

**SUMMARY OF ACTION
OCCUPANCY TAX ADVISORY BOARD
CITY HALL/ CITY COUNCIL CHAMBERS
TUESDAY, JUNE 25, 2019, 10:00 AM**

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**OCCUPANCY TAX ADVISORY BOARD
CITY HALL/ CITY COUNCIL CHAMBERS
TUESDAY, JUNE 25, 2019, 10:00 AM**

I. PROCEDURE

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, June 25, 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
Keith Kirk

MEMBERS ABSENT

Chris Hyer, Ex Officio, Excused

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

MAY 28, 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. 2019 OTAB FUNDING REPORTS

A. SITE SANTA FE IRENE HOFFMAN, KATE KITE, ANN WRINKLE

Ms. Hoffman said we at Site Santa Fe are very grateful for the support we received from OTAB for our exhibition. The three of us will be presenting to you today a report of the expenditures and an overview of Site Santa Fe and the exhibition.

The Site Santa Fe presentation is herewith attached to these minutes as *Exhibit "1"*.

Chair Blyth said we were not part of the Board when you were awarded the grant. Did you have projections at that time on audiences and are you on track with that.

Ms. Kite said since 2017 and moving to our new building we have seen a big uptick in attendance. Our projections are in keeping with what we thought the audiences would be for this show.

Ms. Wrinkle said we are looking at about 30,000 visitors a year. We are expecting to be in line with our projections.

Chair Blyth said he is going to the opera opening this week. What will he see from Site there to drive people to the exhibition.

Ms. Kite said you will see us in the opera brochure that comes with your tickets. One panel is for *your day after the night at the opera* and advertises our exhibit. If you bring that ticket stub you receive free entrance for two people. Also we have more specific materials to hand out to the Opera Club..

Chair Blyth said it is great to see cross connections.

Mr. Randall said Site Santa Fe is truly a treasure we have in Santa Fe. In its new format it is an ongoing presence. We need to do all we can to put them in front of as many people as we can. It is not only what we are about, but what we want to be. Thank you for what you do. It is so important to what we are.

Chair Blyth said thank you. Your presentation was very well done.

III. UPDATES

A. LODGERS TAX & NORTHERN NEW MEXICO ALLIANCE

Mr. Randall said the reports in your packet show us down \$8,000 for the month in the hotel section. Short term rentals are up. We are on target to do \$12.465 million. As we move into this next year he thinks there are one or two things that, with the support of this Board, we may go back to Council and ask for permission to pull some funds out of our fund balances to do to bring more visitors to Santa Fe. It is important to keep fund balances. We will bring you an update on what the balances are in August.

Mr. Randall said it looks to him that we will be in line for the hotels with last year. We will have those results soon. It takes a bit longer to get the numbers at the end of the year. We are trying to reach out through the every other month meeting David conducts with the Sales Directors of the hotels and through the Lodgers Association to collect data on the amount of individual visitors versus the group visitors. We hope that will help us get a better handle on where the numbers are. We are asking for an annual breakdown in 2018 and monthly breakdowns from January 2019 forward. Right now we don't get any historic trends. If we have success in doing this we may want to embark on getting some forecasting data and promote some special opportunities for short term bookings.

Chair Blyth asked you are looking for room nights, are you interested in length of stay.

Mr. Randall said not at this time.

Chair Blyth asked are you getting a good response

Mr. Carr said so far. We have gotten four responses so far. The Drury has provided their information. Thank you.

B. SHORT TERM RENTALS AND ACCESS TO HOUSING IN SANTA FE REPORT

Mr. Randall said the report is in your packet on page 23. This is a third party report done by Kelly O'Donnell funded through a Thornberg Foundation grant given to Homewise. A lot of the information was gleaned from Airbnb. He thinks it is a bit confusing in a couple of places. It suggests that there is an average revenue of \$80,000 per host per year which is incorrect. They suggest that 15% to 20% of the short term rentals are controlled by 15 entities. You need to back those out and calculate the

average revenue then. It comes out to \$30,000 annually.

Chair Blyth asked are those individual homes.

Mr. Randall said yes, but represented by mostly management companies. We pointed that out to the author of the report and she chose not to change it. Other than that there are some good recommendations in here. It says there are 1,444 short term rentals in Santa Fe at this time. Airbnb says there are 1,531 as of this morning. There are 2,043 in the City and County combined. Over the past 18 months they have run a 60% occupancy.

Mr. Kirk said he thought there was a 1,000 limit on permits. You are saying there are 1,531 operating.

Mr. Randall said that is a combination of permitted and non permitted. Permits are only required when short terms rentals are in residentially zoned areas. The ones outside of residential areas are added into the 1,000. He could probably get Airbnb to break that down. The permit allows them to do activity where otherwise it would be illegal activity. As this report suggests the enforcement of short term rentals has not been done strenuously enough to cause all the people in the short term business to get a permit and operate the way they are supposed to. We have done reactionary enforcement when a neighbor reports it. We are about to enter into a new agreement with Host Compliance to detect people operating outside the Ordinance of the city. There is a renewed effort in Land Use to enforce the Ordinance properly.

Mr. Kirk asked is there going to be a cap on short term rentals available in Santa Fe.

Mr. Randall said without enforcement it has the ability to grow and grow. With enforcement it limits the residential area to 1,000.

Mr. Randall said he thought it was important that you had this report. As enforcement improves we will see a continued consumption of those 1,000 permits.

Chair Blyth said when Ms. Johnson was here we talked about enforcement. Is enforcement in her budget this year.

Mr. Randall said there has been enforcement in the budget. It is a matter of effectively managing it. Where we are hoping to go is to be proactive.

Ms. Bennett said have we not already issued 1,000.

Mr. Randall said we are at about 800. Again the way the City has operated annual renewals are required by March 31st. There is a 30 day grace period. He recommended to Land Use that they consider doing a rolling renewal. That would allow

people to buy a full year in any month. The new system the City is putting in could do rolling renewals.

Chair Blyth asked who would act on the recommendations in this report.

Mr. Randall said Council and staff.

Mr. Randall said one other interesting point is 53% of the number of short term rentals are through Airbnb and we are at 52% of collections with Airbnb. He thinks what this report says that less than 50% of the short term rentals are paying taxes is inaccurate.

Mr. Medina asked would those 50% be outside of residential.

Mr. Randall said the report suggests that we collect \$1.6 million. We are at \$1.8 million now and will be close to \$2 million this year. Based on the stats from Airbnb the report numbers do not make sense. Airbnb is collecting lodgers tax on the people in the short term rental business in Santa Fe. That does not mean they have permits. They were very clear in their agreement with the City that they would not handle enforcement, but would collect tax. There is an obligation now through recent legislation, to collect and pay GRT on internet sales. Rental companies are now entering into agreements with the State to collect tax. That should increase the total amount of GRT collection throughout the State.

Chair Blyth asked is there any discussion about when some of this will start happening in terms of enforcement.

Mr. Randall said the positions funded through permit fees are filled. The overall Department is short. She is doing some reorganization. He think the real issue is the management of short term rentals which includes enforcement and many other aspects.

Chair Blyth said whether these numbers are accurate or not it is money on the table. He is frustrated that the City is not more active in this.

Mr. Randall said in three years we have gone from half a million to \$2 mill. We have narrowed that significantly. The other thing to be aware of is the impact of short term rentals on the overall visitor market to Santa Fe. We used to think short term rentals would have around 35% occupancy and we now see 60% occupancy. They are a major impact. They have a huge impact on our City and it is a constant challenge that we continue to fill the supply that is growing.

Chair Blyth said it is a double edge sword. There is an effect on the depression of rates.

Mr. Randall said supply impacts rates, no question about it.

C. LODGERS TAX AUDIT REPORT

Mr. Randall reported that the Lodgers Tax Audit Report is on page 36 of the packet. The City got a bit behind on their audits. They have caught up in auditing 5 hotels and 4 short term rentals per year. The good news is there was no significant variance in the information submitted by the facility and what they should have reported. The purpose is to ensure that people are paying what they should into the City. They will continue to this year's audit. He asked that they continue to audit 5 hotels, but to audit 10 short term rentals, part management companies and part individual owners. Stay tuned. We are now in compliance with State rules.

IV. CVB ACTIVITY REPORTS

A. SALES REPORT

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

Mr. Randall said he talked to the State Tourism Secretary and she is interested in more State branding and pulling efforts of various cities together for the major shows.

Chair Blyth said we have a big event that comes to Santa Fe on the even numbered years. Are you looking for something for the odd numbered years.

Mr. Carr said most of our hoteliers have decreased our group ceilings so groups are disbursed throughout more hotels. It is more difficult to book groups when they cannot be booked over 2 or 3 hotels. It is a challenge.

Mr. Randall said we are out trying to find groups on odd numbered year. This is one reason we are really trying to collect good historic data on actual results. On a lot of leads we generate we don't even get notification when they materialize. Also a lot of bookings are generated from hotels themselves. Getting that data is important for targets and forecasting.

B. MARKETING REPORT

Mr. Guenther reviewed his marketing report which was included in the packet.

Mr. Guenther reminded the Board that the Conde Nest voting is coming to an end on the 30th of June. We need your help. He and Bonnie worked on a one sheet information sheet. We are trying to rally the troops to ensure a good showing.

Mr. Randall said if you would send out an email to your mailing lists and say we know you love Santa Fe. Help us achieve this goal. It will make the difference between success and failure. You can only vote once per email address.

Ms. Bennett said the one sheet Mr. Guenther put together is great and easy to understand.

Chair Blyth asked wasn't there some conversation about having contracts longer than one year.

Mr. Randall said we can enter into agreements for four years. We chose not to do that on this one. We went with the four pieces. The intent is to be with them for four years.

C. TSF EXECUTIVE DIRECTOR REPORT

Mr. Randall said we just had the Gran Fondo Santa Fe. We had 300 participants. 50 international. The first place finisher got to the ski basin in 3 hours and 29 minutes. It was a 75 mile ride. It was terrific. We had two Olympians in it including a 4 time US champion and silver medal winner in distance biking, Nelson Bails. He is very involved with the New York Gran Fondo. He committed to him that he will become a spokesman for the Santa Fe Gran Fondo and bring people to our event next year. This is something we can grow. We are committed to do it for at least 3 years. We have contracted for an economic impact study for this first year that we can measure against for future years. We have a pop up event on July 7th. Ozo Motly presents Ozo Kidz will be on the plaza. It is a free concert for families in Santa Fe to culminate the 4th of July weekend. They came to us and we contracted with them for a resonalbe amount.

Mr. Randall said the Ringo Starr event is sold out for seats and standing room only. We have 3 headliners and none of our hotel partners and event partners have come forward for support of small events and venues for Music Week. For Art Week there are lots.

Mr. Kirk asked do you want us to email you what we have going on.

Mr. Randall said yes, that would be great. It would be great if you would have daily live music during Music Week. We need to get that data posted so people will stay longer.

Ms. Miller said she will send Mr. Randall her lists of thing they are doing as well.

Mr. Medina said we have something every night at Meow Wolf.

Mr. Randall said we need that.

Mr. Randall said we are moving ahead with Literature Week. A for-profit organization and a nonprofit organization are working together to do this. It will take place in the last week of April 2020.

Mr. Randall asked would it be better to move up the Gran Fondo next year to a week earlier. Let us know what you think.

Mr. Randall said at the Public Works Committee last night they approved accepting the funding appropriated to the City from the State Legislature. That will move on to Finance and then the Governing Body. Included in that funding is \$550,000 for the building of the downtown restrooms. He has a different proposal to put the building in the street connecting to El Centro. The other proposal created an alley and that is not the safest open space. Now it will be snugged right up next to the building and connecting to it. The idea is to build it this fall.

Mr. Randall said for some reason the Santa Fe Pick Up ridership has been declining for the last couple of years. He does not know the answer for that. It has gone down a bit each year for several years. We know we have had more visitors, but there are fewer people riding it. If anyone has any ideas or input let him know. It is something we should be doing and are not doing. It is a great service for our visitors.

Mr. Medina asked do you think it is Uber.

Mr. Randall said it could be.

Mr. Kirk asked is there a way to make the Pick Up stops more visible.

Mr. Randall said it is just as visible as it was 3 years ago when it was not declining.

Mr. Kirk said it is challenging for visitors to find the spot for them to be picked up. There is nothing that jumps out citywide that says this is a Santa Fe Pick Up point.

Mr. Randall said with our sign ordinance it is hard. We had banners up at the Gran Fondo for 45 minutes and he was told he needs a permit for that. We could do a better job of advertising it.

Mr. Kirk asked can we do anything with brochures for the guests.

Mr. Randall said we have brochures and they are available to you. We will get them to you. Transit produces them and we supply them at no cost.

Ms. Bennett said maybe change the stops.

Mr. Randall said the route did change a bit. He will look back and see if the route change caused any of the decline.

Mr. Kirk said expand the route to include Meow wolf. We get a lot of requests to go to Meow Wolf.

Mr. Randall said Meow Wolf is a for profit organization and usually those people have to provide their own buses. The cost is about \$300,000 a year paid by Tourism. Clearly we need to make sure we are serving the needs of our hotels.

V. OTHER MATTERS BY THE BOARD

None.

VI. COMMENTS FROM THE AUDIENCE

None.

VII. ADJOURNMENT

There being no further business before the Board the meeting adjourned at 11:30 am.

Rick Blyth, Chair



Elizabeth Martin, Stenographer