

**SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
TUESDAY, OCTOBER 7, 2025**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor Lisa Borowsky called to order a Work Study Session of the Scottsdale City Council at 4:02 p.m. on Tuesday, October 7, 2025 in the City Hall Kiva Forum.

ROLL CALL

Mayor Borowsky asked City Clerk Ben Lane to conduct the roll call.

Present: Mayor Lisa Borowsky; Councilmembers Jan Dubauskas, Barry Graham, Kathy Littlefield, Maryann McAllen, and Solange Whitehead

Also Present: City Manager Greg Caton, Interim City Attorney Luis Santaella, City Treasurer Sonia Andrews, Acting City Auditor Lai Cluff, and City Clerk Ben Lane

Absent: Vice Mayor Adam Kwasman

WORK STUDY SESSION

1. Tourism Event Funding Program

Request: Presentation, discussion, and possible direction to staff regarding the Tourism Event Funding Program and the allocation of the Tourism Development Fund, including the 5% Destination Marketing Allocation (Non-Experience Scottsdale) and the 50% Tourism Development & Support Allocation, as well as the application, recommendation, and approval processes.

Presenter(s): Rachel Smetana, Tourism and Events Director

Staff Contact(s): Rachel Smetana, Tourism and Events Director, 480-312-2890, rsmetana@scottsdaleaz.gov

PUBLIC COMMENT – WORK STUDY SESSION

Mayor Borowsky opened public comment on this item.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

French Thompson, Scottsdale resident, gave a PowerPoint presentation (attached) on an Old Town business engagement study commissioned by the city and made several requests of the Council, including working with the Old Town businesses that are being marketed; marketing to the desired demographic needed to support the luxury brand of Old Town Scottsdale; and designating a staff liaison to communicate with the Old Town merchants.

Bob Pejman, Scottsdale resident, discussed marketing plans, daytime versus nighttime activity in Old Town, and funding allocations among different sectors.

David Smith, former City Councilmember, discussed the five percent portion of the bed tax and concerns about how destination marketing expenditures are being designated and spent.

Steve Sutton, Scottsdale resident, discussed the Old Adobe Mission and the parking garage.

Dan Ishac, Scottsdale resident, discussed transparency on how money is spent, Council's approval of items, and major event revenue to Scottsdale.

Mayor Borowsky closed public comment on this item.

Tourism and Events Director Rachel Smetana gave a PowerPoint presentation (attached) on the Tourism Event Funding Program.

Councilmembers made the following observations and suggestions:

- Possibly change the event funding approval level that requires Council authorization from \$30,000 or more to \$20,000 or more or \$15,000 or more to ensure more event funding requests are reviewed by City Council.
- Provide metrics to the Council that track how events are doing over a several year period.
- Council should receive quarterly or biannual reports of event funding approvals that do not require Council authorization.
- Ensure destination marketing projects related to the five percent portion of the bed tax are either reviewed by the Tourism Development Commission (TDC) or notify the TDC of these expenditures on a quarterly or biannual basis.
- The Tourism staff and Tourism Development Commission scrutinize each application to ensure all requirements are met.
- Provide Old Town daytime versus nighttime activity data by quadrant.
- Appreciate staff ensuring that businesses are not negatively impacted by construction in the Old Town area.
- Have City Council approve a destination marketing plan, including a method for dividing the funds either by area or category, on a yearly basis.
- Open a competitive bid process for the agency used for the destination marketing plan.
- Establish a dedicated stakeholder liaison.
- Have City Council approve expenditures that exceed the procurement threshold.
- Daytime traffic in Old Town is down while nighttime traffic is up, which does not help with family visits or the arts and culture categories.
- Appreciate that staff commissioned an Old Town business engagement study.
- Old Town merchants need assistance from the City.
- Business in the Old Town area was down this summer; staff need to determine what is causing this to occur.
- Want to bring in new additions to Old Town related to arts and culture and to promote our brands.

- An Old Town Liaison would help to get feedback from and communicate with merchants to better understand what is going on in the community.
- Work with Economic Development staff to bring in new restaurants and businesses to the Old Town area.
- Provide information to the Council about possible changes to these programs in advance of the budget process.
- Downtown ambassadors and volunteers could be better used.

MOTION AND VOTE – ADJOURNMENT

Councilwoman Whitehead made a motion to adjourn the Work Study Session. Councilwoman McAllen seconded the motion, which carried 6/0, by voice vote, with Mayor Borowsky and Councilmembers Dubauskas, Graham, Littlefield, McAllen, and Whitehead voting in the affirmative.

ADJOURNMENT

Mayor Borowsky adjourned the Work Study Session at 5:13 p.m.

SUBMITTED BY:



Ben Lane, City Clerk

Officially approved by the City Council on _____

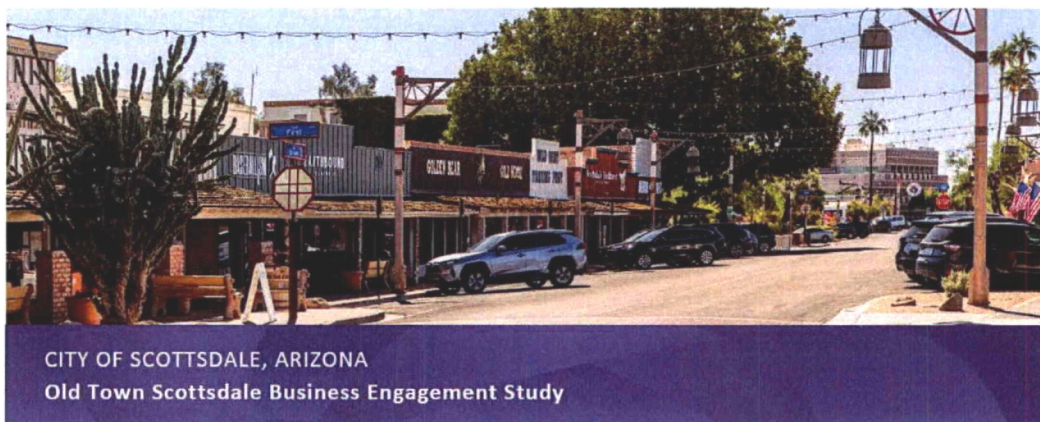
C E R T I F I C A T E

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Study Session of the City Council of Scottsdale, Arizona, held on the 7th day of October 2025.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED 13th day of January 2026.

Ben Lane, City Clerk



Prepared for:

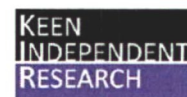
Rachel Smetana
Tourism and Events Director
City of Scottsdale AZ
7447 E. Indian School, Suite 300
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Prepared by:

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Report
June 2025

PUBLIC COMMENT



The top survey results from 150 Old Town Stakeholders were:

- Market Old Town with brand characteristics: *Upscale, Sophisticated, Western & Historic.*
- Age group most Old Town merchants want to attract: *41-56 years old*
- Customer groups merchants want to attract: *Scottsdale Residents, Luxury Tourists.*

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- *“Arts District stakeholders, in particular, voiced frustration that their contributions have been overshadowed by the emphasis on bars, restaurants and bachelorette parties in marketing materials.”*
- *“Many pointed to diminished participation in events like the ArtWalk and a lack of promotional visibility for galleries and studios.”*
- *“In some cases, City-sponsored events were seen as inadvertently harming local businesses, such as street closures for events disrupting gallery access and parking availability.”*

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- *“Desire for increased transparency and collaboration. A large theme across interviews and focus groups was a call for improved transparency and collaboration. Business owners expressed frustration about not being informed or included in City marketing decisions.”*
- *“Many felt 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 City staff was cited as a significant barrier.”*

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- *Perceptions of marketing reach and effectiveness.*
- *Across all respondents, there was a shared uncertainty about the effectiveness of current marketing efforts.*
- *When participants were asked to rate their awareness of City-led promotions, responses skewed toward neutral or lower ratings.*
- *Further, only a small percentage of participants indicated that current marketing efforts were highly effective.*

I request City Council to direct staff to:

- **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.**
- **Designate a staff liaison position to stay in on going communication with the Merchants that they are marketing.**

Tourism Event Funding & Allocation of the Tourism Development Fund

City Council Work Study
October 7, 2025



Tourism Development Fund

In 2010, voters approved the Proposition 200 initiative, which increased transient lodging tax (bed tax) collections from 3% to 5% and designated 50% of the total revenue for destination marketing and 50% for tourism-related event support, tourism research, tourism-related capital projects, and other eligible uses.

Governed more specifically by **Ordinance 4534** and Council adopted **Financial Policy 10**.



Policy 10

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Transient lodging (bed) taxes and the Princess Hotel lease revenues are deposited into the Special Revenue Fund for Tourism Development (Tourism Development Fund).

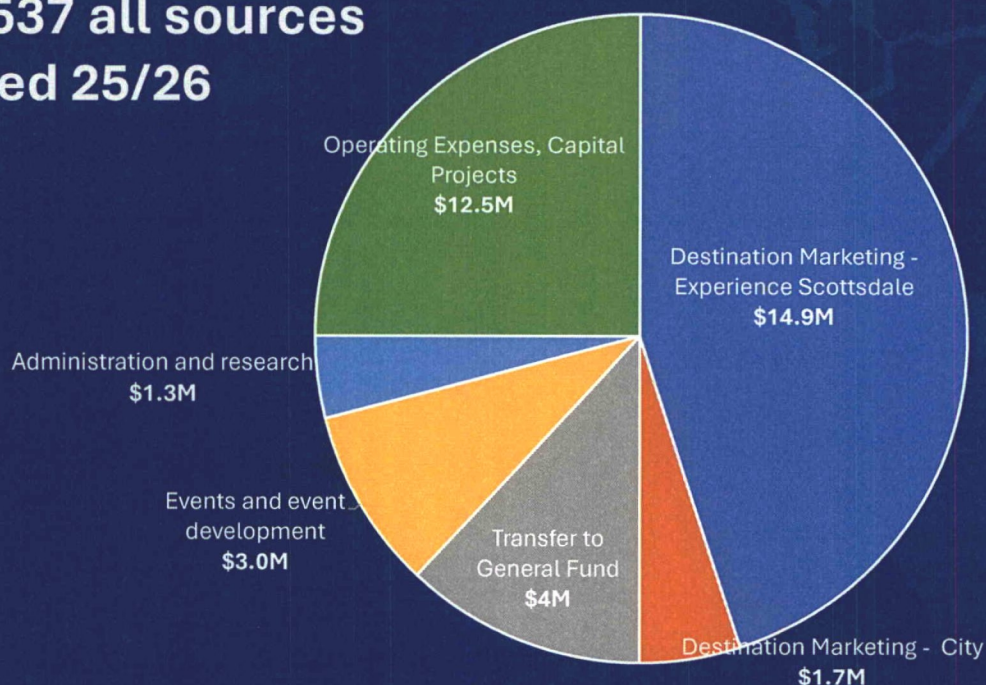
Transient lodging (bed) tax revenues allocated annually as follows:

- 50 percent for destination marketing as approved by the voters;
- 12 percent for the General Fund;
- 9 percent for Tourism-related Events and Event Development;
- 4 percent for Tourism-related Administration and Research;
- 25 percent, plus the lease payments on the Princess Resort, or the balance of the remaining Tourism Development Fund revenues, for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects, in the form of one-time commitments or multi-year annual commitments, not to exceed \$600,000 per commitment unless otherwise approved by City Council.

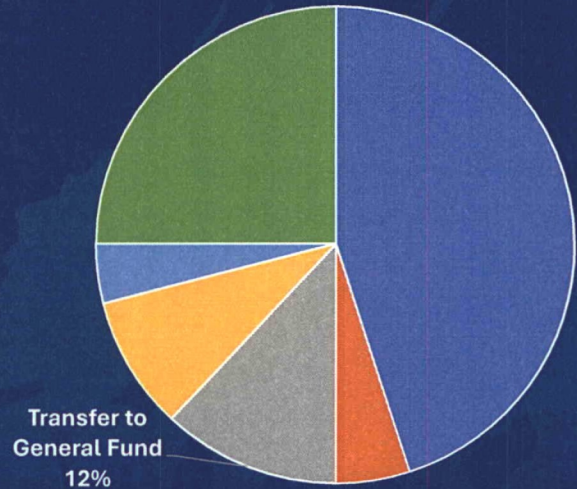


Tourism Development Fund Revenue \$37,265,537 all sources Forecasted 25/26

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12% Transfer to General Fund - \$4M



4% Administration and Research - \$1.3M

FY 25/26

Personnel

Longwoods Travel Reports

Economic Impact of Spring Training

Experience Scottsdale Ad Effectiveness

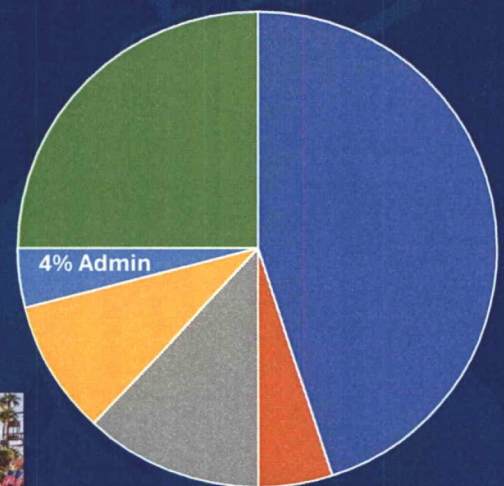
General Office and Training

Short Term Rental Software Subscription

Placer A.I. Subscription



CITY OF SCOTTSDALE, ARIZONA
Old Town Scottsdale Business Engagement Study

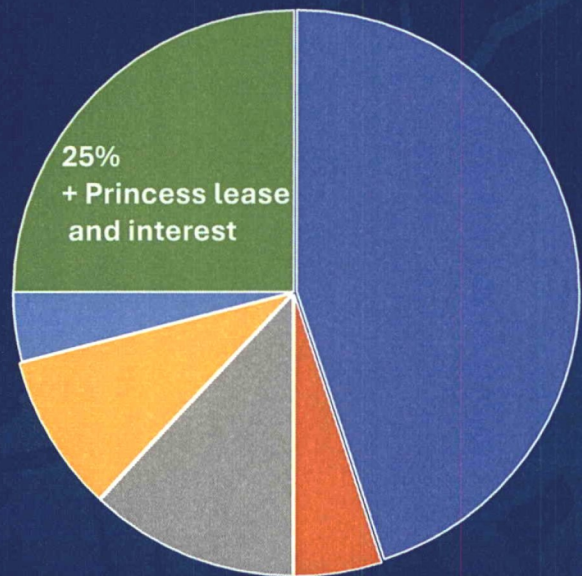
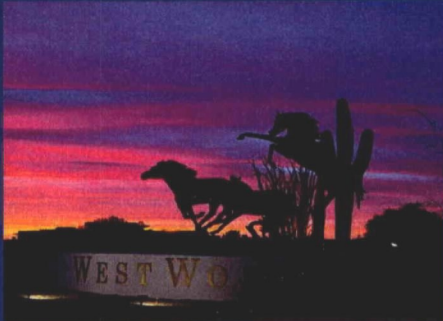


25% Operating Expenses – \$12.5M

7

FY 25/26

Debt Service: MPC Bonds - \$5M
Capital Improvement Projects - \$1.7M
Museum of the West - \$1.25M
Scottsdale Stadium - \$1M
WestWorld (operational) - \$500,000
Strategic Plan Initiatives - \$300,000
Tour de Scottsdale - \$200,000



25% Operating Expenses - \$12.5M (cont'd)

8

Canal Convergence \$750,000

Other Event Related

Additional Public Safety for Events
Street Banners
Community Services Events
Old Town Street Entertainment

Forecasted Expenditures - \$11M

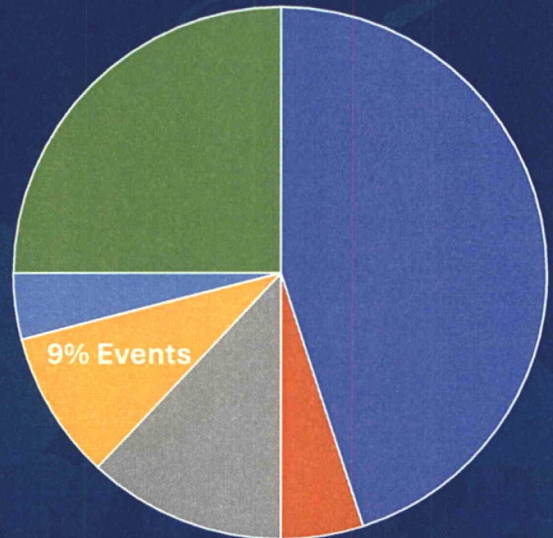


9% Events & Event Development \$3M

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FY 25/26

Fiesta Bowl
Scottsdazzle
Western Week
June Days
Holiday Decor
External Event Funding Programs
Other Funding Support



Event Funding Programs – 9%

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Event Venue Fee
Avg Funding -\$9,926

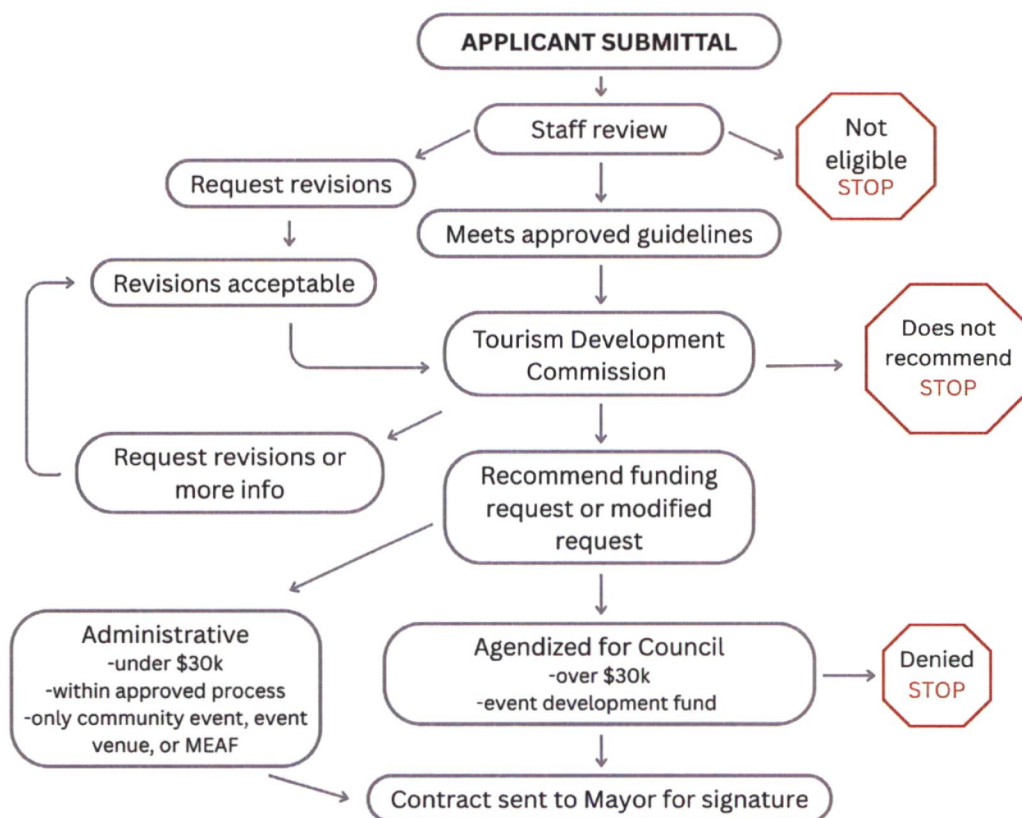
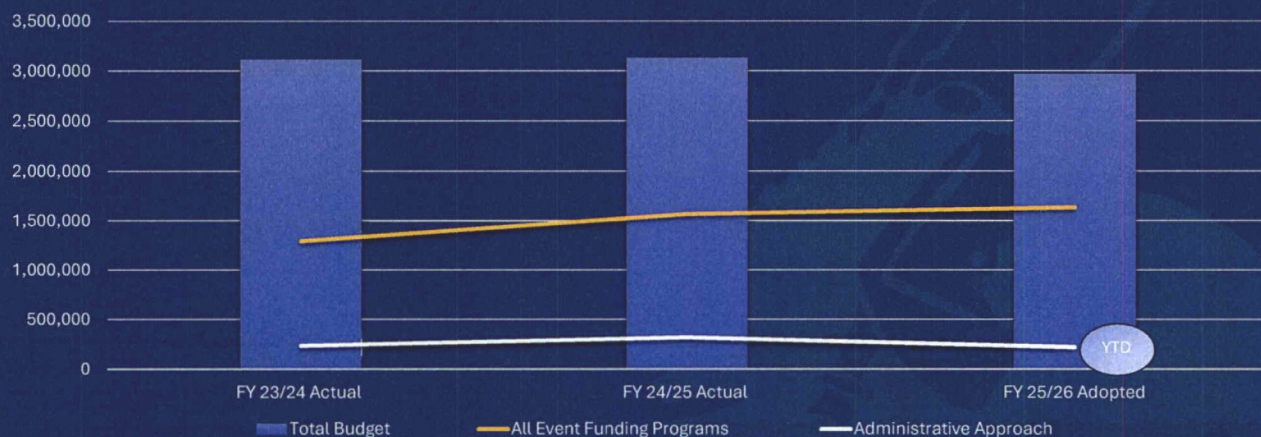
Community Event
Avg Funding -\$11,682

Event Development
Fund
Council Approval
Required

Payments made post-event upon
contract fulfillment



9% Event Budget vs. Funding Programs



Other Funding Support – 9%

Scottsdale Gallery Association Art Walk
 Arizona Music Festival
 Parada del Sol Parade
 AZ Indigenous Culinary Experience
 4th of July Fireworks
 Arabian Tent
 Dia de Los Muertos



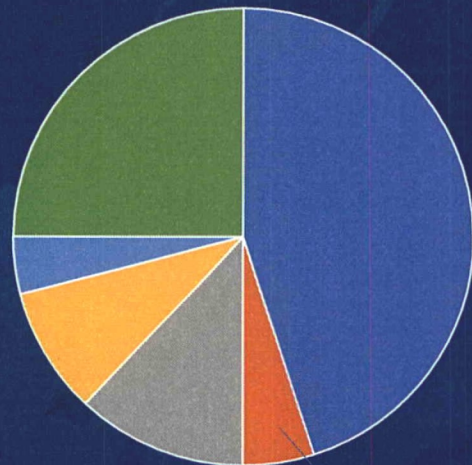
All funding requests outside of approved guidelines are agendized for Council approval regardless of requested amount.



5% Destination Marketing – City Use - \$1.7M

FY 25/26

Old Town Marketing
 Matching Event Advertising Funding
 WestWorld Sales
 McCormick Stillman Railroad Park
 Regional Event Funding



5% City Marketing



5% Destination Marketing – City Use

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Future of Old Town Marketing

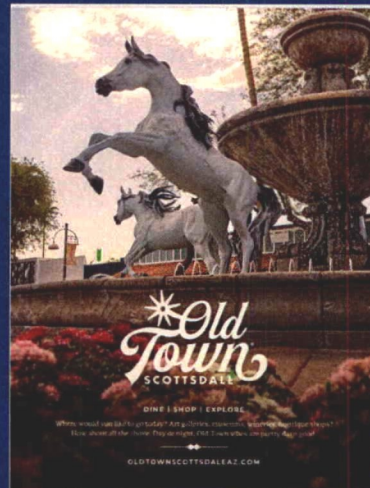
RFP - nearly complete

- More business engagement
- More transparency

New contract brought to Council for approval

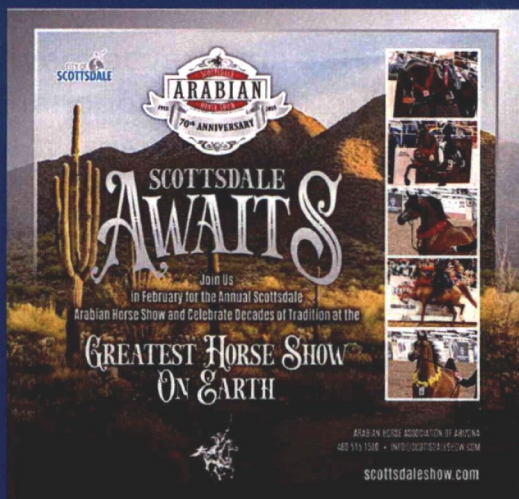
Annual Marketing Plan to Council

Regular updates to the TDC



5% Matching Event Marketing Fund

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- Event advertising outside of Maricopa County Matching Event Advertising Fund
- Up to \$30,000 in matching funding
- Funding dispersed post event
- Council approval required



FY 25/26 Tourism Development Fund

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	BEGINNING FUND BALANCE	FORECASTED ENDING FUND BALANCE
Destination Marketing	6,117,948	5,424,226
Destination Marketing Operating Contingency (est. 24/25)	1,500,000	1,500,000
Non-Destination Operating	6,063,440	7,595,845
Non-Destination Operating Contingency (est. FY 22/23)	2,500,000	2,500,000
TOTAL	16,181,389	17,020,072



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Thank you!

