



Governor's Tourism Advisory Council Meeting (TAC)

Tuesday, February 4, 2014

10:00 a.m. – 2:00 p.m.

Arizona Office of Tourism

1110 West Washington Street, #155

Phoenix, Arizona 85007

Meeting Minutes

I. Call to Order/Approval of September 18, 2013 Governor's Tourism Advisory Council (TAC) Meeting Minutes.

Arizona Office of Tourism's (AOT) Director, Sherry Henry, opened the meeting and introduced newly appointed member, Katherine M. Fassett.

The following TAC members were present: Raphael Bear, Katie Cobb, Katherine Fassett, Jody Harwood, J. Bruce Lange, Michael Luria, Kelly McCullough, Teresa Propeck, Jeffrey Serdy; and, Victoria Yarbrough. Members present via conference call: Stacey Button and Susan Sternitzke. Ex-officio members present: Debbie Johnson and Steve Chucri.

AOT staff members present: Sherry Henry, Chris Mardian, Mark Stanton, Linda Yuhas, Karen Churchard, Karen Cahn, Mary Rittmann, Kiva Couchon; and, Laura Franco French.

In addition, Patrick Murphy, of Off Madison Avenue, was present.

Motion was made by Michael Luria to approve meeting minutes of the September 18, 2013 meeting. Motion was seconded by J. Bruce Lange. Minutes of September 18, 2013 meeting were approved unanimously.

II. Arizona Office of Tourism (AOT) Updates

Sherry Henry reported on the AOT budget. The Governor's budget recommends \$7,000,000 to AOT from the General Fund with a special place holder of \$2,000,000 for a special project, which at this time, not been specified. AOT is in the process of preparing the budget based on the recommended amount plus the gaming dollars from Proposition 202 and the Proposition 302 monies.

Kelly McCullough asked if the Proposition 202 money will be going up. Linda Yuhas stated that it continues to grow slightly and that estimates from the Arizona Department of Gaming are slightly aggressive. The expectation this year is that AOT may see approximately \$6.3 million and approximately \$6.9 million for next year. Proposition 202 has limitations. It is purely for statewide marketing only,

unlike Proposition 302, which is purely Maricopa County. Stacey Button pointed out that there is confusion regarding the differentiation between the expenditures. Sherry stated that although Proposition 302 is for Maricopa County, it also has the same restrictions; it is strictly for marketing. Proposition 302 money comes from the stadium tax. This year, AOT is looking at approximately \$7.2 million for the current fiscal year. AOT gets 5% of the overall total to market Maricopa County only. As a state agency, dedicated to marketing the entire state, our advertising and marketing departments do a great job finding projects focused on Maricopa County alone, such as Cactus League Baseball. AOT works with the destination marketing organizations (DMOs) looking for opportunities to participate in, with a focus on Maricopa County.

Debbie Johnson, of Arizona Lodging and Tourism Authority (AzLTA), which is a lobbying arm for AOT, addressed the Mega Event Fund, which is a piece of legislation sponsored by Arizona Sports and Tourism Authority (AZSTA). The legislation would allow state and communities to bring in events, which we could otherwise not afford to host such as Super Bowl, Final Four, etc.

Debbie also noted the following:

- Tourism Caucus meetings – The next meeting is April 14, 2014. The meetings are opportunities for legislators to come and learn more about tourism and related issues.
- Tourism Unity Dinner – February 12, 2014, at the Westin Kierland and will be honoring Grand Canyon.

Steve Chucri provided the council with an Arizona Restaurant Association update. Steve stated that this year, Arizona would be leading the nation in restaurant sales for the first time. Food sales this year will total right at \$11 billion. Steve noted that Restaurant Week is held in metro Phoenix and Tucson as well.

Mary Rittmann, Director of Trade and Media Relations for AOT, presented an update of her division. Her division works primarily with tour operators, travel agents, travel trade and media to generate stories and product about Arizona. In an average year, the division will bring approximately 100-120 media and trade professionals to Arizona. This year the number is closer to 200.

Details of Mary's division's missions/trips can be viewed at www.az.gov under Marketing-Trade and Media.

Laura Franco French, AOT's Director of Community Relations, reported on the AOT Regional Workshops. It was decided to go into each of the five regions and hold something similar to AOT on the Road but with the communities helping guide the agenda. The first one, the pilot program, will be April 30, 2014, in the Cottonwood area. Teresa Propeck will be spearheading this effort. The plan is to hold a workshop in each of the regions eventually.

Patrick Murphy, Media Director at Off Madison Avenue, presented an overview of creative direction for the national campaign. National magazines, newspaper impressions and online media account for the 500,000,000 impressions nationwide. Veranda and Bon Appetite magazines as well as Travel Leisure,

Conde Naste, and US Airways magazines are part of the mix as well as some golf publications. The Wall Street Journal and USA Today are also included in the overall national coverage.

Karen Cahn, Director of Advertising for AOT, presented an overview of the target cities campaign. Chicago and Los Angeles are the targeted cities for the current campaign. January through February is the time period of this campaign. Karen reviewed the campaign in Chicago. A total of 57 online and print articles in both Arizona and Chicago were featured as a result of the campaign. In the Los Angeles area, Santa Monica in particular, a well known chalk artist created a 3-D rendering of the Grand Canyon.

Patrick Murphy did an overview of Spring Training campaign. The focus of this campaign is to encourage visitors to stay longer and visit more destinations while in the area.

AOT's Assistant Deputy Director, Karen Churchard, who is also the Director of Research and Strategic Planning, reported on strategic planning for the agency. She reported that the primary focus as of late has been centered around sports – Super Bowl, College Football Playoffs, and Final Four.

Karen also presented a brief overview of the NY/NJ Super Bowl. Under the unique circumstances New York brings, they did an amazing job. The volunteers were present everywhere in the city and were not only visible but very helpful and passed visitor information raising \$45,000,000 because of all the New York and New Jersey based corporations. Arizona has their work cut out for them from a financial standpoint. Fortunately, Arizona has a great opportunity in that we are not confined. New York's media center was very claustrophobic. The next two destinations will have a trade booth present; however, because of the tight restraints in New York, we were not able to have a trade booth.

In the area of Research, Karen noted that AOT is in the process of adding research specialist. Karen presented a research update which included reviewing lodging information by county, reflecting occupancy and the revenue per available room. Apache, Cochise, Gila, La Paz and Yuma Counties experienced decreases in both occupancy and revenue per available room. Coconino, Graham, Maricopa, Mohave, Navajo, Pima, Santa Cruz; and, Yavapai experienced increases in both. Pinal County occupancy decreased by 1% and their revenue per available room went up.

Stacey Button asked about the downward trend for the airport and passenger traffic. She asked if the impact was felt across the state regarding the Grand Canyon closure, as it was very significant in her area. However, with the exception of the shutdown of the Grand Canyon, Stacey commented that the airport numbers are up. The airport in Phoenix has seen a decrease month by month, according to Mary Rittmann.

Tourism Works for Arizona brochure has been revised and updated. The new and improved document has been very well received and is very useful. It will be distributed at the Unity Dinner and the upcoming Governor's Conference on Tourism (GCOT). In addition, the piece is used by AOT for presentations and is distributed at legislative sessions.

In 2015, the Mexico Visitor's Study is to be done. This study has not been done since 2007.

Research Roundtable – Feb. 25, 2014-Michael Eardman, of Longwood’s International, will be addressing research indicators and how things are changing in terms of tourism research.

AOT’s Deputy Director, Mark Stanton, gave a very brief update on the Arizona Commerce Authority (ACA). AOT and ACA is working with several economic developing entities including GPAC, Arizona Chamber of Commerce, Canadian Arizona Business Council, State of Sonora and individual areas such as the wine industries. And, AOT is still participating in joint marketing with ACA. ACA and AOT are currently working on a project to develop and produce a video.

AOT and ACA continue to work with several businesses to tell the message of job growth, job creation and how tourism impacts all 15 counties. AOT is doing this through public relations, legislative efforts, and trade and media. Most importantly, when AOT gets on the road for presentations, the message has a great impact.

The TAC Memorandum of Understanding (MOU) was reviewed by Jody Harwood and a copy of the amended MOU was distributed.

- Meeting dates for 2014 are listed in the current MOU.
- The statute (indicated in bold) is legislation, therefore cannot be changed.
- MOU is to be signed and submitted to Chris Mardian.

III. Area Reports

Area 1: Maricopa County

Bruce Lange reported occupancy at 60% -Maricopa County (Metro Phoenix). ADR almost \$110. Occupancy was up 3%- year over year rate about 6%. Phoenix performed 16th out of 25 compared to other markets in the country, which indicates positive momentum in last half of the year. In the first half of the year, Phoenix was 25 out of 25. Much of the momentum came from the leisure transient side of the marketplace. Group was slow to respond but did come through. The Bowl games were not the generators they were in the past. In general, Bruce commented that business is coming back.

Raphael Bear reported on the Fort McDowell area. There have been resort attractions, which positively affected the occupancy for group business. Upcoming to the area is the SpartanRace, in March 2014.

- The second annual Pow Wow is in April 2014.
- Arizona American Indian Tourism Association is based in Phoenix. It has a MOU with the City of Phoenix regarding the development of Steele Indian School Park. Several years ago, this property was going to be sold and the American Indians in Phoenix and throughout the state. Having gone to Congress, the debate was won to have the property eventually developed into some kind of cultural tourism area, allowing the Indian community to tell their story focusing on the authenticity behind each tribe, of which there are 22 tribes in Arizona and over 90,000 American Indians in Maricopa County and growing.

Kelly McCullough reported that PBS's *Capture My Arizona* photo contest continues to grow. Approximately 6,000 people posted photos on the website and photos are on display at the airport. PBS has a partnership with Alliance Airport Advertising, which is helping to promote tourism. *Check Please* is in its fourth season and doing very well. It is driving economic growth for the restaurant sector. On March 30, 2014, the second annual *Check Please* festival will be at CityScape. Kelly recently joined the advisory council to the Frank Lloyd Wright Foundation, where rejuvenation is underway. The foundation has a new director and they are looking to expand their community and educational outreach.

Katie Cobb stated that The Phoenix Symphony has seen growth in terms of patrons, as a direct result of AOT's advertising efforts in Chicago. The Phoenix Symphony has experienced the largest single ticket sales increase in the history of The Phoenix Symphony. In the fall, there was a fund raising event, a record fundraiser, which featured John Williams and Steven Spielberg and gained national attention. The Arizona Ballet was featured in the New York Times and the turnaround of The Phoenix Symphony was feature in the Wall Street Journal.

Area 2: Pima County

Michael Luria reported that Pima County finished up a little above flat-1% occupancy and RevPar just under 2%. Numbers are modest for the year but moving forward.

- Gem Show – currently under way.
- Accenture Match Play – in its last year in Tucson and most likely to leave the U.S.
- Festival of Books – University of Arizona. Largest book festival in the county and in its fourth year.
- Tucson had their first new direct air service in years. Alaska Airlines started new daily non-stop to Portland and is above projection.

Jody Harwood reported on her property in the area. She stated that they have had some corporations move on and leisure business is still intact with some corporate doing Sunday through Thursday business. The area is not as consistent as the Metro Phoenix area. The market is inching up very slowly, however.

Area 3: Apache, Coconino and Yavapai Counties

Teresa Propeck reported on Area 3. Restaurant and bar business is doing very well. Business for Verde Canyon Railroad is over 20% for the year and F & B is over 40%. Sedona finished up with 66% occupancy for 2013. Their ADR grew by 5.5%. Their public sector budget is going up from \$500,000 to \$1.1 million on July 1, 2014, which will allow them to reconstruct their website. There will be a feature article coming out for Verde Valley, in Sunset Magazine.

Area 4: Yuma County

Susan Sternitzke reported for her area. Occupancy is at 51%, with ADR at \$70.61 and RevPar at \$36.02.

- Hotel occupancy is down due to government sequestration and government shutdown, which resulted in thousands of room night cancellations.
- Currently working with City of Yuma to plan and market Yuma Centennial celebration, in April.
- Working to encourage legislation to make AZ inviting as a film destination.
- The Yuma Visitor's Bureau will be awarding grant funding to Mr. B's Bicycles to provide bike rentals in Yuma.
- Southwest AG Summit - February 24-26, 2014
- Harvest Dinner - February 27, 2014
- Lettuce Days - March 1-2, 2014

Area 5: Pinal County

Jeff Serdy noted the Arizona Renaissance Festival – February 8 through March 30, 2014.

Superstition Museum-DeGrazia exhibit is currently featured.

Area 6: Cochise County

Victoria Yarbrough reported on Cochise County. Occupancy is up 12%, but still at 41.1%. ADR is down 3.2%-December. RevPar is up 8.4%-December.

- The visitor survey is complete with a total of 4,591 responses.
- Spring Fling-May 7-10, 2014
- Second Annual Cowboy Poetry and Music Gathering – February 7-10, 2014
- Charles Mingus Jazz Festival - April 25-26, 2014, in Nogales
- Javelina Chase Cycling Event – April 12, 2014 in Town of Duncan

Call to the Public- none.

IV. Adjournment

Victoria Yarbrough motioned to adjourn meeting with Jeff Serdy seconding the motion. The meeting was adjourned at 1:34 p.m.