurance from insurance companies licensed to do business in the State of Arizona, or from qualified non-admitted insurers who are authorized to do business in the State of Arizona.

6.5 Producer shall provide City, prior to the Event, certificates of insurance as evidence that the required insurance coverages and limits are in full force and effect.

7. Term/Termination. This Agreement shall be in effect from the date executed by City's Mayor and will terminate upon Producer providing to City a satisfactory Post Event Report and City paying to Producer the Event Funds. However, City may, without further obligation, terminate the Agreement earlier for convenience or cause, upon giving Producer ten (10) days written notice. If the Event is canceled, this Agreement and all obligations of City and Producer hereunder shall also cancel at such date.

8. Miscellaneous.

8.1 Assignment. Producer's obligations and rights hereunder shall not be assigned or delegated, in whole or in part, without City's prior written consent.

8.2 Cancellation. This Agreement is subject to cancellation pursuant to the provisions of ARS Section 38-511.

8.3 Modifications. Any amendment or modification from the terms of the Agreement shall be in writing and shall be effective only upon approval of all parties.

8.4 Severability. If any term or provision of this Agreement shall be found to be illegal or unenforceable, the remainder of this Agreement shall remain in full force and effect, and such term or provision shall be deemed to be deleted.

8.5 Attorney's Fees. If any party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party reasonable attorney's fees, costs, and expenses, determined by a court sitting without a jury, which shall be deemed to have accrued on the commencement of such action.

8.6 Authority. The person executing this Agreement on behalf of Producer warrants and represents to have full power and authority on behalf of Producer to enter into and perform this Agreement.

8.7 Notices. Notices hereunder shall be given in writing by hand delivery or by United States mail, return receipt requested, postage prepaid addressed to:

If to City: Steve Geiogamah
Tourism Development Coordinator
Economic Vitality Department
City of Scottsdale
4021 North 75th Street Suite 102
Scottsdale, AZ 85251

If to Producer: The Scottsdale Charros, Inc.
c/o Margaret Leichtfuss, Exec. Dir.
10533 E. Lakeview Dr.
Scottsdale, AZ 85258

By notice, City or Producer may designate other addresses for receiving mailed notice hereunder. Service of any notice by mail shall be deemed to be complete three (3) days (excluding Saturday, Sunday and legal holidays) after the notice is deposited in the United States mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date first stated above.

ATTEST:

CITY:

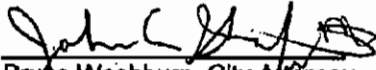
By: _____
W.J. "Jim" Lane
Mayor


By: _____
Carolyn Jagger
City Clerk

PRODUCER:

By: _____
Jason Mészáros
Its: Treasurer

APPROVED AS TO FORM:


Bruce Washburn, City Attorney
By: John C. Shafer, III
Assistant City Attorney


Edward M. Howard
Risk Management Director



Steve Gelogamah
Tourism Development Coordinator

EXHIBIT A

New Event Funding Scope of Deliverables

Event Name: The Scottsdale Showdown

Event Date: October 19, 2013

Producer acknowledges that City's approval of this Agreement and corresponding Event Amount is predicated on statements made in Producer's proposal to City and subsequent negotiations which are herein memorialized. Producer and City agree that the following enumerated items are material provisions of this Agreement.

1. Producer will stage "The Scottsdale Showdown" at Westworld in Scottsdale, Arizona, for a minimum of seven (7) hours on Saturday, October 19, 2013.
2. The City will have "naming rights" to The Scottsdale Showdown event.
3. Producer will provide a minimum of \$200,000 in publicity value from inside and outside Arizona.
4. The Scottsdale CVB (SCVB) will have the opportunity to provide thirty-six (36), thirty second (:30) prime time television commercials, which Producer will have broadcasted nationally on Fox Sports during the Championship Bull Riding (CBR) season-May through August 2013.
5. The Scottsdale Showdown will be broadcast nationally on Fox Sports in May 2014 to over 80 million households.
6. Producer will feature the City of Scottsdale and SCVB name or logo in all advertising and promotional materials created for the Event, including but not limited to, event posters, flyers and event guides.
7. Producer will feature the City and the SCVB as "co-hosts" of the Scottsdale Showdown event in over 250 radio spots on radio station KMLE 108.
8. SCVB will have the opportunity to provide a half-minute video to be shown to over 6,000 attendees of the Championship Bull Riding portion of the Event.
9. City and SCVB will be prominently featured in the Event press release to over 300 local, national and regional media outlets.
10. Producer will provide the City directly, or if requested by City, provide SCVB for the benefit of City, with hospitality opportunities consisting of:
 - (a) Twenty (20) VIP passes to the Event;
 - (b) Ten (10) Valet Passes; and
 - (c) Fifty (50) general admission tickets to The Bullpen Concert event.

11. SCVB shall have opportunity to provide collateral to over 825 out of state vendors, cowboys, talent and cattle stock producers in welcome packets.
12. Producer will obtain all Event sponsors and is solely responsible for fulfillment of all sponsor benefits that are provided in return for cash, product or in-kind services.
13. Producer will work closely with SCVB to create additional promotional opportunities for the Event.
14. Producer will create and implement a marketing and promotional plan by July 2013, which will require the Producer to provide a \$150,000 direct dollar event marketing investment.
15. In addition to the Post Event Report, if requested by City, a presentation to the City Council will be required.
16. Event marketing efforts will be required to target feeder cities in order to provide assurance of increased tourism for City as a result of the Event.



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, May 21, 2013

**Witzeman Public Safety Building
8401 E. Indian School Road
Scottsdale, Arizona 85251**

DRAFT MINUTES

PRESENT: Kathleen Glenn, Chairwoman
David Scholefield, Commissioner
Tom Enders, Commissioner
Robert McCreary, Commissioner
Ren Hirose, Commissioner

ABSENT: Ace Bailey, Commissioner
Carl Grupp, Commissioner

STAFF: Steve Geiogamah
Kroy Ekblaw
Rob Millar
Lee Guillory
Cindy Eberhardt
Holli Shannon

GUEST: Rachel Sacco, SCVB
Caroline Stoeckel, SCVB
Rachel Pearson, SCVB
Jason Meszaros, Charros
Kory Bonds, Charros
Paul Seivert, Charros
Lauren Smith, Charros
Jason Rose, Beat the Heat
Chris Giles, Beat the Heat
Perry Edinger, Beat the Heat

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairwoman Glenn called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:06 a.m.

2. Approval of Minutes

- April 16, 2013 Meeting

COMMISSIONER SCHOLEFIELD MOVED TO APPROVE THE MINUTES OF THE APRIL 16, 2013 TOURISM DEVELOPMENT COMMISSION MEETING. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS BAILEY AND GRUPP WERE ABSENT.

3. Staff Liaison's Report

- a. Staff Bed Tax Collection Report
- b. Bed Tax Proforma
- c. Smith Travel Report

Mr. Geigamah requested feedback from the Commission about how the information is presented.

Chairwoman Glenn said the bed tax is invaluable information but need not be discussed unless results are exceptional. Other Commissioners concurred.

Chairwoman Glenn said the Smith Travel Report is useful information but again questioned whether discussion is needed at every meeting. Other Commissioners agreed this is not necessary.

Ms. Rachel Sacco of the Scottsdale Convention and Visitors Bureau said they also receive a different report. She is more interested in how their competition is faring. Mr. Geigamah agreed that this information would be more helpful.

Commissioner Hirose pointed out that the Smith Travel Report in the packet is typically data that is about two months old; the next report is usually issued a couple of days before the Commission meets. It would be helpful to receive the most current report. Mr. Geigamah undertook to circulate this to the Commission.

Commissioners agreed there should be a monthly discussion on the proforma.

Finance Director Ms. Lee Guillory reported that April bed tax collections activity was up 5% over the prior year. Year to date they are up about 1.8%.

Mr. Geigamah reported no major changes to expenses. Currently \$128,000 is available for new events.

Commissioner Scholefield asked whether the \$2.048 million for the Equestrian Center will be carried over to FY2013/14. Ms. Guillory explained that this represents the total funding to be expended over the current year and FY2013/14.

Commissioner Scholefield noted that the Commission has yet to discuss the hospitality trolley. Chairwoman Glenn confirmed that staff will present an update on the trolley at the next meeting.

d. Program Updates

Mr. Geiogamah said the Tourism Development and Marketing Strategic Plan has been approved by City Council. Staff is moving forward with forming a leadership group and has already received several applications. Nine applicants are to be selected and their names will be submitted to City Council in early July.

Strategic Programs Manager Mr. Rob Millar reported that this was the third year of the Hospitality Trolley Program, a partnership with the SCVB, the City Transit Department, the Economic Development Department. Having determined that the options to proceed are a little more complex than originally thought, staff is working with the Purchasing and Transit Departments to develop more specific options.

With respect to the Civic Center Mall Master Plan, Mr. Millar said this is now to be a question in the November bond election. The question is worded such that some of the funds could be used for planning the entire Mall.

4. Desert Discovery Center Phase III Update

Mr. Kroy Ekblaw, Preserve Director told the Commission that no responses were received to their RFQ. The Phase III Committee met to evaluate this situation and in discussion the issue of location, which has long been a concern of the Preserve Commission, was raised again. He distributed copies of a study of possible alternative locations by the consultants who did the Gateway site analysis. The Committee recommended that if the site is to be located in the Preserve there are opportunities for synergy. If the DDC is to be located outside of the Preserve, two sites should be further studied:

- o The 80-acre site owned by the City at Bell and 94th Street
- o The Pima and Dynamite site owned by the State Land Department, targeted for acquisition for the Preserve

The site at Bell and 94th Street is not adjacent to the Preserve, although it is fairly close. The advantage to this site is that the City already owns the land and it is close to freeway interchanges.

Mr. Ekblaw said it would be possible to buy some of the land at Pima and Dynamite with non Preserve tax dollars, which would avoid the conflict of locating the DDC on Preserve land. This area is about four miles farther from the freeway interchange than the Gateway site. A power corridor crosses a portion of this site although the Center would be located away from it. Because of the size of this site it offers other partnering opportunities and flexibility, which might be more appealing to potential partners. Wildlife rehabilitation facilities might be interested in relocating to this site. The Wallace Desert Gardens is looking for a new location. ASU, U of A and other institutions might be interested in partnering and creating a research center.

The Committee recommends that these two sites and the Gateway site have the most potential. They recommend that staff continue to look for partners and an operator.

Unlike last year, the Committee did not put a time frame this year, since it is now really up to the private sector to step forward. There is not much the City can do to incentivize this. A local group is researching opportunities with research partners. Staff will stay in touch with them and will be presenting these findings to the next meeting of the McDowell Sonoran Preserve Commission on May 30. Following that staff plans a work study session with City Council.

Chairwoman Glenn asked what non Preserve tax funds would be used to purchase the land at Pima and Dynamite. Mr. Ekblaw said this has not yet been identified, although there are several possibilities. The vast majority of this 190-acre parcel would be acquired for the Preserve. He stressed that at this point they are considering the concept only.

Commissioner Hirose inquired about the timeline for creating the DDC. Mr. Ekblaw said nothing is scheduled. Public funding would probably be via a bond election. Since this is not on the election for this November the earliest it could be voted upon would be 2014. Staff believes that once all the commitments are in place there would probably be a three to five-year process before the facility was ready to open.

5. FY13/14 Scottsdale CVB Destination Marketing Guide

Ms. Sacco presented the SCVB budget for FY2013/14. She pointed out that although they are looking at an increase of 5.6%, at \$11.2 million the budget is still not as high as it was in FY2007/08. At that time the budget was over \$11.5 million with 47 FTEs. Staff was reduced by 20% and marketing by 40% during the downturn. The program is similar to the program in FY2007/08 with 43 FTEs. The Bureau no longer uses a full-time advertising agency. She summarized that the Bureau has cut all possible costs and is doing marketing and web design in house.

For next year's program they have obtained feedback from the SCVB Board and their Sales and Marketing Advisory Council. The advice received is to build on their strengths. Accordingly, 11% of the budget increase is allocated to sales efforts. She outlined the twelve new sales activities added for the coming year. The budget for communications is increased by nearly 11%. This is a crucial area for the Bureau. They are able to obtain \$18 million in free editorial press worldwide. Ms. Sacco described plans to prepare for the Super Bowl in February 2015.

The tourism budget has been decreased by approximately 3%. The emphasis will be on training. The marketing has not been increased. However, any bed tax dollars the Bureau receives will be dedicated to marketing. Because bed tax had been trending downward, the Bureau has \$165,000 less than they had projected in this year's budget, meaning no carryover is projected.

Ms. Sacco expressed pride that the Bureau's performance measures in every category remain flat. Even with the budget decreasing every year, performance measure have always been increased. The SCVB will continue to look for the best opportunities to promote Scottsdale.

Chairwoman Glenn asked when the final accounting of bed tax dollars will happen. Ms. Guillory said this is typically in August with any payment on September 1.

Chairwoman Glenn asked when the new HD television commercial will be ready. Ms. Stoeckel said it will probably be ready in July and will air starting in October. Ms. Sacco promised to screen it for the Commission ahead of its launch. This year advertising will start in October rather than January. There will be a fall focus, a holiday focus, an in season focus, a spring training focus, and a summer focus.

Commissioner Hirose enquired about any marketing efforts to Latin America. Ms. Sacco said they work with the Office of Tourism and do some work in that area mainly through the trade and travel media. However they cannot afford to buy media in the region. Commissioner McCreary mentioned that southern Brazil represents an opportunity. Ms. Sacco agreed. They have an active working relationship with the travel trade and media.

Commissioner Scholefield mentioned meeting high-end travel agents at the Virtuoso trade show. He shared that South American travelers are interested in visiting Scottsdale, but lack of direct air access is the number one obstacle. They are competing with Los Angeles and Dallas. As some travelers venture from Los Angeles to Las Vegas, his company tries to persuade them to add Phoenix as a third destination.

Ms. Sacco replied that the Bureau has been very concerned about this question. The China market is opening up, but again, lack of direct air access is proving a stumbling block. A representative from Sky Harbor Airport will be speaking at the SCVB quarterly meeting on June 12. She encouraged everyone to attend.

COMMISSIONER ENDERS MOVED TO RECOMMEND APPROVAL OF THE SCOTTSDALE CVB DESTINATION MARKETING GUIDE AS PRESENTED. COMMISSIONER MCCREARY SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS BAILEY AND GRUPP WERE ABSENT.

Mr. Geiogamah said staff will present the Destination Marketing Guide to City Council on June 18.

6. FY 13/14 Destination Marketing SCVB Performance Measures

Mr. Geiogamah said City staff has worked with SCVB staff toward the development of the FY2013/14 performance measurements. The measurements will be presented to City Council for approval on June 18 as part of the contract with the City.

Commissioner Scholefield noted that compared to actual performance so far this year, the goals for next year seem conservative. Ms. Sacco said they are not sure how many leads will be generated from the shows they plan to attend. It has been six or seven years since they approached the Financial & Insurance Conference Planners or the planners of pharmaceutical conventions. She reminded the Commission that the performance measures in the City contract must be met, so they strive to always set achievable standards. Their internal goals are more of a stretch.

COMMISSIONER SCHOLEFIELD MADE A MOTION TO APPROVE THE DESTINATION MARKETING SCVB PERFORMANCE MEASURES AS PRESENTED. SECONDED BY COMMISSIONER HIROSE, THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS BAILEY AND GRUPP WERE ABSENT.

7. The Scottsdale Showdown Event – New Event Funding Proposal

Mr. Jason Meszaros of the Scottsdale Charros and Chair of the Scottsdale Showdown presented the Scottsdale Showdown. This new event is designed to showcase Scottsdale nationally with a rodeo at WestWorld. This will take place on October 19. They have contracted with the Championship Bull Riding (CBR) organization to host a two-hour nationally televised bull riding event in the new Equidome. Scottsdale Showdown has given 26 30-second television ad spots to the SCVB which will air in conjunction with event promotion on the Fox Sports network. He described the other plans including a concert in the tent sponsored by KMLE Country and a tailgate party showcasing Chevy trucks, as Chevrolet is also a sponsor.

Mr. Meszaros summarized that the event's name "Scottsdale Showdown" is what the Charros can offer to the City. KMLE Country is giving all their billboards to the event for a month leading up to it as well as six weeks of on-air promotion and radio spots. The Scottsdale Showdown website will feature links so visitors can book hotel rooms through the SCVB.

The Charros are committed to the long-term success and have already spent \$90,000. Their three-year plan is to grow the Showdown to a multi-day event. They are asking the TDC for \$75,000 in seed money. Mr. Geiogamah clarified that if approved, this would be taken from the FY2013/14 budget. Staff estimates that approximately \$217,000 will be available for new event funding.

Commissioner Hirose asked how the October date was selected, since this is typically a busy month for the hotels. Mr. Meszaros said the Charros focused on spring and fall. They are busy with spring training in the spring and needed to fit in with the CBR tour schedule. In future years this might change.

Chairwoman Glenn commented that the timing and length of this event may not match the criteria for using bed tax funds. They are asking for a substantial amount of the available funding in the budget.

Commissioner Enders said that October is the shoulder season. He was concerned that the event funding requires that the organization match the funds. This would mean that the Charros would have to spend a total of \$150,000 on marketing and advertizing. Looking at the budget they had received it did not appear that this was in the budget. Mr. Geiogamah said the value of the media sponsorships in television, radio and print marketing totals about \$200,000. The value of design, printing and multi-media production is a further investment of \$91,000.

Commissioner Enders said as long as the Charros match any funding the Commission recommends, he feels this is a great event.

Commissioner Scholefield asked for details of the Charros' cash outlay, noting that the City contribution is supposed to be 50% of the cash expenditure. If the City gives \$75,000 they would expect the Charros to spend an equal amount for a total of \$150,000 to be spent on marketing to target markets outside of Maricopa County.

Mr. Kory Bonds of the Charros outlined the billboard campaign. Mr. Geiogamah noted that with the new event program there has been some flexibility with regard to local marketing.

Chairwoman Glenn asked what would happen if an organization does not match the City's contribution. Mr. Geiogamah said that City staff receives a post event report and verifies what funds have been spent. Then the City funding is disbursed. Chairwoman Glenn inquired whether if the Commission recommends approving this request, staff would verify that the request fits within the guidelines before this is submitted to City Council for approval. Mr. Geiogamah said staff requests marketing plans several months in advance of the event.

COMMISSIONER MCCREARY MOVED TO APPROVE THE REQUEST FOR \$75,000 FOR NEW EVENT MARKETING FOR THE CHARROS SCOTTSDALE SHOWDOWN EVENT. COMMISSIONER HIROSE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS BAILEY AND GRUPP WERE ABSENT.

8. Scottsdale Beat the Heat Event Proposal – New Event Funding Proposal

Mr. Jason Rose presented the Scottsdale Beat the Heat inaugural race, scheduled for June 22, intended to encourage people to visit Scottsdale in the summer. The course at WestWorld is designed to showcase much of what Scottsdale has to offer.

Commissioner Hirose asked about the registration thus far. Mr. Rose said 15% of the 700 registrants to date are from outside of Maricopa County, coming from ten different states.

Commissioner Enders was impressed by the timing and marketing creativity. He said it is concerning to commit \$30,000 a month before the event. He asked about the expenditure on marketing. Mr. Rose acknowledged that they will not spend a total of \$60,000 but said this offers exceptional value. Even after the event it will receive substantial coverage and promotion for Scottsdale. He said the event promoters are spending their own money and he does not understand the City policy.

Commissioner Enders said the Commission expects much more than \$60,000 in value to come from their investment. The only way the Commission can guarantee that the money is spent to market and promote the program is to have the matching funds policy. He asked Mr. Rose what the marketing budget is.

Mr. Rose replied they have spent \$16,000 on marketing. He urged the Commission to take into consideration the applicants and what they have done, and place some value on the media coverage and publicity. Commissioner Enders said the media coverage

does have value. If the organizers were to spend another \$14,000 they have the potential to receive \$30,000 through the new event program for a total of \$60,000 for marketing. Mr. Rose said that would be unlikely. Commissioner Enders said in his opinion the event does not meet the program requirements although he likes it. Potentially the Commission might support it next year with an expanded marketing plan. They have to maintain the integrity of the new event program.

Mr. Rose suggested if this is the Commission's position that it could recommend matching the funds actually spent on marketing. In further discussion, Chairwoman Glenn opined that the event does not have enough room nights to qualify for the tiered event funding as it is not a spectator race primarily. Mr. Rose said the race will start at the Equidome and finish at the polo field at WestWorld, where Scottsdale firefighters will hose the runners to cool them off and everyone can enjoy the world's largest water slide.

Commissioner Enders pointed out that the first year of funding of a new event does not have to be the first year of the event. They could request funding for next year and then would have three years to ramp up room nights to qualify for the tiered event funding program.

Mr. Rose said they have one opportunity to make a first impression. He said they considered not requesting funding for this first year but because of their profound focus on making a first impression they chose to put forward the request.

Several Commissioners noted that this is outside of the program guidelines, as the minimum amount that can be matched is \$30,000. Commissioner Enders said the Commission recently spent a lot of time revising the guidelines so it is important to be consistent. Making exceptions compromises the program. He supports the event and looks forward to them requesting support next year.

Mr. Rose argued that this event is designed to bring people to Scottsdale at the worst possible time of year.

Chairwoman Glenn invited a motion to approve the funding request, no motion was made.

9. FY 13/14 Tiered Event Funding Program

Mr. Geiogamah presented the changes made by the event working group to the program for FY2013/14.

COMMISSIONER ENDERS MADE A MOTION TO APPROVE THE REVISED TIERED EVENT FUNDING PROGRAM AS PRESENTED. COMMISSIONER SCHOLEFIELD SECONDED.

Chairwoman Glenn asked about the application process. Mr. Geiogamah said they tried to streamline it. Staff tries to work with event producers as much as possible.

Commissioner Hirose recalled that at the last meeting of the Commission he had recommended that they meet with all of the event planners.

Chairwoman Glenn asked how staff is finding potential new events. She asked if there was money in the budget to hire someone to actively solicit applications for the funding. Mr. Geiogamah said there would not be time to do that for this year. Ms. Sacco added that the SCVB has been doing outreach with various sectors in the community and she expects some applications from the arts and the spa community. Finding a way to recruit new events to activate downtown and the TNEC is part of the tourism five-year plan.

Commissioner Scholefield agreed that the Commission needs to do a better job of getting this opportunity to the marketplace. He suggested making a commitment to do the kind of outreach Commissioner Hirose suggested three to six months ahead of the application process, rather than putting the onus on the SCVB to find applicants.

CHAIRWOMAN GLENN CALLED FOR THE VOTE. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS BAILEY AND GRUPP WERE ABSENT.

10. Election of Vice-Chair

COMMISSIONER MCCREARY NOMINATED COMMISSIONER SCHOLEFIELD AS VICE CHAIR. COMMISSIONER ENDERS SECONDED THE NOMINATION. BY A VOTE OF FOUR (4) TO ZERO (0), THE NOMINATION CARRIED. COMMISSIONER SCHOLEFIELD ABSTAINED AND COMMISSIONERS BAILEY AND GRUPP WERE ABSENT.

11. Identification of Future Agenda Items

Chairwoman Glenn commended the SCVB for its efforts with regard to the Super Bowl 2015. Ms. Sacco explained that after a site inspection, ESPN has verbally selected Scottsdale as the site for the ESPN broadcast during Super Bowl. ESPN will broadcast from the Scottsdale Fashion Square site where the Days Inn used to be. The SCVB is planning an extravaganza and continuing outreach efforts with other networks.

Chairwoman Glenn said staff will make a presentation on the hospitality trolley. Mr. Geiogamah said the organizers of the P.F. Chang's Rock'n'Roll Marathon will be back before the Commission.

Commissioner Enders inquired about a site tour of the Tony Nelszen Equestrian Center and WestWorld. Mr. Geiogamah suggested perhaps meeting in the Equidome office space.

Chairwoman Glenn asked if there are any updates about the Museum of the West. Mr. Millar said they are about halfway into the six-month design process and currently about one month behind schedule. The Museum organization is making progress in fundraising. Staff will not ask Council to award the construction contract until the organizers have secured their portion of the funds.

Commissioner Scholefield inquired about proposals to secure the championship football game. Ms. Sacco said the consortium is meeting tomorrow. In July they will be starting work on the bid for the 2016 game. In 2017 the Valley will be hosting the semi-finals. They could be awarded the 2016, 2018 or 2019 championship game, and will know in the first quarter of 2014. The SCVB's experience with the Fiesta Bowl is invaluable as it takes a leadership role in this initiative. Mr. Geiogamah undertook to add this as an agenda item for the June 18 meeting.

12. Public Comment

No members of the public wished to address the Commission.

13. Adjournment

The meeting adjourned at 9:57 a.m.

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