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CITY OF SANTA FÉ
Occupancy Tax Advisory Board
February 23, 2016

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MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD

March 22, 2016
10:00 a.m.

I. PROCEDURES

a. CALL TO ORDER

A regular meeting of the City of Occupancy Tax Advisory Board was called to order by Member Jon Hendry in the absence of the Chair, on this date at approximately 10:05 a.m. in City Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

b. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Jon Hendry, Chair Pro Tem
Al Lucero
Victoria Bruneni
David Griscom [ex officio - arriving later]

Members Absent:

Paul Margetson, Chair [excused]
Elizabeth Pettus [excused]

Staff Present:

Cynthia Delgado, Marketing Director
David Carr, Sales Director
Randy Randall, Executive Director

Others Present:

Santa Fe County Staff members

c. APPROVAL OF AGENDA

Member Lucero moved to approve the agenda as published. Member Bruneni seconded the motion and it passed by unanimous voice vote.

d. APPROVAL OF MINUTES - February 23, 2016

Mr. Randall explained that the recording of the last meeting did not work well so these minutes were just a summary of the meeting.

Member Lucero moved to postpone the minutes of February 23, 2016 to the next meeting. Member Bruneni seconded the motion and it passed by unanimous voice vote.

Mr. Randall welcomed members from the County Staff who were present at the meeting.

II. LODGERS' TAX

a. Update – Randy Randall.

Mr. Randall reported that the most current Lodgers Tax Report is in the packet (attached to these minutes as Exhibit 1). It reflects the results for January 2016, which were down \$27,117 but year to date is up \$370,744. There is one major property that has not reported since September. Last year it amounted to \$117,000. When it pays it will incur a 10% penalty so it would be about \$128,700 and put us \$500,000 ahead of last year and almost on the budget.

Member Lucero asked what the procedure is to collect that.

Mr. Randall was advised a couple of weeks ago that a letter went to the property from the Legal Department.

Member David Griscom arrived at 10:10 a.m.

Mr. Randall said if it is not paid, they will be removed from the web site and a lien placed on their property.

Mr. Randall said the Rocky Mountain Report (attached as Exhibit 2) showed February was down about 3.3 points of occupancy. Downtown was down 2.3 points. He reminded the Board that this report is quite accurate for downtown and inaccurate for Cerrillos Road.

For some reason, he did not have the STR report yet.

Member Lucero asked where the cutoff is from Cerrillos Road to downtown.

Mr. Randall said Rocky Mountain uses St. Francis Drive as the cutoff. So Sage Inn is counted in downtown. The STR doesn't differentiate.

Mr. Randall went next to the GRT Report (attached as Exhibit 3) which appears to be up \$44,000 in March, so it continues to run upward. This report is December activity. It continues to perform strongly - up 9.42% for the fiscal year.

III. CVB REPORTS

a. Sales Report – David Carr

Mr. Carr read from his written report (attached as Exhibit 4). He reviewed leads, confirmed bookings, space only requests, which overall, were up slightly from last year.

He referred the Board members to the special promotion on the last page looking for smaller groups in corporate business to get more punch to the next six months. It went out two weeks ago and he is getting some response now. A majority of downtown hotels are participating in the promotion as well as the O'Keeffe Museum and Canyon Road walking tour.

Mr. Carr reported on travel during the past month and the results achieved. Destinations included Oklahoma City. In April staff will be in Dallas, Austin, Houston and San Antonio. There is interest in a FAM trip in April.

In response to Member Lucero, Mr. Carr said the questions about Santa Fe are on air schedules, time from Albuquerque to Santa Fé, La Fonda renovation. Meow Wolf coming in, and the La Posada owner change. There were not many questions about restaurants.

Member Hendry said Austin is a great market. They want music and culture and food. They market just on events.

b. Marketing Report – Cynthia Delgado

Ms. Delgado reviewed her written marketing report (attached as Exhibit 5) for March through April activities. She mentioned a Kids Free promotion with advertising to support it. It is a very focused effort to take advantage of video. She focused on the family market in which they have resources to support and lots to do for kids. Over 30 business partners support this program.

She reported on the Australia del Norte Vineyard - Quark art experience that they do outside. They chose Santa Fé because of this promotion.

She noted \$45,000 for paid media with digital and radio on the drive market. She will have a full report at the end of April. There is interest from the New Mexican when seeing families on the plaza.

They are utilizing social media 2-3 times each week for all that people can do here.

Santa Fe received accolades in the Sunset Magazine where they made the finals in two categories. We supported business partners. Santa Fé Spirits is in for best brewery and Ten Thousand Waves for best get away. So our partners are getting recognition as well.

Mr. Randall said Money Magazine listed Santa Fe as 7th best place to visit.

Ms. Delgado said Tina Fey was on a late night show and shared her love for Santa Fé on the broadcast and a funny experience at Ten Thousand Waves. It was a great way to get the beauty of Santa

Fé out there.

For new events, she reported on Cocktail Week in the first week of June. This is their second year and want more hotels and restaurants. It is a combination of seminars, tastings, etc. It is a for profit event but community focused. We will market it with city funds. They are getting hotel support this year.

April 7 is Celebrate Santa Fé Tourism at DeVargas Center as a Business Expo.

Mr. Randall said the Chamber wasn't willing to join with this event. It is a lot of effort so maybe every other year would be best.

Ms. Delgado is using graphs on the report for social media. She reported more balanced gender visits and ages moving younger. She is continuing aggressive email blasts with increases in Twitter and Instagram. She is also encouraging photography among business partners.

Paid media placement focus on digital and mobile - sending folks to video land pages, spring break pages and specials and promotions in addition to meeting pages. They are relying on digital for conversions to web sites.

Member Hendry said he is going to shoot some video for Tourism with real video crews.

Ms. Delgado said they are using pieces from the videos done and that is really attracting people.

Ms. Delgado listed the articles in high income publications.

February was great with paid media. The Margarita Trail is continuing and she is doing a launch of PR on May 5 - Cinco de Mayo.

Member Lucero asked what is being done to attract local media for TV. There is nothing on Margarita Trail or Meow Wolf.

Ms. Delgado said we need personal relationships with those TV stations.

Member Hendry agreed. There are lots of new people now and we need to get with them now. He would like to get them up here, but they want money for their local news programs in the morning.

Member Lucero thought when they cover it for news it should not cost us anything. The Albuquerque Journal did Albuquerque Tourism so the New Mexican should do Santa Fé Tourism.

Member Hendry said the movies being made this summer should get people here. He listed some of them.

Ms. Delgado reported that the February Press FAM supported by Ski Santa Fé got rave reviews.

c. Executive Director Report – Randy Randall

Mr. Randall was pleased to announce that Melanie Moore is now Operations Manager for the Convention Center.

The opening of Meow Wolf is a huge opportunity for us. It will be magnet for tourism.

He said they are working with Santa Fe County in three ways including a combination of the web site.

Member Griscom said the agreement is in Legal for review.

Mr. Randall said the County will take the lead from the outdoor side of the web site and the City will take the lead for the balance of the site. They are also discussing two things with the County but not final yet. One is increased flight development: Restore the LA flight, targeting additional flights out of Phoenix or Chicago or Las Vegas, possibly Houston. Taos Ski Valley has contracted with the consultant that City and County were trying to do an MOU with. It is an individual from Denver who would have been a good choice if a full RFP had been done.

The other is discussion about a film office to be more proactive for TV and film and provide more services to those crews once they are here.

He has been encouraged to put one or two people in the budget next year.

He said the Margarita Trail will kick off at the end of April. It should be good for us and a hot PR topic.

He is planning a repeat on the Spring Break kids free again next year.

He encouraged OTAB members to come to the meetings.

Member Lucero asked that we try to get the Restaurant Association involved. It is growing association.

Mr. Randall said ridership on the ski valley bus is working well. That was also a city-county joint effort.

Member Hendry thought they should do a bus to the MRC also.

Mr. Randall reported on a proposal to the City by an individual to install some banners as a welcome to Santa Fe. The banners would cost about \$500 each.

He added that Santa Fé Beautiful is working on a design for gateway monuments to incorporate a unique piece of art. The idea is to have similar monuments at each gateway. Monies from the year before are not available so they would have to find the funds to build them.

Mr. Randall presented the banner project to the Chamber this morning. We could fund half if Santa Fé Beautiful funds half and the Chamber will put in \$500.

Member Hendry noted that Osage to Baca on Cerrillos Road has no chain restaurants and we could get it to be a Main Street, USA designation. El Rey Motel is there and beautiful.

Mr. Randall agreed to work with Member Hendry and Rob Carter to get it figured out.

Mr. Randall asked if OTAB thinks banners are a good idea.

Member Lucero moved to support the banner project for welcoming people to Santa Fe and support up to 50% of the costs. Member Bruneni seconded the motion and it passed by unanimous voice vote.

Member Lucero agreed to work with Mr. Randall on it.

Mr. Randall said Tourism will have \$500,000 more in budget next year. We want to be supportive with Councilors on it. They recognize we are part of the solution. He suggested reaching out to Councilors Villarreal and Harris to express the importance of tourism in our city.

Destimetrix is a research company that will be in Santa Fe tomorrow on contract to do a study of our visitor profile and to update who comes to Santa Fe. That will take about 45 days to complete. He is also talking with them about a future contract to maintain a rolling profile and a six-month forecast on a monthly basis. It will require a lot of lodger support. There is a meeting on it tomorrow from 2-3. He guessed the cost at \$50,000 to \$75,000 per year. They can do at least four in a segment of properties to maintain confidentiality. A hotel could spend \$500 - \$1,000 per year to get their own data from them. Telluride has had it in place for about ten years and they are very happy with it.

He interviewed four candidates for Native American Liaison position. Hopefully will be able to announce that soon and work to include pueblo events as part of our marketing. It will be a contracted position. Of the four candidates, two were Native American and two were not.

The post card he handed out to the Board is for the cultural plan for the City. Mr. Estevan Rael y Galv  z has been contracted by the Arts Commission to develop a cultural plan and he will speak at the meeting tomorrow. He asked the members to go to the survey website and fill it out. The tourism perspective is woven into this plan. The purpose is to determine if the City needs a full-blown cultural affairs department and operate more independently than the Arts Commission.

Member Hendry mentioned that the south side is a lively place with Mexican influences but the Arts Commission funds nothing there.

Mr. Randall clarified that they only fund non-profits. The larger grants have a more complicated process and smaller grants are very easy to complete. \$750,000 is provided to the community.

IV. Update on Grant Applications

Mr. Randall reported that no applications have been received yet but he has been told of several will apply. If we don't get any, we will figure out how to spend the money. None of the \$45,000 can be carried over. That prohibition makes it difficult to carry it out.

V. An ordinance amending section 14-6.2 of the Land Use Development code to remove certain limitations on short-term rental dwelling units; amending the fee schedule for a short-term rental permit; and requiring that permit holders pay all applicable taxes or be subject to certain penalties. (Councilor Maestas, Mayor Gonzales, Councilor Ives) (Randy Randall and Lisa Martínez)

Mr. Randall explained that this is both the short-term rental ordinance and the proposed resolution. The resolution makes corrections to the 2008 ordinance. It was appropriate because 2008 was the introduction of Air BnB. The ordinance was basically unenforceable. The new ordinance removes the unenforceable provisions except it provides only one arrival is allowed in a week but there is no way for City to know that. Leaving it in allows a neighbor to pay attention and bring that information forward.

Member Lucero asked what the penalties are.

Mr. Randall having a short-term rental without a license is a \$500 fine and 14 days to register or go out of business. And if not, the penalty is \$250 per day. There is no penalty for more than one arrival per week but they could have their license revoked.

There were two public meetings, and in one, they talked about the penalties. But if you abide by the ordinance you don't need to worry about penalties.

Once this is enacted, AirBnB is prepared to voluntarily enter an agreement to pay the Lodgers' Tax and report GRT to the State.

Member Griscom asked what their incentive is for doing this.

Mr. Randall said they have about 18 agreements in place in the US and Santa Fe would be the next one. The benefit is no objection to their operation. It is a courtesy to the City. They collect money from the owner and the renter - both sides. This ordinance is going through many city committees.

Mr. Randall said he would like the support of OTAB. It has been well vetted, and still falls under Land Use but we can work with Land Use to make sure the enforcement is done correctly. It was done well with the 350 permits but the 700 without permits were ignored.

VI. A resolution establishing the number of short-term rental permits the City of Santa Fe Land Use Department may issue. (Councilor Maestas, Mayor Gonzales, Councilor Ives) (Randy Randall and Lisa Martínez)

Mr. Randall said the new resolution allows the City Council to change the number of permits. Resolutions are far easier than ordinances.

Member Lucero moved that OTAB support passage of the ordinance and accompanying resolution and suggest to Council to pass this for a better tourism economy. Member Bruneni seconded the motion and it passed by unanimous voice vote.

VII. Other Matters by the Board

Mr. Randall said Member Margetson apologized for not being able to be present up all night with new puppies. He is excused.

VIII. Adjournment

Having completed the agenda and with no further business to come before the Board, the meeting was adjourned at 11:37 a.m.

Approved by:

Paul Margetson, Chair

Submitted by:

Carl Boaz for Carl G. Boaz, Inc.