

SUMMARY OF ACTION  
OCCUPANCY TAX ADVISORY BOARD  
CITY HALL - CITY COUNCIL CHAMBERS  
TUESDAY, JUNE 26, 2018, 10:00 AM

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**OCCUPANCY TAX ADVISORY BOARD  
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TUESDAY, JUNE 26, 2018, 10:00 AM**

**I. PROCEDURES**

**A. CALL TO ORDER**

The meeting of the Occupancy Tax Advisory Board was called to order by Paul Margetson, Chair, on Tuesday, June 26, 2018 at 10:00 am at City Hall in the City Council Chambers, 200 Lincoln Avenue, Santa Fe, New Mexico.

**B. ROLL CALL**

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

**OTHERS PRESENT**

Randy Randall, Executive Director, Tourism Department  
Joy Rice, Marketing Manager, Tourism Department  
Dave Carr, Sales Director, Tourism Department  
Mona Baca, Sales Assistant, Tourism Department  
Elizabeth Martin, Stenographer

**C. APPROVAL OF AGENDA**

**MOTION** A motion was made by Ms. Pettus, seconded by Ms. Bruneni, to approve the agenda as presented.

**VOTE** The motion passed unanimously by voice vote.

**D. APPROVAL OF MAY MINUTES**

**MOTION** A motion was made by Mr. Lucero, seconded by Ms. Bruneni, to approve the minutes as presented.

**VOTE**            The motion passed unanimously by voice vote.

## **II.      LODGERS TAX**

### **A.      UPDATE**

This report is included in the meeting packet.

Mr. Randall reviewed the report.

Mr. Randall said he is a bit concerned about July. Some people are saying the fires are deterring people from coming here.

Chair Margetson said his numbers are flat this year. They are the same as last year at this time.

Mr. Lucero said the hotels are anticipating heavy crowds for the National Governor's Conference and are keeping rates up high because they know they will be full. Rates are scaring people away.

Mr. Randall said he doesn't know. July 4th coming on a Wednesday couldn't be worse. It makes for a soft weekend. We will have a celebration out at the Santa Fe Mall like we did last year. That may be a factor too.

Chair Margetson said June has been unbelievable strong. Hopefully that will help us get through July.

Mr. Randall said that also means a strong start for our year. June results are recorded in July. That is great news. July may come in. It is incredibly important for our hotels to properly manage their rates to build occupancy. Last year there were some management problems with rates. He thinks that has been corrected.

Chair Margetson said there are now as many short term rentals in Santa Fe as there are hotel rooms.

Mr. Randall said there are 1,842 hotel rooms in downtown Santa Fe and about 2,000 short term rentals. There are 4,200 rooms in all of the City of Santa Fe.

Mr. Randall said we still have some violators who are not collecting and paying lodgers tax. He feels we need to eliminate the loop hole in the lodgers tax for short term rentals. We need to say if you advertise your room as a short term rental you must collect and pay lodgers tax. If you publicize your unit under a public website you must pay tax.

Ms. Pettus said it is an honor thing.

Mr. Hendry said there was a study just done at Taxation and Revenue about restructure. This is the perfect time for tax reform. We have a lot of issues around GRT. They not paying GRT. The City lives on GRT. They have an advantage over the hotels because of that.

Mr. Randall said we actually don't know if they are remitting GRT. The law does say they have to pay GRT, but there is no ability of a municipality to check to see if they are paying that.

Mr. Hendry said Taxation and Revenue knows. If you talk to the City Attorney we should be talking about all these things. If you are in business you should be paying commercial rates for utilities. Some are not. If we are going to have short term rentals it should be on a level playing field with the hotels.

Mr. Hendry said he feels this Legislative session will have the biggest push for tax reform after being held back for 8 years. It will consume the session.

Mr. Randall discussed the Zip Code History Report which is included in the meeting packet. There is a mistake in this report. Mona Baca is working on that and we are going to get it fixed. We have gone back to the developer for the fix.

Ms. Pettus said on page 13 of the packet the numbers in the report are so small. For future reports can this be made bigger.

Mr. Randall said we can do it on a bigger page with a fold.

### **III. NORTHERN NEW MEXICO AIR ALLIANCE UPDATE**

Mr. Randall said right now we are in a bit of marking of time. The Alliance has reduced the advertising for the Phoenix flight to see how it does on its own and to save a bit of money in case we get a new flight. They are looking at consultants and have 4 identified. They have received proposals from 3 and will receive the 4<sup>th</sup> one today. There is a push for a new flight. Revenue guarantees have been completed for the Phoenix flight. The Alliance is looking at southern California and Burbank as a base for Alaska Airlines to come from Burbank to Santa Fe. The consultant will help the Alliance to see if that is viable. An alternative would be a feeder flight from Chicago which would be less beneficial to film, but more beneficial to Santa Fe as a whole.

Mr. Hendry said that will not be a price sensitive flight from Burbank.

Mr. Randall said Alaska Airlines is competitive in their pricing.

Mr. Hendry said when the consultant comes in we need to make sure they get with the Film Office and get all the information.

Mr. Randall said Jon, you and some others should sit with the consultant and discuss that with them. Our current consultant does a pretty good job but is less proactive. The issue of the Airport Manager vacancy is holding back the Airport. Nick Schiavo has done a great job. He had done more in 2 months than the previous Manager did in 2 years. He is now the Interim Director of Community Services and Parks and Recreation so the Airport may take a back burner.

Mr. Lucero said he flew into Oakland and they are doing a marketing campaign for "I (picture of an airplane) Oakland. Maybe we could do that for Santa Fe.

Mr. Hendry said he doesn't understand why we can't put I Fly SF on everything we do. Instead of putting this grant was provided by the Arts Commission or lodgers tax.

Mr. Randall said it goes on everything that Tourism manages. He has talked to the Arts Commission and they say they cannot specify that. We are taking a look at the whole Arts Commission grant program at this point. We will take a look at that.

Chair Margetson said he endorses the Burbank idea.

#### **IV. VISIT SF ACTIVITY REPORTS**

##### **A. SALES REPORT**

This report is included in the meeting packet.

Mr. Carr reviewed the report.

Mr. Carr said the challenge is with big groups having to contract with multiple hotels. They would prefer to only have to sign one contract. Also the space at the Convention Center for large events can be an issue.

Mr. Randall said we are competing with every major city in the country. We don't compete against cities as much as we do individual hotels. 650 people is the typical level of people we can accommodate at the Convention Center. Once we get our new City Attorney in place it might be something to look at to see if we could exercise a contract on behalf of several hotels so that would be a single contract. He thinks we could come up with something like that. The problem is if we sign the contract and if the hotels do not provide what is outlined it puts the issue back on the City.

Mr. Lucero asked do you market the shuttle service when working with larger

groups.

Mr. Carr said yes we do. We market with anything that will help. We also let them know how walkable the City is. We pull out all the stops. For the NGA the hotels offered up all their meeting space. The NGA wanted to come here and they made it work. Some groups are willing to make it work.

Mr. Lucero asked isn't the International Folk Art Festival here in July. Do they not usually use a lot of hotel rooms.

Mr. Randall said people come to Santa Fe because of it. We will be filled that weekend.

Ms. Bruneni said we sell out that entire weekend. Sage Inn is a sponsor and they typically donate 50 rooms.

Mr. Lucero said the new hotel coming in Teseque, have you received any inquiries.

Mr. Carr said not yet. It is just a casino at this point.

Mr. Randall said the initial phase is without lodging. They have provisions for a hotel, but are not at that point at this time.

Mr. Hendry said we need to figure out what is going around that the Convention Center is \$1 million over budget. How did they come up with that.

Mr. Randall said he has made that inquiry to Finance and has not received a response. He thinks there was a shift of debt at the end of the year. The debt was budgeted elsewhere, but we paid it. He is waiting for an answer. He was as surprised by that as anyone. The Convention Center, from an operations standpoint, finished under budget. They are talking about the prior year. He thinks it is an adjustment of debt service.

Mr. Hendry said we need an explanation on that from Finance. It can't possibly be true.

Mr. Randall said once he gets the answer he will distribute that to the Board. It was in the audit report. This is our second Interim Finance Director and that is one of the problems. We had 2 discrepancies in the audit. This and the lack of reconciliation of advance deposits. That was something we discovered and made efforts to rectify prior to the fiscal year end. There was \$72,000 of unaccounted revenue. We took \$50,000 of that into revenue and established a baseline then will take in the rest. Now the reconciliations are being done on a regular basis.

Mr. Lucero asked is Tourism responsible for the Convention Center operations.

Mr. Randall said we don't maintain records for them.

Mr. Hendry said your job should not be to count this money.

Mr. Randall said in the early operations it was to manage its deposits. That was something we discovered and took the lead on rectifying. With more support from the Finance Department it would have been rectified and would not have been a finding.

Mr. Hendry said not enough credit is given to you and what your Department has done in increasing revenue to the City. We need Finance to tell us what happened here.

## **B. MARKETING REPORT**

This report is included in the meeting packet.

Ms. Rice stated that there are pages missing in the report that is in the packet.

Mr. Randall said we will send out a complete report to everyone.

Ms. Rice reviewed the report.

Ms. Bruneni left the meeting

## **C. EXECUTIVE DIRECTOR REPORT**

Mr. Randall said both Joy Rice and JoAnne Hudson have really stepped up and took on a tremendous amount of work to move us forward without missing a beat. Joy did not apply for the Director of Marketing position. We had 12 responses. From the list we pulled we have narrowed it down to 5 finalists. We have interviewed 3 and will do the other 2 later today. We hope to make an offer to one individual by the end of the week. Eric Thompson joined us to manage social media and will make a report to OTAB next month. We will manage social media content in-house with him.

Mr. Randall said regarding the National Governor's Association conference, David Carr is coordinating all City activity with this event.

Mr. Lucero said now that the event is going to be held at Ft. Marcy Park for the convention, how will that effect our budget for security.

Mr. Randall said it won't change it. There will be a ton of security around town for these events. Mostly it will be State Police, but we are providing some.

Mr. Carr said the City police wanted to be sure the rest of the City is protected as well. They will be out in full force over those dates.

Mr. Carr said the event is Tio Coco, not Zozobra.

Mr. Randall said part of Bishops Lodge Road will be closed for the event.

Mr. Carr said there will be access up Old Taos Highway. The closures are to provide security for participants in the event. You have to register and pay to attend the event.

Chair Margetson said the public is not allowed.

Mr. Randall said Music Week will be August 24<sup>th</sup> through September 3<sup>rd</sup> - Labor Day weekend. It is moving forward. We are working to get some local talent and excitement for it. Jon Hendry is working with us on this. We are also working with the New Mexican to promote it.

Mr. Hendry said he thinks Music Week will be great. The point of establishing this was to show that Santa Fe is another music destination and to highlight music we have year round.

Mr. Randall said this year will be good, but will get better next eyar. We are trying to bring in a lot of variety.

Chair Margetson asked what is the last night of the opera.

Mr. Randall said the 25<sup>th</sup> so we are incorporating the final 2 performances into this. Also the Mavericks will be performing as a fundraiser.

Mr. Hendry said we are going to have an event at Young Park which we are asking to be renamed to Workers Memorial Park.

Mr. Randall said we had a successful and fun event with the Old West Show and Sale. They booked the event here for the next 3 years. This was their first time here. It will now be an annual event for Santa Fe. We are really excited about that. The team did an outstanding job with it.

Mr. Randall reported that we have a concept that is not fully developed yet, but will deal with the downtown restroom issue. It is to construct a space at the Water Street parking lot. It will become a self pay lot and we will remove the attendant and build the facility in the attendant spot or put it over on the corner where Cerletti Park is. We are working on that. We brought in Wayne Lloyd as the architect to put the plan together. We have some support from Council for CIP funds when it comes out. Tourism will put some money in as well. This would be an attended facility so we can



deal with cleanliness. There will be \$120,000 in savings in staff with the self pay parking. That will pay for the cleaning attendant and supplies.

Mr. Hendry said if you are going to remove the homeless from the shade of Cerletti Park the roof of the parking garage is the perfect place for homeless to congregate. No one parks up there. We should look at that if we are kicking homeless people out of Cerletti Park.

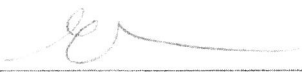
Ms. Pettus asked that the Board be informed when the bathroom issue comes before Council so we can support it.

**V. OTHER MATTERS FROM THE BOARD**

None.

**VI. ADJOURNMENT**

There being no further business before the Board the meeting adjourned at 11:20 am.

  
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Paul Margetson, Chair  
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Elizabeth Martin, Stenographer