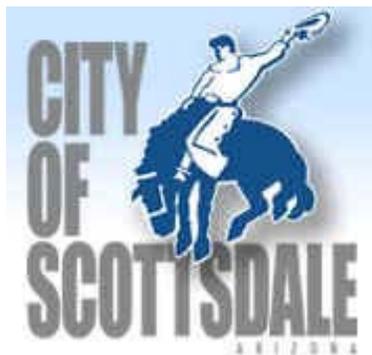


Desert Discovery Center

Concept Update and Market Refinement



April 13, 2006

Nichols  *Tourism*
Group

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Introduction

Planning and development concepts for a Desert Discovery Center (DDC) were completed in 1999 for the City of Scottsdale. Positioned in the MSP, the center is envisioned as a key recreational and educational experience, providing guests with an actual Sonoran Desert experience. While the proposed DDC concept was embraced, budget constraints limited the ability for the city to move forward with its development. In 2005, the City of Scottsdale retained the team of Nichols Tourism Group and Weddle Gilmore Architects to undertake a review of the existing concept and validate its key assumptions.

The analysis builds on the mission, concepts and assumptions developed in the earlier report and considers changes to the market, surrounding development activities and construction costs to develop an updated plan that reflects the current environment. This report follows the major sections of the previous report and references sections and pages from that document when appropriate. These report sections include:

- 🔧 DDC Mission and Vision;
- 🔧 Operative Assumptions;
- 🔧 The Visitor Experience – Physical Facilities;
- 🔧 The Visitor Experience – Public Programs;
- 🔧 Organizational Structure;
- 🔧 Cost Estimate;
- 🔧 Three Year Operating Budget.

It is important to note this update effort is meant to review and validate the vision and key recommendations and assumptions set out in the previous plan from both a business and land use perspective. The update does not attempt to fully restate the earlier report's many findings and conclusions, but rather focuses on key points and areas of difference from the earlier report. The update should thus be considered in conjunction with this previous report.

This review process included direction and input from city of Scottsdale staff, as well as a DDC Study Planning Committee. Through a series of Planning Committee meetings and site visits, changes since the earlier analysis were considered and options discussed. This input was utilized to help refine the ultimate direction and recommendations presented in this update report.

DDC Mission and Vision

The mission and vision for the DDC was developed through a wide range of public input and is believed to continue as relevant in today's marketplace. The DDC will serve as an important gateway to the MSP and as noted in the previous report, *"Through environmental experiences, presented in a natural setting, the Desert Discovery Center inspires learning about the desert through its programs which encourages preservation and instills a sense of harmony with and respect for the desert."*

Specific goals and vision elements as noted in 1999 report include:

- ✿ The Desert Discovery Center (DDC) will be a comprehensive Interpretive Center providing an actual Sonoran Desert Experience;
- ✿ The Center's overall goal is to provide a high quality recreation and educational interpretive experience to the community, as well as visitors to the area;
- ✿ The DDC's collection will be regional, interpreting the life, natural environment and history of the upper Sonoran Desert in the environs of the MSP;
- ✿ The DDC will interpret the basics of desert ecology through a variety of interactive exhibits, docent-staffed stations, and exploration guides;
- ✿ The facility will serve as an outdoor nature preserve for extended cultural and environmental education;
- ✿ It will provide a place that offers an interactive experience in all its mystery and beauty – a place that is exciting, fun, educational, welcoming, and accessible, a center of activity and a gateway to the MSP;
- ✿ It will be non-intrusive, offering unparalleled views of the Preserve.
- ✿ It will provide a state of the art, interactive exhibits built into the natural setting;
- ✿ A virtual learning center with educational programs and multi-purpose spaces will also be part of the project.

While these goals and vision statements are still believed to be appropriate today, a variety of changes have occurred since the previous report which should be considered and factored into broader development planning for the facility. They include:

1. A public Gateway Access Area has been planned.

A major Gateway Access Area facility which would serve as a principal public trailhead access point has been planned by the City of Scottsdale. The Gateway would be in close proximity to the DDC and is envisioned as providing parking, ramadas, restroom facilities, a group education amphitheater, desert ecology interpretive displays and signage, as well as access to a network of Preserve trails. Given the proximity of the Gateway to the planned DDC and similarity in a variety of its planned

components, potential integration and associated physical relationships was analyzed and refined.

2. Surrounding development has continued to evolve around the DDC site.

Residential and commercial development has continued to evolve around the DDC site and potentially impacts the ability of the DDC to provide a quality setting in which a resident or visitor feels they are entering an authentic desert setting and environment. Potential repositioning on the site in a location that minimizes impacts of the surrounding encroachment and recognizes the associated development of the Gateway facility was undertaken.

3. An external Preserve experience is increasingly sought.

A five year tourism strategic planning effort undertaken in 2005 emphasized the importance of Scottsdale reinforcing its key differentiating assets and the critical role the Sonoran environment plays in this differentiation. Additionally, the plan noted the desires of multiple generational segments to undertake rich, authentic activities in which they are truly engaged in actual experiences. In order to provide these kinds of experiences, the DDC was increasingly positioned to not only provide the internal interpretive and educational elements envisioned in the earlier plan, but also to play a principal role in assisting the guest in actually moving out into and experiencing the Preserve in a wide range of potential activities.

This balance of this document thus updates the materials and assumptions from the previous report and addresses these three additional factors.

Operative Assumptions

Public Private Partnership

The earlier plan envisioned a private/public museum with an arrangement similar to the Scottsdale Cultural Council which manages the City's cultural affairs, including the Center for the Arts. As noted in the earlier document, a non-profit entity could operate the facility through a contract with the City of Scottsdale. The City could lease the facility to the operator and have the responsibility for major building upkeep, such as electrical, HVAC systems, fire systems, exterior painting, roof systems and exterior grounds. The non-profit would have responsibility for all upkeep of exhibits, for staff and operating costs, as well as contract resources for the store and café operations. This partnership structure is still deemed appropriate and should continue to be used as the model for the facility.

Location Site

The DDC site had been located south of the southeast corner of Union Hills and Thompson Peak Parkway, within the MSP. Since the earlier study, development activity has evolved in and around the noted site. A health club facility and associated housing has developed directly to the north and new residential development is underway across Thompson Peak Parkway.

In addition to this changing development environment, planning has evolved in relation to the development of a new public Gateway Access Area, which would serve as a primary access point for many visitors to the Preserve. The positioning of this facility, along with its support parking and potential integration with the DDC influenced the decision to reposition the facility at a location further from these developed areas, in an area of the Preserve which allowed close collaboration with the Gateway facility.

Figure 1 depicts the new positioning of the DDC site and shows it in relation to these surrounding land uses. As shown, its location is approximately midway between Bell and Union Hills Roads on the east side of Thompson Peak Parkway. Close consideration of the land area, its vegetation, slope and vistas was considered in this site repositioning. Further description of the site, as well as positioning of the DDC and the Gateway Access Area is presented in the Visitor Experience Physical Facility portions of this update.

Figure 1
Project Vicinity Map



Hours and Admissions

As presented in the earlier plan, DDC will generally be open during the daytime hours, but will vary with the seasons. During the milder portions of the year with higher visitation patterns (October through May,) the facility would be open seven days a week with some evening events and activities. During the hotter summer months some reduction in hours could be implemented, with more activities occurring in the early mornings or later portions of the day. Admissions fees are structured to be competitive with similar institutions and additional detail is provided in the Operating Budget section of the report.

Community Collaborations

A central tenant noted throughout the plans for the DDC was coordination and communication with the community at large. Collaborative programs with other regional cultural institutions were seen as critical for the success of the DDC. This collaborative approach will continue to be a central element in the operation of the DDC. In order to maximize the potential guest experiences, these

collaborative programs and efforts will be expanded with a variety of experiences within the MSP. These expanded experiences are discussed in greater detail in the Visitor Experience – Public Programs section.

Concepts for Visitor Experience

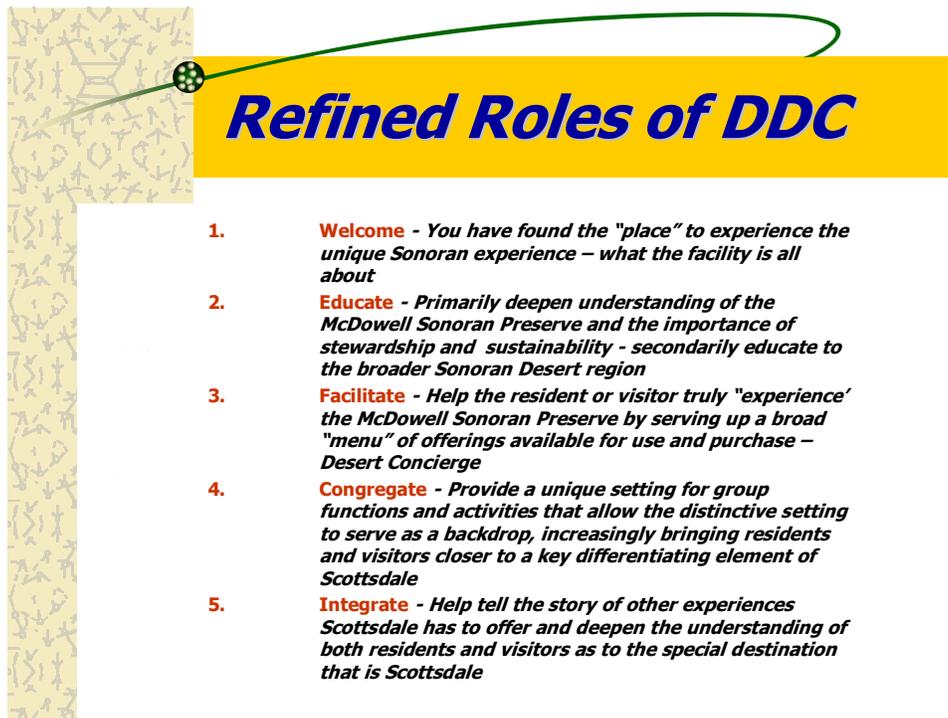
Four principal themes were recommended for the DDC which included the following:

1. Desert Experiences – Hikes and Activities
2. Life and Culture in the Desert
3. Desert Preservation and Future Sustainability
4. The Virtual Desert

These experiences would be provided through a mix of trail experiences, public programs and viewing exhibits. Some of the visitor experiences could be relatively short, while others could provide all day workshops. These are discussed in greater detail on page 4-1 of the 1999 report.

While the essence of DDC operations presented in the earlier plan were seen as appropriate and still highly relevant, five central DDC roles or themes are believed to be particularly important to reinforce and should resonate in both visitor's and resident's minds as what the DDC provides.

Figure 2



Welcome - In interviews and dialog with a wide range of Scottsdale leaders and professionals, there is a significant concern that while the Sonoran environment is a key attribute in differentiating the destination from its many competitors, it is not easy to experience and be engaged in a true Sonoran desert experience. Whether a resident, visitor, resort concierge or a general employee in the visitor industry, the DDC must be seen as the key "Welcoming" place, the location to experience the unique Sonoran environment. In essence, just find the DDC and they will help you experience the MSP and provide a true Sonoran experience.

Educate – Deepening the Sonoran desert understanding of both residents and visitors is a second key theme. The focus of this education would be on the MSP and its many associated experiences. Particular efforts in this educational process would reinforce concepts of stewardship and sustainability. A broader part of the education process would build understanding on the wider Sonoran desert environment in areas throughout Arizona and Mexico. The potential opportunity to join with other high profile efforts, such as the Arizona – Sonora Geotourism MapGuide effort being led by National Geographic could enhance and expand these educational experiences.

Facilitate – Many of today's residents and visitors not only want to be educated on the Sonoran environment, they want to truly get out and experience it. They want to be able to say they hiked a trail, took a mountain biking expedition, experienced the desert on horseback, or had a gourmet picnic lunch overlooking a beautiful Sonoran desert vista. The DDC should serve as the destination that facilitates these experiences and serves up a broad menu of products and services to residents and visitors alike. The facility should be seen much like a concierge at a Scottsdale resort, essentially playing the role of a "Desert Concierge," able to help and assist the guest access a wide range of engaging experiences that truly brings the Sonoran desert alive.

Congregate – The MSP itself and the vistas from the DDC allow a truly unique setting that reinforces the differentiating desert qualities of Scottsdale and provides a special setting for group functions and activities. The ability to accommodate a range of groups, whether for a catered function or another special event, will increasingly bring both residents and visitors closer to this key differentiating element of Scottsdale.

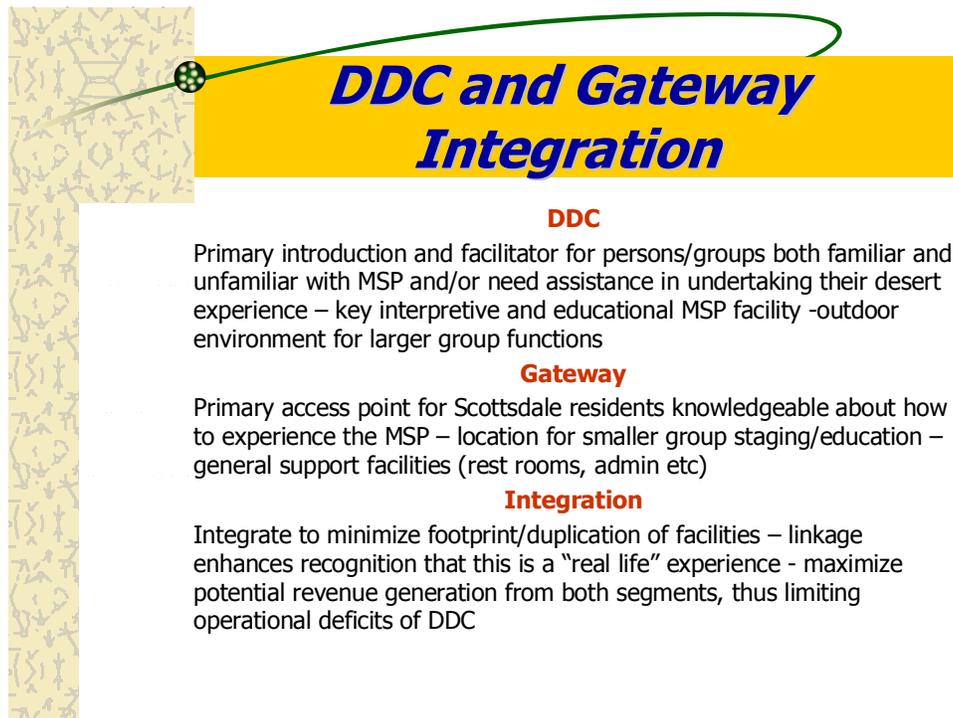
Integrate – A final theme/role of the DDC is its potential to help integrate and educate both visitors and residents on the broader experiences available throughout the Scottsdale destination. All too often, these guests are not fully aware of the wide array of arts, culture, shopping, culinary and other experiences easily available in the Scottsdale destination. The DDC should recognize its ability to help educate these guests and maximize their overall Scottsdale experience. While not the primary role of the DDC, it should still help provide "tastes" of other potential experiences and reinforce the overall Scottsdale destination.

In addition to these refined themes/roles for the DDC itself, the planned Gateway Access Area provides another important change from the earlier plans and associated DDC's operations. With the addition of the planned Gateway Access Area in the same general vicinity, operations of the two facilities needed to be evaluated, with specific consideration given to minimizing potentially competitive roles, limiting duplication of facilities and maximizing development cost efficiencies.

As both facilities envisioned a series of trails as the centerpiece of their respective experiences, increased integration of the two operations with a single trail system was believed to be essential. This integrated trail system would incorporate the themes identified in the previous DDC study and carry through with many of the public programming concepts to enhance the trail experience.

The DDC would be the primary introduction and facilitator for most visitors and residents not familiar with the MSP. It would continue as the way most would be introduced to the desert experience, providing a range of theater, exhibits, public programs and Desert Concierge services. It would also provide the facilities for larger group functions and associated catered events. In addition to the experiences in the DDC itself, visitors could then progress to one of the interpretive trails or undertake any number of self guided hiking experiences, equestrian trail rides, mountain biking experiences or group led experiences. The base admission charge to the DDC would provide access to elements within the DDC, as well as access via the Gateway and its series of trails.

Figure 3



The Gateway Access Area would provide access to the Preserve and the trail system and could be accessed by residents of Scottsdale who are already knowledgeable about the MSP at no charge. The Gateway facilities would also accommodate smaller groups with its amphitheater elements.

By integrating the two facilities, the disturbed footprint within the MSP is minimized and duplication of facilities is limited. Importantly, by combining flows of both public access and guests to the DDC, more of a “real life” experience is provided, adding to the authentic nature of the desert experience. By maximizing the exposure at the Gateway, additional recognition and word of mouth advertising can be gained from the thousands of users of the public access, as well as the potential to generate additional revenues from food and beverage purchases from this broader audience.

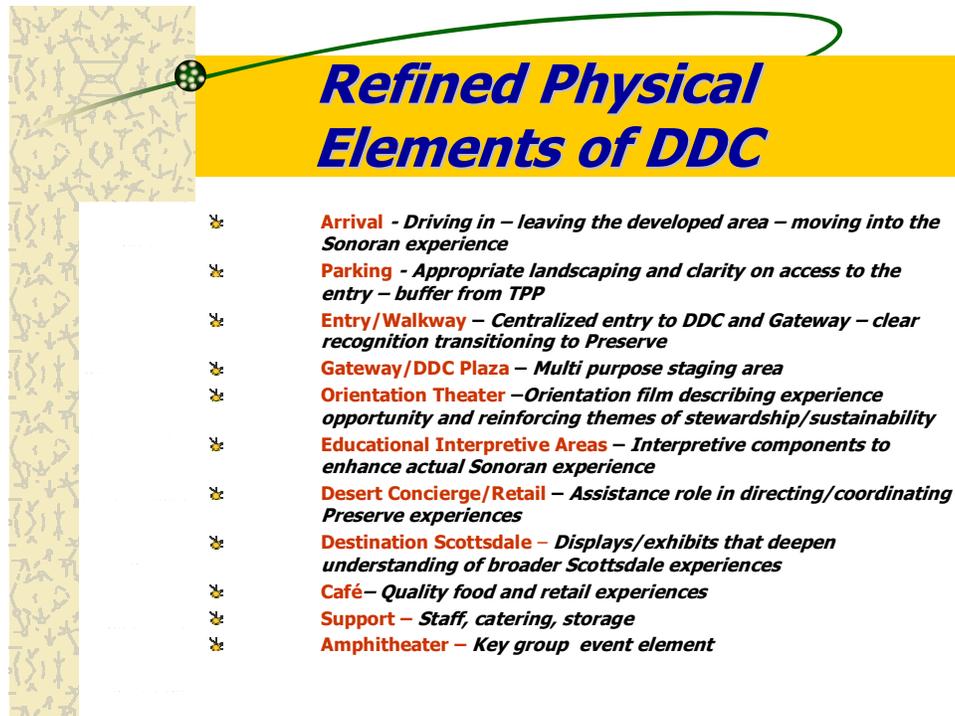
This integration of the DDC, Gateway Access Area and the series of Preserve trails requires a refined approach to accessing the Preserve itself. An overall goal would be to allow Scottsdale residents public access through the Gateway, but require non-residents to help contribute to MSP by experiencing the DDC and paying an DDC Stewardship Fee. These guests would be educated as to Scottsdale and its resident’s investment in the MSP and how the guest contribution helps to maximize the desert experience for all. This approach of having guests help contribute when they access a destination’s natural areas is used around the country, whether national, state or county facilities. Sedona and the Coconino Forest is another good example in which visitors purchase a “Red Rock Pass” when recreating in the forest. This has met with little resistance from visitors as they recognize they are helping to contribute to these important natural environments.

In this refined approach, Scottsdale residents could gain access at no charge through the Gateway Access Area if they desired to go directly and hike MSP trails. Nonresidents and visitors would be directed to the DDC and be required to pay a Stewardship Fee which provided access to the DDC, as well as access to the Preserve and its trail systems. If a Scottsdale resident wanted to experience the DDC and its offerings, they would also pay the basic DDC fee. In order to provide an option for other metropolitan area residents who desire frequent trail access via the Gateway, moderately price annual memberships would be available from the DDC. This integration and the fee structure is further discussed in the Operating Budget sections of this update.

The Visitor Experience – Physical Facilities

In order to build on the current DDC plan and incorporate the previously noted changes, a number physical planning goals were refined and pursued to recognize these changes and maximize the guest experience. These refined elements are summarized in Figure 4 and are then expanded on.

Figure 4



While still located in a developing area of Scottsdale, repositioning the facilities on the site would allow for a clearer sense that the guest is leaving the developed area and is transitioning into a true Sonoran experience. As a guest arrives, the parking environment would continue this sense of separation, providing buffering from Thompson Peak Parkway and incorporating a mix of attractive landscaping. A centralized walkway would provide access to both the DDC and the Gateway Access and lead guests to a multipurpose staging area.

During business hours, all MSP guests would be directed through a central gated facility. Scottsdale residents could obtain annual passes by demonstrating their residency. Other metropolitan residents who were frequent hikers could obtain an annual DDC membership, allowing them a moderately priced option. All others would be directed to the DDC for introduction and to assist them with their MSP experience. It should be understood that there would still be uncontrolled access points to the MSP, primarily meant for staging equestrian and/or biking

activities. Well some could access the trails using these areas, rather than progressing through the central entry-way and main staging areas, signage and collateral materials would be used to strongly discourage this option.

As the guest moves into the DDC they are welcomed and have a variety of options available to enhance their experience at the MSP. A compelling orientation film would help set the stage for the guest and provide visual examples of the Preserve and exciting ways to experience it. A quality 15 to 20 minute film would be produced which would bring these experiences to life. This film would help orient the guest to the Preserve and its history, the MSP trail systems, the variety of programming experiences they could participate in and the overriding importance of stewardship and sustainability. As a lead in to the film, a brief introduction to the broader range of Scottsdale experiences could be presented, ensuring the guest develops a deeper understanding not only of the MSP itself, but of the broader overall Scottsdale destination. The film would be a key element helping the visitor understand the full breadth of ways to truly experience the MSP.

A variety of exhibits and displays would also be provided in approximately 3500 square feet of the DDC, oriented in ways to assist the visitor as they actually progress into the Preserve. These exhibits would provide a high quality mix of interactive and engaging experiences and build on the themes and programs outlined in the 1999 report. The mix of exhibits could take on themes such as Preserving the Sonoran Desert, Bird Watching, Desert Plant Appreciation, Arroyo Aquatics or Desert Evolution. While high quality, these would not be meant as an extensive internal experience in and of itself, but rather a series of introductions to help set the stage for experiences in the Preserve itself. Technology would be incorporated into these exhibits and would be utilized in a DDC web presence. This educational component would thus be used both onsite, as well as in an off-site web environment.

A key element in the DDC would be the Desert Concierge and its role in helping the guest plan and undertake their experience within the Preserve. This element of the DDC could provide support goods like packs, water bottles, hats, other hiking materials and assist in providing quality picnic foods and beverages. They would also assist guests in coordinating a variety of ways to access the Preserve through provisioning of mountain bikes, equestrian options, or climbing opportunities. The Desert Concierge could also utilize evolving technologies and provide a variety of self-guided experiences on small MP3 players which could bring the sounds and stories of the MSP to life, building on the many themes outlined in the previous DDC report. A variety of other quality retail displays would be incorporate in this element and provide the guest a wide range of Sonoran themed gifts to help commemorate their experience. Collectively, this element would both help the guest get out and experience the MSP in meaningful ways and allow for higher expenditures to defray operating costs of the DDC.

A small area of the DDC would be targeted to a theme of Destination Scottsdale, which would provide a mix of panels and images of other experiences Scottsdale has to offer. This would reinforce the themes presented in the theater and help ensure the guest fully understands the range of destination opportunities Scottsdale has to offer.

Food and beverage operations will be another important element and should be positioned in a manner that allows access to both DDC guests, as well as public access users of the Gateway. This facility should provide a mix of breakfast and lunch options, both which could be eaten inside, on a patio area or packed in (and out) of the Preserve. The facility should take advantage of the unique vistas of the Preserve and with its broad accessibility, should be able to help the DDC achieve above average food and beverage receipts.

Portions of the DDC should be allocated for support purposes including staff, catering and storage uses. The catering elements will be used to support an amphitheater, sized to accommodate approximately 400 persons. The amphitheater would be used for a variety of both catered events, as well as staging for many of the public programming activities of the DDC.

Refined Site and Facility Plans

In response to these goals and building on the original vision and themes presented in the 1999 Desert Discovery Center report, the physical facilities of the DDC were considered and refined. The facility is positioned and designed to orchestrate the visitor's experience of the desert while retaining a limited footprint.

The following graphics of the master plan design depict the repositioning of the facility, as well as the evolution of the facilities program. The facility was repositioned on the site in order to take advantage of the opportunity to work in conjunction with the Gateway Access Area, as well as to provide a stronger landscape buffer from surrounding developments. The DDC and Gateway are embedded within the site so that the structures are not immediately visible from Thompson Peak Parkway and other surrounding streets.

Figure 5
Conceptual Site Plan



The visitor experiences a 900' scenic entry drive before they arrive at the drop-off area and parking facilities. The parking facilities are broken up into pods that follow the natural drainage patterns. This allows for the retention of the small washes that pass through the site, as well as the trees and vegetation that grow along the banks. The result is significant areas of native vegetation that are preserved in the parking area providing a parking garden feel.

The initial phase of parking would provide 250 spaces and the site plan allows for an addition 250 space expansion in future years. An equestrian staging area being developed as part of the Gateway Access Area in the southern areas of the parking facilities will also double as a staging area for various DDC activities. This area will serve as the staging area for DDC organized equestrian rides and mountain bike rides into the Preserve. All horse stable facilities will be located off site, as will all mountain bike storage.

Both the Gateway Access and DDC would provide low building profiles and utilize materials that blend and accentuate the Sonoran desert setting. The DDC's positioning would take advantage of the significant vistas and provide multiple viewing opportunities from its eastern orientation.

Figure 6
DDC Conceptual Elevation



WEST ELEVATION



EAST ELEVATION

CONCEPTUAL ELEVATIONS 1:20

GATEWAY ACCESS AREA /
DISCOVERY AREA

Weddle Gilmore Architects



Visitors would progress from the parking areas to a central entry plaza between the DDC and the Gateway Access Area. This dynamic outdoor space would link the two facilities and serve as the primary gateway to the Preserve trails emanating from this access area. A central Viewing Terrace would provide guests an initial introduction to the Preserve and showcase the unique physical setting.

Figure 7
Gateway Access Conceptual Sections



ENTRY PLAZA SECTION



GATEWAY SECTION

CONCEPTUAL SECTIONS 3/16"=1'-0"

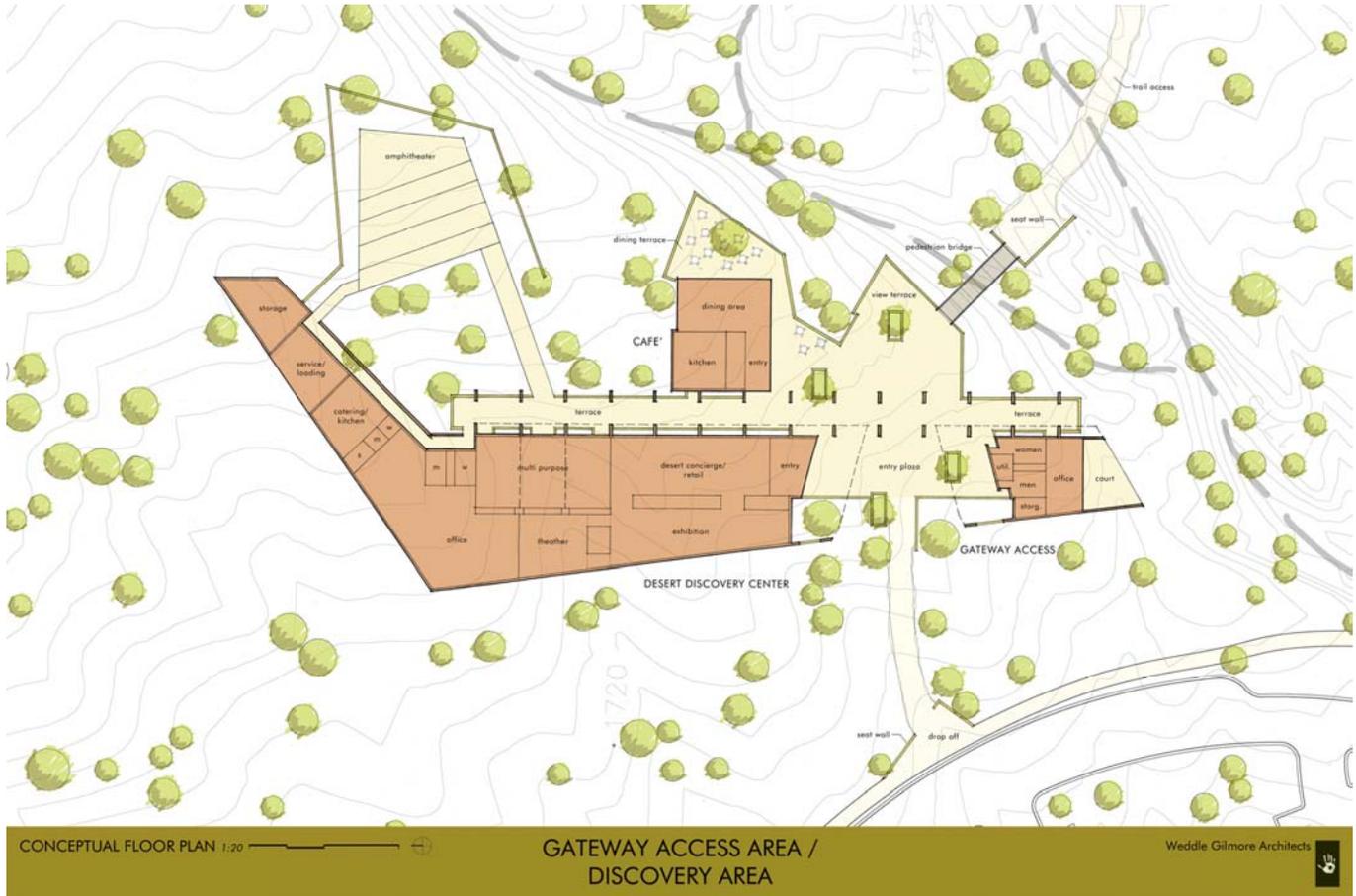
GATEWAY ACCESS AREA /
 DISCOVERY AREA

Weddle Gilmore Architects



The Gateway Access Area would be positioned to the south of the entry plaza and the DDC to the north. The main entry into the DDC and Café are organized around this entry plaza providing high visibility and interaction with Gateway Access Area visitors. Guests would be directed to the DDC for introduction, education and planning of their Sonoran experience. Residents of Scottsdale that were familiar with the Preserve and not desiring the deeper experiences provided by the DDC could progress directly into the trail system via the Gateway Access Area. This integration is presented in Figure 8. It should be noted that the floor plan has been turned 90 degrees with the left portions of the plan facing north.

Figure 8
DDC Conceptual Floor Plan



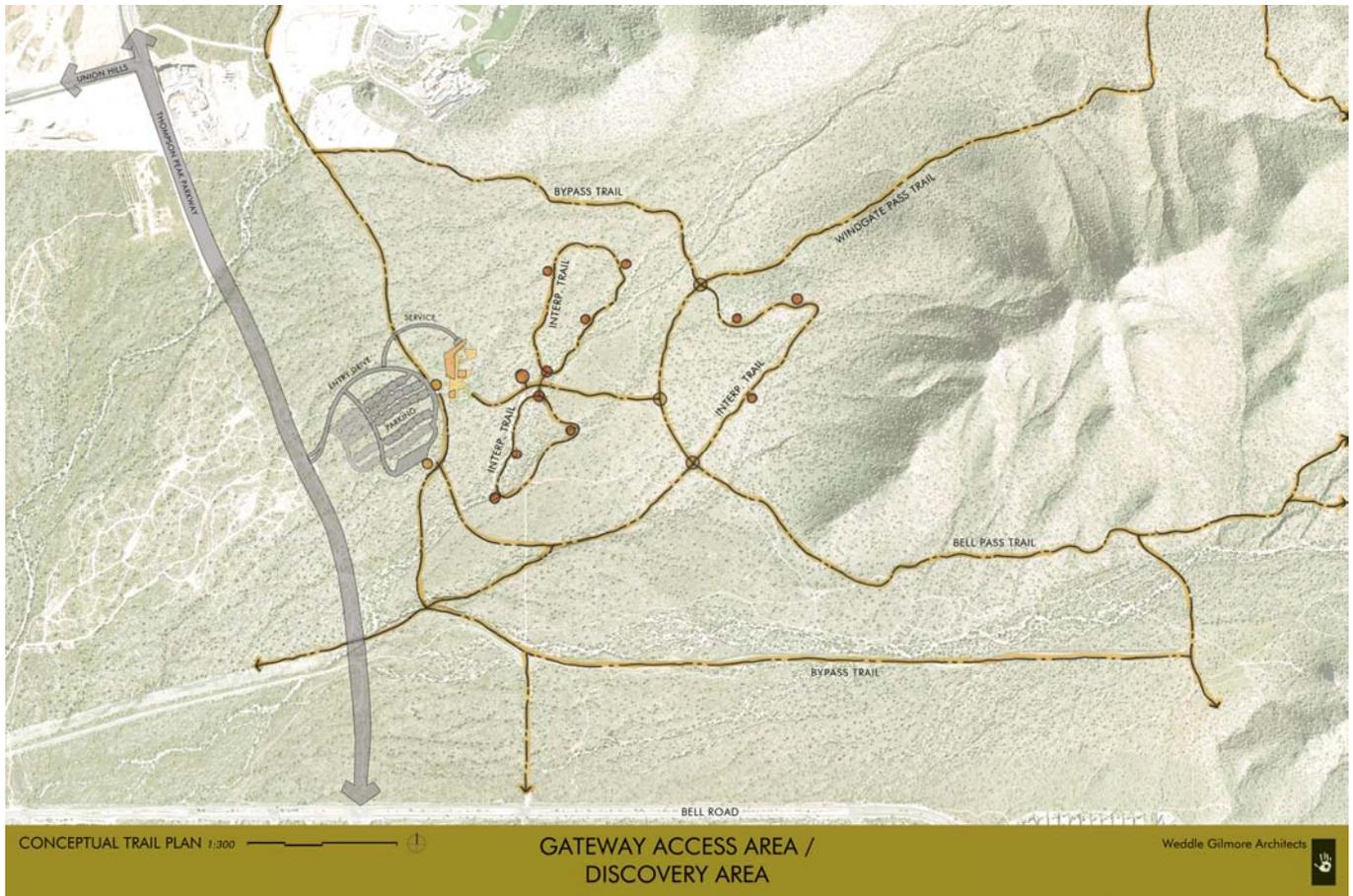
The DDC building facilities provide a range of public facilities including an orientation theater and interpretive & exhibition space, multi-purpose education facilities, a desert concierge and retail space. Support facilities include office space for staff, volunteers as well as a catering kitchen and event storage.

The café is developed with indoor and outdoor seating opportunities both with dramatic views into the McDowell Mountains. The outdoor seating is located adjacent to an arroyo providing an intimate relationship to the Sonoran landscape.

The 400 seat amphitheater is positioned with beautiful views up into the McDowell Mountains while maintaining close proximity to associated support facilities such as the catering kitchen and restroom facilities. The indoor multi-purpose space is also located immediately adjacent to the amphitheater providing for opportunities for indoor / outdoor events and functions.

The three interpretive trails are being developed in conjunction with the Gateway Access area and will be publicly accessible. The interpretive themes of the three trails may continue to follow the themes outlined on page 5-1 of the 1999 DDC Report including a Water, Earth and Sky Trail.

Figure 9
Conceptual Trail Plan



Service for the DDC will be handled through a discrete service yard that is located on the north side of the facility. The service yard will be carved into the earth approximately 6' in order to minimize its visibility. The service yard includes a loading dock and will be utilized for all deliveries as well as for refuse service for the DDC.

PHYSICAL FACILITIES PROGRAM

The size of the Building Facility is fairly consistent to that planned in the 1999 DDC Report retaining a fairly moderate scale. The Building Facility Program has had minor shifts in order to accommodate the shift in approach to the DDC. The Building Facility Program is as follows:

BUILDING FACILITY PROGRAM

| Space/Element | Space Program | | | | |
|---|---------------|-------|------------|----|--|
| Indoor Spaces | units | area | total area | | notes |
| Public Areas | | | | | |
| Admissions | 1 | 500 | 500 | sf | tickets / memberships / programs and tours / origination point |
| Public restrooms | 2 | 240 | 480 | sf | |
| Orientation theater | 1 | 1,000 | 1,000 | sf | seating for 45 / short film |
| Interp. exhibit / education | 1 | 3,500 | 3,500 | sf | |
| Multipurpose / classroom | 3 | 1,000 | 3,000 | sf | |
| Multipurpose / classroom storage | 1 | 200 | 200 | sf | |
| Desert concierge / retail | 1 | 2,000 | 2,000 | sf | services / merchandise / gen. tourist info |
| Concierge / retail - storage | 1 | 300 | 300 | sf | |
| Café | | | | | |
| Café - service counter area | 1 | 300 | 300 | sf | |
| Café - indoor seating area | 1 | 1,500 | 1,500 | sf | seating for 75 |
| Café - kitchen | 1 | 1,000 | 1,000 | sf | |
| Café - storage | 1 | 200 | 200 | sf | dry storage, refrigerated storage |
| Services Areas | | | | | |
| Administration | 1 | 1,500 | 1,500 | sf | staff work area / conference space / volunteer & site staff / break room |
| Administration - staff restrooms | 2 | 60 | 120 | sf | |
| Maintenance / event storage | 1 | 500 | 500 | sf | |
| Catering kitchen | 1 | 1,000 | 1,000 | sf | |
| Gross area (x15%) | | | 2,565 | sf | |
| TOTAL DISCOVERY CENTER BUILDING AREA | | | 19,665 | sf | |

The Site Improvement Program includes infrastructure improvements such as parking facilities, site lighting and utility improvements, as well as public spaces for congregation and interpretation. The Site Improvement Program is as follows:

SITE IMPROVEMENT PROGRAM

| Space/Element | Space Program | | | |
|----------------------------------|----------------------|-------|------------------|---|
| Parking Area | units | area | total area | notes |
| Public / staff parking (10'x20') | 250 | 300 | 75,000 sf | parking garden integrated into the landscape |
| Accessible parking (13'x20') | | | 0 sf | integrated into gateway site improvements |
| Bus drop-off / parking (12'x50') | | | 0 sf | integrated into gateway site improvements |
| TOTAL PARKING AREA | | | 75,000 sf | |
| Outdoor Spaces | units | area | total area | notes |
| Public plaza / amphitheater | 1 | 3,500 | 3,500 sf | 400-person capacity |
| Trail - sky | 1 | | 0 sf | trail begins with a smaller-scale introductory plaza and out on the longer loops of the trail, groups of 30-45 people will be accommodated at a series of outdoor classroom / demonstration area. |
| Trail - earth | 1 | | 0 sf | trail begins with a smaller-scale introductory plaza and out on the longer loops of the trail, groups of 30-45 people will be accommodated at a series of outdoor classroom / demonstration area. |
| Trail - water | 1 | | 0 sf | trail begins with a smaller-scale introductory plaza and out on the longer loops of the trail, groups of 30-45 people will be accommodated at a series of outdoor classroom / demonstration area. |
| View terrace | 1 | 500 | 500 sf | integrated with gateway |
| Sky amphitheater | 1 | 1,200 | 1,200 sf | 75-person capacity |
| TOTAL OUTDOOR SPACES AREA | | | 4,000 sf | |

The Visitor Experience – Public Programs

As previously noted, the DDC is planned around four principal themes; Desert Experiences – Hikes and Activities, Life and Culture in the Desert, Desert Preservation and Future Sustainability and The Virtual Desert. The 1999 report outlined a variety of programs and topics under each of these four themes and noted potential collaborative partners, audiences and the most likely seasons the programs and experiences would be held. These programs/experience concepts were described in more detail on pages 6-1 through 6-7 of the 1999 report and are briefly noted below.

Desert Experiences – Hikes and Activities

Potential Program Themes

- ◆ Sunrise/Sunset Walk
- ◆ Picnic on the Trail
- ◆ Patterns of Nature
- ◆ Cowboy Culture
- ◆ Sedimental Journey
- ◆ Crossing Plants: Plant and Animal Roles in Pollination
- ◆ Desert Postcards: Preserving the Sonoran Desert
- ◆ Desert Arts: Shades of the Desert
- ◆ Hot Spots
- ◆ Bird Watcher Tours
- ◆ Desert Seasons
- ◆ Plant Appreciation
- ◆ Wild Flower Walks
- ◆ Zen-sational

Life and Culture in the Desert

- ◆ Native American Plant Uses: Cooking, Crafts and Medicine
- ◆ Why is this “Desert”? How is Water Important?
- ◆ The World of Cactus
- ◆ Musical Concerts
- ◆ Native American Performances
- ◆ Desert Films
- ◆ Arroyo Aquatics
- ◆ In the Stars: Pre-History Narratives to Present Day Astronomy
- ◆ Canyon Condos
- ◆ The Journals of Early Naturalists

Desert Preservation and Sustainability

- ◆ Save our Species
- ◆ Desert Landscaping
- ◆ Desert Evolution: Early Inhabitants to Future Desert Dwellers
- ◆ Desert Populations and Urban Sprawl
- ◆ Pollution Solutions
- ◆ Solar Power: Feel the Energy
- ◆ Water: Our Most Precious Resource

The Virtual Desert

- ◆ DDC Web Site
- ◆ Cablevision

These programming themes are believed to be appropriate and strong proactive efforts to develop the collaborative opportunities will be important to the effective presentation of these themes. These programs will be presented through classes, demonstrations, lectures, slide shows, social events or workshops. They will occur within the DDC itself, in its multipurpose rooms or in the outdoor amphitheater. As previously noted, these collaborative programs will be expanded through the internal exhibits, self-guided MP3 interpretations and guided equestrian, biking and other hiking experiences.

Some of these themes would also be provided for off-site purposes through a DDC web presence. This presence would build off of planning and development of DDC exhibits and bring a limited number of them a much broader audience.

Organizational Structure

The 1999 report outlined the structure for the DDC Board and its staff in Section 7 of that report. The overall recommendations, staff qualifications, and general responsibilities are believed to be reasonable. However, given the increased integration of the DDC with the Gateway with its public access trails, a variety of staffing adjustments are recommended.

Three primary staffing divisions were envisioned in the earlier plan, each reporting to an Executive Director. They included a Director of Operations/CFO, a Director of Development and External Affairs and a Director of Public Programs and Exhibits. Suggested refinements to these divisions are noted below.

Operations/CFO

The Director of Operations/CFO was responsible for facility accounting, a large security staff and grounds and maintenance staff. As the DDC related trails, their maintenance, and security oversight will largely be provided by the City of Scottsdale, much of the responsibilities previously envisioned for this role are moderated. This division should be consolidated, with the moderated responsibilities overseen by the Director of Development and External Affairs. In addition to consolidating these divisions, as the trails would be on MSP lands, security would be provided primarily by the City and DDC dedicated security personnel could be moderated from that envisioned in the earlier report.

Development and External Affairs

Under the Director of Development and External Affairs, there were two guest related positions, a Marketing/Visitor Services Coordinator and a Store Manager. With the planning for an integrated retail and Desert Concierge DDC element, a single manager position can effectively provide oversight for both of these roles.

Public Programs and Exhibits

No changes are recommended within this division. Although the much of the experience will occur on the MSP trails, the positions identified within this division will be needed to ensure the experiences are effectively presented to guests.

A fuller description of proposed staffing levels considering these refinements, along with associated compensation is presented in the three year operating budget section.

Cost Estimate

The Cost Estimate has been updated to reflect the shift in Physical Facilities Program as well as current costs for construction. The cost estimate assumes that construction would start within the next two years. Beyond that the estimate would need to be updated to account for changes in construction cost.

FACILITY COST ESTIMATE

| Space/Element | | | |
|--|------------|-----------|--------------|
| Indoor Spaces | total area | unit cost | total cost |
| Public Areas | | | |
| Admissions | 500 sf | \$ 200 | \$ 100,000 |
| Public restrooms | 480 sf | \$ 240 | \$ 115,200 |
| Orientation theater | 1,000 sf | \$ 200 | \$ 200,000 |
| Interp. exhibit / education | 3,500 sf | \$ 200 | \$ 700,000 |
| Multipurpose / classroom | 3,000 sf | \$ 200 | \$ 600,000 |
| Multipurpose / classroom storage | 200 sf | \$ 175 | \$ 35,000 |
| Desert concierge / retail | 2,000 sf | \$ 200 | \$ 400,000 |
| Concierge / retail - storage | 300 sf | \$ 175 | \$ 52,500 |
| Café | | | |
| Café - service counter area | 300 sf | \$ 200 | \$ 60,000 |
| Café - indoor seating area | 1,500 sf | \$ 200 | \$ 300,000 |
| Café - kitchen | 1,000 sf | \$ 215 | \$ 215,000 |
| Café - storage | 200 sf | \$ 175 | \$ 35,000 |
| Services Areas | | | |
| Administration | 1,500 sf | \$ 175 | \$ 262,500 |
| Administration - staff restrooms | 120 sf | \$ 215 | \$ 25,800 |
| Maintenance / event storage | 500 sf | \$ 175 | \$ 87,500 |
| Catering kitchen | 1,000 sf | \$ 215 | \$ 215,000 |
| Gross walls, circulation, mech (x15%) | 2,565 sf | \$ 175 | \$ 448,875 |
| TOTAL DISCOVERY CENTER BUILDING | 19,665 sf | | \$ 3,852,375 |

| SITE IMPROVEMENTS | | | |
|--------------------------------|----------|------------|--------------|
| Grading & drainage | 1 ea | \$ 175,000 | \$ 175,000 |
| Parking expansion | 1 ea | \$ 400,000 | \$ 400,000 |
| Service drive | 1 ea | \$ 15,000 | \$ 15,000 |
| Loading area | 1 ea | \$ 25,000 | \$ 25,000 |
| Landscape & irrigation | 1 ea | \$ 350,000 | \$ 350,000 |
| Site walls & hardscape | 640 lf | \$ 150 | \$ 96,000 |
| Amphitheater | 3,500 sf | \$ 50 | \$ 175,000 |
| Café terrace | 1,800 sf | \$ 30 | \$ 54,000 |
| Terrace | 1,000 sf | \$ 30 | \$ 30,000 |
| Utilities | 1 ea | \$ 75,000 | \$ 75,000 |
| Site lighting | 1 ea | \$ 75,000 | \$ 75,000 |
| TOTAL SITE IMPROVEMENTS | | | \$ 1,470,000 |

| | | | |
|---|---|----|---------------------|
| INTERPRETIVE / FF&E | | | |
| Interior interpretive exhibits/web integrateion | 1 | ea | \$ 1,400,000 |
| Exterior interpretive exhibits | 1 | ea | \$ 500,000 |
| Theater a/v equipment & film production | 1 | ea | \$ 750,000 |
| Ff&e | 1 | ea | \$ 750,000 |
| TOTAL INTERPRETIVE / FF&E | | | \$ 3,400,000 |

| | | | |
|---|------|----|----------------------|
| SUB TOTAL | | | \$ 8,772,375 |
| SALES TAX | 7.8% | OF | |
| | 60% | | \$ 408,207 |
| CONTRACTOR OVERHEAD | 11% | | \$ 959,461 |
| CONTRACTOR PROFIT | 7% | | \$ 610,566 |
| TOTAL ESTIMATED CONSTRUCTION COSTS | | | \$ 10,700,610 |

| | | | |
|--|------------|-----------------|----------------------|
| CONTINGENCY | 15% | of const. costs | \$ 1,605,091 |
| TOTAL ESTIMATED HARD PROJECT COST | | | \$ 12,305,701 |
| SOFT COSTS | 25% | | \$ 3,076,425 |
| TOTAL HARD AND SOFT PROJECT COST | | | \$ 15,382,126 |

Three Year Operating Budget

The following operating budget estimates build off the assumptions presented in the Section 9 of the 1999 report. This update focuses on areas of variance and provides a brief summary of major income and expense categories. As noted in the initial report, the nature of this budget is to indicate the categories most likely needed for an operation like the DDC and to provide a suggested base foundation of operations. Actual operating results can vary considerably from these estimates based on how well the concepts are executed, marketed and operated prior and during operations. Additional detail regarding this budget and limiting conditions is provided in the earlier report.

Attendance and Admissions

Attendance at other similar Arizona based attractions was updated from the previous study and is noted below. Attendance estimates are based on full year 2004 performance and the admission pricing reflects current pricing structures.

| Institution | Annual Attendance | Adult | Senior 65+ | Youth/ Student 12-17 | Children 5-11 |
|--------------------------------|----------------------------|---------------------|---------------------|-----------------------------|----------------------|
| Arizona Science Center | 333,000 | \$9.00 | \$7.00 | \$7.00 | \$7.00 |
| Desert Botanical Gardens | 296,620 | \$10.00 | \$9.00 | \$5.00 | \$4.00 |
| Heard Museum | 225,000 | \$10.00 | \$9.00 | \$5.00 | \$3.00 |
| Phoenix Art Museum | 209,000 | \$9.00 | \$7.00 | \$7.00 | \$3.00 |
| Phoenix Zoo | 1,240,000 | \$14.00 | \$9.00 | \$9.00 | \$3.00 |
| Scottsdale Center for the Arts | 350,000 | NA | NA | NA | NA |
| Taliesin West | 126,000 | \$18.00- \$22.50 | \$16.00- \$20.00 | \$16.00- \$20.00 | \$5.00- \$15.00 |
| Arizona Sonoran Desert Museum | 470,000 | \$9.00- \$12.00 | \$9.00- \$12.00 | \$9.00- \$12.00 | \$2.00- \$4.00 |
| Desert Discovery Center | 300,000 Y1 242,000 Stab | \$6.00 | \$5.00 | \$3.00 | \$2.00 |

In addition to the facilities reviewed in the previous study and updated above, another attendance review and estimate was provided by Scottsdale and its Economic Vitality Department which provided additional detail on nature and heritage attraction both in Tucson and Phoenix. This analysis considered penetration rates of both residents and visitors to these existing facilities and estimated potential utilization for DDC.

Considering these updated attendance estimates and analysis, the 300,000 annual attendance estimate from the 1999 analysis is believed to be reasonable for its first year of operation. This would position the facility significantly below the Arizona Sonoran Desert Museum in Tucson, but similar to the Desert Botanical Gardens in the metro Phoenix area. It recognizes the strong geographic location of the facility near many of Scottsdale's high quality resorts, the strong allure of the Sonoran environment, the experiential orientation of the facility and the strong marketing and public relations support the facility can expect to receive from the visitor industry. While this initial attendance level could potentially be maintained into the future, the conservative assumptions of the 1999 report, which suggested moderation from the initial year attendance is reasonable. The initial year attendance is thus moderated by approximately 15 percent in its second year and a more moderate 5 percent in the third year, resulting in a stabilized annual attendance of approximately 242,000 guests.

Pricing for the DDC is recommended to be set at a level very competitive to other attractions at \$6.00 for adults, \$5.00 for seniors, \$3.00 for students and \$2.00 for children. These moderate fee levels recognize that unlike other attractions, the primary experience is the MSP itself and the fees are set to help build broad understanding and utilization of this unique environment. As earlier noted, this charge should be characterized as an "Entrance and Stewardship Fee," providing access to the DDC, the orientation theater, the exhibits, internal public programs and the Desert Concierge. Additionally, the fees reflect the guests' contribution to the MSP and their access to a variety of both guided and self directed trail experiences within the Preserve itself. A blended average of \$4.20 is utilized to reflect the likely mix of attendance and allocates approximately 10 percent of admissions as no charge.

Public Programs

The assumptions from the 1999 report reflected a limited amount of revenue generated from certain public programs with associated revenue. These are believed to be reasonable and are continued with moderate growth in years two and three.

Facility Rental

The assumptions for facility rentals are believed to be reasonable and have updated to an average of \$1400 per event to reflect escalations from the 1999 report.

Desert Concierge/Retail

The Desert Concierge and retail elements of the DDC will provide the visitor with the opportunity to purchase a wide range of support equipment, as well as services to enhance the desert experience. In addition to these purchases, the DDC will also provide a broad range of quality books and gifts focused around the Sonoran desert environment. This is a key area in which additional revenues are believed to be achievable, particularly if actively marketed and presented in a compelling manner.

Collectively, the average gift/service expenditure is estimated at \$3.25 per visitor. Based on averages from the American Associations of Museums, this would position the facility at sale levels achieved by the top 75 percent of facilities nationwide. This recognizes that sales will be generated not only by the range of retail goods provided in the gift areas, but also in the wide range of Desert Concierge support elements offered to the guest to enhance their MSP experience. This expenditure level also recognizes that many of the visitors to the DDC will emanate from the surrounding high end Scottsdale visitor market, in which overnight guests spend an average of approximately \$27 per day on retail goods and \$29 on entertainment and attractions. These goods and services are estimated to have an average cost of sales of approximately 75 percent.

Food Service

The food and beverage components of the DDC will be another important revenue generator and the facility has been positioned in a manner that will allow it to be utilized by both visitors to the DDC, as well as other users of the Preserve gaining access at the Gateway. The average food and beverage expenditure is estimated at \$1.75 per visitor. This is above averages used in the 1999 report, but are believed to be achievable as the estimate is consistent with upper performing facilities nationwide and recognizes that much of the utilization will be coming from Scottsdale visitors where overnight visitors typically spend \$49 per day on food and beverage expenditures. Additionally, this facility is planned to provide picnic lunches and snacks to Preserve hikers, which should further allow it to achieve this level of performance. It is assumed that a 3rd party would operate the food and beverage facilities and that the DDC would receive 10 percent of gross sales.

Memberships Program

The 1999 report outlined a variety targets for both individual/family and business/corporate memberships. These were priced at \$50 to \$100 for individuals and families and \$250 to \$2000 for businesses and corporations. Both individual and business memberships were estimated to achieve \$100,000 in revenue by the third year. These levels are believed to be reasonable and are continued to be used.

Grants

Potential larger grants from the sources like the Institute of Museum and Library Services or the National Science Foundation were noted but were not believed to be achievable in the early years of the facility. However, a moderate level of

foundation and corporate grants were estimated to be achievable ranging from 100,000 in the first year to \$150,000 in year three. These estimates are continued to be utilized.

Major Gifts

Major gifts were targeted from both Board members as well as general individuals. The Board was recommended to be sized at 25 persons with each committing \$1500 annually to demonstrate their financial commitment to the DDC. Individual donors were would expand these gifts through an annual giving campaign and were modestly estimated to reach 100,000 in the first year and grow to \$200,000 by the third year. These estimates are continued to be utilized.

Special Events

A major gala annual event was recommended to occur beginning in the second year of operations, accompanied by two smaller fund raising events. Approximately 25 percent of these revenues are estimated to net to the DDC after associated expenses. These assumptions continued to be utilized.

Personal

Personal costs were generally similar to the 1999 report with a variety of changes. A mid-point on previously estimated salary costs was utilized and these salaries were increased by 25 percent to reflect an inflation factor of approximately four percent annually since 1999. Salaries and staffing were slightly increased for the Desert Concierge and retail elements of the DDC. As the trail systems will be positioned and overseen by the City, security costs were moderated to reflect primary focus on the DDC facility itself. The balance of staffing is believed reasonable for the DDC in its planned configuration and results in total personal costs of \$1,212,400 considering a 25 percent benefit factor. These costs are escalated at 4 percent in each of the following years.

| | |
|---|-----------|
| Executive Director (FT) | \$100,000 |
| Executive Assistant (FT) | \$ 35,000 |
| Director of Development and Ext Affairs (FT) | \$ 87,500 |
| Department Assistant (FT) | \$ 37,500 |
| Bookkeeper/Admin Assistant (PT) | \$ 30,000 |
| Security Staff (FT/PT) | \$ 72,800 |
| (16 hours/day x 7days week @\$12.50 hr) | |
| Membership Coordinator (PT) | \$ 18,750 |
| Marketing/Visitor Services Coordinator (FT) | \$ 53,000 |
| Desert Concierge/Store Manager (FT) | \$ 75,000 |
| Concierge/Store Support Staff (FT/PT) | |
| (3 @ 8 hours/day x 7days week @\$10.00 hr) | \$ 87,360 |
| Director of Public Programs and Exhibits (FT) | \$ 62,500 |
| Program Coordinator (FT) | \$ 43,500 |
| Exhibition Coordinator (PT) | \$ 25,000 |
| Naturalist (FT) | \$ 43,500 |
| Program Assistants (PT) | \$ 58,000 |
| (4 @ 8 hours/day x 7days week @\$10.00 hr) | |

Total DDC Salaries with 25% benefit factor

\$ 970,500

Administration

These costs reflect general postage, office supplies, small equipment, as well related insurance costs. The previous estimates are reasonable and have been increased to reflect inflation.

Public Programs

These costs reflect general postage, office supplies, small equipment, as well related insurance costs. The previous estimates are reasonable and have been increased to reflect inflation.

Exhibition and Plant Care

These expense items reflect ongoing maintenance and modest changes to the education carts and exhibit areas. While most of the trails and their maintenance will be undertaken by the City, some plant and exhibitions will be in the DDC and its amphitheater areas and these costs reflect ongoing upkeep and replanting costs. Desert animal displays are planned on a special exhibition basis only and thus the Animal Care and Conservation expense from the 1999 budget is not reflected. These costs have been increased to reflect inflation.

Development and Membership

These costs reflect general expenses related to raising the contributed income for the DDC such as writing grant proposals and developing support materials. These costs are in addition to the previously noted staffing costs and have been updated for inflation.

Marketing and Public Relations

Aggressive marketing and public relation efforts will be essential to the effective launch and ongoing attraction of the DDC. These expenses would include promotional materials, advertising and other activities in building interest and support for the facility.

THREE YEAR OPERATIONAL BUDGET

| Income | Year 1 | Year 2 | Year 3 |
|---|--------------------|--------------------|--------------------|
| Earned Income | | | |
| Admissions | \$1,260,000 | \$1,071,000 | \$1,016,400 |
| Public Programs | \$75,000 | \$100,000 | \$125,000 |
| Facility Rental/Catering | \$36,400 | \$49,000 | \$56,000 |
| Desert Concierge/Retail | \$975,000 | \$828,750 | \$786,500 |
| Food Services | \$525,000 | \$446,250 | \$423,500 |
| Earned Income Total | \$2,871,400 | \$2,495,000 | \$2,407,000 |
| Contributed Income | | | |
| Individual Memberships | \$50,000 | \$75,000 | \$100,000 |
| Corporate Memberships | \$60,000 | \$80,000 | \$100,000 |
| Grants | \$100,000 | \$100,000 | \$150,000 |
| Major Gifts Board | \$37,500 | \$37,500 | \$37,500 |
| Major Gifts Individual | \$100,000 | \$150,000 | \$200,000 |
| Special Events | \$0 | \$25,000 | \$50,000 |
| Contributed Income | \$347,500 | \$467,500 | \$637,500 |
| Total Income | \$3,218,900 | \$2,962,500 | \$3,044,900 |
| Expense | | | |
| Personnel | \$975,400 | \$1,014,000 | \$1,054,560 |
| Administration | \$95,000 | \$100,000 | \$105,000 |
| Public Programs | \$85,000 | \$90,000 | \$95,000 |
| Exhibition Development and Maintenance | \$100,000 | \$105,000 | \$110,000 |
| Plant Care and Conservation | \$90,000 | \$95,000 | \$100,000 |
| Development and Membership | \$125,000 | \$125,000 | \$125,000 |
| Special Events | \$0 | \$18,750 | \$37,500 |
| Marketing and Public Relations | \$250,000 | \$150,000 | \$150,000 |
| Retail and Concierge Services | \$731,250 | \$621,563 | \$589,875 |
| Food Service Contract | \$472,500 | \$401,625 | \$381,150 |
| Utilities | \$58,995 | \$61,355 | \$63,809 |
| Maintenance | \$29,498 | \$30,677 | \$31,904 |
| Expense Total | \$3,012,243 | \$2,812,970 | \$2,843,798 |
| Operating Surplus/Deficit Without Contributed Income | -140,843 | -371,970 | -436,398 |
| Operating Surplus/Deficit With Contributed Income | \$206,658 | \$149,530 | \$201,102 |

Factors for Further Consideration

Through this update process, the integration of the DDC with the Gateway Access Area was believed to be of key importance. This integration limited the potential for duplication of facilities, minimized the developed footprint in the MSP and increasingly directed the guest on an actual MSP experience. While achieving these goals, it also introduced a challenge in facilitating both Scottsdale resident and non-resident access to the MSP.

The approach outlined in this analysis suggests a central staging area in which all visitors are cued through an entryway. This approach better ensures both residents and guests understand that access is available at no charge to Scottsdale residents or guests with annual passes. Both of these groups would only need to get an annual pass once and then present this to admission personnel. This central staging area could utilize multiple lines to facilitate those desiring access solely to the MSP and already possessing annual passes. This approach maximizes the potential visitor contribution to support the DDC and better ensures that the visitor experience in the MSP is maximized. This approach does, however, require additional visitor flow management and there is the potential for longer lines during peak periods.

Another potential option is to provide a more open central staging area, in which the same admission policy is applied, but guest flows and education are done through clear signage, collateral materials and occasional entry pass checking at that MSP gateway. This approach would be similar to Sedona and their Red Rock Pass program, in which hikers in the Coconino Forest are required to purchase a pass in advance of their hike. This effort, and others like it around the county, focuses on broad education of the program, with only limited security enforcement done on an ongoing basis. This approach would require less direct visitor flow management and would be more convenient for Scottsdale residents desiring access directly to the MSP. The potential revenue impacts of this more open visitor flow are difficult to estimate and would be largely influenced by the extent and content of the previously noted signage and collateral materials. Additionally, the frequency of occasional pass checks at the entry Gateway could also influence these flows. To more fully address this issue, future survey initiatives should be considered which test prospective visitors' propensity to bypass these directions and enter the MSP without paying a stewardship fee.

Some form of parking assessment has also been noted as an option in which all vehicles using the parking facilities would pay a parking charge. This could impact both Scottsdale residents, as well as other guests to the MSP. These fees could be in addition the DDC related fees outlined in this report. Resident attitudes to this type of fee structure could also be tested in future survey initiatives.

With this integration, close future involvement with the DDC and the Gateway trail development will also be of key importance. This update report has outlined preliminary concepts on these trails and how their use can be integrated, but ongoing involvement will be required to carry through suggested themes in actual trail development.

This update report provides information regarding development costs for this integrated facility and prospective operating performance estimates that can be used for capital budgeting purposes. It is believed that there is strong interest in this integrated concept, however, feasibility for a capital campaign goes beyond the scope of this assignment. Ongoing efforts to build both private and public sector support for the concept will be important to pursue in the future.

Finally, it should be reinforced that while an integrated DDC/Gateway Access Area provides additional management challenges, this approach is superior to maintaining the concepts as separate operations. This integrated facility has the potential to be broadly embraced by a wide range of both residents and visitors. Potentially most important, it will bring a deepened understanding of the MSP and provide the opportunity for guests to truly experience this uniquely Scottsdale environment.