



MEMORANDUM

Date: July 15, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Visit Tucson Report – Major League Soccer’s 2019 Mini Mobile Sun Cup**

Attached is a June 18, 2019 report from Visit Tucson’s President and CEO Brent DeRaad. This report is in accordance with an agreement entered into between Visit Tucson and Pima County regarding reimbursement of certain Major League Soccer team participation and lodging costs in the Preseason.

The three-year agreement is now completed and the County reimbursement to Visit Tucson is \$51,677 for 1,219 room nights occurring in County unincorporated resorts and hotels, or where the County receives a certain percentage of sales tax from a City resort, i.e., JW Starr Pass.

The County will confer with other financial participants such as the City of Tucson and Oro Valley to determine if there is any reason to continue this reimbursement program.

CHH/anc

Attachment

c: Jan Leshner, Chief Deputy County Administrator
Diane Frisch, Director, Attractions and Tourism
Brent DeRaad, President and CEO, Visit Tucson



TO: Mr. Chuck Huckelberry, County Administrator, Pima County
 CC: Ms. Jan Leshar, Deputy County Administrator, Pima County
 Ms. Diane Frisch, Director of Attractions & Tourism, Pima County
 Ms. Reenie Ochoa, Director, Pima County Stadium District

FROM: Brent DeRaad, Visit Tucson

RE: Major League Soccer's 2019 Mini Mobile Sun Cup Room-Night & Marketing Performance

DATE: June 18, 2019

Agreement

On Jan. 17, 2017, the Pima County Board of Supervisors approved a three-year agreement, renewable annually, to reimburse Visit Tucson up to, but not to exceed, \$130,000 annually for Major League Soccer (MLS) teams' participation in MLS Preseason in Tucson.

The event was operated by FC Tucson in 2017 and by the United Soccer League's Phoenix Rising the past two years. Phoenix Rising acquired FC Tucson in fall 2017 and operates the club. Phoenix Rising renamed the event in 2018 as the Mini Mobile Sun Cup.

Visit Tucson will write a check this month to MLS for the entire amount (\$94,685) due to its teams for participation in the 2019 Mini Mobile Sun Cup. Of that amount, Visit Tucson is seeking reimbursement of \$51,677 from Pima County as outlined in this memo.

Parties to this agreement include: Pima County; Pima County Stadium District; City of Tucson; Major League Soccer; FC Tucson Events (responsibilities assumed by Phoenix Rising); and Visit Tucson. The agreement covers Mini Mobile Sun Cup activities from late January-February from 2017 through 2019.

For the 2019 event, Pima County agreed to pay MLS up to \$20,000 per team based on: 1) teams staying 12 or more nights in hotels or resorts within unincorporated Pima County; and 2) marketing done by MLS teams to their fans encouraging them to travel to Tucson for MLS Preseason in Tucson. Teams staying less than 12 nights are eligible to receive \$1,667 per night. In all cases, the value of the teams' marketing of MLS Preseason in Tucson to their fans must equal or exceed the payment amount. Tucson and Oro Valley are participating in this agreement in 2019 under the same terms as Pima County.

***Lodging—Unincorporated Pima County Properties**

<u>Team</u>	<u>Resort/Hotel</u>	<u>Stay</u>	<u>Room Nights</u>	<u>Total Expenditures</u>
FC Dallas	Westin La Paloma	8 nights (2/15-22)	208	\$71,064
Houston Dynamo	Loews Ventana Canyon	11 nights (2/3-13)	369	\$91,518
Minnesota FC	Westin La Paloma	12 nights (1/26-2/6)	339	\$111,637
Real Salt Lake	Westward Look	13 nights (2/11-23)	<u>303</u>	<u>\$88,147</u>
Totals—Properties in Unincorporated Pima County			1,219	\$362,366

*Source: Visit Tucson, March 15, 2019

Recap—2019 MLS Mini Mobile Sun Cup
Page 2

The other three teams that participated in Mini Mobile Sun Cup training activities, but stayed in Tucson and Oro Valley resorts were: New York Red Bulls; Portland Timbers; and Seattle Sounders.

***Lodging—Tucson Properties**

<u>Team</u>	<u>Resort/Hotel</u>	<u>Stay</u>	<u>Room Nights</u>	<u>Total Expenditures</u>
Portland Timbers	JW Starr Pass	12 nights (1/22-2/3)	555	\$197,924
Seattle Sounders	JW Starr Pass	10 nights (2/6-15)	<u>312</u>	<u>\$163,785</u>
Total—Tucson Properties			867	\$361,709

*Source: Visit Tucson, March 15, 2019

***Lodging—Oro Valley Properties**

<u>Team</u>	<u>Resort/Hotel</u>	<u>Stay</u>	<u>Room Nights</u>	<u>Total Expenditures</u>
New York Red Bulls	Hilton El Con	17 nights (2/7-23)	<u>472</u>	<u>\$165,086</u>
Total—Oro Valley Properties			472	\$165,086
Total—2019 MLS Preseason in metro Tucson			2,558	\$889,161

*Source: Visit Tucson, March 15, 2019

Team Expenditures

Based on information in Visit Tucson’s 2014-18 MLS recaps to Pima County, here is a comparison of reported expenditures for teams that stayed in hotels/resorts in unincorporated Pima County in 2014-19, along with Pima County’s investment.

	<u>Room Nights</u>	<u>Total Expenditures</u>	<u>Pima County’s Investment</u>
2019	1,219	\$362,366	\$51,677
2018	2,412	\$720,073	\$111,677
2017	1,803	\$577,537	\$80,000
*2016	2,610	\$724,192	\$130,000
2015	2,822	\$739,550	\$185,000
2014	3,008	\$1,327,928	\$190,376

* 2016 figures include Pima County and JW Marriott Starr Pass room nights & expenditures. Pima County’s figures without Starr Pass were 1,963 room nights & \$517,700 in total expenditures. Pima County’s 2016 payment factored in that JW Marriott Tucson Starr Pass pays Pima County a 2% fee on all hotel revenues. The City of Tucson reimbursed Visit Tucson in 2017 and ‘18 for MLS team stays at Starr Pass and other Tucson properties and is doing so again in 2019.

Summary

48% of the 2019 MLS room nights (1,219 of 2,558) were consumed in properties in unincorporated Pima County, down from 54% in 2018. The scope of the 2019 MLS Preseason was down considerably from 2018 in participating MLS teams (11 in 2018 vs. 7 in 2019); room nights (4,449 in 2018 vs. 2,558 in 2017) and total expenditures (\$1,436,585 in 2018 vs. \$889,161 in 2019).

With 2019 wrapping up the current agreement, we at Visit Tucson are willing to discuss how to keep this event viable in the years to come.

Recap—2019 MLS Mini Mobile Sun Cup

Page 3

Pima County Bed-Tax Revenue

Per room revenue data supplied by Westin La Paloma, Loews Ventana Canyon and Westward Look, we extrapolated the following amounts of transient occupancy (bed) tax paid by the MLS teams that stayed in these properties during the 2019 Mini Mobile Sun Cup:

\$7,935 – Houston Dynamo (Loews Ventana Canyon Resort)

\$7,191 – Minnesota FC (Westin La Paloma Resort)

\$5,440 – Real Salt Lake (Westward Look Resort)

\$3,691 – FC Dallas (Westin La Paloma Resort)

\$24,257 – Total 2019 Bed Tax Paid by MLS teams at Properties in Unincorporated Pima County

Of the \$24,257 (12.05%) in estimated resort/hotel taxes collected above, \$11,061 (5.5%) went to the State of Arizona, \$12,080 (6%) went to Pima County and \$1,116 (0.55%) was Pima County's transportation excise tax. With Pima County also receiving 2% of all expenditures at JW Marriott Starr Pass Resort, that total equals \$7,234 ($\$361,709 \times 2\%$).

MLS & MLS Team Marketing

We received marketing reports from 5 of the 7 participating MLS teams—FC Dallas, Houston Dynamo, Minnesota FC, New York Red Bulls and Seattle Sounders. We did not receive report from the Portland Timbers and Real Salt Lake.

With that being the case, we at Visit Tucson recommend reimbursing at 100% the 5 MLS teams that conducted Tucson preseason marketing at \$1,667 per night.

Should Pima County approve this approach, 3 of the 4 teams that stayed in unincorporated Pima County would receive full reimbursement—FC Dallas, Houston Dynamo and Minnesota FC. Real Salt Lake will not be reimbursed since it did not supply a MLS Preseason in Tucson marketing plan.

2019 Team Marketing Overview

FC Dallas (Westin La Paloma—unincorporated Pima County)

- **Social Media:** 66 posts, 683,000 impressions and 20,500 engagements regarding MLS Preseason in Tucson.
- **Website:** Banner ad on www.fcdallas.com – 100,000 impressions in February and March 2019. Visit Tucson logo and link were included on official partner page. Preseason matches at Kino Sports Complex were included in preseason videos and Mini Mobile Sun Cup highlights and photo galleries were included, as well.
- **FC Dallas Game Day Magazine:** Visit Tucson received a full-page ad in 4 editions of FC Dallas' digital match-day magazine for the following home matches—March 2, 9 and 25 and April 13. The magazine was distributed via email to 120,000 subscribers.

Recap—2019 MLS Mini Mobile Sun Cup
Page 4

2019 Team Marketing Overview (continued)

Houston Dynamo (Loews Ventana Canyon Resort—unincorporated Pima County)

- **Digital Media:** Visit Tucson received a digital ad package containing units on HoustonDynamo.com, along with its mobile website. Tucson was also promoted in two Dynamo e-newsletters in February with total distribution of 150,000.
- **Social Media:** The Dynamo ran multiple Instagram posts tagging Visit Tucson during preseason.
- **Content:** Dynamo promoted preseason and Tucson in two episodes of “The Slice” digital video series, both filmed in Tucson in February. Episode 3 contains considerable coverage of Tucson, Kino Sports Complex and Loews Ventana Canyon Resort.

<https://www.houstondynamo.com/post/2019/02/16/episode-3-slice>

<https://www.houstondynamo.com/post/2019/02/15/topgolf-team-bonding-slice>

Minnesota FC (Westin La Paloma Resort—unincorporated Pima County)

- **Website:** Minnesota FC posted a Visit Tucson banner ad on www.mnufc.com in February and March 2019, which generated 92,000 impressions. Additionally, video recaps were done after several scrimmages and practices, which included mentions of Tucson and substantial footage of Kino Sports Complex – <https://www.mnufc.com/post/2019/02/25/2019-preseason-recap>.
- **Social Media:** Minnesota FC ran multiple posts on Facebook and Instagram promoting their involvement in MLS Preseason in Tucson.

Direct Spending

Pima County’s sponsorship agreement with MLS generated 1,219 room nights in January/February 2019 in resorts within unincorporated Pima County, along with team spending of \$362,366. Of that total, an estimated \$12,080 in bed-tax revenue and \$1,116 in transportation excise tax went to Pima County.

Additionally, Pima County received 2% of the Portland Timbers’ and Seattle Sounders’ expenditures at JW Marriott Starr Pass Resort, which equates to \$7,234.

This spending does not include MLS or visiting fans’ expenditures. An unknown number of MLS officials, team sponsors and fans stayed in hotels and resorts within unincorporated Pima County.

2019 Total—Pima County + JW Marriott Revenue to County: \$375,562

Mini Mobile Sun Cup Revenue to Pima County

Per information from Phoenix Rising, it paid Pima County \$50,134 for revenue share, rent and services provided related to 2019 MLS training and matches. Additionally, the Pima County Stadium District received \$3,263 in revenue share from concession sales during the event. The combined payments equal \$53,397.

Recap—2019 MLS Mini Mobile Sun Cup

Page 5

Recommended Payment

Based on a review of the teams' length of stay in metro Tucson, whether they stayed in resorts or hotels within unincorporated Pima County, and marketing performance, it is recommended that Visit Tucson, with full reimbursement from Pima County, pay Major League Soccer \$51,677, per the contract among Pima County, Pima County Stadium District, City of Tucson, MLS, FC Tucson and Visit Tucson. Details follow:

<u>Team</u>	<u>Nights at PC Resort/Hotel</u>	<u>Preseason Tucson Marketing</u>	<u>Recommended Payment by FC Tucson</u>
FC Dallas (Westin La Paloma)	8 nights	yes	\$13,336
Houston Dynamo (Loews)	11 nights	yes	\$18,337
Minnesota FC (Westin La Paloma)	12 nights	yes	\$20,004
Real Salt Lake (Westward Look)	13 nights	no	<u>\$0</u>
Total:			\$51,677

2019 Proposed Payments

\$51,677 – Pima County

\$16,670 – City of Tucson

\$6,338 – Visit Tucson

\$20,000 – Oro Valley

\$94,685 – 2019 Total Payment to MLS Teams

Visit Tucson

Per the agreement, no governmental entity is being asked to pay more than \$20,000 per team stay. For those teams staying 13 nights or longer, Visit Tucson is covering all amounts over \$20,000 per team. In total, Visit Tucson will spend \$6,338 on team stays, plus \$21,000 on a Phoenix Rising/FC Tucson sponsorship to promote Tucson to Rising fans, to help both entities grow and maintain MLS preseason training matches at Kino Sports Complex.

2019 MLS Mini Mobile Sun Cup Return on Investment to Pima County

\$362,366 – 2019 direct hotel spending by 4 MLS teams staying in resorts in unincorporated Pima County

+ \$7,234 – 2% of direct hotel spending by 2 MLS teams that stayed at JW Starr Pass in 2019

+ \$53,397 – Phoenix Rising's 2019 MLS-related payments and revenue share to Pima County

\$422,997 – Total 2019 MLS preseason revenue to Pima County and its resorts

/\$51,677 – 2019 requested reimbursement of MLS-related expenses from Pima County

\$8.18 – Pima County's 2019 return on investment in MLS Mini Mobile Sun Cup for every \$1 invested

Return on Investment

The numbers cited don't include air fare, off-site meals, local transportation, entertainment, shopping or other local team/player expenditures, while in metro Tucson.

Summary

We at Visit Tucson thank Pima County for investing in MLS preseason. Without the County's leadership, this event would not have come to fruition in our region six years ago.