



# Agenda

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## OCCUPANCY TAX ADVISORY BOARD

JANUARY 27, 2011

8:30 A.M.

CITY COUNCIL CHAMBERS – CITY HALL

8:30 a.m.

### Regular Meeting

#### I. Procedures:

- a. Call to Order
- b. Approval of Agenda
- c. Approval of Minutes: November 18, 2010

#### II. Lodgers Tax Update –

- a. Lodger's Tax update - David Tapia

#### III. Final Report:

- a. Lensic Performing Arts – presented by Joe Schepps

#### IV. Request for Funding:

- a. SF Int'l Folk Art Market – presented by Charlene Cerny, Executive Director

#### V. CVB Activity Reports:

- b. Keith Toler – SFCVB Executive Director
- c. Mary Pat Kloenne - SFCVB Sales and Marketing Supervisor
- d. Steve Lewis - SFCVB Public Relations

#### V. Meeting Schedule:

The next meeting will be held on February 24, 2011 at 8:30 a.m. in the City Hall Council Chambers.

#### VI. Adjournment

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520, five (5) working days prior to meeting date.

**INDEX OF  
CITY OF SANTA FE  
OCCUPANCY TAX ADVISORY BOARD MEETING  
January 27, 2011**

<b>ITEM</b>	<b>ACTION</b>	<b>PAGE</b>
<b>I. PROCEDURES:</b>		
a. Call to Order	Quorum	1
b. Approval of Agenda	Approved	1
c. Approval of Minutes: November 18, 2010	Approved	2
<b>II. LODGERS TAX UPDATE</b>	Information/discussion	2-3
<b>III. FINAL REPORT:</b>		
a. Lensic Performing Arts – presented by Karen Mondragon		3-5
<b>IV. REQUEST FOR FUNDING:</b>		
a. SF Int'l Folk Art Market – presented by Laura Sullivan and Shelly Thompson	Approved [funded @\$6,000]	5-7
<b>CVB ACTIVITY REPORTS:</b>		
a. Keith Toler (SFCVB Executive Director)	Information/discussion	8-9
b. Mary Pat Kloenne (SFCVB Sales & Marketing Supervisor)	Information/discussion	9-10
c. Steve Lewis – SFCVB Public Relations	Information/discussion	10
<b>V. MEETING SCHEDULE</b>		
The next meeting will be held on February 24, 2011 at 8:30 a.m. in the City Hall Council Chambers.		11
<b>VI. ADJOURNMENT</b>		11

**MINUTES OF THE  
CITY OF SANTA FE  
OCCUPANCY TAX ADVISORY BOARD  
January 27, 2011**

**I. PROCEDURES**

**a) CALL TO ORDER AND ROLL CALL**

A regular meeting of the Occupancy Tax Advisory Board was called to order on Thursday, January 27, 2011, at approximately 8:30 a.m. by Chair Miguel Castillo, in the City Council Chambers, City Hall, Santa Fe, New Mexico.

Roll indicated the presence of quorum for conducting official business as follows:

**MEMBERS PRESENT:**

Miguel Castillo, Chair  
Mary Bonney  
Jon Hendry  
Paul Margetson

**MEMBER(S) EXCUSED:**

Kimberly Klinkrodt, resigned

**STAFF PRESENT:**

Mayor David Coss  
Cyndi Catanach, Administrative Assistant  
David Tapia, Finance Division  
Keith Toler, SFCVB Executive Director  
Mary Pat Kloenne, SFCVB Sales and Marketing Supervisor  
Steve Lewis, SFCVB Public Relations

**OTHERS PRESENT:**

Karen Mondragon, Lensic Performing Arts  
Laura Sullivan, SF International Folk Art Market  
Shelly Thompson, SF International Folk Art Market  
Jo Ann G. Valdez, Stenographer

**b) APPROVAL OF AGENDA**

**Ms. Bonney moved to approve the agenda as published. Mr. Margetson seconded the motion, which passed unanimously by voice vote.**

**c. APPROVAL OF MINUTES – November 18, 2010**

**Ms. Bonney moved to approve the Minutes of the November 18, 2010 meeting as submitted. Mr. Margetson seconded the motion, which passed unanimously by voice vote.**

**II. LODGER'S TAX UPDATE (DAVID TAPIA)**

- a)** A copy of "Lodgers Tax Report "is incorporated herewith to these minutes as Exhibit "A". [Copies of the Monthly Sales Activity Report were attached as Exhibit "A.1"]

Mr. Tapia reviewed the information in Exhibit "A". Please see Exhibit "A" for specifics of this presentation. He noted that in looking over the December's cash revenue that was reported for November's occupancy, it reflects a 4.4% increase when compared to this time in the prior year. There was a 5.19% increase in the average daily rate and a 15% increase in the revenue per available room.

Mr. Tapia noted that there was a rise in lodgers tax collected and the city met expectations.

Mr. Margetson said he is concerned about the winter months. He noted that Mr. Tapia has indicated that he cannot specifically state what businesses have not paid or reported, due to confidentiality purposes, and what is written in the City ordinance. He asked Mr. Tapia if he was able to report on the total number of hotel rooms involved, without saying the names of the businesses.

Mr. Tapia apologized for not having this information today but offered to have a report for the next meeting. He mentioned that seven businesses did not report in the month of November; however, four of them have closed. Therefore, three have not reported and out of the three, two sent in their penalties.

Mr. Margetson asked Mr. Tapia if the city is conducting audits-does the city have staff to conduct the audits.

Mr. Tapia said he believes that the last time an audit was conducted was about three years ago. The only persons who would do an audit would be Kathryn Raveling and Mr. Tapia and he would have to be advised by Ms. Raveling to go in at that level and run a full audit. He explained that presently they are on an honor system, in other words, what is stated as revenue is put in the system.

Mr. Tapia referred to Mr. Hendry's question at the prior Board meeting as to whether not the Airport could collect the maximum allowed by the FAA for a seating

charge. The Airport is allowed to charge up to \$5 per seat per ticket, however, the City is only charging \$3. Mr. Tapia said that he spoke with the Airport Manager (Jim Montman) and he indicated that the Airport does not charge a seating fee. The only fee that the Airport charges presently is a \$.50 cent fee when someone goes through the turn-style to enter into the Airport. A "passenger facility fee" would have to be approved by the FAA.

Mr. Tapia noted that Mr. Montman indicated that there has not been any interest, whatsoever, in advertising the Airport; and he does not think that there will be a major advertising or marketing opportunity to advertise the fact that Santa Fe has an airport. Mr. Montman does not want to raise the .50 cent charge and does not want to seek any FAA regulations to charge a passenger facility fee.

Mr. Margetson noted that the City buses do not go out to the Airport; however, the Airport subsidizes the bus fund. The buses turn around at Highway 599. Mr. Margetson recommended that the City Councilors look at this.

In response, Mr. Toler said he serves on the City Transit Advisory Board and he could make this recommendation to them, however, they are looking at cutting bus routes.

### **III. FINAL REPORT:**

#### **a. Lensic Performing Arts – presented by Karen Mondragon**

Ms. Mondragon noted that Mr. Joe Schepps was unable to attend today's meeting.

Ms. Mondragon said that they received the Final Report on the New Mexico Rail Runner Survey. [Please see Exhibit "B" for the details.] The objective of the study was to assess travel patterns among non-commuting Rail Runner passengers traveling to Santa Fe. The study will be used to help local Santa Fe businesses develop ways to market to Santa Fe visitors using the Rail Runner.

Face-to-face interviews were conducted primarily on Wednesdays, Fridays, Saturdays, and Sundays between October 23<sup>rd</sup> and December 3<sup>rd</sup>, 2010. A total of 516 recreational travelers were interviewed. The interviews were equally divided between northbound and southbound passengers.

Ms. Mondragon explained that overall Rail Runner passengers expressed a high level of satisfaction with their overall experience. Nearly half of the passengers were riding the Rail Runner for the first time and the majority of the people said that the schedule of the Rail Runner was the biggest barrier. The lack of late running trains on Saturdays negates any chance of special dinner or theater packages for those not willing to spend the night. Passengers indicated that they stay an average of four hours in Santa Fe and some stayed with friends and family. Passengers were not well informed about the special packages that are currently available or offered. There is also a lack of information about various attractions in Santa Fe, such as Museum Hill,

Canyon Road, and Sanbusco Market Center. This illustrates the need for greater consumer education and promotion.

The survey states that special express trains running later on weekends, in conjunction with special discount packages, may be helpful in attracting ridership.

Ms. Bonney agreed that the Rail Runner is not meeting the needs of the riders, basically because it runs only on a working schedule.

Mr. Margetson noted that there was an article in today's paper about the fact that the City would be putting a visitor information center at the Railyard effective May 1<sup>st</sup> and this should help. He said he hopes that the Rail Runner will continue because it saves lives.

Mr. Hendry said the visitor information center is a great idea but his only concern is that it does not become a discount coupon center; he would hate to see business selling discounts because he doesn't want to sell the city short.

Mr. Margetson asked how many people visit the visitor center at the Community Convention Center.

Ms. Catanach said she did not have this information at the top of her head but she could get that information.

Mr. Margetson asked if there was anything in the Plaza that tells people where to go.

In response, Mr. Toler said there are only directional signs.

Chair Castillo added that there is signage at the State Tourism Visitor Center.

Mr. Toler said most people find the Convention Center through hotel concierges.

Ms. Bonney asked if the Rail Runner plans to change the schedule.

Ms. Mondragon said she did not know what is going to happen; it is up to the Legislature. She noted that 80% of the passengers are using the Rail Runner for fun.

Ms. Bonney said the information in the survey would be helpful for the Legislature to have.

Ms. Mondragon said they have taken this survey to the Governor and plan to take it to the Legislators to show them what the survey is showing. She explained that they want to see what can be done to get the visitors to stay longer. Also, to increase ridership, the Rail Runner should be more prominently displayed in online and paper travel guides. Many riders are going to the Internet to help plan their trip. The Rail

Runner and special packages being offered should be easy to find and see on websites such as the Convention and Visitors Bureau. Increasing public education about the many attractions that are available in Santa Fe and actively promoting these attractions and offering incentives for visiting should help increase travel.

Mr. Lewis asked if the survey was available on line.

Ms. Mondragon said no, not that she is aware of. She noted that this is the shorter/condensed version of the study.

#### **IV. REQUEST FOR FUNDING:**

##### **a. SF Int'l Folk Art Market – presented by Laura Sullivan**

[A copy of the breakdown of O.T.A.B. Funding Requests for Fiscal Year 2009/2010 is incorporated herewith to these minutes as Exhibit "C".]

**Ms. Sullivan** presented the information regarding the request for funding, from the Application, which was distributed in the members' packets [attached to these minutes as Exhibit "D".]

Ms. Sullivan noted that the eight annual Santa Fe International Folk Art Market will take place on July 8, 9, & 10, 2011 at Milner Plaza on Museum Hill adjacent to the Museum of International Folk Art. The 2011 Market expects an audience of 24,000 people, an increase of 8.3% over 2010.

Santa Fe International Folk Art Market is requesting \$10,000 for their marketing PR.

Ms. Sullivan said that the 2011 Folk Art Market will bring over 125 leading folk artists from 50 different countries to sell their original folk art in Santa Fe. The 2011 Market aims to increase attendance at the market; improve the guest experience; and raise Santa Fe's visibility as the international folk art capital of the United States and as a world leader in cultural tourism.

Ms. Sullivan said in 2011, the Market is planning again to produce events leading up to the Market weekend to create an international arts week. They also plan to work with local businesses and other organizations sponsoring important cultural events planned for the market weekend to attract visitors for extended stays.

Ms. Sullivan reported that Southwest Planning and Marketing, a professional marketing research firm, administered an on-line survey and received 321 respondents in 2010, and they anticipate again that the 42.9% of all out-of-town visitors will stay in a hotel, motel or B&B. Visitors will come in an average party size of 2.3, stay an average of 5.1 nights and spend approximately \$629 on lodging during their stay in Santa Fe.

Ms. Sullivan reported on the 2011 Lodger's Tax and GRT Market Projections as follows:

- Total GRT and Lodger's tax expected from out-of-town visitors is \$579,466; \$372,249 would come to the City.
- In addition to the GRT generated by out-of-town guests, the Market is estimating approximately \$2,200,000 in artists' sales for 2011, yielding an additional \$189,750 in GRT.
- Total tax benefit will include taxes from room nights (\$579,466) plus GRT from artists' sales (\$189,750) and will equal \$769,216.

Ms. Sullivan reported that last year visitors came from at least 26 different states with the majority coming from Texas, California, Colorado and Arizona. They intend to focus their public relations efforts in drive markets including Arizona and southern New Mexico. They also plan to attract visitors and dignitaries from foreign countries. In 2010, they had visitors from South Africa, Oman, India and Cuba. They anticipate that the percentages of out-of-town visitors will remain at approximately 56.5%.

Mr. Hendry reiterated that this is not a body that should continuously fund or promote the same events.

Ms. Bonney asked how the Market was going to handle when they have reached capacity in drawing more crowds; where they were in terms of long term planning.

Ms. Sullivan said they would like to stay where they are. They had talked about using the Convention Center to have events but they have not progressed yet in that direction.

Mr. Hendry asked if they had a winter market.

Ms. Sullivan said yes, it was very successful- attendance was quite high despite the snowstorm that occurred. They grossed \$40,000 in sales for the 3-day event; and they will promote this more next year as a designation.

Mr. Hendry asked if they have thought about using the Railyard.

Ms. Sullivan said this is a possibility.

Ms. Sullivan mentioned that the Mayor signed a Proclamation claiming Folk Art Market and they sent out a letter to folk art businesses to involve them a week prior to the market.

Mr. Toler noted that SOFA moved their event to August.

**Mr. Hendry moved to fund the Santa Fe International Folk Art Market at \$10,000 with \$5,000 to go towards collaboration with the other markets. Ms. Bonney seconded the motion for discussion purposes.**

**Discussion:**

Chair Castillo said that this market has only been around for seven years and does not really stand on lone and taking away \$5,000 from them could hurt them. There are also not a lot of ideas coming to the Board and the Folk Art Market is important.

Mr. Hendry said the Board needs to do some PR to get other events to come to the Board for funding. He said the Board's purpose is not to fund the same events. He did not think that people know that this money is available. He feels that the City should budget money every year (from the General Fund) for the Santa Fe Fiesta because it is in the City Charter.

Ms. Bonney said this would address the markets that are not approaching capacity.

Friendly amendment:

**Mr. Margetson suggested that the Board fund the Santa Fe International Folk Art Market at \$10,000 with \$4,000 to go towards a collaborative advertising campaign with the other markets.**

In response, Ms. Thompson said the amount would not be enough to do a campaign well; it was not effective for them to do it like this. She said it should be coordinated and broad-based.

The motion failed.

**Ms. Bonney moved to fund the Santa Fe International Folk Art Market at \$6,000. Mr. Hendry seconded the motion. Motion passed unanimously by voice vote.**

The applicant was asked to come back before the end of June to request additional funding, if necessary.

**V. CVB ACTIVITY REPORTS:**

**a) KEITH TOLER (SFCVB EXECUTIVE DIRECTOR)**

Mr. Toler reported as follows:

- The 2011 *Visitors Guides* are available.
- Mr. Toler said occupancy was up 4.9% for the year. As of June, they started seeing an increase in the rate, with the exception in November; however; they ended the year 0.5% down. REV Par for the 12 months was up 4.4% when compared to the prior year; REV Par for 2009 was down 6.6%; REV Par for 2008 was down 13%. Therefore they are starting to see everything turn the corner.
- Mr. Toler said he is a little concerned about this winter due to the lack of snow; and not getting skiers because it is not very good skiing; hopefully we will get some snow in early February. He noted that SKI New Mexico made their presentation on Tuesday and they reported that the majority of the people are coming from Texas.
- Mr. Toler noted that the supply in hotels went up 1.9% and demand was up 2.1%
- Mr. Toler reported on the revenue for the Convention Center for 2010 (in comparison to 2009) as follows:
  - o Facility Rental \$336,371 in 2010, as opposed to \$332,000 in 2009, an increase even though they dropped the rates in July.
  - o Equipment rental \$60,150 versus \$52,210 in 2009
  - o Catering revenue in 2010 \$54,000 versus \$31,000 in 2009.
  - o Alcohol \$8,796 in 2010 versus \$4,414 in 2009.
- Mr. Toler said the operations budget is \$1.5 million for the Convention Center and they are generating approximately \$450,000; therefore there is a shortfall in operations of about \$1 million. He explained that the lodgers' tax is not set up to cover the operating costs.
- Mr. Toler reported that the total bookings in 2009 for the Convention Center were 177; 182 for 2010; and they currently have 74 bookings confirmed for 2011, as of January 4<sup>th</sup>, with 38 tentative bookings. They anticipate that 2011 will exceed 2010; they currently have 11 bookings for 2012 and continue to sell 2012 and 2013.

Mr. Margetson asked how much of this business is actual convention business i.e., out of town meetings and conventions who are staying in hotels.

Mr. Toler said he would estimate about 16% and he would like to see the Convention Center at 26%.

- The total number of leads for room night that went out were 44,000 and 20,000 of them were associated with the Convention Center. These are leads that went out and are not actual numbers.

Mr. Hendry suggested that the CVB get more aggressive in marketing the Convention Center even if we have to lower the price, or offer it free of charge, so that the city could collect the lodgers' tax.

Mr. Toler said the money is not the issue; the problem they are seeing is that the demand for the Convention Center is in the summer months and there is no availability. They have not lost business because of the rates; it is due to the hotel rates.

Mr. Toler said another problem is that we do not have a convention hotel.

Mr. Hendry said we need to fill the hotel rooms; get lodgers' tax and get activity. He suggested that the CVB look at the fee structure and to use every tool we have to get the business.

Ms. Kloenne said the rate is not the main reason that people do not come-some if it is just timing. She explained that if it is a good size group, discounts could be as high as 60%.

#### **b) MARY PAT KLOENNE – CVB SALES AND MARKETING**

Ms. Kloenne reported as follows:

- In the past month, they have confirmed 19 groups for 4600 room nights; 9 of them are using the Convention Center in some capacity.
- The CVB sent out 14 leads for a total of 4400 room nights and only three of them will be renting space if they book in the Convention Center. They also confirmed 36 1-day meetings/events.
- Ms. Kloenne said of the one day functions that the Convention Center does, 40% of those do not pay the Convention Center. She noted that they lost 8 groups for 2000 room nights and about four of them had space in the Convention Center. The reasons had to do with the cost of other things and a lot of people think we are Phoenix in January so we continue to fight that pre-conceived notion.

Mayor Coss said that we are seeing an economy recovery going on in the city and he thinks this year, it has been less by tourism. He said we are 60 miles away from the Albuquerque Airport to the Convention Center. However, he said usually in other

cities, they are further away from airports and people do not know this; so this is a marketing, promotion and PR issue that should be done as a community – that you can get to airport in an hour.

Mayor Coss announced that City Council passed a resolution last night urging the State to NOT cut the film incentives. The City of Santa Fe would like to work on this in conjunction with the business community, the lodging and restaurant industries. They also passed a resolution directing staff to negotiate with the Railyard Corporation to put a visitor's center in the Santa Fe Depot.

Mayor Coss said the Rail Runner was conceived as a commuter fund and they need a focused approach and program to deal with this. He already met with Mayor Berry on how the Rail Runner and corridor can benefit both cities and he thinks it starts with putting a visitor center there. They also need to negotiate to make better use of the tracks between Santa Fe Southern and the Rail Runner so that we are not parking railroad trains in neighborhoods. Mayor Coss said we need to make the commuter train work for the businesses and visitors. He thanked the Board members for their work.

Mr. Toler demonstrated a copy of the new e-mail blast that went out. He noted that they are spending 80% on public relations.

**c) STEVE LEWIS- SFCVB PUBLIC RELATIONS**

Mr. Lewis distributed and reviewed the summary of work from November to December 2010. This included a list of Lou Hammonds contacts on behalf of the Santa Fe CVB. Please see Exhibit "D" for the details.

Mr. Lewis reported that they just had 23 ski writers come through and despite the lack of snow they all seemed to have had a great time.

Mr. Lewis reported that the Winter Fiesta has gone well thanks to Hutton Broadcasting for putting an insert in *The New Mexican* and in the Rail Runner.

Mr. Lewis noted that he met with the Lensic about their 10<sup>th</sup> anniversary coming up and they are planning certain events.

He also talked to American Eagle regarding when the morning flight to Dallas will be restated and it is coming back April 15<sup>th</sup>.

Mayor Coss mentioned that the Airport set a record in enplanements in 2010.

The Board requested that the reports be at the beginning of the agenda because they usually rush through the reports due to the constraint of time.

**V. MEETING SCHEDULE**

The next meeting will be held on February 24, 2011 at 8:30 a.m. in the City Hall Council Chambers.

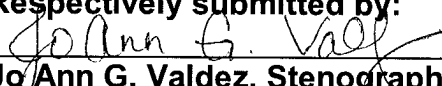
**VI. ADJOURNMENT**

Its business being completed, the meeting was adjourned at 10:40 a.m.

**Approved by:**

\_\_\_\_\_  
**Miguel Castillo, Chair**

**Respectively submitted by:**

  
\_\_\_\_\_  
**JoAnn G. Valdez, Stenographer**