

**SUMMARY OF ACTION
OCCUPANCY TAX ADVISORY BOARD
CITY HALL/ COUNCIL CHAMBERS
TUESDAY, AUGUST 27, 2019, 10:00 AM**

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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, August 27, 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
Keith Kirk
Alex Fitzgerald, Ex Officio
Tohnia Miller

MEMBERS ABSENT

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 Mr. Kirk, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote,

D. APPROVAL OF MINUTES

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

VOTE The motion passed unanimously by voice vote.

II. UPDATES

A. LODGERS TAX AND CITY STATISTICS

Mr. Randall said in your packet you have a new one page report with statistics because Rocky Mountain Lodgers Report asked that we not make their reports part of the public record since they sell their report. The one page report is on page 8. If there is anything you would like him to add please let him know. He reviewed the report.

Mr. Randall said page 9 is the June Lodgers Tax Report. It reflects more information for last May. Several properties were not included in the report for last May. The City is in transition in financial systems which in the long run will be great. In the short run it is painful. We are also seeing a transition in personnel of the person who has been doing lodgers tax for all the years he has been here. In June it was up \$46,000. \$32,000 of that was in short term rentals. \$14,000 in hotels. We are seeing the impact of years of improvement. Clearly we need to maintain where we are. That is one of the reasons Art Week was put in July. We think the concept worked. People seemed to like it. He has received very positive comments from the galleries. We don't have the stats yet for July or August. Everything he sees indicates a very strong month. If our hoteliers manage their room inventory properly we will see growth in the average rate as we see strength of occupancy.

B. SHORT TERM RENTALS

Mr. Randall said he thinks there is going to be an issue. When the City adjusts their efforts to properly enforce the Short Term Rental Ordinance he thinks we will see the available number of permits to fall and that will cause short term rentals to be a conversation again. If we need to have a separate meeting on it we can. Five years ago we had a restriction of 350 permits and we knew we had 1,000 in business. To fix the problem we made 1,000 permits available rather than looking at what we do if someone was in business without proper permits. His sense is that Council will have less of an appetite to just increase the number of permits. He hopes this Board will give it some thought and give a recommendation to the Governing Body. A big issue will be that, using a software program he has and beyond the collection of lodgers tax from Air B and B, the information suggests that we have 1,600 short term rentals operating in the City. There are 2,150 in Santa Fe County. 615 are in the County and not the City. They are operating at 68% occupancy, with a \$220 average rate. This tells you two things. One is that counts all short term rentals whereas permits are only required for

residential locations. If a short term rental is in the proper area for them to exist they do not require a permit and we do not know the number of those to break it out.

Mr. Medina asked what is the proper zoning.

Mr. Randall said anything but residential, but the predominate number are in residential areas. There are 1,000 in zip code 87501. They are targeting the historic district and the north side. The other thing it tells us is that the ones operating in the County are not paying lodgers tax because the County does not currently have a Lodgers Tax Ordinance. He hopes the County does get an Ordinance in. He knows it is being studied. He would like to encourage Alex to take that back to the County. They are losing revenue. It is \$500,000 a year lost by not collecting lodgers tax.

Ms. Bennett asked of the 1,000 permits how many are taken.

Mr. Randall said around 800. We have not been able to determine the people who operate outside residential areas. They do have to license with the City. He has been told the 800 includes people that are licensed and that it does not include them. That is another thing he hopes will get cleaned up with the transfer of leadership in the Land Use Office.

Chair Blyth asked has there been progress in Ms. Johnson's Department hiring enforcement people.

Mr. Randall said we are anxiously awaiting the host compliance software to scrape the internet and tell us how many people are in the business and how many are permitted and how many are not. They also have a whole compliance section with the software. That costs more. He has not heard what level of software we purchased. He thinks she is speaking at the lodgers meeting.

Mr. Kirk said yes she is speaking at our meeting on September 11th to go over the update and status of short term rentals. We will be formulating a statement to give to the Mayor and Council.

Mr. Randall said OTAB could sign on to that or do their own. This is the Advisory Board to the Council on lodgers tax. Certainly short term rentals effect lodgers tax.

Chair Blyth said he spoke to a lady who has three short term rentals. Can you refresh our memories on what is involved in someone collecting occupancy tax from other than Air B and B.

Mr. Randall said the owner is responsible for collecting and remitting on any rental other than Air B and B. It is just like paying property taxes. It is not voluntary, it is required by law. If you are collecting and not paying it is a felony.

Mr. Kirk asked that is part of the enforcement we are lacking right now, correct.

Mr. Randall said enforcement identification is currently being done on a reactive basis. They are not in the proactive business of seeking out people illegally in business and causing them to correct their actions.

Mr. Median asked do you think, at some point, there will be a statewide regulation.

Mr. Randall said the State is finally taking a position on the collection of GRT. They have made a change in our tax code that does not require an entity to be domiciled in the State to collect taxes. Before, they were not held accountable if they lived outside the State. Now they are required. That only applies to taxes collected by the State. Lodgers tax is collected by municipalities. It is questionable that the State would collect on a statewide basis. If municipalities let go of collecting the tax you are flying blind because the State does not provide details to municipalities on taxes. We are probably better off to do it ourselves. It is on this Administration's agenda to fix the enforcement of this.

C. NORTHERN NEW MEXICO AIR ALLIANCE

Mr. Randall said the Northern New Mexico Air Alliance is at a crossroads. In the last five years the Airport went from three flights a day to nine. The numbers going to the Airport has gone from 300 to 1,000 people a day. The Airport was not designed for the current activity or increased activity. United has announced they are adding a 4th flight out of Denver next summer. It can be scheduled to do that flight so that it does not come at the time another flight is coming or going. If a flight is delayed it could be an issue. He knows that Public Works manages the Airport and is taking a look at what interim changes can be made to relieve that situation a bit. The long term solution is expansion or replacement of the Airport terminal. Right now the concept is to expand it. The City received over \$9 million from the Legislature to do expansion. If you wonder why it takes so long for the City to get it done, it is the planning process. An engineer is contracted to come up with initial designs and it goes from there. We are a bit stuck. If we have the opportunity for a new carrier to come in we are not sure the current facility could handle it. Also a couple of Air Alliance people went to Chicago to meet with United. We learned that airlines do not fly over their hubs. We have a better shot to convince United to fly in from southern California than American. United is actually looking at that as a possibility. The Air Alliance is taking a proactive stance to meet with them. They plan to meet with American and discuss flights as well. It is very important that the airlines understand that there is support within the community for the flights. The other thing they are focusing on is digital campaign primarily for inbound flights. As people Goggle flying into Albuquerque a banner will come up that shows they can fly into Santa Fe. That is a focus for the next year. They have the funding to do that.

Ms. Bennett asked who in the City is responsible for driving that process.

Mr. Randall said the Public Works Department. The Airport Manager, Mark Baca, reports to the Public Works Director.

III. CVB ACTIVITY REPORTS

A. SALES REPORT

Mr. Carr reviewed the sales report which was provided in the packet.

Mr. Randall said he thinks we should only record leads we can respond to. If we got a lead for Indian Market weekend when we know the Convention Center and hotel rooms are not available we would turn it down. He definitely does not think that should be recorded as a lead.

Ms. Miller said she thinks they should do a denial report.

Mr. Randall said what about not showing them as a viable lead, but pulling them out at the bottom of the report.

Mr. Carr said once a lead is put in he would have to pull that out. This shows us room nights down, but that includes leads that are not viable.

Ms. Miller asked would it open up an opportunity for needing more meeting facilities.

Mr. Randall said we can track that separately by treating it as an inquiry. A lead should be viable and not shown to mess up the stats. If ever there was an appetite to build meeting space or if the City moved out of this space and this building became available to repurpose, knowing that kind of information would be important. Lets work on a report like that and report in that manner next month.

Mr. Kirk asked what is capacity of the Convention Center.

Mr. Randall said it can do 600 to 800. If there is no need to exhibit or eat we can do 1,200

Ms. Miller said there has been some success at other hotels for meeting space.

Mr. Randall said the meeting planner has to be willing to do that.

Mr. Carr said we just lost Creativity and Madness. The elevation was getting to the painters so after 30 years here this is the last year. They are moving to sea level.

Mr. Randall said the good news is it was in August. We should be able to fill

that.

Mr. Kirk said next year they are hosting their meeting at our Drury Hotel in San Antonio on the Riverwalk.

B. MARKETING REPORT

Mr. Guenther reviewed the marketing report which was in the meeting packet.

Ms. Miller asked will any of that marketing video be available for hotels to use.

Mr. Guenther said any time we are filming video stills we will capture them and put them up on the website so that they are available for use.

Chair Blyth said Ryan Dodge sent out information about the Balloon Fiesta Shuttle. Did that get a good response.

Mr. Randall said he only got back two responses. He is going to be going out again. We are more than willing to sponsor and front the thing, but we want to be sure there is interest from the hotels to promote it. If they don't, it would just be an expense to us and we won't do it again. For \$30 you can get transported from the hotel to the Balloon Fiesta and not have to park. It could be a really strong thing for us, but we do need to commit very soon.

Chair Blyth said we sent out an email blast with yes or no to foster reservations at that time period. He will check on that response.

Mr. Randall said if you would do that he thinks other hotels responses would be the same. We could tell the other hotels about the response and gage them by your information.

Mr. Kirk asked are there plans to provide marketing flyers.

Mr. Randall said we can do a flyer. We want to know your interest first.

Ms. Miller asked is there more than one stop.

Mr. Randall said at least two, maybe three, depending on where the interest is generated.

C. TSF EXECUTIVE DIRECTOR REPORT

Mr. Randall said we are putting together a Creative Office. We have not had this before. It will be for creative production. We do have in our budget the ability to bring in

two people to do creative for us. If you have any ideas let us know. They are both full time positions.

Mr. Randall welcomed Alex Fitzgerald who is our ongoing representative from the County. We really want you to take information back and share it with your LTAB Board. We do really want to build a close synergy between what the City is doing and what the County is doing so our oars are going in the water at the same time. The County and what they are doing is important to the City and what we are doing.

Mr. Randall said this is the second week of Music Week. Having Boz Skaggs, Ringo Starr and Casey Musgraves here this year really gave the appearance of a strong event and showed the potential. He met with Ringo's producer and he typically will not perform in any community with less than a population of 250,000. This is a one off. They got him excited about the venue. His next stop is Phoenix. His concert was sold out and he put on a terrific show. He spoke to the promoter of Music Week as well. We are excited about the future of Music Week. We are going to do Literature Week at the end of April into May. Casey Musgraves sold out as well.

Mr. Randall said the other thing we have ahead of us is the Santa Fe International Polo Tournament. We hope it will become an ongoing event in September or May next year. This year they are producing the event on September 21st. They are in the process of selling tickets. The intent is to film this year as a promotion for Polo Lifestyles to make it happen. The intent is to have four international teams, one from the United States. It could be eight teams. It is a grand idea by Polo Lifestyles which is an international publication. Having them behind it gives it a good chance to happen.

Ms. Bennet asked is it men only.

Mr. Randall said he thinks it is mixed teams. It is a goal for this year. There is interest in it. We just need to pull it off and target it for 2020.

Mr. Randall said the 14th of October is Indigenous People Day. The State has declared it as a statewide celebration now. One celebration will be produced by the City and a second one at the Indian School. We don't want a third celebration on the same day in Santa Fe. He hopes we can combine with the State. There will be dancing on Saturday and Sunday with the main event on Monday. We are working with Three Sisters, a local women's advocacy group, on the story. We reached out to Teseque Pueblo as well since this is their historic home. He met with the Governor and two former Governors yesterday to make sure they are on board with what we are doing and they had a positive response.

Mr. Randall continued, we might do music in the afternoon during Balloon Fiesta. We are doing Literature Week and are collecting information from people who are using wifi on the Plaza. We are providing free wifi and in order to get it people have to give us their email with the promise that we will not promote to them, but can use their email

for survey work.

Mr. Randall said per diem increased and we need to thank the hotels on Cerrillos Road for that due to the fact that we are seeing good increases in the average rate and rev par. In determining per diem they look at Santa Fe as a whole. If there are lower rates on Cerrillos that sets the rates. We are seeing product improvement and rate increases on Cerrillos and that helps us. El Ray is helping us a lot.

Mr. Randall said we are looking for a new supervisor for our Visitor Centers. The current one is retiring. If anyone knows someone we will post the position within the next week. It is a working supervisor position. Apply through the City site or reach out to him if there are any questions. He was reminded that the depot at the Railyard is an historic building and is in very bad condition. It needs \$1.5 million for repairs. There is a push right now in Council to rather than make it a priority for State funds they use lodgers tax funds. He thinks that is a stretch to use lodgers tax dollars. We are an inhabitant of a City Facility. It does not benefit us from a tourist aspect at all. He encourages Board members to reach out to the Councilors to protect the historic asset, but to use bond funds or make it a legislative priority as opposed to taking lodgers tax funds. There is no reserve or replacement fund for the Convention Center other than the fund balance in lodgers tax. If we need to make significant improvements the fund balances are the sole source for that and should be protected for that purpose or for the development of tourism attractions rather than protecting a City asset. Right now it serves a dual purpose as the Railrunner station and Visitor Center and a small piece is rented to a bicycle concession.

Mr. Randall said we will be posting the annual OTAB grants notice for mid September to mid November. He wanted to say there is a significant value of this Board. It makes us report on a monthly basis. He expects you all to tell us if we are doing things that could be done better or other ways we could be doing things or better ways to do things. You are a very important sounding board. He encourages you to ask questions and challenge anything we do. Express your opinions and hold us accountable for what we need to do to increase tourism to Santa Fe and to ensure that the tourism we produce is the best it could be and warranted. For the three of us that is of huge value.

Chair Blyth said thank you. As new Board members we are finding our feet as well. We have had good discussions and have asked you to follow up on things. We are making progress. We do need to be a bit more interactive.

Chair Blyth said there was a front page article last week about public toilets progress downtown. Can you give us an update.

Mr. Randall said it is not on a schedule right now. We did get feedback that having a shared sink area is a safety concern. He is not sure about that. He would love any feedback. This is a Public Works project to build it, not tourism, although we have

been carrying the flag to get it to where it is. No one thought we could get it funded, but now we have funding. He does not have the time frame.

Chair Blyth asked will there be public comment.

Mr. Randall said he is not sure. We have not had many of these projects. He will look into the process.

Mr. Kirk asked what is the plan going forward on the decision to re-categorize leads. Is that something you are going to design.

Mr. Carr said he is going to go back through the history and look at what would not be a viable lead and will report to you next month about pulling those out, but tracking those as programs larger than we can handle or dates where we cannot do group business.

Mr. Randall said we will make that decision, but will bring back what we think is best for your comment. We want to make sure it does not give us the opportunity to cook the books and that it is legitimate. It is not an effort is to make us look better or worse, it is an effort to effectively evaluate the business from a sales point of view.

IV. OTHERS MATTERS FROM THE BOARD

None.

V. COMMENTS FROM THE AUDIENCE

None.

VI. ADJOURNMENT

There being no further business before the Board the meeting adjourned at 11:25 am.

Rik Blyth, Chair



Elizabeth Martin, Stenographer