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CITY OF SANTA FÉ
Occupancy Tax Advisory Board

February 27, 2018

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Next Meeting: March 27, 2018

**MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD**

February 27, 2018
10:00 a.m.

I. PROCEDURES

a. CALL TO ORDER

A regular meeting of the City of Occupancy Tax Advisory Board was called to order by Vice-Chair Jon Hendry on this date at approximately 10:07 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:

Jon Hendry, Vice Chair
Victoria Bruneni
Chris Hyer
Al Lucero
Elizabeth Pettus

Members Absent:

Paul Margetson, Chair (excused)

Staff Present:

Randy Randall, Executive Director
David Carr, Sales Director
Phyllis Ortiz, Administrator

Others Present:

Carl Boaz, Stenographer
Jacques Paisner, Santa Fe Independent Film Festival
Lynette Paisner, Santa Fe Independent Film Festival

c. APPROVAL OF AGENDA

MOTION: Member Lucero moved to approve the agenda as presented. Member Bruneni seconded the motion and it passed by unanimous voice vote. Member Pettus was not present for the vote.

d. APPROVAL OF MINUTES: January 23, 2018

MOTION: Member Lucero moved to approve the minutes of January 23, 2018 as presented. Member Bruneni seconded the motion and it passed by unanimous voice vote. Member Pettus was not present for the vote.

II. Lodgers Tax

a. Update – Randy Randall

Mr. Randall said it was good news and December, after being slightly behind and down about \$32,000 in hotels, was up enough in STR that they finished ahead by 19,826 dollars.

Reports for January show a substantial increase with occupancy up 4.4% Citywide and downtown up 5.1% and 4.4% on Cerrillos Road.

Rev/par is up \$7.2 downtown (11% increase) and Cerrillos Road is \$2.90 (also 11%) increase. Although not in the packet, the comparative numbers come from the Rocky Mountain Lodgers Report from last year. The entire report was not submitted as part of the public record.

The YTD in the RM Report shows last year at 47.1% occupancy and this year at 52.1% and Rev/par went from 59 to 66. Ms. Ortiz pulled the GRT Report which was also included. Mr. Randall thought the prior year would be needed as well to compare GRT trending and pull in art, entertainment and recreation. The food and retail could be added as well.

Member Hyer asked if that was a national number because the report stated it is US, Canada and Mexico.

Ms. Ortiz explained it was set up like that for people in the industry.

Mr. Randall added the report comes from the State and is probably sorted by the three countries.

Member Pettus arrived at 10:15 a.m.

The other good news is Santa Fe finished the calendar year on STR Lodgers Tax at \$1.291 million compared to \$694,000 the prior year, just shy a \$600,000 increase. They told City Council they believed there was between \$1 million and \$1.5 million and with the Land Use team there has been a continued increase in registration and they are on target for \$1.5 million.

Mr. Randall explained the January GRT is not due until the 25th of the following month and there is a lag of 2 months. He wanted to start incorporating the GRT information from the Finance Office again.

Member Lucero noted the GRT adds the pulse on the economy overall.

Vice-Chair Hendry pointed out the majority of GRT is for retail and 86% of the City's revenue is in GRT. Wal-Mart is creating it because 65% of GRT is on that side of St. Francis.

Member Lucero indicated that side of town also has a lot of restaurants and GRT is probably not broken out into restaurants, hotels, etc.

Mr. Randall said food and accommodations is in one code, retail is a code and recreation, arts, etc. in another.

Vice-Chair Hendry liked having the GRT but suggested including deplanements in the report would be interesting to compare with occupancy.

Mr. Randall asked Ms. Ortiz to make a note and he will try to get information from the airport on deplanements, load numbers, etc.

III. Northern New Mexico Air Alliance Update

Mr. Randall complimented Vice-Chair Hendry for his suggestion at the last meeting to use the revenue guarantees to buy seats. They have developed 38 two-night packages for Santa Fe hotels and 10 two-night packages with Taos hotels that includes two round trip tickets with transfers into Santa Fe or Taos.

They are entering an agreement with KTAR, the leading talk radio station in the Phoenix market and have also looked at I-Heart radio, but KTAR would be without additional radio buy.

They hope to give away 35 two-night stays in the Phoenix market in the next 45 days. The station is talking about Santa Fe and every time a stay is awarded the hotel providing the lodging will be named. The promotion will give Santa Fe more exposure than other marketing ideas.

Vice-Chair Hendry suggested it should also count toward the money being put in overall.

Mr. Randall explained the money cannot be used for marketing against the grants but is still a good marketing program because people will be calling the radio station to win.

He provided information on the marketing format for the contest. The contest runs for 3 days and would be announced 4-5 times each day with a specific caller number selected to be entered into a drawing to win a two-night hotel stay. The award must be used by the winner and they could extend their stay, but the award must be used by June 30, 2018.

Member Lucero recalled there were companies dealing in prizes for the quiz shows when television first began. He suggested if that is still done, they look at having a company put a package together for national television promotion.

Mr. Randall said they could look at that, but this program is targeted to Phoenix and the company packages usually take money and require a significant stay. They did that once and the exposure was brief

even with the broad market. He liked that the Phoenix program has repetition on a contest for Santa Fe on the same radio program.

Vice-Chair Hendry thought if American [Airlines] would do this and do a swap - he hates the concept of paying for empty seats.

Mr. Randall said American would not swap or give coupons. This promotion runs through Westwind Travel and the tickets are bought and June 30th was used because that is the consumption period and they know there will be some.

Vice-Chair Hendry asked if journalists, soccer coaches, golf writers, etc. could be brought in – people that would bring business to Santa Fe. That is a better use of their money and there is a list of people with travel blogs.

Mr. Randall replied that the Phoenix market is not rich and there are not a lot of press even on their press trips they can meet with, but he will continue to look at that.

Member Lucero asked if there were writers for restaurants; culinary writers.

Mr. Randall said there are some but not many in the Phoenix market.

He said there is \$200,000 in the account to support Air Alliance and the Finance Office would not include expenditures on behalf of the Alliance against the grant. He has spent \$90,000 and if the money is not put against the grant, the funds would come back against his department, not against the Alliance.

He plans to go through Finance and City Council to request moving the \$110,000 remaining in his budget to fund the airline. That will buy time to go into the fiscal year and allows the use of the revenue guarantees if necessary.

They also received \$50,000 from Los Alamos County and they are establishing an MOU to move that. He pointed out having more air traffic into Santa Fe saves an hour of travel time for Los Alamos employees and is better for the overall economy.

Member Lucero asked other than motion pictures if there was an industry in Santa Fe bringing technicians, etc. to Santa Fe.

Mr. Randall replied there is the government and the labs.

Ms. Bruneni added that Presbyterian Hospital is recruiting and expects almost 300 of their employees to come from out of town and that could increase the service.

Vice-Chair Hendry noted that Arizona is one of the places they are recruiting because of the nursing shortage and people are brought in from Bangladesh. There are direct flights into Phoenix and they then fly into Santa Fe and a lot of the nurses from St. Vincent's are from Bangladesh.

Mr. Randall explained to the Board they are on revenue guarantee, not a seat guarantee. An originating flight in Phoenix or an originating flight in Santa Fe gives them almost twice as much revenue as a through flight. The most valuable from a revenue standpoint is people that originate in Phoenix.

IV. Final Report – Santa Fe Independent Film Festival

Mr. Jacques Paisner the Executive Director, said the 2017 Santa Fe Film Fest (SFIFF) was in their 9th year of bringing top independent films, film makers and educational programs to Santa Fe. The Festival was held five days and nights from October 18-22 presenting over 100 feature length, shorts and documentaries from over 40 countries; 3 Master's Discussions; 4 educational panels, and over 30 Q&A sessions with film-makers.

The Festival continues to be an important economic driver to the County and City and funding awarded was used for marketing and publicity and promotion through online and print ads. They had the pleasure of bringing world renowned Director John Sayles to the Festival. He participated in a Master's Discussion and accepted the 2017 Lifetime Achievement Award. Mr. Sayles and his wife Maggie Renzi, producer of all the Sells films, scouted Santa Fe at that time for shoots of an upcoming project.

An outlet was also provided for New Mexico film makers and artists that showcased 30 films. Two of the largest budget films of the year were screened – *Only the Brave* - and producer Michael Menchel participated in a Q&A after the screening. They also hosted the Cooper film *Hostiles* that was shot in New Mexico.

The festival began 10 years ago as a small weekend event and has grown consistently, boosting the economy and extending the tourist season and vitalizing the filmmaker's/filmgoer's scene. There are Oscar winners and nominees of the Independent Spirit Award along with prominent filmmakers that are personally invested in the Festival.

The charm of Santa Fe is key in the Film Festival's growth and coupled with City support will continue to attract more attention. They have given awards to Shirley McLain, George R.R. Martin, John Sells, John Waters and Gena Rowlands as well as great local film heroes and in 2017 Robert Redford presented a Lifetime Achievement Award.

What began as a showcase of small films and local independent films is now hosting premieres of films costing more than 100,000 dollars. The film *Hostile* was produced by a team of local people and used and supported the underserved voices and local artists. The film brought in \$166,022 in GRT revenue on festival related spending with over \$36,000 allocated to the City, \$27,000 to the County and \$100,000 to the State, and a total over \$17,000 in Lodgers Tax revenue and estimated \$183,395 in direct taxes.

The survey also showed an estimated \$2.179 million and \$198,000 in direct tax benefits. Attendees generated over \$3 million in direct, indirect and induced spending and \$277,701 in tax benefits.

And over 74% of respondents are planning to attend the 10th Annual 2018 festival.

Member Bruneni asked where the allocation of funding was spent.

Ms. Paisner explained the spending related to OTAB was submitted with the original proposal.

Member Bruneni noted very different numbers were listed for the projected and the actual.

Ms. Paisner said they requested \$20,000 and received \$8,750. She offered to pull the invoice but noted this was much larger than the \$8,750 from OTAB which they spent on Facebook and the graphic designer. The invoice was submitted to OTAB with their submission in December.

Member Lucero asked how profitable the festival had been this year.

Ms. Paisner replied they made \$209,000 this year and would have been more but the Santa Fe Arts Commission was not reimbursed until now. That represents a \$20,000 increase through ticket sales and submissions. They are fully prepared for the 10th Anniversary and are working with George R. Martin to bring in great people.

Member Lucero asked Ms. Paisner who she thought would win the Academy Award.

Ms. Paisner thought the *Shape of Water*. She discussed the film.

Mr. Randall said the Festival is a great event and he was glad OTAB has been able to support their effort.

V. Visit Santa Fe Activity Reports

a. Sales Report - David Carr

Mr. Carr reported January was up in leads and lead room nights. Several groups had been considered but they had to turn a couple down because they could not convince the group to work with multiple hotels.

They are trying to convince State Farm Insurance to bring a 12-day event to Santa Fe instead of going to Buffalo Thunder or Tamaya. There was concern because the meeting space at the convention center does not meet the feed and exhibit needs and they cannot talk companies into using multiple hotels.

Mr. Carr reported the Definite Bookings are flat compared to last year; slightly up.

They have attended 2 trade shows; Justin attended the Smart meetings in San Francisco and is doing another in April in Chicago and attended the Luxury Summit meetings in Dallas, San Antonio, Austin and Houston. Each event was well attended, and several contacts were made. Justin will be going a day early to Dallas for the Travel and Adventure Trade Show to meet with clients.

In April they attended the Destination Showcase in Washington, D.C. and received 4 RFPs and are

now getting bids out. The event is being considered again next year along with Hotel Santa Fe, the Four Seasons and the Drury Plaza who partnered with them and are also interested.

Mr. Carr said he and Mr. Randall attended the National Governors Association that is five months until the event in July. There are several more trips in March to Adventure Travel Trade shows and large Third-Party Planner events.

The sales team is upgrading the sales website to look like the Santa Fe.org website. They have an RFQ for a 2 or 3-minute video to update their current video and the focus will be more on the meeting side.

The survey has been finished and will be sent to every group coming through and they are continuing to identify new lead generation companies. Many of the companies work through LinkedIn and Facebook but do not provide qualified leads and does not make sense for the cost. They have received quotes from IMM, Smart Meetings, etc. and for a national push to meeting planners; 2 are survey based and 1 is call-to-action. They hope to wrap that up within the next month.

Mr. Carr noted the current rooms on the books from 2007 through 2021 Report was included for their review as well as the Sales Definite Booking and Leads by month.

Member Lucero suggested for the public record using the full name of the person in the report, instead of Justin, David and Randy. He asked if they had considered "Bring the Meeting Home" for those going to regional or national meetings etc. to bring regional or national meetings to Santa Fe.

Mr. Carr replied that had been tried at the Eldorado with no success, but they could try it again. They either had to pay the individual to bring the meeting to Santa Fe or give a discount to the master account and they did not book a single group. They contacted New Mexico Counties Association, LANL, etc., but without a lot of success.

Vice-Chair Hendry noted some will come to Santa Fe because it is a unique facility and some specifically because it is a union facility. He offered to provide his contacts with the unions.

Mr. Carr said he would be happy to follow up with any contacts from Vice- Chair Hendry.

b. Marketing Report - Cynthia Delgado

Mr. Randall gave a brief report for Ms. Delgado in her absence.

The Santa Fe.org website accommodation and partner listing pages were updated. Some had larger pictures and he decided to use the smaller pictures for now but there will be a larger picture format.

Mr. Randall expressed concern about the decrease in sessions and unique users on the website and that will be his focus. Page 37 shows the number of pages per session, the average time and the conversion rate, which is significantly up, he thought because the new site is more pictorial.

Vice-Chair Hendry noted that Ms. Delgado's report is always great, but almost verbatim.

Mr. Randall explained Ms. Delgado was in New York on press visits, which results in a big difference in PR and pays off, because the press respects when they get a visit in their office. A press person sometimes visits Santa Fe on a future FAM trip, but most of the bigger publications come individually, not on a standard press trip.

Member Lucero asked that the record show the trip to Austin was not on City funds.

Vice-Chair Hendry commented that if some staff could not be present they should feel free to bring other staff members to the meeting. He enjoys meeting and talking with them.

Mr. Randall explained he had decided not to substitute staff because they sometimes felt they would need to give a large report. He noted that Music Week is in Ryan's (?) hands and he will have Ryan give the specifics.

The National Governors' Conference (NGA) will be a significant event for Santa Fe as well as a significant disruption with the streets that will be closed. The security in Washington D.C. was 3-5 security people for each governor, then there was the press and business sponsors, and 25 elite companies among other partners that provide regular funding to the NGA like Apple, T-Mobile, USAA Insurance, etc.

c. Executive Director Report - Randy Randall

Mr. Randall explained the budgets are being prepared for next year and the same amount of revenue will be budgeted. A mid-year review of revenue is planned and if up, they would request an increase from City Council; if down they will advise Council of what they will do to remain within the budget. Indicators suggest there will continue to be increases through December and the next four months of Lodgers Tax will be close to a 35% increase for the four-year term of this administration.

He plans to include in the budget an increase for OTAB's budget from \$70,000 to \$100,000 for events in the next fiscal year. If the applicant pool is not strong the money should be allocated on what is available and the quality of the applications.

They are working on Kids Free in March through mid-April and the program is in its third year and they plan to do an economic study.

There will be \$100,000 one-time expenditure for NGA with a similar amount for the Tourism Department and hopefully a similar amount in the Governor's budget. The total expense to bring NGA to New Mexico is in the range of \$1.5 million and up to the State to raise the funds when they bid on the meeting. The oversight falls with the State, the Secretary of Tourism will chair the committee, and the ultimate responsibility rests with the Governor. The City will act in support of their efforts.

The Gran Fondo de Santa Fe got through all committees but was withdrawn from the agenda and the City Attorney does not want to continue. There will be a new city attorney and with new legal support this

could be brought back, so the funds will be left in the budget. The funds would be redirected if they do not find a way to do the event and about \$60,000 would be needed from the City.

The new application for the Margarita Trail was introduced on February 22nd, National Margarita Day that allows the trail to be done electronically opposed to paper passports. The report understates the number of passports which is actually 8,700 that have been distributed and 2400 tee shirts, 128 autographed Margarita books and 72 bartender kits.

Also, on the 22nd they introduced membership in the Santa Fe Margarita Trail Society which gives stamps; with 15 stamps a person becomes a full-time member. There are certificates and pins that go with that and a Margarita poster will be produced, and they hope displayed in the bars and restaurants in town.

Southern has been supportive and is the primary partner. There will be a request for \$36,000 at Council to conduct a study of the physical condition of the Santa Fe Depot, which received push-back by the Finance Committee about why this comes from Tourism. Tourism Santa Fe is the tenant, but the ownership is the City and a study of the building and any repairs should be done with CIP funds.

Another problem is that there is no visible means to do repairs and using Lodgers Tax funds is inappropriate.

Mr. Randall thought the item would be pulled for discussion from the City Council's Consent Calendar. He hoped if approved by Council they would designate a source of funds in the record for the resulting work that is needed. He thought the responsibility should be the CIP or Rail Yard Corporation because the depot is a registered landmark and definitely historic.

There is a request and a deal and an RFP for SW Planning to do six economic impact studies next year and where the studies will be done. There has not been an economic impact study on Indian Market and the studies could probably be expanded and could benefit them to know the economic impact of Santa Fe Century Bike, etc. and with the same organization doing all of the studies they would get the same methodology.

The HIPICO equestrian challenge for San Miguel de Allende is moving forward. There is a lot of excitement and there are commitments for at least 70 horses from Mexico to participate. The sister-city challenge would be on show jumping held the Sunday of Spanish Market.

Member asked if the riders/horses were from all over Mexico.

Mr. Randall said they were and if they could get the event going they would get the Sister Cities Committee to consider Calgary. With a third city the event could be international and televised.

Last is there is a new administration coming and they will probably question all the advisory boards and phases of government. Members should let Mr. Randall know if they want to continue on the Board and make him aware of their interests in the event he is asked.

VI. Others Matters by the Board

Member Lucero asked Vice-Chair Hendry to report on the Film Week results.

Vice-Chair Hendry said financially most of the events were paid for and they thought it important not to charge for the classes. He thought they were on budget. The hotels were filled, and they had to scramble to get additional rooms. There were some issues with noise, particularly at Hotel Santa Fe that need to be assessed.

Vice-Chair Hendry said a lot was learned, and they committed to the event again next year. A Hall of Fame Society will be set up as well as a mobile Hall of Fame with a red carpet etc. that will travel. They need \$7,000 to wrap the truck, but in general what they learn can be applied next year to Music Week and Theater Week.

They want to talk to the City and OTAB and Alfa Romeo, etc. about sponsorships and then hire an executive director. One take-away on Film Week was the run on hotels made him realize how many people were going to show up.

He complimented Ms. Bruneni's catering but wanted to explore a liquor license with the City and have licensed bartenders, etc. participate. The bartenders had to haul everything in and out and that bumps up the price.

Mr. Randall indicated storage for two events could be provided but the problem is that employees must be employees of the license holder. There is no vehicle to have part-time or on-call employees.

Vice-Chair Hendry offered to help with that because the union's purpose is to provide those, and they have more experienced people.

Member Lucero suggested exploring a resolution to give them permission to override that provision and they could have part time certified servers, but they would also need a union agreement.

Vice-Chair Hendry noted that the unions work at convention centers all over the country with union people and some travel to do that. The liquor license could be leased like at the golf course and the Airport.

Mr. Randall pointed out most of the time the food provider is also the beverage provider and usually packaged together to give a better price on the food. And if there are issues with the food it is easier and there would be no financial gain to lease a license.

Mr. Randall indicated he had looked into an inventory of table top - china, glass and silver – rather than leasing, but there is no place to inventory it because the building was not designed to be full service.

VII. Adjournment

MOTION: Member Lucero moved to adjourn at 11:20 a.m. Member Pettus seconded the motion and it passed by unanimous voice vote.

Approved by:

Paul Margetson, Chair

Submitted by:

Carl Boaz for Carl G. Boaz, Inc.