



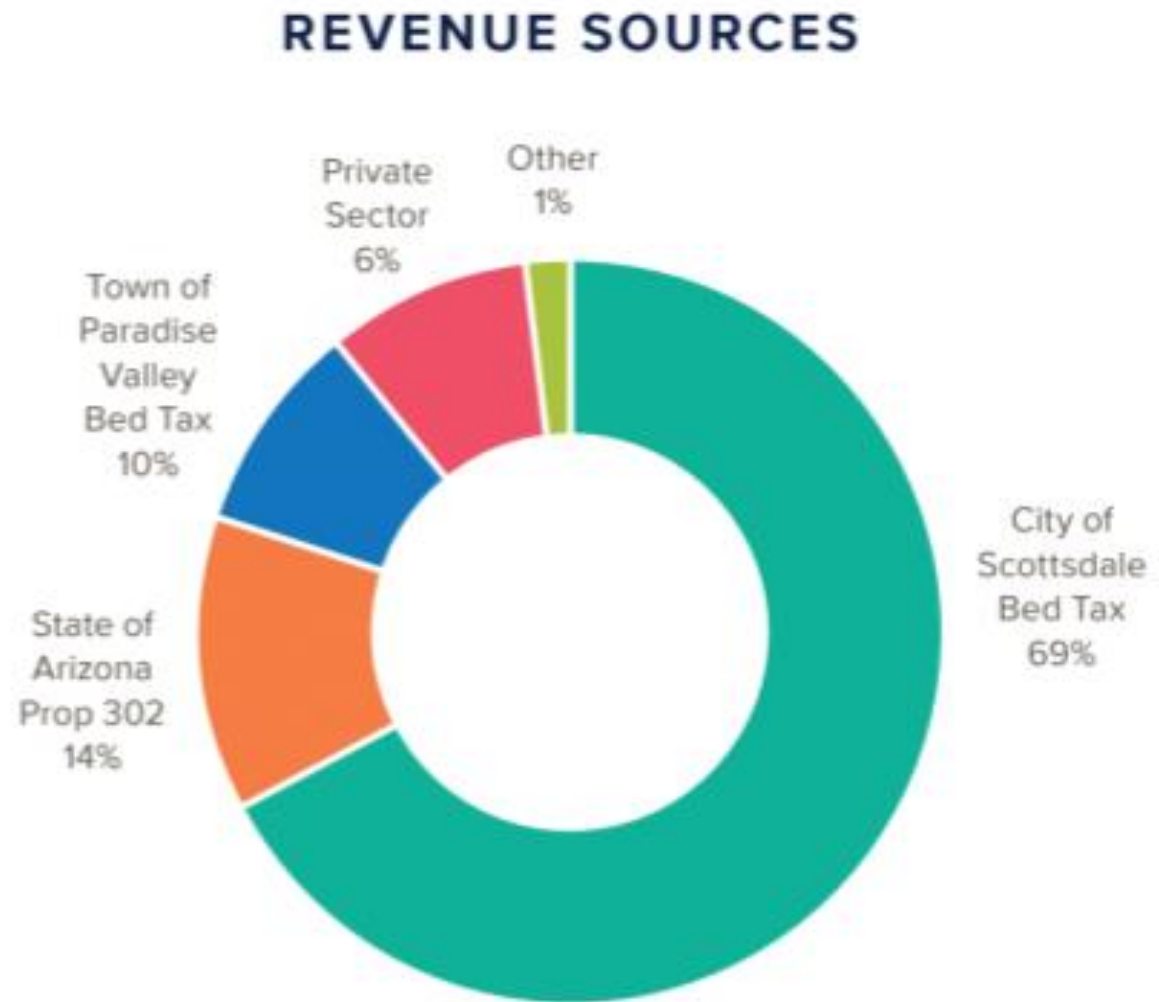
Experience Scottsdale Contract Renewal

Action Report June 25, 2020

Background from June 11 Study Session

- Town conducted a competitive bid process for independent contractor
- Selected DMOProz
- Interviewed over 3 days, Experience Scottsdale (ES) staff, Resort General Managers, Town Elected Officials and staff
- Report focused on
 - Evaluation of programming against existing contract metrics
 - Review performance of earned media/PR, success in attracting meetings & conventions and leisure marketing visibility for PV
 - Analyze success in securing bed tax revenue
 - Compare Experience Scottsdale with other Destination Marketing Organizations
- Staff from Town and ES have been in productive conversations on a contract going forward

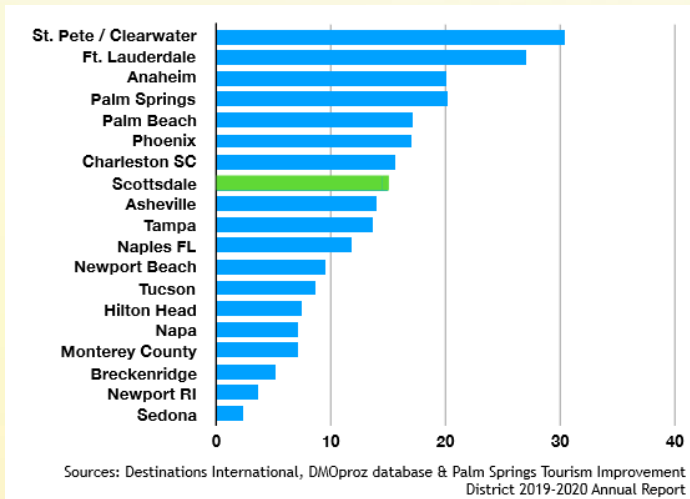
Sources of Experience Scottsdale's \$15M Budget



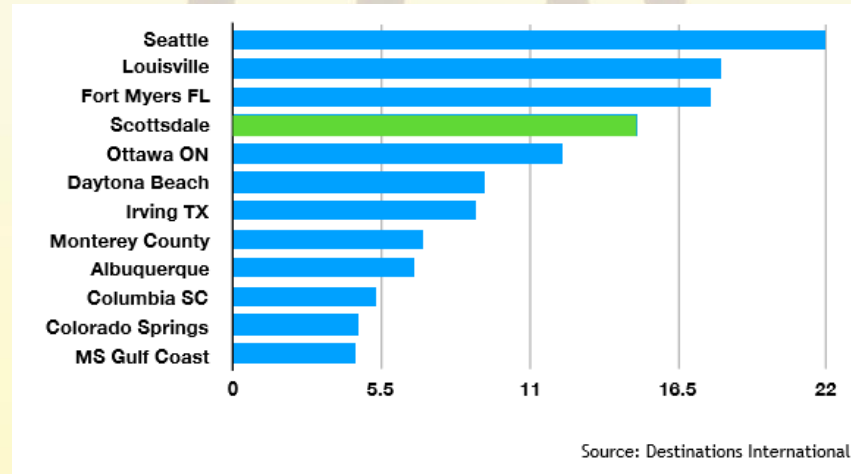
Source: Experience Scottsdale FY 18-19 Annual Report

Budget comparisons to other DMOs

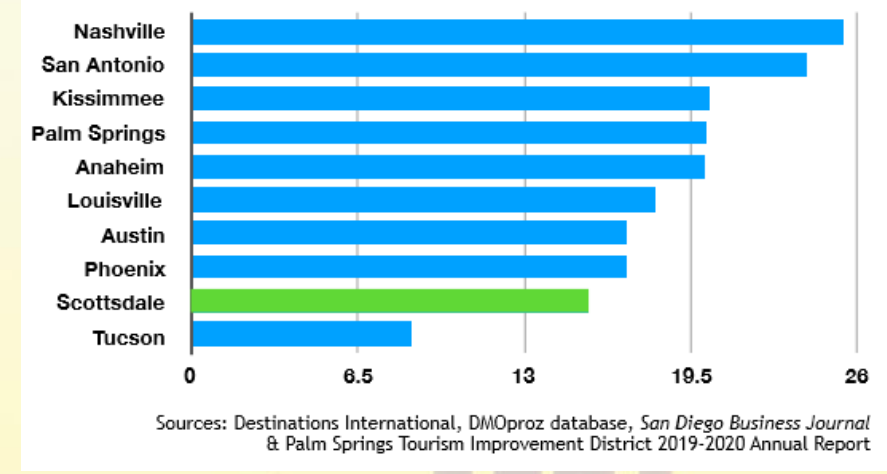
LIKE-DESTINATIONS:
DMO budgets in a luxury destination



LIKE-HOTEL ROOM INVENTORY
similar number of total hotel rooms
(11,500 to 15,500)



EXPERIENCE SCOTTSDALE'S COMPETITIVE SET



	Comp Set: Luxury	Experience Scottsdale
Personnel	36.4%	33.8%
Administrative	7.3%	7%
Programming	56.3%	59.2%

	Comp Set: Hotel Rooms	Experience Scottsdale
Personnel	33%	33.8%
Administrative	7.3%	7%
Programming	59.7%	59.2%

	Comp Set: vs. Scottsdale	Experience Scottsdale
Personnel	36%	33.8%
Administrative	6%	7%
Programming	58%	59.2%

Staff Size v. Budget Size

Average

Of 15 DMOs within \$2 million of Experience Scottsdale (\$13.5 - \$17.5M)

Experience Scottsdale

Budget:

\$15.5M

\$15M

Staff Positions:

53

40

Goal:
Annually generate
at least 195 travel
articles that
mention Paradise
Valley and/or its
resorts or hotels

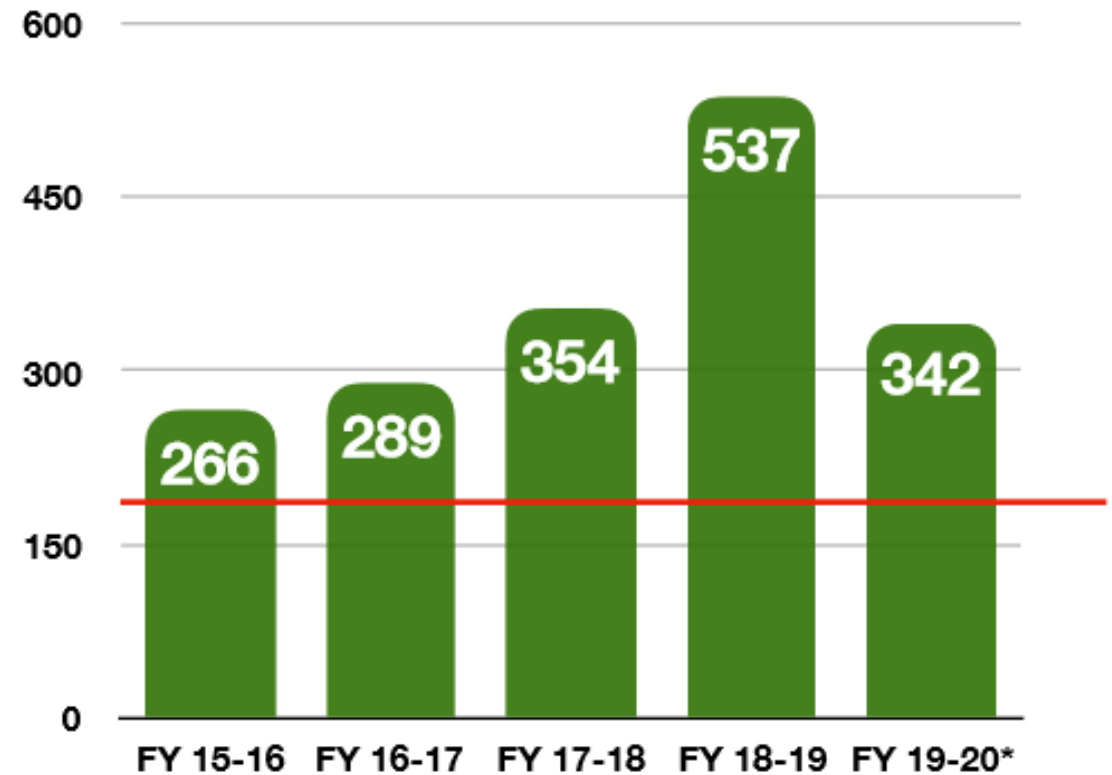
FY 19-20 Q1 & 2: 342 (estimated media value: \$8.8 million)

FY 18-19: 537 (estimated media value: \$38.1 million)

FY 17-18: 354 (estimated media value: \$15.4 million)

FY 16-17: 289 (estimated media value: \$6.4 million)

FY 15-16: 266 (estimated media value: \$15.4 million)



* FY 19-20 numbers only represent the first two quarters of the Fiscal Year.

GOAL:
Annually facilitate
the booking of at
least 80 meetings
and conferences
into Paradise Valley
resorts or hotels

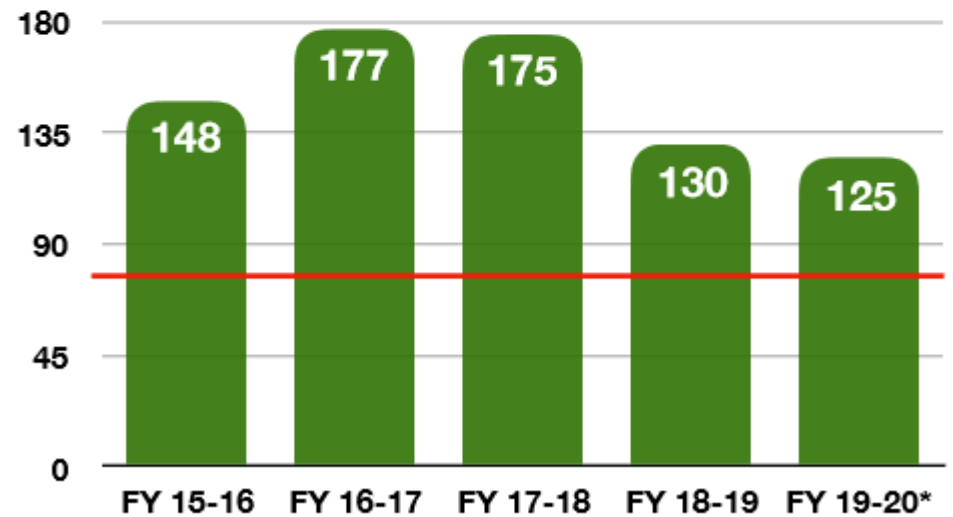
FY 19-20 Q1 & 2: 148 (representing 47,237 room nights with an estimated economic impact of \$20.7 million in visitor spending)

FY 18-19: 177 (representing 45,273 room nights with an estimated economic impact of \$23 million in visitor spending)

FY 17-18: 175 (representing 40,338 room nights with an estimated economic impact of \$19.1 million in visitor spending))

FY 16-17: 130 (representing 34,701 room nights with an estimated economic impact of \$19.4 million in visitor spending)

FY 15-16: 125 (representing 43,323 room nights with an estimated economic impact of \$23.6 million in visitor spending)



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GOALS for Marketing and Revenue to Town

GOAL: Develop a \$1 million annual marketing and advertising program to benefit Experience Scottsdale members, including Paradise Valley resorts and hotels:

- Experience Scottsdale's complete annual Marketing Plan annually totals roughly \$7 million in paid media

GOAL: Assist Paradise Valley resorts and hotels in generating at least \$40 million in bed tax and sales tax during the term of the contract (July 2015 through June 2020):

- Hotel and Sales Tax revenues for Paradise Valley from hotels and resorts between July 2015 and December 2019 are estimated at \$41,729,354, six months prior to the conclusion of the contract period

Soft/Qualitative Data

- “Experience Scottsdale is critical for us. We go on sales blitzes with them to secure meetings and convention business. We could never, on our own, do prospective client events like they do.”
- “We asked them to help with holiday season marketing, as that was one of our ‘need periods.’ We are up 48% in December thanks to Experience Scottsdale.”
- “Experience Scottsdale has top talent and tenure and is known industrywide as a high-performance DMO that convention planners trust. We depend on Experience Scottsdale to bring us new and qualified business.”
- “If the Destination Marketing function for Paradise Valley were to be brought in house, we wouldn’t have nearly the same visibility as we do through Experience Scottsdale.
- “We understand that the impact of Experience Scottsdale is hard to quantify for some, but we know it is real. Renew the contract? Yes, in a heartbeat.”
- “We can’t afford national marketing. They can. We need them.”

Soft/Qualitative Data (Continued)

- “Having worked in several resort markets around the country during my career, I can honestly say that Experience Scottsdale is the best DMO I’ve ever worked with.”
- “Experience Scottsdale’s work to secure the Fiesta Bowl means the teams stay in Paradise Valley and ESPN stays here for the Super Bowl.”
- “Experience Scottsdale is responsible for more group business at my property than my national brand’s sales office.”
- “As an independent resort, their leads are key. Their FAM trips and site inspections can’t be beat for generating new business.”
- “An Experience Scottsdale FAM last year netted us three confirmed conventions.”
- “A lead from Experience Scottsdale turned into a feature in the American Airlines in-flight magazine. We certainly could have never purchased that kind of visibility.”
- “We could never garner the PR that they provide for us in national magazines.”
- “In the face of the coming recession, we’ll need Experience Scottsdale more than ever to help us recover.”

The background of the slide features a warm, golden-yellow sunset sky. In the foreground, the dark silhouettes of several saguaro cacti are visible, their arms reaching upwards. The cacti are of various sizes and shapes, some with single arms and others with multiple arms. The overall mood is serene and natural.

New Contract Terms

Establishment of Mutual Respect/Purpose

- ES will work to support the Town's vision to enhance the Town's unique character for its residents and to support the success of the Town's resorts
- ES and the Town support common values of professionalism, high quality customer service, teamwork, respect, accountability, and transparency
- Through the tourism industry, ES can help to elevate the unique lifestyle and character of the Town while ensuring a strong return on the Town's investment
- ES's efforts to elevate the tourism industry support the Town and its desire to preserve the Town's special character, provide high quality service, invest in infrastructure projects, manage the Town's financial resources, and identify opportunities to create and promote a more sustainable community

Contract Renewal: Changes from Existing

1. **Contract Term:** 3 years with 2 1-year extensions
2. **Compensation:** 45%/35%/25% sliding scale every \$2M of Transient Lodging Tax revenue collected from estimated resort revenue during current year with mid-yr review, and Oct adjustment
3. **Scope of Services/Parameters:** Flexible process for input with Council and Resort General Managers with Experience Scottsdale (ES) observation
4. Discuss **financial responsibilities** and best practices with independent contractor review once in first 3 year term; once more if term extended

Board and Subcommittee Representation

5. Board representation. The Town's voting liaison to the ES Board of Directors also shall be provided a seat on the ES **public policy committee**. Other Town representatives may be invited to participate at the discretion of ES and approval of the Committee Chair
6. Input on Annual Program of Work. Annual meeting with Town resort general managers, Town Council and ES to allow the group to share **input on priorities, trends and insights** related to the coming year's program of work

The background of the slide is a photograph of a desert landscape at sunset. Several saguaro cacti are silhouetted against a bright, orange-yellow sky. The cacti vary in height and shape, with some having multiple arms. The overall mood is serene and contemplative.

Questions?