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CITY OF SANTA FÉ
Occupancy Tax Advisory Board

April 25, 2017

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MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD

April 25, 2017

I. PROCEDURES

a. CALL TO ORDER

A regular meeting of the City of Occupancy Tax Advisory Board was called to order by Paul Margetson, Chair, 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
Victoria Bruneni
Chris Hyer
Elizabeth Pettus

Members Absent:

Jon Hendry, Vice-Chair (excused)
Al Lucero (excused)

Staff Present:

Randy Randall, Executive Director
David Carr, Sales Director
Cynthia Delgado, Marketing Director
Phyllis Ortiz, Administrator

Others Present:

Charmaine Clair, Stenographer

c. APPROVAL OF AGENDA

MOTION: Ms. Bruneni moved to approve the agenda as presented. Ms. Pettus seconded the motion and it passed by unanimous voice vote.

d. APPROVAL OF MINUTES:

MOTION: Ms. Pettus moved to approve the minutes of February 28, 2017 as presented. Mr. Hyer seconded the motion and it passed by unanimous voice vote. Ms. Bruneni abstained.

II. Budget – Mr. Randall

Mr. Randall reported the budget went to the Finance Committee last Wednesday and was approved intact with an additional \$1.3 million in spending authority. A onetime spending amount of \$800k (thousand) was requested for upgrades to the Community Convention Center sound and lighting, etc. with funds drawn from the Reserve Account.

A proposal that \$150k of the \$800k be used for additional art work was thought excessive by some City Councilors. An alternative proposal was to use the money for parking signage. The end agreement was to use what was needed of the \$150,000 for the signage and the remaining, a minimum of \$25k, for artwork.

There was a question also on a proposal in the \$800k for two segues for the police department, which would be a onetime expenditure. This was recommended by the police department for use downtown. Public concern was the image of police officers on segues.

Chair Margetson said he has seen segues used in other places and they make police accessible and able to get to an event quickly.

Mr. Randall said the last question was on reopening La Bajada Hill Visitors Center. They would have to raise \$50,000 to fund a retail operation for a year. He wanted input from the Board as to whether that would be the best use of \$61k for a total of \$120k, or if there was a better use to get a better return.

Ms. Bruneni mentioned that janitorial services were provided by the Department of Transportation with one to two employees when the visitor center opened.

Mr. Randall was not sure how often the janitorial service was at the center or whether the employees stayed or just dropped by. He noted that the Santa Fe Lodger's Board voted against the center until they realized they did not have to put in money and that made him wonder about its value.

Chair Margetson suggested they revisit the issue later.

Mr. Randall said the city is only allowed to spend what is budgeted without the income through the Lodgers' Tax and as income exceeds the budgeted expenditures, the extra funds go into the fund balances. The account the \$800k would come from is just short of \$3 million, but using the money requires City Council approval because it is unbudgeted expenditures.

He heard around \$137- \$140k would be taken out of that account to modernize the parking garages so they do not have to be manned. The upgrades would eliminate the payroll situation, which is the reason for the loss in the department. The department does not have money for updates because they picked up

30% of the convention center debt.

Chair Margetson said he assumed there was surplus from the refinancing of the mortgage on the convention center.

Mr. Randall said two points of the Lodgers Tax is dedicated to covering the bonds for the convention center. Once those funds are covered the money can be used for operating losses and/or capital improvements. One point equals about \$2.9 million and the two points in the debt service is about \$2.3 million, so there is excess, but that is used to support the convention center operations.

Another point goes to the convention center for operating losses and his recommendation to the Finance Department was to put 3/10 of a point to operating losses and 7/10 go to the old CVB. The money should be moved to where the expenses are budgeted and currently expenses are being moved.

III. Northern New Mexico Air Alliance

Chair Margetson said the good news is that American Airlines started a flight from Phoenix in December running in the low 60s in occupancy January through March. In April they were running about 65% and if they can get to 70% occupancy the airline will not have to be subsidized.

There is a lot of marketing and programs in place from both outbound and inbound perspective and billboards in Phoenix, as well as a city radio ad to *Fly Santa Fe* and the director, Mr. Cook, running the program.

Chair Margetson said the connection from Phoenix is early morning. More people are leaving town currently than coming into Santa Fe, but when the flight time changes on June 2 to leave Phoenix at noon, people will be able to make connections out of Santa Fe.

Ms. Pettus said the Mayo Clinic offers big discounts in the summer and she was not sure the doctors had been alerted. The flight will make it easier if doctors are referring people to the clinic.

Chair Margetson said local businesses have contributed over \$100k to the effort, and \$200k by the City of Santa Fe, \$50k from the County of Santa Fe and \$50k from Taos County. They are in the middle of negotiations with Los Alamos and met with the travel office at LANL (Los Alamos National Labs). The travel office has 17 employees organizing flights and travel in and out. They are excited they can now fly out of Santa Fe Airport and do not have to go to Albuquerque.

Mr. Randall said the airline is fiscally solvent and they are not just spending money hoping there will be some tomorrow. He reminded them this is not just about Phoenix, but about expanding air service into the Santa Fe Airport and making it a gateway for northern New Mexico. He cautioned them not to put all the money into Phoenix because they will need funds if a flight to Houston, Chicago, etc. comes about.

Chair Margetson said the reason behind this effort is the economy and the airline will be good for tourism when people can fly easily into Santa Fe. The realtors are behind the effort and plan to have a themed party celebration at the hangar on June 20, 2017. All of the realtors and the general public will be

invited.

IV. Lodgers' Tax Update – Randy Randall

Mr. Randall said the Lodgers Tax and through February had a gain of \$72k compared to February last year. There was a decrease in January and short term rentals were down because a check from Air B&B was not received timely. Funds that are received late are not included in the report but the good news is the report may be understated by almost 200k dollars. He is working with Finance to correct that.

The Lodgers Report and Smith Travel is also good news and suggest March rev par is up 16% over the prior year. That translates into an additional \$90k of improved Lodgers Tax.

Mr. Randall said they are finally seeing a rebound in the Santa Fe economy unlike the State's economy, which was flat. There has been improvement in the south in the first quarter of this year.

He said he wants to dispel the rumor that New Mexico True drives as much as the destinations drive. He noted that none of the three destinations that cause a positive versus negative are participating in New Mexico True. The reason they are seeing an uptake in the first quarter for the State is because the price of oil is up. There are a lot of large parcels of property being transferred to new ownership, which causes inbound traffic.

He said he continues to support the decision of Santa Fe to do their own thing under the City Different.

Chair Margetson noted if they stay flat for the next three months on short term rentals it means there would be an increase of \$200k for the year.

Mr. Randall said Land Use told him they had signed 100-150 new permits, but they released 700 so something is going on. He said there is little he can do until Land Use gets in the enforcement business. He will meet with the Finance Director to clarify, but the city cash report and this report has a difference of 192k dollars. He thought that could be because when a hotel does not pay for a month and pays the penalty and the Lodgers Tax the following month it does not record in the current month.

The good news is the cash report is the higher of the two and should be more accurate. He will work to get the two reports in sync.

V. CVB Activity Reports:

a. Sales Report – David Carr

Mr. Carr said there were errors on the narrative that he would update and send later today. He noted there is a new short version of the narrative.

- Definite bookings are at 4%, but the number of leads is down.

- Hotel Santa Fe, El Dorado and the City of Santa Fe will go to Phoenix to do a sales blitz May 2, 2017.

There are four presentations and they will host one reception with several American Express clients and private businesses. They will also do three office presentations to individual planners.

- April Gallegos will go to New York and Baltimore for a conference annual event. She will do a Connect

meeting in New York City and follow up with sales calls in Baltimore.

- The Pace Report 2017-2020 is included. They are behind in rooms currently at 9% (30,500); last year at 33,500.

- They are significantly up in leads with 2018 pacing stronger and several candidates on the books for this year that should help.

Mr. Randall made the Board aware that he was now sharing the information and the STR Report with the lodgers on a monthly basis. He hoped that was acceptable.

Chair Margetson said he liked the summary on the back page.

Mr. Carr said he will change the logo to Santafethecitydifferent.org logo.

The STR Report is one of the two third-party companies they are working with. Year to date there are 11 qualified prospects and 42 companies requesting more information; 1600 were made on their behalf.

b. Marketing Report – Cynthia Delgado

Ms. Delgado said the report has two attachments, a full quarterly report for advertising and a quarterly marketing report. An executive summary was also provided.

- The first quarter advertising results with a stronger focus on Kids Free is a lighter spend than the same quarter in 2016 and there was a higher lift during the Spring Break in March and early April.

- Website visits were down during the first quarter in relationship to the decrease in digital. A conscious decision was to push the additional money into the second quarter for the start of the summer.

- Public relations had an amazing month with almost \$18 million of earned media concentrated from two articles: Randy Yagi, a CBS contributor who visited during the Ski FAM and the National Geographic Traveler "Sense of Place" Award and placement in [Forbes Magazine](#).

- Press coverage is driving earned media and the Blog continues to see an increase in views and time on blog, meaning people are reading it more. Work is being done to have website referrals go to [Santa Fe.org](http://SantaFe.org) after reading the Blog.

- The consumer newsletters were mainly flat. Business partners will be encouraged to have something on Specials and Deals, as that continues as one of the most favorite and visited pages.

- Social media numbers are up, but they struggle with YouTube. The creative team from Fuseideas will do a refresh and look at highlighting the city in terms of videos.

- The Kids Free Campaign ran March 1 through April 15, 2017 and had 45 offers.

- Advertising spend for the campaign was \$45k resulting in a little over \$9 million impressions, 51% increase over last year.

Mr. Randall asked if they thought the Kids Free promotion had anything to do with the phenomenal increase for March.

Chair Margetson said he only knew that the pickup in March was extraordinary and last-minute. He was depressed at the end of February and by the end of March he was happy. Something happened.

Ms. Pettus said there was snow and the skiing was good. Mr. Randall said not compared to other

locations.

Ms. Bruneni said there was a big digital film event and that drives traffic.

Ms. Delgado added they did see over a half a million dollars in earned media with people talking and writing about it.

Mr. Randall said the average rate was up \$6.50 and the rev par was not just driven by occupancy or average rate. The 60 day session and the film tend to push the rate down, but it went up.

Ms. Delgado said Santa Fe is getting a reputation that families are welcome and their partners are getting more creative in their offers.

Ms. Pettus asked if possible to get the museums and Meow Wolf to report their ticket sales. Ms. Delgado replied for spring break the lines were out the door, but she would try to get the numbers.

Ms. Bruneni asked if participants with the Kids Free promotion could do a Survey Monkey.

Ms. Delgado said that was done last year and could be done again this year.

She said Lou Hammond visited and presented to 50 industry partners for best practices for PR and the presentation is on the website. Also the Fuse Creative team visited Santa Fe with two new executive creative directors for the design component and for copy. They have never been to Santa Fe and spent 3 days touring, going to galleries, hiking and getting a sense of the city to work on the refresh campaign.

They launched the Celebrate Global Art and Culture and are moving into a lot of the digital and print advertising for summer efforts.

NMTD is tying into Prado with a statewide *"If you like Prado, then you will like this"* to encourage visitors to come to Santa Fe and other places in New Mexico with a focus on in-state travel.

The *Santa Fe.org* homepage was updated a couple of months ago and they are working on the secondary pages with the business listings and there can be larger pictures with more of a live feel.

Last month they were busy with press in Santa Fe to support Sunset Magazine, the Toronto Sun, Parents.com, Martha Stewart Weddings and the Improper Bostonian.

Fuseideas is continuing work with the inbound advertising for Northern New Mexico Airlines.

The team partnered with Buffalo Thunder and Santa Fe County and attended the travel adventure shows in Denver and Dallas. They are putting databases together for the email newsletters and they have signed up for both shows next year as well.

Booking engines were evaluated for the website and Mr. Randall met with the Lodgers Association. They will continue to use Jackrabbit and referral numbers will be a little different for those with large

number referrals from *Santa Fe.org*.

Mr. Randall explained that Jackrabbit will be provided to all hotels on the *Santa Fe.org* website at no cost by the city tourism budget. There is no booking fee, unlike *Booking.com* with a 15% fee.

Ms. Delgado added they should continue to look at those numbers.

She said John Fines left TOURISM Santa Fe and is now the Director of Marketing for Meow Wolf. They hope to have a new Public Relations Manager by mid-May and an offer has been made.

Chair Margetson asked Ms. Delgado to explain why TripAdvisor is doing so well.

Ms. Delgado said they have an expensive buy that is a combination of owning the destination page. They bought an enhanced component where best restaurants in Santa Fe, etc. are pulled from the Trip Advisor reviews. They also have an extended banner program.

-A new email blast was added that is a gift guide and is an advertising opportunity for retailers that is cost effective.

Ms. Pettus asked about the results of the advertising bought in the two football programs.

Mr. Randall said a full page was purchased in the Denver and Dallas Yearbooks, but they would not do that again because they do not know the results of the promotion.

c. Executive Director Report – Mr. Randall

Mr. Randall said the bandstand was dangerously close to not happening. He met with Councilor Lindell, Michael, the Parks Department and Ms. Garcia y Griego (Arts Commission). TOURISM Santa Fe purchased three evenings at \$3500 each and the city will put in \$10,500 and the Arts Commission \$50k to make the event happen.

A problem is nine major sponsors pay \$7500 apiece and place their banner on the back of the bandstand 24/7 and the banners cannot be left up next year except during a performance. That will cut into the big sponsorships even more. The program does a lot for Santa Fe but they need alternatives.

The Indigenous Peoples Day (often called Columbus Day) is on a Monday around October 9th and there will be a three day weekend celebration. George Rivera, former governor of Pojoaque has accepted to be honorary Chairman.

Mr. Randall said he and the Mayor presented to the All Pueblo Governors Conference (21 pueblos). They considered a vendor for the celebration, but thought downtown retail would have an issue and decided to pass on that this year. Each tribe will be allowed to have a table to distribute tribal information such as brochures and each will have one hour to do storytelling, dancing, singing, drumming, etc. On Monday the proclamation will be read and possibly former Governor Torres, head of the Pueblo Governor's Association, will be brought in.

Association, will be brought in.

There is a new movement to create a Santa Fe website channel that has grown out of the Santa Fe Film Commission. The idea is that you could find movies/TV filmed in Santa Fe and during filming people could get up close with the director and lead actors, etc. Lee Zoltov, creator of MacGyver lives in Santa Fe and took this on as a personal project. There is a small board of directors and a couple of employees. This is a two-year \$400,000 project and Mr. Zoltov feels it would then be self sufficient.

Mr. Randall said he suggested to the city manager that TOURISM Santa Fe should get behind the project. He will take the request to City Council for \$100k to be given half this year and half the next. He thought City Council had an appetite to get rid of some of the balances and wanted to be sure that will benefit tourism.

Chair Margetson said he recently tried to buy the old Community Bank Building to make it a Pueblo Cultural Center but there was an offer already. He said Santa Fe needs a Pueblo Cultural Center badly.

VI. Other Matters by the Board

There were none.

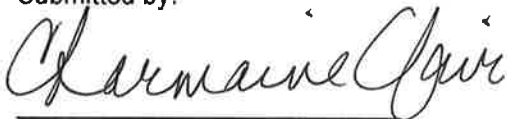
VII. Adjournment

The meeting was adjourned at 11:04 a.m.

Approved by:

Paul Margetson, Chair

Submitted by:



Charmaine Clair, Stenographer