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CITY OF SANTA FE
Occupancy Tax Advisory Board
January 27, 2017

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MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD

January 27, 2017
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 Vice-Chair Jon Hendry on this date at approximately 10:00 a.m. in the Council Chambers at City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

b. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Paul Margetson, Chair
Jon Hendry, Vice-Chair [arriving later]
Victoria Bruneni
Chris Hyer
Al Lucero
Elizabeth Pettus

Members Absent:

Staff Present:

Randy Randall, Executive Director
David Carr, Sales Director
Cynthia Delgado, Marketing Director [arriving later]

Others Present:

Carl Boaz, Stenographer
Cyndi Conn, Creative Santa Fe
David Eichholtz, Santa Fe Art Project

c. APPROVAL OF AGENDA

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

d. Approval of Minutes:

Member Lucero moved to approve the minutes of October 25, 2016 as presented. Member Pettus seconded the motion and it passed by unanimous voice vote.

La Bajada Update - Randy Randall

Mr. Randall reported it would cost \$150,000 to reopen and match with \$75,000 from other beneficiaries of the center. The lodgers did not support reopening. Their rationale was that people at that point already had decided to stay in Santa Fe and most were heading south. So, unless the Board decides otherwise, it will not be reopened.

Member Bruneni did not agree with the Lodgers' Association.

Chair Margetson was surprised.

Member Lucero was in favor of reopening the visitor center.

Mr. Randall said the restrooms are currently open and managed by NMDOT so it is just to open the center and staff it with about three employees.

Chair Margetson understood it was not open on weekends. He thought it should be tried and have it open on weekends.

Mr. Randall said he had submitted his budget and would have to redirect funds probably from advertising. He could do that with a BAR. He suggested OTAB needs to arrive at a conclusion and meet with Rich Verruni, President of Santa Fe Lodgers Association. If they don't feel it is a benefit (with some exceptions), it was their board that voted to not support reopening.

Member Pettus asked who comprised the board.

Mr. Randall said it included Rich Verruni, Jeff Mann, Joe Kelly from La Posada, Christina from Inn on the Alameda.

Member Lucero asked if it was a board or a membership decision.

Mr. Randall said it was the Board.

Chair Margetson asked about promotion of the airport. The minutes say the City bus doesn't go to the airport. He asked if there was any way to do that.

Mr. Randall said he would discuss it with Ike Pino. Transit gets its direction from the Council. It would make a lot of sense to run the buses to the airport.

Chair Margetson asked him to please put it in his radar.

Chair Margetson introduced Chris Hyer, Economic Development Manager for the County, as the new County representative on OTAB.

Member Hendry arrived at 9:13.

Member Hyer said he just joined the County after 17 years with Albuquerque and 6 with the State Land Office.

II. Final Reports

a. Creative Santa Fe – Cyndi Conn

Ms. Conn reported on the December conference which OTAB supported. They met with wild success. There were 47 paid participants from all over the world and different fields. There was “a ton of local and national attention for this.” She read one of the testimonials from a person at Innovative Technology Solutions in Atlanta, and said they have 5-6 testimonials so far.

They were approached to be a partner for another, much larger gathering in October with more partnerships and more public financing. She was invited to Abu Dhabi for a partnership so she could promote Santa Fe there. And the nuclear partner wants to continue this partnership. So, they could not have hoped for a more impactful project. She also mentioned an MIT article that was published.

Chair Margetson asked if the October meeting will be here.

Ms. Conn agreed. They have booked the Lensic. For the December conference, they housed everyone at Hotel Santa Fe and they had a spectacular time at the Hacienda. “We will only grow with this.”

Mr. Randall said this really proves the sense of expanding our vision for OTAB funds when there are not specific things that in and of themselves generate rooms. In supporting the annual event, Ms. Conn has more partners and will be able to wean from this support. Starting these ventures is more than guest room nights and harder to get started. He was glad the first attempt beyond economic impact has had such success.

Ms. Conn said they booked 159 rooms.

Member Hendry thought this was great and exactly what OTAB should be doing. The problem is when the investment return comes back, it goes into the General Fund.

Ms. Delgado arrived at 9:22.

Mr. Randall said it would not revert to the General Fund. There is no commingling of these funds with general funds.

Member Hendry said it is seed money like a venture capital deal. He was keen on Meow Wolf to take that brand around the country. In the long run, the publicity would be enormous but they are a for-profit company

b. Santa Fe Art Project – David Eichholtz

Mr. Eichholtz said this project is focused on a number of artists, especially young new artists, with a concentration around one month and his landlord rented out all of those spaces at the last month. They had three rotating exhibitions in their space. The whole idea was to support local curation and artists and exhibition. There was a good turnout and the artists were thrilled. It was off from what they had hoped but didn't get the funding they had sought. The funding received was for social media - internet advertising, which they leveraged. Google ads were not as effective as Facebook. In the transition to more digital media, there is room for print and internet side ads to get the right audience present and to purchase

They had 1,600 people through and it was hard to ask people all the time for the demographics. There were 500-600 from out of town and some of those were second home owners here. They hate to fill out something and with 300-400 at one time.

The press was better than anticipated. A monthly out of London is doing a follow-up on three artists. And some others had blogs. Seven of them are international and they got email contact from those. There was one TV program, City sponsored and three radio programs. Overall, they were pleased with press coverage and through email, they now have 10,000 on the mailing list. They had 1,362,000 impressions. The artists were thrilled but sales were lower than they had hoped.

What's next is to do the original plan. They'd like to do a month-long event with year-round promotion and building this brand to build it up and maintain social media connections. They will focus on guest curators and programs with collectors in town and secondly, to feature one or two artists each month in his gallery. They are still trying to find a location.

Chair Margetson asked if it was it just his gallery involved.

Mr. Eichholtz said they will reach out to other galleries this year. They've always had collectives but more now with artists coming together. They let the artists use their space and realized lots of interest in it. The idea was to keep it concentrated for press coverage. They will also do pop-ups out of town to see if this would travel to Northern, Midwest, Southeast and down in Texas.

Member Lucero asked if the kind of location they are looking for is an exhibition space for artists to show their works.

Mr. Eichholtz agreed - about 10,000 square feet for 30 days.

Mr. Randall thought El Museo might be possible. He asked if things would be for sale during those 30 days.

Mr. Eichholtz agreed. It would be to get money in the pockets of the artists so they can support themselves here and hopefully get picked up by other galleries. The external audience is so important. And artists can exhibit at other galleries around the country.

III. Funding Recommendations for 2017

Mr. Randall said the December meeting was dedicated to listening to five presentations by organizations that applied. There was no quorum. Those present dealt with interest expressed to come back with recommendations today. He shared the evaluation scorecard.

Santa Fe Century has new concepts for funding from OTAB and they are recommended for \$25,000.

Santa Fe Green Chamber is primarily a conference as opposed to an event. But unless OTAB started funding conferences, it would be inappropriate so no funding is recommended.

NM PBS - Painting Santa Fe Concept. They did Taos and Albuquerque and now it is Santa Fe's turn. They are recommended for funding at \$25,000.

New Mexico Music Commission is an affiliation with a state agency and is a state-wide awards program. It is a one-nighter in season and he thought the members felt they should look to the state agency so they are recommended for no funding.

Santa Fe Independent Film Festival has some new concepts to institute. From the Committee's perspective, it was successful and beneficial to lodgers here. The recommendation is \$8,750. Chair Margetson - that was the balance they never received.

The total is \$58,750 through this cycle. That will leave about \$15,000 to \$20,000 if something else captures the Board's attention.

Member Pettus moved to approve the funding recommendations. Member Lucero seconded the motion and it passed with all voting in favor except Member Hyer, who abstained.

IV. Lodgers Tax Update – Randy Randall

Mr. Randall presented the Lodgers' Tax report which has continued strong performance. In November, it was up 25%; the largest single month increase ever. It brings it to a 9.4% improvement in the last few months. If that continues, Tourism will have no problem covering all expenses. Year to date, has realized \$158,000 from AirBnB.

Member Pettus asked how far ahead AirBnB books rentals.

Mr. Randall didn't know. They received \$38,000 in August for business booked in August. He estimated there are about 1,200 short-term rental units in Santa Fe. Half are AirBnB. 60% are in the historic districts.

Member Hendry said at the conference this week, the company that does the auditing was looking at Craig's List and said that in places where it is banned, they ignore that and there is no enforcement. San Francisco and New York City is the same thing.

Mr. Randall explained that they are only paying them to monitor four sites and there are 16 sites out there. Member Hendry is right - preventing it is extremely difficult and the only success is Charleston in their historic district. Theirs is focused on the beach and their community is 10 million people.

Chair Margetson thought 2017 will be a challenge.

Mr. Randall agreed. Both January and February were down last year compared with previous years.

The STAR report showed Revpar was up over \$9 for December which means \$90,000 for lodgers' tax. But the AirBnB check for December was only \$1,000 more than the November check of \$25,000. He said they will learn a lot working with AirBnB. They are definitely impacting the hotels.

The Rocky Mountain Report is for the downtown and the STAR Report is city-wide. There are only seven hotels in Destimetrics of which five are downtown hotels. Tourism will not get true value until we get participation from the other hotels. The Eldorado is participating but he didn't know about the other Heritage facilities.

Member Pettus asked if the Board could get a report from those who are analyzing the short-term rentals.

Mr. Randall said the analysis is a scraping of the Internet and comparing with the lodgers report to see who is operating illegally. It doesn't evaluate the business per se. No one is overseeing short-term rentals in Land Use.

The opinion from the City Attorney was that penalties must go through the Magistrate Court. That was a big disappointment. Apparently Land Use cannot fine them. All they can do is revoke licenses.

Member Lucero asked what the procedure is.

Mr. Randall didn't know. Permits are issued starting March 15. Nothing encourages owners other than fear of not getting one until March 15. So, there is probably

Chair Margetson asked how many are issued.

Mr. Randall said it is about 550 to 600. Any that are in non-residential zones don't need one. What we need to do is issue a few fines and get it in the newspaper and encourage people to apply.

In Air BnB's agreement with New Orleans, they got more information than any other community.

For the last month, he got no response from Air BnB and sent a letter to their attorney with a copy to our attorney.

Member Lucero asked how the City could fine them if they don't know who pays.

Mr. Randall said if we fine them, they have to prove their innocence.

Member Lucero asked about how to determine non-payment and Mr. Randall explained it.

Member Hendry suggested that they could monitor through on-street parking in areas of city where overnight is prohibited. He explained how it is done.

Chair Margetson asked about staffing.

Mr. Randall said staff is paid from the fees.

V. CVB Activity Reports:

a. Sales Report – David Carr

Mr. Carr spoke to his report which was in the packet. His report contained the sales goals. He reported that Ms. Mona Baca transferred to sales and is now working in the visitor's center.

Mr. Carr went through the statistics for definite bookings and confirmed rooms. The fourth page of his report showed month over month averages and included goals moving forward. The goal for rooms in 2017 is 40,000 nights.

Chair Margetson clarified some data in the spreadsheet.

Mr. Carr explained what he could show on the report.

Mr. Randall commented that comparisons are difficult and they keep massaging it. Member Lucero asked why there was such a surge in March.

Mr. Randall explained how one booking could make a huge change in the statistics.

Mr. Carr also shared the staff's allocated territories.

Chair Margetson said this is great stuff - precise and not voluminous.

b. Marketing Report – Cynthia Delgado

Ms. Delgado distributed copies of the December Marketing Report and the end of year quarterly marketing and advertising review.

She reported that visits to the website are up 14% with 1.3 million visitors and 1 million new visitors. The average time on the site is down. Much is the digital advertising. The time reduction is from the dramatic increase in mobile users.

In addition, all paid digital advertising sends them directly to the pages most relevant to that page. Blog page views are up. They are getting the messages out. Four email letters went out. Open rate is consistently at 17%.

For public relations, earned media is right under \$40 million. The focus is to work with publications that are tied into syndication. They are focusing on number of pitches. A press release goes to everyone regarding what is happening in Santa Fe and the pitch is fine-tuned to a specific part of the story. Ms. Delgado thinks pitches deepen the relationship with the publications and is relevant to the publication's target.

Social Media is "small but mighty." Mr. Cordero continues to focus on Facebook with 55,000 fans now. Twitter. Instagram and Pinturest followers are up. Youtube is up but still very small. The Trip Advisor Page keeps going up. It costs \$70,000 but is a good one to own. Tourism bought the expanded package.

She will continue to focus on accolades which gets earned media. She briefly listed those which were garnered in December.

The Kids Free focus of "My Santa Fe Holiday" brought 1,300 new Instagram followers during its 6-week program. It includes the free Prado exhibit at Cathedral Park. The City and the State put in \$50,000 each and the total budget is now \$265,000. It is the 100th anniversary exhibit from London on Michelangelo. There is significant outreach on art and culture.

Mr. Randall said the celebration is a year-long exhibit. Each producer makes the decision when it will run. The Art Museum is 100 years old.

Ms. Delgado included an update on the Margarita Trail in her handout.

Arizona Republic staff members are coming next week. Travel & Leisure has their best awards voting out. She asked the Board members to vote and every family member to vote. She also sent it out to the County to get it out.

Chair Margetson protested the state decision on closing La Bajada.

Mr. Randall said the visitor centers in Santa Fe support people who are here now if they need information.

The Board discussed the closed center at La Bajada further.

Mr. Lucero excused himself from the meeting at 10:49.

c. Executive Director Report – Randy Randall

Mr. Randall noted the new Visitor's Guide is out with 400,000 copies produced.

Mr. Randall reported that he submitted the Tourism budget with \$1 million of additional expenditures for Tourism with \$142,000 going to the Arts Commission. The major uses are an expansion position for an "events and programs" person to deal with ongoing programs and new one-time events we need to help with production. The events include Indigenous People's Day, New Year's Eve, Margarita Trail and others. They will come up with a proper title for the position.

Member Hendry noted that those events fall under the CBA and it would be a union position.

Mr. Randall said this position is not intended to be a union person.

They are also supporting Spanish dancing on the Plaza. Native American dancing, etc. perhaps at 4 pm every Thursday.

There is increased OTAB funding, up to \$100,000 from \$70,000. The budget adds \$300,000 to advertising and it creates a \$150,000 reserve fund for replacements at the Convention Center.

Outside of the budget, he submitted for \$800,000 capital improvements at the Convention Center.

Mr. Randall said Tourism has the support of the Mayor and the City Manager for this budget expansion.

The Community Kitchen will be open by the end of the first quarter.

Margarita Trail has good statistics. There are 31 restaurants participating through Margarita Trail and a virtual passport at \$3. With a proposed mobile WiFi platform, Tourism would collect data on everyone using the Margarita Trail. They could still add it to any other restaurant.

State Tourism/Economic Development consolidation was being discussed in the House Appropriations Committee yesterday. The Chair was very skeptical and would not support it without good public support. There is really no leadership support and the only way it would happen is with the Governor's executive order.

Mr. Randall would indicate that OTAB is opposed to the consolidation if the Board wants.

Member Pettus moved to approve the statement: "to oppose any consolidation of Tourism with any organization and that Tourism needs to remain a separate agency with a Secretary." Member Bruneni seconded the motion and it passed by unanimous voice vote.

Member Hendry commented on defunding of other departments.

Mr. Randall said New Mexico True is not a conversion program. Tourism is only managing advertising and a few visitors' centers in the state.

Regarding Airlines, Mr. Randall said Tourism Santa Fe is very active with it. The Phoenix flight will require a subsidy for the first quarter. Chair Margetson is co-chairing an effort to raise funds for it.

Member Hendry thought the branding would qualify for matching federal funds. We could rebrand it and revisit it annually what we put out to our partners and rather than the message "funding in part by Santa Fe Lodgers' Tax" to just say "Fly Santa Fe" with a new logo.

Member Hendry moved to approve a rebrand message for Fly Santa Fe on advertising of funded events. Member Pettus seconded the motion.

Chair Margetson wanted to see it.

Member Hendry said OTAB should visit it every year.

Mr. Randall said these are funds that run through the Arts Commission and thought OTAB could make that a requirement. He loved the idea. We have to determine how to make it work for matching funds and we need it to carry that logo. Any ads using Arts Commission funds would use the Fly Santa Fe logo. The Arts Commission does a lot of print material. We could also require that any organization receiving funds from Santa Fe display the logo.

The motion was approved by unanimous voice vote.

Mr. Randall said the proposed alcohol ordinance, instead of prohibiting it, would allow approval on a case by case basis. We want to move a tasting into it. To the extent members can support that, he encouraged it. He took no position on the soda tax.

Lastly, he welcomed Member Hyer to the OTAB. He added that Tourism and the County have had a plan to merge to one website with City taking the lead except for outdoors and recreation, and jointly have a more robust website and each would spend a little bit less. It has been languishing. He thought LTAB voted to do it and asked Member Hyer if he could help with that.

VI. Other Matters by the Board

Ms. Delgado regarding Ski Santa Fe, that they have had a slow start and the holidays were not great. She will get a report from them.

VII. Adjournment

The meeting was adjourned at 11:15 a.m.

Approved by:

Paul Margetson, Chair

Submitted by:

Carl Boaz for Carl G. Boaz, Inc.