

# CITY COUNCIL REPORT



Meeting Date: August 19, 2013  
General Plan Element: *Economic Vitality*  
General Plan Goal: *Sustain Scottsdale as a tourist destination*

## ACTION

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Adopt Resolution No. 9499 authorizing staff to renew peak visitor season Hospitality Trolley service beginning approximately December 26, 2013 and ending approximately March 31, 2014 to be funded from available FY 2012/13 Special Revenue Fund for Tourism Development carry over funds not to exceed \$180,000.

## BACKGROUND

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The Hospitality Trolley program is a collaborative effort between the Scottsdale Convention and Visitors Bureau (CVB), and Economic Development and Transportation Departments. The program was developed as a means to provide visitors with a unique and convenient transit option during the peak tourism period of December through March. Providing transit options for Scottsdale visitor's has long been a focus of the CVB in their effort to compete with competitor destinations that boast of transit amenities such as subway, light rail, rapid bus, taxis etc. In addition, transit options become even more critical to visitors due to Scottsdale's narrow and linear design, making connectivity from hotels and resorts to downtown shopping, dining and area entertainment venues challenging.

The Hospitality Trolley first began during the FY 2010/11 and completed its third operational year in March 2013. The main route has aligned with Scottsdale Road, with Princess Road as the most northern stop and Osborn Road as the southern stop. During key signature events such as the Waste Management Phoenix Open and the Barrett-Jackson Car Auction, a trolley loops from the Fairmont Princess Resort to the Tournament Players Club and WestWorld facilities providing attendees with a free and convenient travel option while also reducing area traffic congestion.

For the past three years City Council capped the maximum expenditure amount at \$180,000 and required that 50 percent of the funds come from City bed tax and 50 percent from private advertising revenue. Total program costs have repeatedly come in under the \$180,000 budget as reflected in Table 1 below.

**TABLE 1: Program Costs**

<b>Fiscal Year Expense Category</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY2012/13</b>
Trolley Service Contract	144,144	119,253	132,300
Fuel	22,785	47,204	36,181
Brochure Printing	0	0	2,500
Vehicle Ad Wraps	0	10,840	0
<b>Total Program Costs</b>	<b>166,929</b>	<b>177,297</b>	<b>170,981</b>

Private sponsorship revenue secured for advertising on the exterior and interior of the trolleys was obtain each year as reflected in Table 2.

**TABLE 2: Private Advertising Revenue**

<b>Fiscal Year</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>
<b>Sponsorship Revenue</b>	103,000	82,952	74,357

The FY 2012/13 route and service hours and route design were consistent with FY 2011/12 with the primary route of Scottsdale Road between Princess Road and Osborn Road. A schedule from 10 a.m. to 10 p.m. was provided with 30-minute stop intervals (a trolley arrives every 30 minutes at each signed stop).

A summary of Hospitality Route performance measurement data is shown in Table 3.

**TABLE 3. Hospitality Route Boardings**

<b>Measurement</b>	<b>Hospitality Trolley 2011</b>	<b>Hospitality Trolley 2012</b>	<b>Hospitality Trolley 2013</b>
<b>Days of Service</b>	91	97	92
<b>Hours of Service/Day</b>	14	10	10
<b>Total Hours of Service</b>	1274	970	970
<b>Total Boardings</b>	13,253	17,210	16,913
<b>Boardings per Hour</b>	10	18	18
<b>Goal</b>	20	20	32
<b>Average Daily Boardings</b>	146	177	184

Rider surveys were conducted by Transportation Group staff during the final two weeks of March of each year. From the last two survey years, overall satisfaction of the service increased thirty-one percent from FY 2011/12 to FY 2012/13. The survey results in FY 2012/13 also showed a noticeable increase in ridership by people younger than thirty; however, the majority of riders are still in the 50 to 69 age group. Approximately 50 percent of the people surveyed said they would drive (or taxi) if the Hospitality Trolley was not available, which would increase roadway congestion and parking at the events and during Spring Training games. A three year summary of survey responses is attached.

## **ANALYSIS & ASSESSMENT**

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### **Recent Staff Action**

While the service has been provided within budget, the following challenges and opportunities were identified that relate to tourism impact and need, sponsorship revenue, and ridership.

### **Tourism Impact and Program Need**

Tourism is critical to Scottsdale's economy, providing revenue for city programs, services and capital improvement projects such as the Tony Nelssen Equestrian Center and Scottsdale's Museum of the West. In FY 2011/12 the overall estimated economic impact of tourism in Scottsdale was \$2.9 billion, generated by 8.6 million visitors.

Visitors have a variety of choices when considering where to invest their travel dollars, taking into consideration the cost of transportation to the destination, room rates, culinary options, activities/entertainment, and mobility. When it comes to mobility, Scottsdale is at a competitive disadvantage when compared to key competitor markets such as San Diego, Chicago and Miami as referenced in the 2013 Tourism Five Year Strategic Plan. These locations boast of convenient and low-cost transit options such as subway, light rail, abundant taxis, and connected bus service. Scottsdale, however, has traditionally ranked low with meeting planners when surveyed by Smith Travel Research about transit options.

The Hospitality Trolley program was developed to specifically address Scottsdale's transit competitive disadvantage by providing a free, convenient and unique transit option to area events, dining, shopping and entertainment, and encouraging visitors to more easily explore our city.

### **Sponsorship Revenues and Ridership**

As shown in Table 2, sponsorship revenues have declined each year.

FY 2012/13 advertising participants were surveyed to gauge interest in advertising in the proposed 2013/14 program and, of the 12 advertisers, three indicated they would advertise, five were undecided and four indicated they would not participate in future years. The cost of sponsorships, lack of return and undetermined advertising budgets were cited as factors in determining not to participate.

The cost of advertising on the trolleys is priced higher than other similar market advertising options such as busses, billboards or other print media.

The cost of trolley advertising is based on the public/private model of needing to raise \$90,000 in private revenue each program year. Competitively pricing the advertising with market prices would reduce the available revenue by nearly fifty percent.

The process of raising private revenue delays finalizing the route to a few days before service starts due to the time it takes staff to work out details with advertisers, the time it takes companies to commit and remit payment. Advertising sales have started as early as July and as late as December with no recognizable difference in acquired revenue. This delay in finalizing the route also delays marketing the program to area hotels/resorts and visitors. Without advanced marketing of the service visitor awareness of the service is achieved too late in the season and the result is sluggish ridership growth.

In addition, the route changes each year because advertising revenue is sold based on a per stop basis. This approach hinders the ability for a predictable route that hoteliers and visitors can expect and rely upon well before the prime tourism season begins. As a result, hoteliers have been reluctant to recommend a service to their guests that they are not familiar with, and repeat visitors are less likely to use a program that is not stable.

Funding the service from bed tax funds will allow the CVB more time to promote and market the program throughout the year.

#### **Program Enhancements**

While surveying trolley riders has taken place, staff believes the survey method and type of questions utilized should be modified in order to increase the sampling size and quality of data received. To date, surveying has been conducted in person by Transportation staff during the last two weeks of the program at the end of March and has focused more on ridership trends and patterns. Utilizing electronic smart phone technology and on-line surveys, in addition to traditional in-person surveys, and extending the sampling throughout the length of the program, will provide increased participation and more detailed data. In addition, staff from Economic Development will work closely with the CVB in designing a survey that seeks to learn whether the trolley has an impact on tourist spending (type, location, frequency), travel destination choices. The goal is to shift the survey focus from ridership, which has plateaued, to one of defining economic benefit and impact on tourism.

In addition to an enhanced survey approach, the CVB will work to engage the hotel concierge community by holding a Hospitality Trolley event geared toward increasing awareness of the program. Onboard trolley entertainment will also be explored to aid in furthering the unique transit experience.

## **OTHER BOARDS AND COMMISSIONS**

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An update to the Transportation Commission was provided on June 20, 2013. The item was agendaized as an update with no action taken.

The Tourism Development Commission received an update and request for action on July 16, 2013. The Commission unanimously approved a recommendation to the City Council for approving the 2013/14 program and associated funding of \$180,000 from bed tax carry over funds.

## **RESOURCE IMPACTS**

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### **Available funding**

Full funding is available in unallocated bed tax carry over funds.

## **STAFF RECOMMENDATION**

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Adopt Resolution No. 9499 authorizing staff to renew peak visitor season Hospitality Trolley service beginning approximately December 26, 2013 and ending approximately March 31, 2014 to be funded from available FY 2012/13 Special Revenue Fund for Tourism Development carry over funds not to exceed \$180,000.

## **RESPONSIBLE DEPARTMENT(S)**

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Economic Development

## **STAFF CONTACTS (S)**

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Rob Millar, Strategic Programs Manager, [rmillar@scottsdaleaz.gov](mailto:rmillar@scottsdaleaz.gov)

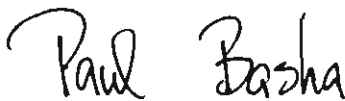
**APPROVED BY**

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Danielle Casey, Economic Development Director  
480-312-7601, dcasey@scottsdaleaz.gov

8/2/13  
Date



Paul Basha, Transportation Director  
480-312-7651, pbasha@scottsdaleaz.gov

2 August 2013  
Date



Paul T. Katsenes  
Community and Economic Development Executive Director  
480-312-2890, pkatsenes@scottsdaleaz.gov

8/2/13  
Date

**ATTACHMENTS**

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1. Resolution 9499
2. Survey Results Fiscal Years 2011-13
3. CVB Hospitality Trolley Letter

## RESOLUTION NO. 9499

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA AUTHORIZING THE RENEWAL OF HOSPITALITY TROLLEY ROUTES THROUGH PORTIONS OF SCOTTSDALE AND AUTHORIZING FUNDING FOR THE PROGRAM THROUGH THE USE OF CITY FUNDS.

The City desires to renew the free hospitality trolley service previously provided along selected routes throughout portions of Scottsdale; and

It is the desire of the City Council that this service be funded from the City's bed tax carry over revenues; and

BE IT RESOLVED by the City Council of the City of Scottsdale as follows:

Section 1. The City staff is authorized to renew the hospitality trolley routes through portions of Scottsdale beginning approximately December 26, 2013 and ending approximately March 31, 2014, seven (7) days a week between the hours of 10:00 a.m. and 10:00 p.m., or such other times as service experience may determine is most advantageous to the City and its visitors.

Section 2. The cost of the program will be a maximum of \$180,000 and come from available 2012/13 Special Revenue Fund for Tourism Development (bed tax) carry over funds.

PASSED AND ADOPTED by the Council of the City of Scottsdale this 19<sup>th</sup> day of August, 2013.

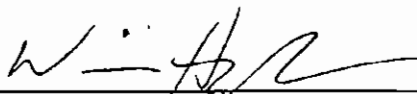
ATTEST:

CITY OF SCOTTSDALE, an  
Arizona Municipal Corporation

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
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Bruce Washburn, City Attorney  
By: William Hylen  
Assistant City Attorney

**Hospitality Trolley Survey Results**

<b>Question</b>	<b>2011 Responses</b>	<b>2012 Responses</b>	<b>2013 Responses</b>	<b>% Increase/ (Decrease)</b>
<b>1. I am:</b>				
A visitor from outside Phoenix metropolitan area	77	104	175	127
A Scottsdale resident	52	37	23	(56)
A valley resident from outside of Scottsdale	14	9	5	(64)
<b>Total</b>	<b>143</b>	<b>150</b>	<b>203</b>	<b>42</b>
<b>2. If you are a visitor, where are you staying?</b>				
Name of hotel*	125	85	175	40
Family, friends, other	18	15	28	56
<b>Total</b>	<b>143</b>	<b>100</b>	<b>203</b>	<b>42</b>
<b>3. How did you hear about the Hospitality Trolley?</b>				
Concierge/hotel staff	51	63	134	163
Downtown Ambassador	1	1	0	(100)
Hospitality Trolley map distributed at hotel, CVB office, Downtown Office, on trolley, Ambassador Cart, Fashion Square, Stadium Booth, and Visitor Bureau website	8	19	17	113
City of Scottsdale website	8	18	10	25
Scottsdale Convention and Visitors Bureau website	7	4	7	0
Newspaper article	10	9	0	(100)
Bus stop location	57	24	6	(89)
Other**	7	23	29	314
<b>Total</b>	<b>149</b>	<b>161</b>	<b>203</b>	<b>36</b>
<b>4. Purpose of this trip?</b>				
Dining	39	45	13	(67)
Shopping	57	58	46	(19)
Entertainment and libations	30	27	7	(77)
Museums/cultural performance	11	8	1	(91)
Gaings Spring Training game or other special event	19	43	124	553
WestWorld Event	1		0	(100)
Visiting friends	20	12	5	(75)
Work	39	25	6	(85)
Other***	2	12	13	550
<b>Total</b>	<b>218</b>	<b>230</b>	<b>215</b>	<b>6</b>
<b>5. If the Hospitality Trolley was not available, what other mode of transportation would you use?</b>				
Automobile (personal or rented)	30	61	99	230
Taxi	33	35	29	(12)
Bus/Other Trolley	80	47	27	(66)
Hotel courtesy vehicle	16	3	2	(88)
Other*^	4	25	46	1050
<b>Total</b>	<b>163</b>	<b>171</b>	<b>203</b>	<b>5</b>
<b>Question</b>	<b>2011 Responses</b>	<b>2012 Responses</b>	<b>2013 Responses</b>	<b>% Increase/ (Decrease)</b>
<b>6. The Hospitality Trolley is my choice because:</b>				
Parking is limited in Scottsdale's Downtown area/other parking issues	35	33	33	(6)
It is convenient and serves the destinations I want to visit	100	100	100	0
It is safer than driving	14	17	8	(43)
Free fare	89	81	32	(64)



Other**	0	13	30	-
<b>Total</b>	<b>238</b>	<b>244</b>	<b>203</b>	<b>(15)</b>
<b>7. Your age:</b>				-
18-29	38	23	55	45
30-39	18	22	21	17
40-49	31	32	45	45
50-69	51	62	72	41
70-89	5	8	10	100
90+	0	0	0	-
<b>Total</b>	<b>143</b>	<b>147</b>	<b>203</b>	<b>42</b>
<b>8. Do you use public transportation where you live?</b>				-
Never	36	53	107	197
Seldom	35	51	72	106
Often	64	40	24	(63)
<b>Total</b>	<b>135</b>	<b>144</b>	<b>203</b>	<b>50</b>
<b>9. What local public transit are you familiar with?</b>				-
Scottsdale Trolley connector system: (Downtown, Neighborhood, Miller Rd.)	37	56	25	(32)
Valley Metro local routes	60	44	17	(72)
Valley Metro express routes	9	4	11	22
Valley Metro Light Rail	28	28	12	(57)
Tempe Orbit System	14	20	14	0
None of the above	58	67	178	207
<b>Total</b>	<b>206</b>	<b>219</b>	<b>257</b>	<b>25</b>
<b>10. Was it easy to find the Hospitality Trolley stop?</b>				-
Yes	125	145	193	54
No	4	7	10	150
<b>Total</b>	<b>129</b>	<b>152</b>	<b>203</b>	<b>57</b>
<b>11. How did you located the Hospitality Trolley stop?</b>				-
From the brochure	28	41	29	4
From someone's directions	43	56	76	77
Posted sign at the Trolley stop	69	60	98	42
<b>Total</b>	<b>140</b>	<b>157</b>	<b>203</b>	<b>45</b>
<b>12. Was your ride on the Hospitality Trolley a good experience?</b>				-
Yes	133	147	192	44
No	2	NA	11	450
<b>Total</b>	<b>135</b>	<b>147</b>	<b>203</b>	<b>50</b>

**Other Comments:**

Early departure by 6 min. so we missed the first Trolley. Then waited 35 min. for next Trolley which was late.

Excellent!

\* Valley Ho (4), Fairmont (19), Wingate, Scottsdale Resort (27), Aloft, Chaparral Suites (8), Spring Hill, Motelucia (2), Marriott, Marriott

\*\* (Word of mouth x 13), (Saw it on road), (Gaints website), (AAA x2)

\*\*\* (Grand Canyon x 2), (Golf), (Barbar), (Winery), (Wandering), (R & R), (Talesen), (Medical), (School), (Doctor)

\*^ (Walk x 7), (Would not take trip)

\*^^ (License suspended), (Being responsible), (friends), (fun x 2, experience x 4), (better than walking), (tried - ran that day)



To: Danielle Casey, Economic Development Director, City of Scottsdale  
From: Rachel Sacco, President & CEO, Scottsdale Convention  
Re: Hospitality Trolley  
Date: July 2, 2013

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As the City's destination marketing organization and trusted partner, we appreciate the opportunity to share our knowledge in hopes of elevating Scottsdale's tourism industry.

As cities across the United States and throughout the metropolitan Phoenix area enhance their local transportation options, Scottsdale is quickly finding itself at a competitive disadvantage. While the City explores more comprehensive solutions for our community's future, we believe the Hospitality Trolley is an immediate option to address some of these concerns as they relate to our visitor population.

Following is some additional information on the value of the Hospitality Trolley to our community as well as the Scottsdale Convention & Visitors Bureau's continued commitment to promote and market the trolley service.

### **Need & Value**

Every two years, the Scottsdale CVB participates in a national survey of association and corporate meeting planners. The results of this survey – DestinationMAP, previously Metropoll – illustrate that transportation issues in Scottsdale are impacting our ability to secure future meetings business. More than one-third of the planners surveyed ranked local transportation as very important in selecting a meetings location. Out of the top 40 meetings markets in North America, Scottsdale ranked toward the bottom at No. 32 for good local transportation.

The City's five-year Strategic Tourism Plan also indicates that transportation is a focus area, including "issues with visitors getting around Scottsdale." In the report, the consultant explains that connectivity is imperative for the health of Scottsdale businesses and downtown.

In addition, a recent tourism assessment conducted by students in Arizona State University's College of Public Programs found that local transportation is important to Millennials. However, these up-and-coming customers are disappointed by the city's offerings and would like to see a more robust trolley or shuttle system in place.

Opportunities to enhance our community's destination appeal and offer amenities that meet our visitors' needs are critical to the health of our tourism industry, which contributes nearly \$3 billion to the local economy each year. Plus, in Scottsdale, one out of every eight jobs is related to tourism.

Our neighboring communities are continuing to enhance their transportation options. If Scottsdale does not operate the Hospitality Trolley, our visitors at Scottsdale Fashion Square will still have options to take trolleys to Paradise Valley and the Salt River Pima-Maricopa Indian Community, where they can spend their dollars eating out and shopping. This puts Scottsdale at a competitive disadvantage and could diminish the economic impact from our visitors.

## **Challenges**

While the Trolley began as a public-private partnership, we have seen advertising dollars slip during the past few years. Unfortunately, many of those companies that want to advertise do not fit within the City's guidelines. Others will only advertise if the trolley stops at their place of business – a request that not always can be granted.

Our hotels and resorts, who support the trolley, have told us that they don't want to sponsor the trolley with ad dollars because they already are providing bed-tax dollars to the City to see tourism-related projects, such as the trolley, enacted in Scottsdale, per Proposition 200. Using bed-tax revenue, the City is able to shore-up inefficiencies, such as transportation, and enhance the visitor experience.

Since neither the City nor the Scottsdale CVB has staff resources or skills to properly sell advertising, as well as the challenges listed above, we'd recommend eliminating the advertising process for the 2014 season.

## **Marketing Commitment**

Each year since the Hospitality Trolley launched, the Scottsdale CVB has committed marketing dollars to support the trolley. We continue to invest in this program because of the benefit it provides to Scottsdale. For the 2014 season, we will continue many of our marketing activities from past years, but also will enhance this year's program with several additional initiatives.

### **2014 Marketing:**

- Print ads in *Where* magazine
- Street and light pole banners
- Social media, emails, website splash page
- 2014 *Experience Scottsdale* visitor guide
- Public relations media newsletter
- Print and distribute trolley brochures
- Host concierge event to showcase route and encourage support for referring clients

- Work with Scottsdale's Downtown Ambassadors to collect surveys throughout the season and highlight Scottsdale amenities during the route. This will be considered for peak days and times throughout the season.

Through these initiatives, the Scottsdale CVB will be investing in excess of \$40,000 cash as well as staff resources and time.

### **Recommendation**

As a world-class vacation and meetings destination, Scottsdale is home to luxury resorts and spas, championship golf courses, renowned arts and culture, and top-notch special events. Our transportation also should reflect the character and caliber of our community.

Proposition 200 set out to provide our community with the funds needed to enhance our destination amenities and market them properly. We would recommend that the City fund the Hospitality Trolley fully from bed-tax funds up to \$180,000 for the 2014 season. During the coming year, we hope to partner with the City's economic development office, City's transportation office, and the Tourism Development Commission to find the best solution possible for this program and to fulfill our visitor's needs for years to come.

Thank you for your consideration and support of one of Scottsdale's largest industries.