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CALL TO ORDER

[Time: 00:00:00]

Mayor Borowsky: All right! I'd like to call the October 7, 2025 Work Study Session to order. City Clerk Ben Lane, please conduct our roll call.

ROLL CALL

[Time: 00:00:10]

City Clerk Ben Lane: Thank you, Mayor. Mayor Lisa Borowsky.

Mayor Borowsky: Present.

Ben Lane: Vice Mayor Adam Kwasman.

Vice Mayor Kwasman:

Ben Lane: Councilmembers Jan Dubauskas.

Councilwoman Dubauskas: Here.

Ben Lane: Barry Graham.

Councilman Graham: Here.

Ben Lane: Kathy Littlefield.

Councilwoman Littlefield: Here.

Ben Lane: Maryann McAllen.

Councilwoman McAllen: Present.

Ben Lane: And Solange Whitehead.

Councilwoman Whitehead: Here.

Ben Lane: City Manager Greg Caton.

City Manager Greg Caton: Here.

Ben Lane: Interim City Attorney Luis Santaella.

Interim City Attorney Luis Santaella: Present.

Ben Lane: City Treasurer Sonia Andrews.

City Treasurer Sonia Andrew: Here.

Ben Lane: Acting City Auditor Lai Cluff.

Acting City Auditor Lai Cluff: Here.

Ben Lane: And the Clerk is Present. Thank you, Mayor.

WORK STUDY SESSION

[Time: 00:00:39]

Mayor Borowsky: All right. This afternoon, we begin with a Work Study Session on the tourism event funding program. Work Study Sessions proved a less formal setting for the Mayor and Council to discuss specific topics with each other and City staff and provide staff an opportunity to receive direction from

the Council. To provide an opportunity for public input yet continue to maximize the amount of time available for the Council to have focused discussions, spoken public comment is limited to a maximum of five speakers, and it will be accepted this afternoon on the Work Study Session. And I don't do we have any speakers, Ben? Oh, there we are. Right here. Okay. We have for the speakers, which I'll take now, Bob Pejman, French Thompson, David Smith and Steve Sutton. Bob, please approach the podium. Thank you. Calling Bob Pejman, I saw him. Let go on and move to French Thompson, but we can circle back with Bob. Thank you.

PUBLIC COMMENT

[Time: 00:01:53]

French Thompson: Madam Mayor, City Council, I've got a little presentation. I've got a little slide show here. The city of Scottsdale had hired a company to do an Old Town Scottsdale business engagement study. So, I don't know if you guys have read all of it, but I want to run through a few of the highlights of it. Next slide, please.

So, the top survey results were from 150 downtown stakeholders. They would like to have the city market Old Town with brand characteristics of upscale, sophisticated, western and historic. The age group most merchants would like to have this attract would be 41 to 56 years old, and the customer groups that merchants want to attract are Scottsdale residents and luxury tourists. Next slide, please.

So, on page 6 of the report, it says that arts district stakeholder voiced frustration that their contributions have been overshadowed by the emphasis on bars, restaurants, and bachelorette parties in the marketing materials. Many also pointed to the diminished participation in events like the Art Walk and a lack of promotional visibility for galleries and studios. So, these are 150 real businesses. This isn't just Bob Pejman and myself and a few other people making these statements. These are people that are tax paying businesses in your downtown. And in some cases the city-sponsored events were seen as inadvertently harming local businesses such as street closures for events disrupting gallery access and parking availability. Page 10, the next page, please.

They have a desire for increased collaboration and transparency for the city and the merchants. The large theme was for improved transparency and collaboration. Business owners expressed frustration about not being informed or included in the city marketing decisions. Many felt that they had valuable insights and ideas to contribute but were unsure who to contact or whether their voices would be heard. The absence of a designated liaison or central coordinating figure within the city staff was cited as a significant barrier.

All of these businesses that are in the downtown area, they do their own marketing for their businesses. They know what works. They know what doesn't work and they have been doing it for decades. So, they should be talked to. Next this yes. So, perception of marketing and effectiveness were across all respondents there was a shared uncertainty about the effectiveness of the certain marketing materials. When participants were asked to rate their awareness of city-led promotions, responses skewed was

neutral or lower rated. Further only a smaller number said that the current marketing events were effective. So next slide.

I request that City Council to direct staff just this last page, if you give me just this last page. Work with and communicate with the Old Town businesses that are being marketed, have quarterly presentations to the city Council on how the funding for the department is being spent, market to the desired demographic needed to support the luxury brand of Old Town Scottsdale and designate a staff liaison position to stay in in ongoing communication with the merchants that they are marketing. Thank you.

Mayor Borowsky: Thank you. I see Bob Pejman has returned. So, step right on up.

[Time: 00:05:46]

Bob Pejman: Mayor Borowsky, Councilmembers, the name is Bob Pejman the address is on record. I thought the presentation would go first, but you will find out that the overall bed tax money is about \$35 million. 5% of that is slated for Old Town destination marketing. That amount is about \$1.5 million. So you would figure with that amount of money, the stakeholders and general members of the public would know what the plan is and how the money is being spent. Unfortunately, they don't. What's worse is that you don't know how that money is being spent either. You don't know what the marketing plan is or how the money is being spent.

I had to do a records request last January to get hundreds of invoices to piece it together and I still don't know how the money will be spent in the future, what the plan. I have to say that that this must be the result of the previous city manager and its staff that created this kind of behind closed doors planning and the previous Councils went along with it, but it's a different story right now. I'm happy to report that our new city manager has made drastic moves, number one, to put the marketing contract out to bid. We have 10 or 11 bids that they will be selecting from, and I hope that the rest of this process will be made out made transparently and presented to the Council and all that.

Now, I have to say, though, if things are being done behind closed doors and non-transparently, maybe, maybe, we would just be okay if the results were good. But the results don't look good. Let me put this on the projector, please. Can you see this. Okay. This chart was presented at the TDC meeting last year. Nobody raised an eyebrow by the way. Since 2017, the daytime visitation in Old Town has plummeted. The midnight hour is booming. They kind of showed off that the midnight hour is booming. I love bars and clubs. I love that they are booming but when it comes at the extent of the daytime plummeting, this is not good for the city's brand, when you have a desolate Old Town during the day. And if you look at the Keen study which French referenced, 150 stakeholders, they basically said mostly the same thing. The marketing is not targeted. They don't know what's going on.

And one recommendation that I make is that not only should everything be made transparent with approval by the Council and transparency, the city should divide up some of the money between the different categories, for example, shopping and dining, bars and clubs, each should be designated a certain percentage of this, because not all these entities can be marketed with the same brush. They

appeal to different demographics and all that, and I think that will also add to the accountability and measuring the effectiveness of the program. Thank you.

Mayor Borowsky: Thank you very much. David Smith.

Councilman Graham: Mayor?

Mayor Borowsky: Councilman Graham.

Councilman Graham: Mr. Pejman, can you put that slide up...

Mayor Borowsky: We're not as...

Councilman Graham: Mr. Parliamentarian, are we...

Mayor Borowsky: Excuse me, Mr. Graham, we are not supposed to have engagement with the speakers of public comment. Now, if you want to challenge that, that was the direction of our city attorney but go ahead and ask.

Councilman Graham: Okay thank you, Mayor. Mr. Parliamentarian, for work study public speeches, can we ask questions or make comments to the speaker in our rules?

Interim City Attorney Luis Santaella: Honorable Mayor and members of the City Council, what I addressed in my previous memo was non-agendized public comment. This is agendized public comment. So, I think Councilman Graham can actually ask a question if I wishes.

Mayor Borowsky: Go right ahead, Mr. Graham.

Councilman Graham: Thank you. I would like to thank Mr. Pejman for bringing this slide to our attention. I look at this slide right here. I mean I agree with Mr. Pejman that every every sector cannot win. They cannot grow. And so, you inevitably, when you move a city's marketing and city's brand forward, one is not going one area is not going to grow the same as all the others. When I see daytime traffic dropping like a rock, and midnight traffic, you know, booming, this does not tell me Scottsdale is for families. This does not scream arts and culture in Scottsdale. So, I want to thank Mr. Pejman for bringing this to the public's attention.

Mayor Borowsky: Thank you, Bob Pejman appreciate it. David Smith, followed by Steve Sutton will be the last speaker. David, you're up.

[Time: 00:11:29]

David Smith: Thank you, Mayor and members of Council. I asked to speak to this agenda item, just to address one aspect of the city's collected bed tax and that's the 5% portion that has recently been

reserved for local destination marketing. If you follow the history of how this reservation developed, you know it started as a designated allocation in fiscal year '22/23 and it was carved out from the bed tax dollars that were traditionally directed to Experience Scottsdale for the city's national and international destination marketing. At any rate, in that first year, the 5% designated for local destination marketing amounted to \$1.8 million and none of it was spent. Perhaps because of confusion about staff about the designated purposes of the funds, I don't know, but none of it, zero. In year two, it was proposed for 5% for local marketing, and that year was \$1.7 million. That year a large share of the allocation went to Glendale, covering the city's share of the Final Four tournament that was held in Glendale. Other money was also spent for what I think are dubious purposes such as playing for economic development initiatives is, like subscribing to a sky box on the 16th hole of the Waste Management Open. So, it's hard to imagine that some of these expenditures really qualified as local destination marketing expenditures.

In the third year, the 5% for local destination marketing was again \$1.7 million, and that year a large share of the money was spent on a marketing study, plus money to hire a downtown worker with business stakeholders. So, I guess it was when in doubt, staff it up and study.

But at any rate, that all happened with a different Council and a different administration and here we are now looking at the \$5 million at the budget for the local destination marketing this year. It's another \$1.7 million, and when you get to slide 14 and 15 in your packet, I would urge you to ask tough questions if we can have a credible program for local destination marketing as directed by the Scottsdale voters.

And it wouldn't be a bad idea to request quarterly reports from the group on the progress of this program, just as we expect quarterly reports from Experience Scottsdale on how they're spending the larger dollars for national and international spending. Thank you very much.

Mayor Borowsky: Thank you, David Smith. Steve Sutton.

[Time: 00:14:37]

Steve Sutton: Good afternoon, honorable Lisa Borowsky, Mayor of Scottsdale and the other Councilmembers. I will admit I'm a little out of my depth on this subject. I did look at the information available online and I understand that we are talking about money spent to attract attention to our tourist destinations. One area which was pointed out on a slide that French Thompson had was the historic nature of Scottsdale.

And that brings me to the topic of making sure that people are aware of one of the most historic things we have in Old Town and that would be a structure that represents the history of Scottsdale over the last 90 years in social evolution. A structure that was built by immigrants that were recruited to pick cotton but yet weren't allowed to even live within the town limits of Scottsdale at the time. I'm talking about the Old Adobe Mission and how little most people know about it, and how it's one the few things that we have that really show the historic nature of the Scottsdale and how it's changed, how people who came here and weren't even allowed to live in the town limits eventually became well-respected and earned the appreciation of the Anglo community to the point where a wealthy man bought them land

and donated it to the Catholic Church in order for them to build a mission. Another one employed them in an Adobe brick factory where they learned to build bricks which they made the Adobe Mission. And from there, this structure became a center of culture here in Scottsdale, not just Catholic culture, as the Our Lady of Perpetual Health, but the place where they had pageants where all faiths and ethnicities were involved. And this continued up through incorporation, but it slowly faded away at the 20th century. It wasn't until the beginning of the 21st century that people began to realize the historic nature of the old church. They kicked out the Scottsdale Symphony that was leasing it and brought back the altar and a lot of the artwork and made it a lot as it was when it was first created and it's a place I see people visiting all the time.

In fact, in May, I was standing in front of it taking a measurement and a couple of women walked up that appeared to be not American citizens and they were not. They were from Sweden. They were walking around in 100-degree weather early on a weekday morning asking about it. And I casually mentioned to them about the plan to build a parking garage in front of it. And they were stunned. This is something important. We don't have very many places like this anymore, things that we can point to as historic areas that we can tell tourists how we became the Scottsdale that we are today. And I think some emphasis should be given in promoting that with our tax dollars as a destination, as something for people to visit when they come here. Thank you very much for your time, Mayor Borowsky.

Mayor Borowsky: Thank you, Steve. And we have an addition, Dan Ishac.

[Time: 00:18:18]

Dan Ishac: Mayor and Council, Dan Ishac, address on record. Sorry for the late submission. I want to follow up on a couple things that were said. For one, I agree with several of the comments that were made. We do need transparency in how we spend our money, and we do need to listen to businesses and what some of their concerns are. So, you'll find me interestingly agreeing with Bob and French.

But where I would depart is to believe that this Council that's responsible for a multibillion dollar budget should be approving every line item in the expenditure of tax dollars. We have a department of experts that we need to rely on. We also have an outside firm, Experience Scottsdale that has proven extraordinary results with regard to how we spend our marketing budget.

French's slide talked about perception. Well, perception is one thing. Reality is another. We have had record tourism figures and record revenues. So apparently perception is not correct. We are effective at marketing.

With regard to Bob's slide with increased visits in the evening and nighttime, as opposed to during the day, he said it was at the expense. No, there is not a causal relationship between one type of establishment being more popular than another. So, whereas we should make sure we are supporting all of our businesses, that doesn't mean that we have neglected them because some businesses are less appealing than other businesses.

And finally, with respect to Mr. Smith, if one does not believe that major events, like the NCAA Tournament or the Waste Management Open doesn't provide revenue for our downtown, they are mistaken. People come to Scottsdale. When we had the Super Bowl, it wasn't in Scottsdale, but we had thousands of people staying and spending money in Scottsdale. So, I'm all for transparency, all for listening to all types of businesses, but let's stick to facts not perceptions. Thank you.

Mayor Borowsky: Thank you, Dan Ishac. That closes public comment. Thank you to all the speakers. Appreciate it.

WORK STUDY

Next, we have Rachel Smetana who is at the podium to receive possible direction, regarding the tourism event funding program and the allocation of tourism development fund dollars including the 5% destination marketing allocation which is the non-Experience Scottsdale portion and the 50% tourism development and support allocation, which is part of the city's receipts on the bed tax, as well as the application recommendation and approval processes. All right. Go right ahead. Thank you.

[Time: 00:21:24]

Tourism and Events Director Rachel Smetana: Thank you very much, Mayor Borowsky and Council. It's wonderful to be here. Thank you for the opportunity to have a Work Study Session. What I'm looking forward to most is hearing your input as several of our speakers alluded to, we are looking towards the future and ready to do things well and more transparent and your input is going to be very valuable. Greg also has some ideas going forward with the tourism development fund, as well as my boss Judy Doyle, who obviously brings her finance and budget acumen to the process. And I would also like to introduce the Chair of our Tourism Development Commission, Anna Mineer who is here. We'll discuss the bulk of the commission's work and we thank her very much for her dedication. As well as my partner Steve Geiogamah is here, in case I need to throw a lifeline over there.

I promised Greg I would be under 13 minutes with this presentation and then take your direction but basically what I'm going to do is walk through the allocation of the tourism development fund, both the 50% side, that is the city's operating capital projects and tourism support, and the 5% for the city's destination marketing. Do a deeper dive into the city's destination marketing and the 9% event funding bucket.

So, as you know but to remind or educate anyone in the audience, in 2010, the voters approved Prop 200. With that, had increases the bed tax which is the fund we're going to be talking about today, but also delineated that 50% of the funds would be set aside specifically for destination marketing, and the other 50% could be used for tourism-related support. Those funds are further governed by ordinance and by financial policy 10. Here is a snippet of financial policy 10. It is the the actual policy is a lot longer. It's available on our website. You can read the whole thing, but what we're going to talk about here are these different percentage allocations that you can see here.

So, this is what it looks like for '25/26. The forecasted revenues and all sources. So, I should have been more precise with this. You see that green pie wedge there. That is 12% I'm sorry, 25% of the destination marketing funds, plus the proceeds from the Princess lease, plus some extra that are interest payments.

So, I could have been more specific there. But we are going to focus on all of these pie wedges but the destination marketing piece, which you heard about at length in June, when you approved Experience Scottsdale's annual business plan.

So, first and possibly easiest, there in the financial policy, there is a 12% transfer to the general fund. Now, this transfer to the general fund is not earmarked specific to anything. We just see leadership over time. It's just assumed that when you have 11 to 13 million visitors coming to Scottsdale every year, you are going to increase in public safety costs, infrastructure costs, maintenance costs and things like that. So, this year, it is forecasted to be \$4 million. I have heard some notable voices in the community thinking that we should earmark that a little more. I know we have done a study in the past on the cost of public safety just in Old Town Scottsdale, and it was high. So, it's generally accepted that the \$4 million is supporting tourism through this transfer to the general fund.

This one is also probably pretty easy to explain. 4% for administration and research. You can see '25/26, those are some of our major expenses there. New this year, we will revisit Experience Scottsdale ad effectiveness and so we will be able to understand a bit more about that. That will be good information. We haven't done that since 2023. And we are also looking closer at the economic impact of spring training.

The 25% operating expenses, again, I think this I probably should have done a better job of labeling this. It should have said capital projects and tourism-related operating expenses. So you can see those are our major expenditures there, debt service for the T.P.C., WestWorld, Museum of the West, the stadium, some capital improvement projects that are tourism related, Museum of the West, that funding is especially high this year, because you will recall you approved an extra \$600,000 this year and another \$600,000 next year to upgrade the existing museum to match the beautiful privately funded expansion they just did. And some other notable items there. I

[Time: 00:26:53]

I also thought it was important to point out there is a tiny bit of bleed. We will go into the 9% for events and event development next. We do, right now, have some events related items in the 25% operating expenses. And Judy and I have had extensive conversations about that. She is also on board, wants to clean this up and make it so that the events piece stays in the 9% as it should. So, we just wanted to be very transparent about that.

And then we'll get into the 9%. So 9% for events and event development equals about just under \$3 million this year. These are some of the events. We have a mix of contractual obligations, internally-produced events from my department and external event funding programs.

You heard from Steve in July. We actually have four event funding programs. Three are three of them. And one is in the next tranche, the 5% destination marketing. I think the original question was why not all of these event funding contracts go to the full Council. And as you can see, the two here that don't go to Council, the event venue fee, those are for attracting sports leagues from out of towns to have events at city venues. And then also the community event funding and you can see the average funding there. So, it's typically pretty small. And then we also have the event development fund, all of those go to Council.

So it was actually back in 2014, it was decided as an efficiency, rather than agendizing all of these through the Clerk's office, legal resolution, reports going to the city manager, and all that, that it would be efficient and time effective for the event producers as well if these smaller funds that are actually below the procurement level to have to go to Council, could just administratively go from the recommendation, from the Tourism Development Commission, straight to the Mayor. And I want to remind you, I know Steve said this in July, but the payments are made post event, contract fulfillment, once that's all reviewed. And we have and do review that carefully and we have and do reduce the amount of funding beyond what was originally awarded if they don't fulfill all of their contract obligations.

[Time: 00:29:46]

And this is just I wanted to show so the blue bar is the actual total budget for the 9% event development. The yellow are all all funding contracts across all of them, and then you'll see that white line at the bottom. That is the amount in dollars that actually goes straight to the Mayor and is not doesn't come to the full Council. Again, it was thought to be an efficiency a long time ago. If that's something you want to change, we can certainly look at that.

And I so Judy laughs at me that I included this. I'm not going to go through all of this. I know it's an annoying slide, but I just wanted to show you graphically, there's a lot of staff review and checks and balances that go into an event application before it goes to Council or if it's one of those smaller ones, it's kind of more administratively processed. Unless you want me to go through this, I will just go through it. It was a visual example of the work that goes in behind the scenes before even the Tourism Development Commission sees an event funding request.

And finally on the events piece, we do have events that don't fit neatly into the application guidelines that you approve each year. Those always go to Council no matter the amount. These are all of them for '24/25. For one reason or another, they just don't fit in those guidelines but obviously, these are things that the community supports the Tourism Development Commission supports and the Council has historically supported. So, we bring all of those to Council for consideration and approval.

And I am about to move into the 5%. I've got a couple more slides. I can stop here if you want to talk events or I can keep going, Mayor.

Mayor Borowsky: I see a question. Councilwoman McAllen.

Councilwoman McAllen: Thank you, Mayor. Rachel, I just wanted to ask you a quick question. You said anything that was below \$30,000 did not go to City Council. It goes to the TDC.

Rachel Smetana: We do have some that are below \$30,000. For example, you will see on this slide the Arizona Indigenous Culinary Experience, which is a wonderful event and it's also replicated by Experience Scottsdale in New York City to to drive interest to Scottsdale. That's only \$21,000. It doesn't fit specifically in an event, one of those event categories. So, it still comes to Council. So, it's really just let's see it is really just these two the community event and the event venue. And that is if they are strictly following the rules that the TDC recommended, and the Council adopted each year. If they are out of those rules in any way, we bring them to Council anyway, no matter the dollar amount.

Councilwoman McAllen: Thank you for the clarification, I appreciate it.

Mayor Borowsky: Councilman Graham.

[Time: 00:33:03]

Councilman Graham: Thank you, Mayor. Thank you, Ms. Smetana. We are talking about the non-destination marketing, transfer to general fund, operating expenses, capital projected, administration, research events, the only the only section that has that \$30,000 threshold, is that the events and the event development or is that events and event development?

Rachel Smetana: The \$30,000, so, we do we bring forward a budget and this is maybe something you want to see different in the future, I apologize Mayor and Councilman Graham. We bring our budget with a lot of detail to the Tourism Development Commission. They make their changes and suggestions through the budget development process, and then so there are elements in there that are rolled into the larger city budget, and so I'm I'm thinking.

Councilman Graham: Okay.

Rachel Smetana: When you are not seeing more specifically some of these expenditures outside of the events funding, it's through the...

Councilman Graham: I'm not talking about the budget.

Rachel Smetana: Okay.

Councilman Graham: I'm talking about the actual expenditures, when the events come up. So, if you maybe go back to one of those one of your slides there's a lot of good slides here.

Rachel Smetana: Oh, thank you.

Councilman Graham: The Slide 11. I don't know if it's slide 11 but it says 11. The you know, let's go to the

next page. I'm sorry. At the bottom, there you go, under \$30,000 does not go to City Council and that's for the special events; is that right?

Rachel Smetana: Yes, sir.

Councilman Graham: And then one other question, I read this down, the bubble, the second to bottom bubble, agendized for Council over \$30,000. Event development fund. Is that an either or or is that an and? How you have bullets there?

Rachel Smetana: It's an and.

Councilman Graham: Okay.

Rachel Smetana: Every event fund application comes to Council. Everything over \$30,000 and everything that doesn't fit into the event funding guidelines as well goes to Council.

[Time: 00:35:33]

Councilman Graham: Okay. And then the last question about this section of your presentation, can you give us an example talking about the same 9%, the payments are made to our payees, our vendors after the event; is that correct?

Rachel Smetana: Yes, in most cases, I think the Art Walk gets half at the beginning. So, there are a few and it's in the contract that you will see.

Councilman Graham: Can you provide an example of when we didn't cut the full check because of performance from the payee or the vendor?

Rachel Smetana: Yes, just this Mayor, members of Council, just in '24/25, we had the Persian Festival who didn't meet all of their contractual obligations. So, their original reward award, funding award from the TDC and approved by Council was I think \$49,000. Because they didn't meet all of their contractual obligations that was reduced to \$39,000.

Councilman Graham: Can you say a little bit more about what provision was unmet?

Rachel Smetana: Their days were not consecutive, and I believe their attendance was low. Is that correct, Steve? You should have sat closer.

Councilman Graham: Can you speak at that lectern?

Tourism Development Manager Steve Geiogamah: I can, thank you. As I recall with the Persian, as Rachel mentioned there was they actually had a three-day event. They were not consecutive but that was not a particular issue. They didn't have one of the events. We went back and looked at the criteria and looked

at it was a two-day event versus a three.

Councilman Graham: So, did you reduce it from one third?

Steve Geiogamah: I have to look back at the funding levels in terms of what was required for three. They reduced it from two to three, they have different amounts. It's not a percentage. It's an actual amount.

Councilman Graham: Okay. Very good. Thank you, Steve. Ms. Smetana, thank you that answered my questions for this. It feels good to know that you are checking these contract provisions because instead of, you know, some cities might just cut a check and look the other way and move on to the next, but you guys are double checking. I appreciate that. Thank you, Mayor.

Mayor Borowsky: Councilwoman McAllen.

[Time: 00:37:45]

Councilwoman McAllen: Thank you, Mayor. Rachel, I believe the reason why we give the Art Walk their money in two doses is because the Art Walk is throughout a period of time, extended from what I remember reading, it's over six to eight months and they get half, as opposed to half. All of these other events or one, two days and so it's extended a little bit longer and that's why it's half and half. Is that correct? I think that's why.

Rachel Smetana: Mayor, members of Council. Yes, they do need some seed money. A lot of the funding, the budget that they send to us is for marketing. And so, we you know, we want them to be able to market their event well. That is the whole purpose of it. So, it has been first, for many years, the contract has been written so they get the first half up front and the second half upon a review of them meeting all of their contract obligations as well.

Councilwoman McAllen: Thank you. I want to make a comment, and I appreciate that your Chair is here. I have been to almost all of your meetings, the TDC meetings. You guys really do scrutinize and I appreciate that when someone comes forward and doesn't have all of their, you know, eggs in their basket, you make 'em go back and get more information. And sometimes that's detrimental because they're depending on this money, but we won't just give money to something that doesn't benefit Scottsdale. So, I appreciate your efforts on this.

Rachel Smetana: Thank you.

Mayor Borowsky: Councilwoman Dubauskas.

Councilwoman Dubauskas: Thank you. I just had a question about that \$30,000 that doesn't come to Council. You had a list of an average funding was \$9,000 and some, and \$11,000 and others. What is a total annual amount that was paid out under that?

Rachel Smetana: Just under those two categories?

Councilwoman Dubauskas: Yeah.

Rachel Smetana: I don't know that I have that calculated. I want to say that I will get you close here. It is for last year, the actuals, I think were just over \$400,000. We had 19 events in the community event funding. And we had nine in the venue event venue program funding. So, there's quite a few in there, but the smallest in the community event was, I think, \$4,500 for a taco fest, the largest in that in that tranche was \$27,000 for the Sun Circuit Horse Show. And then the event venue piece ranges up to \$12,000. The highest amount you can get in the event venue is \$12,000.

[Time: 00:40:28]

Councilwoman Dubauskas: And what is the reason for it not coming to Council. \$400,000 a year that Council doesn't see is a lot of money what is the reason for it not to come to Council?

Rachel Smetana: Thank you for the question, Mayor and members of Council. It was thought originally when this process was put into place in 2014, that we had for example, the Scottsdale sports complex would get a call and say, hey, we almost lacrosse and is there any sort of funding support for that? If we the TDC meets monthly. And so, if we wait for the TDC and then by the time we get it to Council, it's another month. Those opportunities might be missed. Also, it's a big staff investment for something that, you know, it could be as low as \$4,500 to have the legal department write a resolution, have the Clerk's office, you know, run it through that process, and all the staff time. So, at the time it was seen as an efficiency, and also an efficiency for our, for our event producers as well, for these small dollar items.

Councilwoman Dubauskas: So maybe it's time we take a look at \$30,000. Maybe the number should be \$15,000 or \$20,000, so we have a little bit more of it running by Council.

Rachel Smetana: Thank you.

Mayor Borowsky: Councilwoman Whitehead.

Councilwoman Whitehead: So, I guess I have a different approach since I really do like our government staying efficient. So, my question is not about getting into the weeds with the \$10, \$15,000 event, but wondering if instead there is review. It's impressive. I have been the TDC's review process is very, very impressive, and they are experts. Are we reviewing? We have a lot of events that every year go on and on and on. Every year we expect those events but perhaps the tastes of our visitors or the desires of our residents are changing. So how are we reviewing the success of these events rather than necessarily the small events the small to big events? How do we do that?

Rachel Smetana: Mayor, members of Council, we do post events. We look at success largely by attendance. We look at their marketing spend in a lot of cases. We want folks to we have heard not from our full-service resorts that want to keep their guests on property. But other hoteliers where you know,

the first thing that you do when you go someplace. What is going on in wherever I'm visiting. We want to have a robust calendar. So, these event producers, they are bringing a lot of vibrancy to the area. So, we measure it like that. We look year-over-year at the return on the investment. There are some that we have counseled and some that don't apply anymore. Some that we could not make their own event pencil out because these are obviously businesses for folks. We also look at things by our tourism drivers which are golf, culinary, arts and culture, recreation, and so we want western, of course. We want things that fit into those as well.

Councilwoman Whitehead: So do we have, okay. Thank you. I think it's true. A lot of these smaller events, these \$30,000 and under events aren't necessarily going to draw people from across the country but people who are here for other reasons, it really enhances their experience. But I, but, again, I wonder if there are some metrics set that are public that we can review some small to big, just, like that track how events are doing and over time too, especially if we have events.

Rachel Smetana: Thank you. That's great input. We'll work on that.

Councilwoman Whitehead: Okay, thank you so much.

Mayor Borowsky: I don't see any other comments. So go ahead and finish the presentation.

[Time: 00:44:38]

Rachel Smetanta: Okay. So, the 5% destination marketing, we had a lot of speakers here on that today, and we don't disagree. We we're excited by the results of that business engagement study. We thought it gave us a lot of good direction in the future, so '25/26, as former Councilman Smith points out, we only have this fund, this 5% fund since '22/23. Kind of growing into it. It may seem slow but it's better than it being seen as a waste.

So, in '25/26, these are some of the areas that we are definitely spending that money in. There is there was a question during public comment about the regional event. Council, this Council approved the \$225,000 for the Women's Final Four. We have, just as happened in the past, accounted for that out of the 5%, thinking that these regional events draw people to Scottsdale because Scottsdale is where they want to stay. Is that correct? I don't know. That would be something that Judy is definitely thinking through and it would be wonderful to have your direction on those sorts of things. I also wanted to touch on the RFP process that Bob and French brought up. We agree with them. We need more business engagement. We need more transparency. We are almost done with the RFP process and look forward to bringing you a contract soon as possible, I promise. I can't wait to do it.

And an annual marketing plan that kind of mirrors the business plan that Experience Scottsdale puts together every year. We want to be transparent. We want to we want to hear what the businesses have to say and I don't disagree that the folks that have been down there a long time understand how to market their areas and we could use their help.

We have also committed to regular updates to the TDC. I did hear some comments about quarterly updates to Council. We can put those updates to the TDC in writing as well and get those you to that way, but, yes, happy to meet your expectations, exceed your expectations on whatever transparency anyone needs. It is a decent sum of money. This year, we had budgeted \$1.3 million, because we don't have a new contract in place right now, we probably will spend much less than that, but excited to get a new a new marketing and advertising agency onboard to help us do this work.

And I wanted to say this was one other funding program that Steve brought forward in July. It also comes out of this 5% piece. It's the matching event, marketing fund, not very many events take advantage of this. Barrett-Jackson and the Arabians have consistently done it. They do a lot of marketing outside of Maricopa County. I think Barrett-Jackson had \$120,000 advertising spend outside of Maricopa County last year. So once post event they prove that to us and they are approved ahead of time, of course. Then we will match up to \$30,000 for that, through that program.

And this is just finally, we I know that this forecasted ending fund balance doesn't match the budget book. We're already seeing savings in certain areas and so I think that we will be close to these numbers by the end of the year, but we do have opportunity in there for for new things should Council agree with any future expenditures. And that's really it for me. So, thank you, Mayor and excited to talk about the 5% somewhere, if you would like.

Mayor Borowsky: Councilwoman Whitehead.

[Time: 00:48:44]

Councilwoman Whitehead: I'll talk about that. So that was done on my watch, and we did it to prepare and prevent the general fund from being impacted should tourism dollars plummet. Instead, we the economy and the tourism roared, and so we have we should be celebrating the fact that money so much revenue came in, that we weren't prepared for that. So, this is definitely a story of success. I appreciate some of the questions that my colleagues asked about how you review those events. You gave the example where an event did not get its funding. So, I appreciate that.

A couple questions, kind of ties back to what I said is we have to be what our residents and visitors want. So, we have to constantly evolve. I will say that I was at the Railroad Park for 50th the 50th year, and I don't know how many thousands and thousands of people were there on Saturday. So, and the Roundhouse is getting 3,000 a week I think 3,000 a week, just amazing. So, we're evolving. We are meeting the needs of what our visitors and residents want but we can always do better.

When we talk about plummeting numbers, daytime numbers do we divide it by quadrant?
Because I do spend quite a bit of time downtown and I think some quadrants you know, I think it would be helpful for us to know, like, how was Fifth Avenue doing during the day versus how is the northeast quadrant? Do we do that?

Rachel Smetana: Mayor, members of Council, Will Brooks from the City Manager's office, I think their

2023 numbers. So, they are getting dated fast. But he did do it by quadrant at the time. And so I think the slide that Bob Pejman showed was in aggregate. I can dig up the 2023 numbers if you like. The TDC did review those. Will Brooks did a great presentation at the time and the TDC did review those so...

Councilwoman Whitehead: I think by quadrant because they are very very different. And I would think the northeast quadrant which during the day is just business. It would be helpful for me to evaluate how we're doing and what we need to do if it was divided by quadrant and aggregate doesn't help me that much.

Also, I wanted to the question about or the request about staff getting more involved, it seems like we have a lot of new programs. We have June Days, that was you know I don't know. And then also the meetings. There are meetings I want to say quarterly at the Museum of the West. It would be good just to know all the different opportunities because we don't want to be stepping on each other's toes and people won't be able to attend lots of meetings. We just need to coordinate. I like the idea of the merchant meetings that happen pretty regularly at the Museum of the West.

[Time: 00:51:44]

Rachel Smetana: Mayor, members of the Council, we have also, in response to that and what we were hearing from the businesses in Old Town, we also added in between those quarterly meetings, we have at the Museum of the West, we added a virtual one that has a marketing focus because what we're what we heard from Bob and French and others, is that they weren't aware of what we're doing. They wanted to have some input on what we're doing, and we, you know, love the engagement. So, the next one is November 7th, but I'm not really sure on that. We are working on that and we will have KPIs with our new contract that includes, you know, sales tax in Old Town and those other measurables just to make sure that we are holding ourself to a high standard with this expenditure as well.

Councilwoman Whitehead: And then I want to make one more comment to thank staff. So, the northeast quadrant, Fifth Avenue and Craftsman Court, we had a big construction project for a hotel there and staff was really good at they contractors would put up barricades and our staff would go in this and remove barricades so we could make sure these businesses survive, the small businesses survive the construction. And they, the business owners are very excited about the new hotel and it's looking good. So, I just want to commend staff for really reacting to our small businesses when there's temporary problems that could have long-term impacts on their ability to stay in business. Thank you.

Rachel Smetana: Thank you.

Mayor Borowsky: I will chime in here, because everyone that's on the list here has had a chance to speak so far. I have a couple of questions on this 5% destination marketing. It says regular updates to the TDC. So does the TDC ever get involved in voting on those types of uses for the city use portion?

Rachel Smetana: We have Mayor, members of the Council, we have in the past provided an update, but not really an action item for the TDC. That is definitely something that we could consider as well, but like

I mentioned, we will be putting in you know, performance indicators to make sure that contractually whoever we bring on board is held accountable for what we want to see. So it's always hard to do marketing by committee, but we're open to those sorts of changes and looking forward to a new direction, for sure.

Mayor Borowsky: Or maybe a quarterly or, you know, at least twice a year bring it before the TDC, that would maybe be helpful. And then the events that we were being questioned about earlier that fall within the criteria of not going to the full Council, just to be clear, the TDC does or does not voluntary on those?

Rachel Smetana: They do recommend those. They do. And that's why even though they are below the purchasing threshold, you know \$25,000 is the purchasing threshold but because they come from the TDC, and the TC reports to you, I think at the time it was felt that there should still be that connection.

[Time: 00:55:01]

Mayor Borowsky: Okay and for my sake, I think it would be important to see quarterly or biannual reports on those items that are not coming to Council and just to see how they have done and performed and, you know, just get a read on what those events look like globally or individually, I should say, even better. And would you say that a lot of the smaller events that are starting under that threshold, the \$30,000, are those events that you see growing in the future generally speaking? And is that a criteria for the process before the the ones that don't come to the Council?

Rachel Smetana: Thank you, Mayor. That's an excellent question. So, the event development fund, the ones that always go to Council, those are where we see the growth potential events. The ones that you see that are the community events ones are, for example, the like the pony express, the sun circuit, the Scottsdale symphonic orchestra, the Arizona fall championship, the Arizona black Rodeo. So those are events we see year over year. I think they you know, they are always, obviously trying to drive more traffic and to get sales for those, but we don't necessarily, you know hopefully they have potential but year-over-year, they have been relatively similar.

Mayor Borowsky: Terrific and I think just to air on the side of caution, maybe there's an opportunity to do, you know, maybe again a a yearly or kind of quarterly look back, maybe quarterly is too much, maybe a year is too long, but just a periodic look back to see, you know a study session like this, that would potentially be helpful.

Rachel Smetana: Thank you, Mayor. Welcome the opportunity.

Mayor Borowsky: Councilman Graham.

Councilman Graham: Thank you, Mayor. A question for the city attorney, the parliamentarian. This is this item is described as presentation, discussion and possible direction to staff. So can we change, can we propose changes up here or do we need to agendize if we were going to vote to make changes.

Luis Santaella: Honorable Mayor and members of the City Council, you can give direction to staff on this program. So as long as what was discussed is in the scope, that's appropriate direction.

Councilman Graham: Well, this has been an Edifying presentation, and really what this was about was this this so the bed taxes, \$35 million a year, 50% to 50% to the events and other purposes, and then 50% to destination marketing. And then of that 50% to destination marketing, 5% of the total, so 10% of that, which is about \$1.5 million, give or take, is retained by the city. And what the purpose of this meeting was to talk about that, and kind of understand that process. And so, what I'm getting at this is what I would like to see is we the city, that you know, as far as that 5% it wasn't that much money a few years ago. Like former Councilmember David Smith said, we really didn't until recently, we haven't really spent a pot of money. It was sitting there unspent. Come to Council with a marketing plan every year for us to approve and open up the ad agency that we used to competitive bid, and part of that marketing plan, we would divide the funds in a way that makes sense intuitively, whether that's by district, or by category, something that promotes parity. And, you know, something I could see something like arts and culture, shopping and dining, entertainment, but something that these are kind of questions for the experts but something that it makes intuitive sense, some sort of grouping system, or some type of taxonomical system that makes sense. Establish a dedicated stakeholder liaison would be nice. Do you understand what I meant by that?

Rachel Smetana: Yes.

[Time: 00:59:47]

Councilman Graham: Okay. And Council oversight and public transparency, and in addition to approving the marketing plan, we also approve expenditures that exceed the procurement threshold. So those are kind of some of the reforms that I envision. And maybe I can get sort of a sense from my colleagues that we might want to sort of go that way. If that's too nebulous, if there's too much nebulousness to that, then, you know, maybe we can agendize it for an up or down vote, but that's how I see some reforms to bring greater transparency and I mean it just goes back to we saw the chart earlier. Daytime traffic is down. Midnight traffic is up. It doesn't it doesn't engender families and family visitors. It doesn't make you think about arts and culture. It kind of makes you feel like the whole process is maybe not moving in the direction that some of us thought. Some of us had a different vision for that part of Scottsdale.

So, I will leave it at that and maybe I can get some nods or approval from my colleagues and if not, we can go from there. Thank you, Mayor.

Mayor Borowsky: Councilwoman Dubauskas.

Councilwoman Dubauskas: Thank you for doing the Keen Report. It was a it was it took some vulnerability to have someone go out and meet with 150 merchants and ask them for their feedback and to get some of the feedback was it was a little bit honest, right? There was a lot of really honest feedback in there and it was a very detailed report. So, I appreciate you being open to hearing what they had to say.

And at the last merchant mixer, you we walked through it and have been very transparent with the merchants about that and responsive to the feedback about the merchants that they feel like they need more did, some help here. And what I thought was very interesting was the experience I had at the last merchant mixer, asking folks in the audience how has your summer been. I got a lot of thumbs down. Right? You saw that. A lot of people were expressing that their business is not what it has been in years past. We had a hotelier at our last boards and commission meeting, appointment come up and say that it's been the worst summer since 2008. And so, we are seeing several restaurants closing in Old Town, things like that. So, something is definitely going on in Old Town. And so, I really appreciate you being opening to hear the feedback and saying, you know what is it?

Part of the conversations that I have had with Experience Scottsdale is kind of along these lines of, we don't want to hurt any sector of Old Town. At the same time, we do have a brand of arts and culture in Scottsdale that we are known for nationwide and we want to promote that, and Experience Scottsdale has done a lovely job of pivoting and focusing on foodies and golfing and sports and luxury travelers, things, like that. And so we have a great opportunity here to dove tail with how they are pivoting as well to bring some of those additions into Old Town and I think the feedback that we have gotten is that they would really like that.

[Time: 01:03:39]

So, one of the items that we have kind of touched on and I know that we are advertising for a liaison with Old Town is that this seems to be a feeling of we're not really sure what's going on. And I think from the city perspective, we would say there's emails going out and we do the merchant mixer, and we have all of this stuff on the website, what do you mean you don't know what's going on? We have all of this information on the website. I think the idea of the liaison will be really helpful. Someone who could go to the businesses maybe, right, and have some dedicated time to go and talk with them and instead of hiring Keen, we could have a person who could actually be out there on the ground and give us immediate feedback and intelligence about what's going on in the community. And so, I think you are already in the process of doing that. I think that's really good.

We also have the opportunity to take a look at if we have got someone on the ground, what are some businesses that are vacant. Maybe we could dovetail with Economic Development Department and work with them to bring in, you know, the right kinds the restaurants are vendors so that they all have the opportunity for success. So, I think there's some really good opportunities for us to do some really nice work together across the across the city. And to promote Old Town overall. So, I just wanted to say thank you. Appreciate the work and I appreciate you being open to the feedback from lots of different sources here.

Rachel Smetana: Thank you. I agree wholeheartedly. I look forward to, I was hoping not to be chained to my computer so much and I would be the person down there but that hasn't happened very much. Thank you for attending our merchant mixer. It means a lot to our Old Town business owners.
Mayor Borowsky: I see the City Manager would like to speak.

[Time: 01: 05:36]

City Manager Greg Caton: Thank you, Madam Mayor. I just wanted to give some response to the Councilman Graham and Councilwoman Dubauskas, kind of feedback there.

I think what we have is an opportunity with our new RFP on the street, not only to make something better, what we have historically done but really recalibrate and working closely with Experience Scottsdale as you referenced and align our new marketing efforts in a much more transparent way. So, what I might suggest is kind of some next steps. We are wrapping up that process. Once we get that contractor on board, we are really revamping that marketing program going forward. So, as the Mayor referenced, the check-ins will be much more frequent than they have historically been.

We also wanted to introduce tonight this is really the 5%, but going back to the 50% discussion and I think we have an opportunity, I might suggest that we come back if you are so willing with some ideas around the budget time with how we align the 50% and how we are spending the dollars and more specifically what I mean by that is modernizing the percentages even more granular on that. We have an event funding that is not falling within the event funding category and therefore is putting some stress on some other areas which I actually think could relieve and allocate additional dollars in the 5%.

And really putting more marketing dollars into the marketplace in Old Town, I think could have a significant return on investment. So, if you are amenable to that type of discussion, then we can do some work in that regard, return through the budgetary process, introduce those concepts and look for implementation in '26/27. But again, coming full circle, we hear the feedback, appreciate the feedback and we are have very high expectations for the new vendor when we get them on board with really a recalibration in how we see the future. Thank you.

Mayor Borowsky: Thank you. Councilwoman Littlefield.

[Time: 01:07:48]

Councilwoman Littlefield: Thank you, Mayor. Well, mostly, my notes have already been spoken. So, I won't repeat them, just know that I also feel the same way that Jan Dubauskas, Barry Graham, and Mr. Caton have said. I think we need some more one-on-one discussions with some of the people in Old Town, the arts district, and I think it needs to come from the owners and the business people who are having to live through some of this reduction in income, in people coming into their shops and seeing if they have some ideas that they can give us from their aspect. As to how we can help them with their business moving forward. So, my thoughts were pretty much on the exact same line. I think we need to give some more attention to the Old Town area and make sure that we do all that we can to keep it moving forward. Thank you so much for your presentation.

Rachel Smetana: Thank you.

[Time: 01:08:57]

Mayor Borowsky: Thank you. I just have a couple of closing thoughts to the City Manager's point. I would love to get that information, as far in advance as the, you know, preliminary budget adoption meetings as possible, so we have a full fund to vet those ideas and changes that you're predicting or working on.

And then I'm a big fan of stakeholder involvement and on that note, where do the Old Town or Downtown Ambassadors stand? Is that a group of people, volunteers? I think I went to the lunch, the annual lunch, and there were over 100 Downtown Ambassadors that are volunteering for the health and well-being and prosperity to contribute to the prosperity in Old Town and downtown and I mean, I think it would be great and I'm sure they would be willing to really foster and tap into those resources. I'm not the biggest fan of having the Council micromanage every little idea that comes across your desk although I do believe in the transparency and the accountability that we entrust you to do but I would love to have you brainstorm with the City Manager and I see how can we use those volunteers and position them as stakeholders with the downtown businesses? I just see that as kind of a lost opportunity if they are not already dispatched in that regard. But maybe we can do that.

Rachel Smetana: Thank you very much, Mayor. And I think we could improve that. We do, right now they help deliver collateral and bring messages door to door with the Old Town merchants. They are also great at determining what people want to see as far as guides and things like that but I think you are right, there are more opportunities. It's a huge engaged group.

Mayor Borowsky: It sure. Is okay. Thank you very much. I don't have any other questions or comments. I don't see anyone else that does. We appreciate your presentation.

Rachel Smetana: Thank you for your time.

Mayor Borowsky: All right, look forward to continuing the dialogue. That was our only item on the work study, I will accept a motion to adjourn this special meeting.

Councilwoman Whitehead: I move to adjourn.

Councilwoman McAllen: Second.

ADJOURNMENT

[Time: 01:11:12]