

**SUMMARY OF ACTION
OCCUPANCY TAX ADVISORY BOARD
CITY HALL, COUNCIL CHAMBERS
TUESDAY, MAY 28, 2019, 10:00 AM**

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**OCCUPANCY TAX ADVISORY BOARD
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I. PROCEDURES

A. CALL TO ORDER

The meeting of the Occupancy Tax Advisory Board was called to order by Chair Rik Blyth, at 10:00 am, on Tuesday, May 28, 2019, at City Hall in the City Council Chambers, Santa Fe, New Mexico.

B. ROLL CALL

MEMBERS PRESENT

Rik Blyth, Chair
Carlos Medina
Bonnie Bennett
Tohnia Miller

MEMBERS ABSENT

Keith Kirk, Excused
Chris Hyer

OTHERS PRESENT

Randy Randall, Tourism Santa Fe Executive Director
Jordan Guenther, Tourism Santa Fe Marketing Director
David Carr, Tourism Santa Fe Sales Director
Elizabeth Martin, Stenographer

C. APPROVAL OF AGENDA

MOTION A motion was made by Mr. Medina, seconded by Ms. Miller, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

**D. APPROVAL OF MINUTES
APRIL 23, 2019**

MOTION A motion was made by Ms. Miller, seconded by Mr. Medina, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote.

II. UPDATES

A. LODGERS TAX AND NORTHERN NM AIR ALLIANCE

Mr. Randall reported that lodgers tax was down slightly in March. It was up in short term rentals and down more substantially in hotels. He finds that disappointing. That is shown on page 12 of the packet. We budget lodgers tax annually for the City. He thinks it will be down some for April.

Mr. Randall reviewed his memo in the packet.

Mr. Randall said reports are indicating that downtown hotels saw some loss in RevPar. The good news is we are up \$1 million year to date through March and he is hearing the outlook is good. We attempted to use a consulting firm to do an advanced look, but we were not getting enough consistent reporting from Santa Fe hotels to make it accurate. What we did get was from mostly downtown hotels, but none of it was from Cerrillos Road. That was a \$50,000 expense. It was not a good enough value for us report wise. We gave it a full year try. Destrimetrics was the company. It might be interesting to see if between our Chair, Mr. Keith and Ms. Miller you could garner information from the properties you relate to and give us feedback about how the next few months look. If downtown and the Cerrillos properties would communicate to us that things are looking good or things are looking bad it would be helpful.

Chair Blyth said there might be something we can come up with as to if it is up or down.

Mr. Randall said as you look at the two reports the Rocky Mountain Lodgers Report has better participation from downtown hotels and is light on Cerrillos. The Star Report is the opposite. The Star Report also includes Buffalo Thunder and the Hilton out there.

Chair Blyth said at our last meeting we had Carol Johnson speak with us. Keith would like to have her come to the Lodgers Association to speak about short term rentals and lodgers tax. He will ask him about that.

Mr. Randall said he is going to speak more about short term rentals in his report or can do it now.

Chair Blyth said later is fine.

Mr. Randall said regarding the Air Alliance, in June United is cutting back on the mid day, two days a week, flight to Denver. He does not think it will be a significant problem for us. He also heard that an additional flight to Dallas may be added, which would be terrific. Two flights a day are coming in out of Phoenix on a six week trial. When they run a single flight their flights don't do as well as when they run two. We did get \$9 million in funding from the State Legislature for the Airport. It will be at least a two year process to properly use those funds. \$1 million is sitting there to do the parking lot. We do have the funding available and the Speaker has suggested if we need more funding to do it in the next session and he will champion that.

Chair Blyth said it would be good to know timeline on that.

III. CVB ACTIVITY REPORTS

A. SALES REPORT David Carr

Mr. Carr reviewed his report which was in the packet.

Chair Blyth asked the after the opera season concerts, did that come through you guys.

Mr. Randall said we did it in conjunction with Music Week.

Chair Blyth said thank you and keep it coming. It was very helpful.

B. MARKETING REPORT Jordan Guenther

Mr. Guenther reviewed his report which was in packet.

Ms. Bennett asked is there a marketing package we can have for sending out information to vote for Santa Fe for the 2019 Conde Nest Readers Choice Awards.

Mr. Guenther said yes we have that and can send it to you. We can pull together a one page document and will send that out to all of you.

Mr. Randall said we will also send it to City and County employees as well.

Mr. Randall said he would like feedback on the Convention Center calendar. It helps the retail community to know what is going on. We only use the Convention Center in conjunction with hotels 16 times a year. If there is an interest to have more information let us know.

Chair Blyth said it never occurred to him there was a Convention Center website. He will check it out.

Mr. Guenther said we are trying to marry things from this site to the consumer needs. We are working on putting travelers needs in all places and complete.

Mr. Carr said our hotel partners will have the ability to put in promotions on the website. We will be updating it. It is another avenue for promotion.

C. EXECUTIVE DIRECTOR REPORT

Mr. Randall said we will be in the June issue of American Airlines American Way with a full page ad. The cost was \$10,000, but the value is \$75,000. June 1st we go live with our new agency, Vladimir Jones. Their contract has successfully gone through two committees. There have been no objections and very few questions about the fact that they are out of town. It is really important that people realize of the \$1.5 million contract, the fee is \$300,000. That is what leaves the State. The balance is production using local to the extent possible, \$150,000, and the rest is paid media and our research. Having the firm in Denver is a great advantage to us. It makes them more accessible. We met with them in Denver on May 15th and it was impressive to spend time with the people we work with on regular basis, but also the entire team. We will have the ability to meet with them on a quarterly basis which we have not been able to do in past. If you get feedback let him know.

Mr. Randall said you will hear soon about downtown bathrooms. The plan is moving ahead. We got \$550,000 from the State to support that effort. The County is putting in \$50,000 and the City will come up with whatever it takes to make it work. It will be at the corner of the Water Street parking lot or the other corner along Water Street in front of the Palace Restaurant. He thinks the neighbors there at Second Street might be a bit more accepting of it. We are waiting for approval from the Mayor's Office.

Chair Blyth asked how will that be determined.

Mr. Randall said it will be run through the Mayor's Office and the Councilors in District 1. The bathrooms are something we need and no one wants them next to them.

Mr. Randall said the Santa Fe Pick Up is down 13% in ridership. That concerns him. We were not down in our guest count by that number. He is just advising you of that. If there is anything we can do to make pick up more accessible let him know.

Chair Blyth said hotel concierges have the brochures. It is used more in ski season.

Mr. Randall said he and David are working on rethinking some of the meeting planner shows we are going to. We gave them a good try for three years. There is no question about the big shows. The May Pow Wow is every other year, but things like the Holiday Show Case in Chicago that we have done for three years in a row and have booked one meeting out of it. 800 room nights. We have to think is it worth it. We are taking a hard look at that. You may see luxury travel drop off our list. We will bring our analysis to OTAB next month. He thinks there are better ways to spend not only dollars, but the time commitment. The leads make sense, but as to bookings we are not seeing enough of them. We are doing an analysis on lead generating services we have put into play as well. There is a value in those meetings, but we have to look at specific results. They are not inexpensive. He wanted you to know we are taking a hard look at that.

Chair Blyth asked is there a way to find out how many exhibitors attend these shows annually. With the internet are they decreasing.

Mr. Carr said we get a list for each show with the total number of attendees and exhibitors.

Chair Blyth asked will we see how that compares with previous years.

Mr. Randall said we are talking about dropping out of the ones we do not get any business from no matter how many people are there. They just may not be right for smaller destination cities like Santa Fe. We will be strategic about it.

Mr. Randall said in today's paper there is an article about an effort to reinstate the first Fridays in Santa Fe. The first Friday of the month our retail and galleries will stay open later. We need to get word out to our hotels to do whatever we can to support this kind of effort. He loves the fact that this effort is coming back from the community to us. It is designed for the visitor and to bring residents back downtown for the community. The ERP project for the City is rolling out in June. Our main function within it will be our purchasing system. It will make it a lot better. We will be able to approve some things electronically. It will expedite things. Our Finance Director is working on that. We are getting trained on that. The Mayor's Arts Awards are on June 13th at the St. Francis auditorium at 5:30 followed by a reception in the courtyard. It is free this year. Reservations are required and tickets are required even though it is free.

Mr. Randall reported we are looking at a community data platform. It will be done by a group who did it for Nantucket. They felt short changed in the last census. A few years after it this group developed a data platform using cell phones to count. They won their appeal to their census data numbers and got more Federal funding. We are looking at a trail for Santa Fe. The Thornberg Foundation is taking the lead on this. Who lives in Santa Fe and a deep dive into the tourism aspects of Santa Fe is what we are looking at. From that we get a years worth of data that could tell us on any day how many people here were from Denver, came by car and plane and where they went when they were here. It would give a true analysis of Santa Fe and would tell us who the

visitor is in February versus June versus August. It also would be able to put a perimeter around an event like Indian Market and find out how many people attended and where they stayed and did they go twice. It could be an exciting tool for us to make data available to our businesses. Tourism committed to put \$50,000 into that effort. We are using the dollars for our survey. It will give us that information on short term rentals as well.

Ms. Bennett asked you mentioned Thornberg, what is their relationship.

Mr. Randall said the total cost is \$250,000. We negotiated that to \$200,000. Thornberg is putting in \$50,000, Tourism \$50,000 and we have some funding from the Community Foundation, Descartes Labs and Meow Wolf who believe in data and can benefit from the data. We are about there. We don't want this to be a one and done. We don't know what the ongoing cost to maintain the data flow is. We were told not much, but we need more specifics. He is thinking it will be \$10,000 to \$20,000 a year. The interesting part is they say in six months they can give us a report for the last year which means current data is being collected. That is intriguing. Stay tuned. If you want to be involved in looking at this and how we can most effectively use the data let him know.

Mr. Randall said on short term rentals, a new draft report was done by Kelly O'Donnell for the Housing Trust. It is in draft form. It states that short term rentals increased by 38% from 2014 to 2018. It suggests that there are 1,444 short term rentals in the Santa Fe City limits. It suggests there are 646 hosts, 80% have a single unit. That means 20% have an average of five to six units per person. An average host makes \$80,000 a year in revenue, but that factors in those who own multiple units. They need to break that out. The top 15 hosts have a total of 381 units, so over 20 a piece for those. It suggests \$3.8 million is lost annually in lodgers tax and GRT is not collected. \$1.6 million in GRT and \$2 million in lodgers tax. He thinks that is too high. We are going to ask for the methodology of the collection of that data so we can look at that and how they came up with those numbers. This will bring short term rentals to the front page of the newspaper when this report comes out. He can't give you the report because it is still in draft form. This report tagged the impact of short term rentals on housing. It also suggests all the GRT and lodgers tax from short term rentals be dedicated to affordable housing. He cannot support that. We need to continue to have the lodgers tax available to market Santa Fe or we will see a decline in occupancy. He totally supports the idea of enforcement. Until we get our enforcement act together he would hold off on having much of a presentation to the Lodgers Association. He thinks it will leave more questions than answers. He does know that we are reviewing four proposals on an RFP from third party services to scrape the internet and help Land Use to determine who is in business that we don't know about. This report suggests that we have only 57% of the short term rentals registered. He thinks that is on the low side, but could be accurate. Be prepared to see a bit more about it. If the lodging community agrees with him that we protect the lodgers tax dollars for what they were designed for, which is marketing, we may need some support on that in discussions with the City

Council.

Chair Blyth said you commented that you supported Air B and B doing voluntary collection. Are you confident in that.

Mr. Randall said yes. That is what makes him think that number is low. Air B and B is 45% of the revenue we are collecting. They are too big of a business to try to make a bit of money by skimming a bit off revenues. We also have the right to audit them if we feel they not reporting correctly. It is the ones who do not go through Air B and B that we need to get on. How we do that is a tough question. With the right internet service we would be able to look at VRBO separate from Air B and B. Owners keeping the tax is a felony.

Chair Blyth asked when does the new law take effect requiring everyone to collect tax.

Mr. Randall said July 1st. They have always been required to collect tax on short term rentals. The new law more applies to Amazon and organizations such as that. Without enforcement you are relying on peoples honesty. Enforcement makes honest people.

Ms. Bennett said back to Santa Fe Pick Up. How is that information getting out to guests other than through concierges.

Mr. Randall said there is a brochure produced by the Transit Department that is distributed to hotel front desks, visitor centers and it on the bus itself. They are supposed to carry schedules with them. The schedules are on the Transit site as well. Beyond that he does not know.

Ms. Bennett said from the retailer point of view we have people come in who do not know what that is. If we had a link to send them to that would be good. Or have it on the walking maps.

Mr. Randall said there are six maps. We have the information on our map.

Ms. Bennett said she sees a lot of guest using the other map.

Mr. Randall said that is fine. In his next marketing letter he will discuss that. Hopefully the retailers have signed up for that. We have 800 on the sign up list. He will talk about that in the next letter.

IV. OTHER MATTERS BY THE BOARD

None.

V. COMMENTS FROM THE AUDIENCE

Mr. Leonard said this has been very enlightening.

Chair Blyth said thank you for coming.

Mr. Leonard said he will encourage others to attend.

VI. ADJOURNMENT

There being no further business before the Board the meeting adjourned at 11:06 am.

Rik Blyth, Chair



Elizabeth Martin, Stenographer