



Tourism & Events Department
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MEMORANDUM

To: Chairwoman Sherry Henry and members of the Tourism Development Commission

From: Karen Churchard, Tourism & Events Director
 Steve Geigamah, Tourism Development Manager

Date: July 25, 2023

Subject: 2024 NCAA Men's Final Four - Arizona Super Bowl Host Committee Funding Request

On behalf of the Phoenix Final Four Local Organizing Committee (PLOC), staff is bringing forward its funding request for financial support of the PLOC and 2024 NCAA Men's Final Four. Below is pertinent information regarding the request for your review and consideration.

Background

The metropolitan Phoenix area successfully hosted the NCAA Men's Final Four Tournament in 2017. The Phoenix Local Organizing Committee (PLOC) requested funding from various municipalities and contracted with the Seidman Research Institute at Arizona State University's W.P. Carey School of Business (ASU) to complete an economic impact study. Below is a review of the 2017 Scottsdale investment, PLOC reported realized value and the economic impact to the region reported by ASU.

Table 1. funding Requests and Economic Impact to Region

	Scottsdale Investment	Scottsdale Realized Value*	Economic Impact to the Region **
2017 NCAA Men's Final Four	\$150,000	\$249,625	\$324.5 million

* SOURCE: According to PLOC Post Event Report provided to city of Scottsdale on May 1, 2017.

** SOURCE: Economic Impact study conducted by the Seidman Research Institute at Arizona State University's W.P. Carey School of Business.

The estimated 59,761 visitors who came to Arizona for the 2017 Final Four stayed an average 4.16 nights and spent an average \$487.19 per day, according to the study. The PLOC reported that more than 77,000 attended the Final Four semifinal games while 76,000 attended the Championship Game noting the combined 153,000 attendance was the second highest in NCAA history at that time; 23 million viewers watched the broadcast; and, 2,200 media were credentialed media, also a record high at that time.

According to the PLOC per their daily Smith Travel Research reports, specific to the Scottsdale area during the bulk of the Final Four events that occurred March 31 through April 3, 2017, Scottsdale-area hotels and resorts saw more significant year-over-year growth with 85 percent occupancy (+9.5 percent), \$324.68 ADR (+43.6 percent) and \$275.99 RevPAR (+57.5 percent).

During the 2017 Final Four, Scottsdale was the site for nine corporate events most notably one of the top premium Final Four corporate events hosted by Turner TV with 1,400 guests.

Given the positive results of the 2017 Final Four, the Arizona Sports and Tourism Authority, local municipalities, tourism bureaus, Arizona State University and the Arizona Cardinals teamed up with the PLOC to bid on hosting one of the 2023-2026 NCAA Men's Final Fours. In July 2018, the Phoenix region won the right to host 2024 in a competitive bid process that included six other finalists.

The direct economic impact, goodwill generated, creation of temporary jobs, extensive television coverage, and first-hand experiences of out-of-town attendees, are generally regarded among the greatest benefits of hosting a mega-event such as the Final Four.

Analysis & Assessment

The PLOC's operating budget includes the request for funds in the amount of \$4 million from all cities in Maricopa County that qualify for Prop 302 funds. The PLOC utilizes the same formula as the Arizona Office of Tourism for Proposition 302 revenue distributions, which is based on each participant's percentage of total gross room sales from the previous calendar year. The PLOC calculated Scottsdale's contribution at \$432,000.

While the overall economic impact to Arizona for hosting the NCAA Men's Final Four will likely be significant, of importance is the amount of incremental revenue that is generated to Scottsdale. As noted above, the PLOC per their daily Smith Travel Research reports showed Scottsdale-area hotels and resorts saw significant year-over-year growth primarily in ADR and RevPAR. Below is an overview of the actual tourism related tax collections in March and April 2017 as compared to the year prior, noting that the 2017 event was held March 31 through April 3. An incremental fiscal impact of \$1.89 million in direct tax revenues was realized by the city in March and April 2017 over and above the year prior during the same months.

Table 2. Indicators as Reflected in March & April 2017 Tax Collections

	Total March/April 2016 Tax Collections	Total March/April 2017 Tax Collections	+ / (-) Change	YOY Additional Collection
TPT & Use Taxes	29,901,255	31,299,308	4.7%	1,393,053
Bed Tax	4,836,320	5,328,914	10.2%	494,595
	34,737,575	36,628,222	5.4%	1,890,647

SOURCE: City Treasurer Division.

In addition to incremental tax revenues, the PLOC will provide benefits to the city as a sponsor:

- **ROOM NIGHTS** – Include 4,000 room nights within Scottsdale in its official 2024 NCAA Men's Final Four room block.
- **MARKETING INCLUSION** - Highlighted feature within the "Travel Information" portion of the website promoting hotels, restaurants, etc.; opportunity to be included as one of the representatives on the Marketing & Communications Council; Opportunity to be included in social media giveaways and game week social media coordination & outreach to visiting fans.

- **COMMUNITY ENGAGEMENT** - May provide the Fan Jam Truck, mascots, cheerleaders, etc. to select Scottsdale events (based on availability); will work with Scottsdale to communicate to all schools within Scottsdale about this unique and exciting “Read To The Final Four” opportunity for 3rd graders; invite qualified Scottsdale businesses to apply for the Business Connect Program; opportunity to highlight Scottsdale businesses participating in the Program; City of Scottsdale and PLOC to work together to engage Scottsdale residents in volunteer sign-ups, opportunities, etc.
- **EVENTS & PLANNING** – Scottsdale will be included in the Familiarization trip (FAM trip) leading up to Final Four, and the PLOC will work with Scottsdale to make connections to the NCAA, media, partners, etc.; working with the NCAA and various other stakeholders, PLOC will encourage the use of Scottsdale venues and businesses as sites for Final Four events and activities; PLOC and NCAA will host one (1) meeting or dinner for the visiting NCAA staff, vendors and partners at a Scottsdale restaurant and resort; and one (1) Invitation to all CEO Forum events for City of Scottsdale.
- **ACCESS** - PLOC will provide the following hospitality opportunities related to the 2024 NCAA Men’s Final Four:
 - Marquee Partner Luncheon: Two (2) Invitations
 - VIP Golf Tournament: One (1) Foursome
 - Media Party: Four (4) Tickets
 - Final Four:
 - Fourteen (14) PLOC VIP Tailgate Tickets
 - Fourteen (14) Final Four Game Tickets
 - Timing: Saturday, April 6, 2024
 - Championship:
 - Fourteen (14) PLOC VIP Tailgate Tickets
 - Fourteen (14) Championship Game Tickets
 - Timing: Saturday, April 6, 2024

Additionally, Experience Scottsdale will partner closely with the City of Scottsdale and PLOC to leverage the 2024 NCAA Men’s Final Four for the area’s tourism industry through in-kind marketing/promotions.

Based on the above, a bed tax investment of \$432,000 coupled with the sponsorship benefits, extensive television coverage and national media exposure should provide substantial value to the city investment sponsorship amount.

Action Requested

Staff is seeking the TDC’s recommendation that City Council authorize an agreement with the PLOC, a financial sponsorship agreement not to exceed \$432,000 to be made in two payments of \$216,000 in FY 2023/24 from the Tourism Development Fund that is allocated toward destination marketing reserve. The first payment to be made upon Tourism Development Commission (TDC) recommendation and City Council approval and the second payment upon completion and submittal of the Post Event Report in FY 2023/24.