

CITY COUNCIL REPORT



Meeting Date: **July 1, 2015**
 General Plan Element: ***Economic Development***
 General Plan Goal: ***Sustain Scottsdale as a tourist destination***

ACTION

Arizona 2016 College Football Championship Adopt Resolution No. 10121 authorizing funding, not to exceed \$250,848, from the city portion of bed tax allocated toward events for “College Football Game Championship” and authorize the Mayor to execute Agreement No. 2015-125-COS with the Arizona 2016 College Football Championship, LLC.

BACKGROUND

At the Aug. 28, 2006 meeting, the City Council approved a 20-year hospitality and promotional agreement between the Scottsdale Convention & Visitors Bureau and Fiesta Events (Hospitality and Promotional Agreement) which covers the Fiesta Bowl, Cactus Bowl and National Championship games. However, due to a change in structure of the National Championship game format, the 2015, 2019 and 2023 National Championship games contemplated by the Hospitality and Promotional Agreement will not occur. The new National Championship game format is a co-sponsored game with the other local communities and convention and visitors bureaus participating.

As a result, Arizona College Football Championship, LLC is proposing a hospitality and promotional agreement with the City of Scottsdale for the 2016 College Football Playoff National Championship.

The 20 year hospitality and promotional agreement requires that both of the Fiesta Bowl teams, both of the National Championship teams, and one Insight Bowl (currently known as the Cactus Bowl), team stay in Scottsdale or Town of Paradise Valley bed tax paying hotels. The requirement for the one Cactus Bowl team is only for the next four years. The agreement also requires that a minimum number of official alumni associations, participating team bands and media groups stay in Scottsdale or Town of Paradise Valley bed tax paying hotels. In addition, the Hospitality and Promotional Agreement provides to the city, through the Scottsdale CVB, a variety of hosting and promotional benefits during each year of the agreement.

ANALYSIS & ASSESSMENT

The Fiesta Bowl Game series and the College Championship Game and the City of Scottsdale have had a mutually beneficial relationship. During the first nine years of the Hospitality & Promotional Agreement, the Scottsdale market area’s average occupancy over the rest of the Valley was 19

percent, and the average room rate was 83 percent higher during the Fiesta Bowl and College Championship period. Due to the period of the event, when demand is low, it is important to note that the majority of the revenue can be assumed incremental.

Two of Scottsdale's highest recorded occupancy rates also are from the previous national college football championship games. The game night of the 2007 game is Scottsdale's highest recorded occupancy at 98.0 percent. Game night of the 2011 championship game is Scottsdale's fifth highest recorded occupancy at 96.5 percent.

The Scottsdale Convention & Visitors Bureau annually has been able to leverage the Fiesta Bowl and College Championship Game series into nearly \$160,000 worth of additional editorial coverage for Scottsdale.

In addition to the direct economic impact, television coverage, worldwide media exposure, the firsthand experiences of out-of-town attendees are generally regarded among the greatest benefits of hosting a prestigious sporting event.

In order to enhance the city's event sponsorship evaluation process, the city has retained a marketing research consultant, Artigue Agency, to analyze the benefits associated with a proposed event sponsorship. The Artigue Agency report is attached.

Staff's evaluation is that the following deliverables along with the Scottsdale fiscal impact associated with the game will provide a value equaling or exceeding the requested city direct sponsorship amount as well as city in-kind services.

Proposed Agreement

The host and promotional benefits in the attached proposed agreement between the Arizona 2016 College Football Championship, LLC and the City of Scottsdale are focused on highlighting the Scottsdale destination through media, promotional and hospitality opportunities.

Following the conclusion of the game, the Arizona 2016 College Football Championship, LLC will provide the city a post event report that will provide:

1. An evaluation of the producer's performance under this agreement
2. The benefits to the city and the public achieved, and likely to be achieved, because of the event
3. And such other information as the post event report shall require. If requested, a presentation to City Council will be required.

In addition, city's payment of the event funds is post game and conditioned upon Arizona 2016 College Football Championship, LLC executing and performing the agreement.

The Arizona College Football Championship will also receive police special event escort services for one team staying in Scottsdale.

RESOURCE IMPACTS

Available Funding

The combination of city funding and in-kind services represents the city's participation with the Arizona College Football Championship.

The total maximum city direct dollar investment for the agreement is \$250,848. Based on FY2015/16 bed tax projections, funds are currently available.

On May 8, 2012, City Council approved Ordinance No. 4019 establishing an allocation of \$1.2 million of city bed-tax funds for events and event development.

Staffing, Workload Impact

The City of Scottsdale will also provide in-kind police escort services for one of the participating teams staying in Scottsdale, estimated cost is \$40,000.

OPTIONS & STAFF RECOMMENDATION

Adopt Resolution No. 10121 authorize funding, not to exceed \$250,848, from the city portion of bed tax allocated toward events for "College Football Game Championship" and authorize the Mayor to execute Agreement No. 2015-125-COS with the Arizona 2016 College Football Championship, LLC.

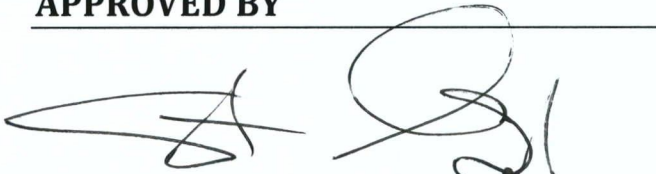
RESPONSIBLE DEPARTMENT(S)

Tourism and Events Department

STAFF CONTACTS (S)

Steve Geiogamah, Acting Tourism & Events Director, sgeiogamah@scottsdaleaz.gov

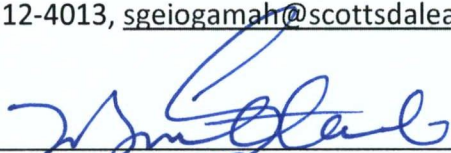
APPROVED BY



Steve Geiogamah, Acting Tourism & Events Director
480-312-4013, sgeiogamah@scottsdaleaz.gov

6-15-15


Date



Brent Stockwell, Assistant City Manager
480-312-7288, BStockwell@scottsdaleaz.gov

6/15/15

Date



Brian K. Biesemeyer, Acting City Manager
480-312-5683, BBiesemeyer@scottsdaleaz.gov

6-15-2015

Date

ATTACHMENTS

1. Resolution No. 10121
2. Agreement No. 2015-125-COS
3. May 27, 2015, Tourism Development Commission Meeting Minutes
4. Artigue Agency Report & Grid Analysis
5. Event Development Program Guidelines

RESOLUTION NO. 10121

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING USE OF TRANSIENT LODGING (BED) TAX FUNDS FOR THE "COLLEGE FOOTBALL PLAYOFF NATIONAL CHAMPIONSHIP" AND AUTHORIZING A HOSPITALITY AND PROMOTIONAL AGREEMENT WITH THE EVENT PRODUCER, ARIZONA 2016 COLLEGE FOOTBALL CHAMPIONSHIP, LLC

WHEREAS, City desires to provide funds for the College Football Playoff National Championship event; and

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

WHEREAS, City Council has considered the City's expenditure authorized by the Agreement and the direct consideration the City will receive and finds that there is a clearly identified public purpose for the City's expenditure and the City will receive direct consideration substantially equal to its expenditure.

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 \$250,848 from the Event/Event Development portion of transient lodging (bed) tax funds for promoting the City of Scottsdale through the "College Football Playoff National Championship" event.

Section 2. The City Council authorizes and directs the Mayor to execute, on behalf of the City, Contract No. 2015-125-COS with Arizona 2016 College Football Championship, LLC.

PASSED AND ADOPTED by the City Council of the City of Scottsdale, Arizona this ____ day of July, 2015.

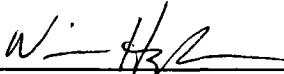
CITY OF SCOTTSDALE, an Arizona municipal corporation

ATTEST:

W. J. "Jim" Lane, Mayor

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: William Hylan
Senior Assistant City Attorney



Tourism and Events Department
7506 E. Indian School Rd
Scottsdale, AZ 85251
480-312-7177
www.ScottsdaleAz.gov

To: Honorable Mayor and City Council

From: Steve Geiogamah, Acting Tourism & Events Director
480-312-4013
sgeiogamah@ScottsdaleAZ.gov

Date: June 16, 2015

Subject: Arizona 2016 College Football Championship
July 1, 2015 Agenda Item 21

Arizona 2016 College Football Championship funding agreement No. 2015-125-COS will be provided in the June 23, 2015 City Council supplemental packet.



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

Wednesday, May 27, 2015

**Community Design Studio
7506 E. Indian School Road
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: David Scholefield, Chairman (telephonic)
Ren Hirose, Vice-Chairman
Ace Bailey
Linda Dillenbeck
Carl Grupp (telephonic)
Robert McCreary (telephonic)

ABSENT: Camille Hill

STAFF: Steve Geiogamah
Holli Shannon
Rose Rimsnider

GUESTS: Rachel Sacco, SCVB
Rachel Pearson, SCVB
Bruce Skinner
Stephanie Jarvis (telephonic)

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 9:00 a.m.

2. Approval of Minutes

- March 30, 2015 Joint Meeting

Chairman Scholefield called for a reconsideration of the changes made to the March 30 Joint Meeting minutes as approved at the May 19 Regular Meeting, and acceptance of the minutes as initially presented.

VICE CHAIRMAN HIROSE MOVED TO APPROVE THE MINUTES OF THE MARCH 30, 2015 JOINT MEETING WITH THE MCDOWELL SONORAN PRESERVE COMMISSION AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER HILL WAS ABSENT.

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah said the proforma was updated to include the decisions and recommendations from the May 19 meeting. The PGA Charles Schwab Cup will be moving from One-Time Commitments to the Event Retention and Development section of the FY2015/16 estimate year. The Event Venue Fee Program will be left in the One-Time Commitment column this year, but the intention is to move it into Event Retention and Development next year.

4. 2016 College Football Championship

Mr. Geiogamah stated that the restructuring of the national game format required Scottsdale to engage in a new contract with College Football Championship LLC. They are requesting \$250,848 from the New Event Development Fund.

Bruce Skinner, Arizona 2016 College Football Championship, said the Fiesta Bowl used to stage the national championship every four years under the old Bowl Championship Series (BCS) arrangement. The new format uses a four-team playoff. Instead of the traditional bowls running the playoffs, the games are bid out, much like the Super Bowls and Final Fours are. Winning cities are entitled to stage the games, but local organizing committees will have to raise money to stage the events. The request for funding from Scottsdale is based on a formula whereby cities and CVBs in the Valley pay 10% of the \$12 million bid number, based on past occupancies. Scottsdale's portion therefore comes to \$250,848.

Mr. Skinner said one team will stay in the Scottsdale area at the Hyatt Regency, and their fans typically choose to stay in close proximity. The SCVB is working to get sponsors, alumni groups, and prominent groups to use Scottsdale hotels. One marching band will stay at Chaparral Suites, generating 125 rooms for three nights each. College Football Playoffs (CFP), which is the organization that runs the event, has committed 3,371 rooms in the City of Scottsdale, at an average rate of \$254. In past championship games, many more rooms than this have been booked in Scottsdale, and 2016 should be no different. CFP and other groups will be encouraged to host events in Scottsdale venues and businesses. The media party will be located at a Scottsdale venue. SCVB staff will be included in the planning and execution of CFP events.

The City will be recognized as a sponsor on the website, and featured in select social media promotions. The Arizona Organizing Committee (AOC) will provide speakers upon request for Scottsdale events, and will invite the City and the SCVB to all

informational meetings. The City will have representation on the Honorary Board and on various committees. The AOC will designate a liaison and provide periodic written updates to the City.

Vice Chairman Hirose inquired about opportunities for the SCVB to promote Scottsdale before and after the games. Mr. Skinner responded that the AOC will encourage fans to stay longer than three days, and many will, especially in Arizona. It is expected that many stories will be generated not only about the game, but also the destination. The media that covers the game has a long history of covering national championship games in Arizona, and many have said it is their favorite destination.

Vice Chairman Hirose asked whether there will be a central event like the Super Bowl had. Mr. Skinner said the CFP recently selected Phoenix for a similar major event. Vice Chairman Hirose said Phoenix did not want other cities to be promoted during Super Bowl Central. Mr. Skinner explained that there should be plenty of promotional tie-in opportunities for other cities this time.

Chairman Scholefield noted that the language of the agreement makes it difficult for the City to quantify the financial considerations. He inquired about a second team. Mr. Skinner explained that the CFP has placed the second team at the Westin Kierland, a location that will also benefit Scottsdale. Stephanie Jarvis added that the Scottsdale Princess was the preferred property, but they declined because they could not meet the room requirements.

Chairman Scholefield inquired about the CFP's need for so many rooms. Mr. Skinner responded that rooms are typically pre-booked in blocks so that fans will have places to stay on short notice. Ms. Jarvis added that some of the room blocks will stay with CFP to be assigned to sponsors, alumni groups, and for premium packages.

Rachel Sacco, SCVB, said the highest metrics on record were registered during the last two times BCS games in Scottsdale, even beating the Super Bowl metrics. The investment is similar to that for regular Fiesta Bowl games, and the championships have proven to be wonderful investments for Scottsdale and the Valley. Arizona's hospitality will set a benchmark, and elevate the playoffs to a new level compared to the Dallas-based game last year.

Commissioner Grupp said that while the Westin pays bed taxes to Phoenix, it is a SCVB member and having a team based there will certainly help Scottsdale as well. This investment is a great use of bed tax dollars.

Chairman Scholefield recused himself from this vote, citing his involvement with the Scottsdale Princess. Vice Chairman Hirose similarly recused himself as the General Manager of W Scottsdale.

COMMISSIONER MCCREARY MOVED TO RECOMMEND BED TAX FUNDING FROM THE EVENT DEVELOPMENT FUNDS IN THE AMOUNT OF \$250,848 FOR THE COLLEGE FOOTBALL CHAMPIONSHIP LLC. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONERS SCHOLEFIELD AND HIROSE RECUSED THEMSELVES. COMMISSIONER HILL WAS ABSENT.

5. Public Comment

There were no public comments.

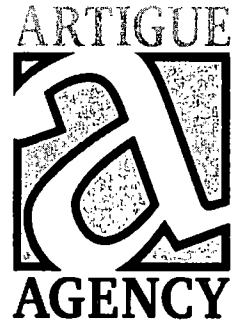
6. Identification of Future Agenda Items

Mr. Geiogamah said the June meeting will include an update on WestWorld, an update from the Super Bowl Host Committee, a presentation from Economic Development, and a report on the General Plan.

Adjournment

The meeting adjourned at 9:28 a.m.

Recorded and Transcribed by AVTronics Inc., d/b/a AVTranz Transcription and Reporting Services



May 12, 2015

Overview Opinion about the AOC/CFP Valuations

- **Team placement at Hyatt Gainey Ranch** – In addition to the tax revenues from team spending while staying at the hotel, it is true that there is some “marketing” value from the subsequent media exposure. While impossible to know exactly what coverage (mentions, visuals) of the property will actually occur, there is bound to be good, ongoing media coverage. Therefore, their \$50,000 valuation is appropriate.
- **CFP FAM Trips to Various Scottsdale Hotels** - Good that they are working with the Scottsdale CVB but there is no guarantee that these visitations will lead to fan stay in Scottsdale as they will make their own informed decisions. And, it is likely that many will want to stay in Scottsdale to be close to the team that is there. Therefore, it doesn't seem appropriate to attach a \$20,000 value to this.
- **Site Visits to Scottsdale Restaurants and Bars** – Again, this seems to be something that must/will occur as the Organizing Committee needs to vet these public places and provide information to visitors. To attach a \$20,000 value to that seems inappropriate, including another like fee for allowing a SCVB representative to participate in the visits.
- **SCVB Committee Participation** - Similarly, it seems inappropriate to attach a dollar value to allow a CVB rep to serve as liaison to the AOC Management Committee. They *should* be included as a condition of the partnership agreement.
- **Scottsdale as an Official Sponsor** – This is a significant entitlement as having Scottsdale featured, along with the other invested sponsors, in all of the AOC/CFP marketing materials and online is quite valuable. Especially, it the SCVB aggressively *activates* on all of their sponsorship rights. We actually think that the \$15,000 value placed on this entitlement is low and could be viewed as a \$30,000 value.
- **Website and Social Media Opportunities** - This section is broken out into three areas, probably to attach more value to each of the online entitlements (linkage of websites, logo placement on the AOC website and the social media offerings. All total they value these things at \$35,000, which seems high. We suggest that that these entitlements are closer to \$20,000. Also, it is important to keep in mind that the exposure that the City of Scottsdale may receive is from the AOC website and *not* the official CFP website and that makes a big difference.

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- **AOC Speakers** – While it may be good to hear from some of the AOC members at various Scottsdale business gatherings, we have not seen a dollar value (much less \$20,000) being attached to such an entitlement. By way of example, The Super Bowl Host Committee didn't charge local sponsors to attend and speak to their companies or civic organizations.
- **Hosting the AOC Media Party** - Having the CFP press corps gathered in Scottsdale is without question a good thing as there will be some subsequent coverage of the city. That said, the sportswriters are not likely to write about the restaurant where they ate. Rather they may cover the program that unfolds. We suggest that the value has more to do with food and beverage tax revenues and a moderate level of media coverage. Therefore, a \$25,000 versus \$35,000 value.
- **SCVB Participation at CFP Team Meetings** – Once again, it seems unusual to attach a dollar value for the allowance of a SCVB representative at the CFP team informational meetings. Unless they are speaking or have an informational table, what is gained from that? Further, it is assumed that this will not be an exclusive privilege extended just to Scottsdale. Therefore, no real value.

**Respectfully submitted,
The Artigue Agency**



Event Development Funding Program

Major events are an important component of Scottsdale's overall image and its "product". Events are also used as tools for marketing programs that are intended to increase national and international visibility for Scottsdale as a desirable tourist destination to our target upscale hotel and resort visitors.

The Tourism Development Commission (TDC) recommends City bed-tax support for a variety of beneficial events based on the following overall objectives:

- **The events market and promote Scottsdale's attractiveness as a destination to our target upscale leisure and meeting visitors AND/OR**
- **The events generate room nights in Scottsdale hotels**

The TDC reviews events that have the potential to attract visitors to Scottsdale. With that objective in mind, the TDC has adopted funding guidelines for use when evaluating event funding proposals.

City bed-tax funds must be used for marketing both inside and outside of Maricopa County, to increase the likelihood that event attendees will stay in a Scottsdale hotel.

Additional value is applied for shoulder and off-season events, as well as events that encourage an animated Downtown.

The minimum funding request available is \$30,000 and the maximum funding request available is \$75,000. Funding in excess of \$75,000 will be considered for events based on event development funding criteria and on a case by case basis.

In order to be considered for event funding, a comprehensive sponsorship proposal addressing why this sponsorship would meet the City of Scottsdale tourism program objectives and how the event would ensure the City's sponsorship return on investment is required.

What to include in your Proposal

- Identify the name, date, location of your event, and host hotel if applicable along with the proposed sponsorship request.
- Describe event, participants, attendees and how you will provide qualitative and quantitative information regarding event attendees and participants.
- Include all levels of sponsorships in your proposal including the level you are requesting for the City of Scottsdale.

- Describe how the event will contribute to the Scottsdale CVB branding efforts as well as provide exposure nationally, internationally and/or outside Maricopa County for Scottsdale's attractiveness as a destination to our target upscale resort visitor.
- Describe how the event will stimulate the fundamental decision to travel and visit Scottsdale as generate room nights as well as enhance the length of stay.
- Outline how evidence of room nights in Scottsdale hotels as a result of the event will be provided.
- Events eligible for consideration should fit one or more of these drivers in order to be considered: **Art and Culture, Culinary, Golf, Sports and Recreation, and Western.**
- A detailed, itemized list of what sponsorship benefits the City of Scottsdale will be receiving as part of the sponsorship package. Please include impression values, quantity, distribution methods.
- Approved funds are based on a dollar-for-dollar match. For example, if an event is approved to receive \$30,000, the total cost of pre-event marketing expenditures required is \$60,000. Of which pre-event public relations value can be considered up to 50%.
- Provide economic study or economic impact results of the event and the estimated impact on Scottsdale.
- Events would have the opportunity to participate in this program for a maximum of three years. After three years of funding support, events would have the opportunity to participate in other city event funding programs.

The following process has been developed which provides necessary information for the City of Scottsdale, TDC to evaluate funding proposal requests and to determine appropriate funding for qualified events. The sponsorship review process can take up to one to two months to complete.

- Step 1 – Submit a proposal identifying the necessary proposal requirements
- Step 2 – Evaluation of a request by City staff
- Step 3 – Evaluation of a request by TDC (TDC meets each month every third Tuesday)
- Step 4 – Recommendation to City Council for approval (Following TDC recommendation allow four weeks for council presentation).
- Step 5 – Formal action by City Council

City's payment of the event sponsorship funds is conditioned upon available bed tax funds as well as the event's execution and performance.