

PRESCOTT CITY COUNCIL
WORKSHOP
WEDNESDAY, JANUARY 6, 2010
PRESCOTT, ARIZONA

MINUTES of the Prescott City Council Workshop held on January 6, 2010 in the City Hall Council Chambers, 201 South Cortez, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 9:03 a.m.

◆ **ROLL CALL:**

PRESENT:

Mayor Kuykendall
Councilman Blair
Councilman Lamerson
Councilwoman Linn
Councilwoman Lopas
Councilwoman Suttles

ABSENT:

Councilman Hanna

1. Presentation by Bill Geist of Zietgeist Consulting regarding tourism.

Jack Wilson introduced the speaker.

Mr. Geist made a presentation entitled Recommendations for Enhancing Destination Marketing in the Prescott Area which included the following topics:

▶ **Passion VS Confusion**

▶ **Vs. Resources**

Prescott Area Coalition for Tourism (PACT), The Chamber of Commerce, Prescott Area Tourism Committee (PATC), Prescott Regional Convention & Visitors Bureau (PRCVB), The Tribe, and Prescott Downtown Partnership (PDP).

▶ **Potential**

▶ **How to make the decision**

▶ **Control**

- ▶ **Industry Support and Participation.**
- ▶ **Market Place Agility**
- ▶ **Arguments against independent Destination Marketing Organization (DMO)**
- ▶ **Strengths and Weaknesses**
- ▶ **Funding**
- ▶ **Recommendations**
- ▶ **Comments and Questions**

Councilman Blair felt that other communities should step up and that the City of Prescott should not micro-manage. He felt that the City should set the guidelines for an Executive Director in the region.

Councilwoman Linn said that she was not opposed to a for-profit running it because there would be less paper work. She felt that the City of Prescott needed a consistent vision and that the personalities should be put aside.

Councilwoman Suttles did not see the City of Prescott taking it on.

Councilwoman Lopas wondered how Economic Development would work with tourism.

Mr. Geist noted that if there was an Economic Development department within the City and the DMO is outside of the City, the DMO has to dedicate itself to having a strong relationship with Economic Development. The DMO would be the politician and not the marketing person. There would need to be clearly defined revenue streams, as in Flagstaff. Room tax revenue goes to tourism only. It would be harder to make it work in a small community with a small staff.

Councilman Lamerson wanted a clean and safe community to promote tourism. Parks, trails, lakes and the Elk's Theater all need to be taken care of. He would prefer to spend money on supporting the infrastructure.

Mr. Geist said that it was a philosophical discussion that all cities deal with. He noted that since 85% of tourism came from Phoenix and word of mouth, was Councilman Lamerson prepared to lose 15% of revenue from tourism.

Councilman Lamerson said that he was not prepared to lose anything. However, he was prepared to leverage the money that they had, to work with in a way that

Council thinks is the best. He feels that there are very good people in the City audio visual department and the Parks and Recreation department. He said that the question is how much they were willing to take out of the Bed Tax to engage advertising.

Mr. Geist said that they could not look at room tax as a slush fund. Room tax has taught people that they should put all of their money in a bucket and then decide where the needs of the community are. He feels that it would not be a good idea.

Councilman Blair asked how other communities fund their tourism. He said that he was not opposed to bed tax, but found it ironic that they are targeting one part of the community to fund tourism. When Bed Tax began, it was supposed to be 50% to tourism and 50% to the Parks and Recreation capital needs programs. He felt that the Council needed to reinvent the mission statement and also believed in user fees.

Mr. Geist answered that the best funded bureaus usually get a higher percent of room tax than 31%. In Arizona, they use the Booze, Bed and Board (BBB) tax. Sometimes it can be a flat food and board tax. Myrtle Beach adds \$1.50 to a round of golf. He noted that if the independent restaurants realize that ½ to 1 cent tax would bring in another 100 people a day who may go to their restaurants, would the residents put the dots together to also figure out that it will create more jobs and sales. He feels that there is always a largely unsophisticated portion of the community who will not get it and will not vote for it. Economic Development is a very complex process and he understands that they do not understand it.

Mr. Wilson noted that Sedona brings in \$1.7 million in bed tax, because their industry is tourism. \$550,000 of that goes to the tourism part of the Chamber. There are also revenue streams that feed tourism. The Chamber charges a membership fee of \$300 per year that goes to tourism. Flagstaff has the BBB tax which brings in almost \$6 million, \$1.6 million goes to tourism. Sedona brings in so much bed tax because they have promoted tourism so much.

Councilman Lamerson was not sure if the Bed Tax was a 50/50 split. He also noted that one of the biggest tourism draws was the rodeo. The infrastructure was in need of help. The trails and ball parks should also be in better shape.

Mr. Geist commented that if they stop promoting they will fall off the radar screen.

Councilwoman Linn felt that the best time to increase market share was when everyone else is pulling back. She said that this was a perfect time to increase market share. It would cost less money now to increase market share.

Mr. Geist noted that Buffalo, New York cut their bureau in half about three years ago and their tourism was down 30% last year.

Mayor Kuykendall said that they were fortunate to have a lot of things to sell. They took credit for doing well in tourism, but realized that a lot of the occupancy was not from tourists a few years ago; it was from construction. They are now looking to increase tourism. They do not have somebody to close the sale to bring people to Prescott. Since the City owns the assets, it is in the City of Prescott's best interest to merchandise them. There must be a job description for the person who will do that. It takes time to build performance. Prescott is a community that likes to get things done yesterday.

He said that he has new thinking about Economic Development. He said that they cannot send out a brochure to a company who is interested in relocating. Someone has to be there, in person, the next day to develop a relationship. He felt that they will develop a team that can move within 24 hours. They did not demand performance because they did not need it before now.

He said that they will develop a set of criteria that anyone can bid on, including staff and they will hit the ground running as of July 1, 2010.

Dave Duncan, Flagstaff, was interested in expanding his business to this area and asked if Mr. Geist's information pertained to Prescott and Prescott Valley. Mr. Geist said that his client was the City of Prescott.

Mayor Kuykendall explained how the three communities worked together to get State money for tourism.

Dave Maurer, CEO Prescott Chamber of Commerce, said Mr. Geist's report was spot on and thanked him for his report.

Jeri Smith Fornara said that the Chamber is doing a lot better. She is bringing in two businesses that require little water and pay their employees \$100,000 and up.

Al Bradshaw, owner of Bradshaw Public Relations and Government Affairs Firm, said that he would like to see the Council prioritize the need for a convention center. Idaho Falls has a new visitor's center which is divided with the BLM. Maybe Prescott can partner with the forest service. He supports user fees. Golf courses operate as their own enterprise. Other assets are virtually free. He would support a great Economic Development and tourism link.

Mr. Geist said that Prescott does not have hotel inventory to match with a convention center. They should have a private sector convention facility. People still need itinerary builders, even with the internet. The fact that they have great assets and view them in a tourism way is the key.

Cecilia Jurnigan, whose husband was the General Manager at the Hassayampa Inn during the 1990's, said that she has been with Carlson Hotels, and she has a passion for this area and this market. This is an experience to come to this region. She learned this at the Inn. The rooms are like a closet. Bill Tike said that it is the experience of the dining room, etc. People leave the City of Phoenix to come to the country of Prescott. The hotels need the groups to make their budget in a month.

Becky Garvin, Events Manager for the City of Prescott, said that she felt that Prescott should act more regionally to attract tourists. They should work with Phoenix, Flagstaff and Sedona to obtain tourism dollars.

Mr. Geist said that the experience is greater, the larger the region. Flagstaff and Sedona would not give Prescott money, but they can give them access to their visitors. He could not agree with her more.

Ms. Garvin said that the City should always be pounding the pavement, even when things are good. Mr. Geist said that was why Coke spent so much money on the Beijing Olympics.

Tom Kellen noted that once the structure is decided, they should then go back to discuss what they are marketing and to whom and how they mix that with Economic Development.

Cliff Petrovsky of Prescott Downtown Partnership asked Mr. Geist to address the funds that other cities give to tourism and also to expand on his three choices for a tourism structure and what he thought was the best choice.

Mr. Geist said that investments of Bed Tax are all over the board. The average is usually around 45-50 %. Small communities average 75-90%.

He likes a repurposing of PACT because it already exists. It is the least amount of pain. The Request for Proposal will have to change. If PACT chooses not to respond, it will be their decision. He did not know if they were too damaged to reconstitute. Maybe the City should step in because PACT is so dysfunctional. The biggest thing against the City is the fear that the industry disengages.

Ginny King, Prescott Regional Convention and Visitors Bureau, said that it seemed clear that government funding was going to shrink. She became a for-profit organization for expediency and cost. She did not want to miss the holiday season. She felt that the City needed an elevated visitor and concierge service. By creating a memorable experience for the visitor, she felt that she could get them back. Group marketing is critical, but she did not want to market something she could not execute. They want to define a message. She asked if it was necessary for them to convert to a non-profit.

Mr. Geist said that the concern would be that her investors believed that their money was going to programming and not into her huge house. It will be tougher and tougher to receive government funding. Also, there are too many slogans, which meant that Prescott does not have a slogan.

Ms. King said that Prescott should have a brand that sits over the individual brands that hotels may have.

Mia Beckley, Ponderosa Hotel Management Services, Residence Inn, said that tourism was underfunded. She thought that the City should investigate a food and beverage tax. The state of the economy means that it will be easier to sell the fact that the tax will mean added jobs and benefits to the City. It would have been difficult to make the case a few years ago. They should come together as a committee to see how quickly they can get that on the ballot so that they can come up with a way to fund the enterprise.

Mayor Kuykendall said that there were about four other priorities that needed funding. The City would have to look at all of the underfunded things.

Councilwoman Suttles asked if the BBB tax had to be voted on. Mayor Kuykendall said that anything that increased tax had to be voted on.

Noel Breen, Hassyampa Inn, said that he was a strong proponent of the tourism business improvement district and an assessment district, because the BBB tax had some political issues. He thinks that everything should be funded from the General Fund. He had mixed emotions about a greater roll for the City. The City is going to have to step in for some sort of order for the short haul. He cannot suggest what the best course of action is. Funding is a problem. He said that Mr. Lamerson had a valid point which he almost agreed with; to fix the destination and provide essential community services. If less hotel rooms were constructed in the past few years, there would not have been this problem. This is the third largest retail sector. The time has come to look at the metrics. The Council will have to call the balls and strikes of the game. At the end of the day, they should pull behind the people in power.

Mayor Kuykendall said that they accepted the challenge.

Lee Schoeblum said that he had been in the community for six years. He was the founding Director for the tourism bureau in Lake Havasu, which grew from 1000 to 50,000 people. He agreed with David Maurer, the timing was spot on and the group was ready.

Nicole Ramine, a choreographer and new to Prescott, said that she was enchanted by Prescott and its tremendous beauty. There is a lack of performing arts in the City and a lack of a performance art group at a professional level. It is

something that draws great tourism. Ashland is a fine example. Montreal brings 6,000 people over a weekend for the jazz festival.

Mr. Geist noted that art and culture was a major part of the experience, as is culinary and the great beauty; they all work together. Generally smaller communities are not interested in adding an entertainment tax to the arts. However, Portland gets a tax on performing arts, movies, DVDs, CDs and DVD players, to support the arts.

Melissa Ruffner, born in the community, said that in 1981, she put on a black skirt, white blouse and big hat to chase down Great Western Tours who had parked in the bus parking behind Sharlot Hall Museum. She has been doing historical walking tours in Prescott since 1981. She said that they should realize that every visitor who comes to town pays for her quality of life. She said they are the gateway to the Grand Canyon and the experience in Central Arizona. She said that all of the people in the room were partners in tourism and that they should not have an adversarial relationship.

Mr. Geist quoted Ben Franklin by saying “If we don’t hang together, we will surely hang separately”. The Chamber membership is up because everyone was hurting and they know that they cannot do it alone.

Councilman Blair said that the history of the original bed tax was tourism and recreation. This Council should be charged with redefining the goal of the bed tax and make it into perpetuity. This should not be done with a percentage amount, but with a dollar amount. As long as tax is in place, it should be redefined. They do have a General Fund support for Parks and Recreation. Parks and Recreation generates value for people in the community, which holds the hand of tourism.

Susan Shepman said that her firm has been doing work for the PACT organization for the past ten years. They started with \$85,000 and they are currently underfunded, if they want to be competitive. They are known as the Rock/Soup people. They took a rock and made soup out of it for years. They are great at getting grants and great at engaging their 25 member Board of Directors. They have leveraged the money they do have with Public Relations. She said that the PACT Organization is highly respected in the State. She sees the Arizona Office of Tourism evolving and giving them a lot more latitude. They work closely with the Northern region and Central Northern region. The Grand Canyon circle is one of their itineraries that get tremendous press. She needs a road map. PACT has proven that they can evolve.

Mr. Norwood feels that they have to contribute more when they are down, to get their name out in front. He noted that there was a lot of great interest in the room and he was glad to see Jack Wilson there. He would like to focus on a conference center facility. Flagstaff has the best numbers in state because they

have a facility that can attract conferences. Council will have their work set out for them. There will be a lot of opinions and challenges.

Mr. Wilson said that it shows how important the item is because so many people sat there for 2 ½ hours. The job is in the lap of the Council. He will stay engaged. In their two days of interviews, they invited over 100 people and 84 showed up.

2. Adjournment.

There being no further business to be discussed, the Prescott City Council Workshop of January 6, 2010, adjourned at 11:36 a.m.

MARLIN D. KUYKENDALL, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk