



Agenda

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OCCUPANCY TAX ADVISORY BOARD

September 22, 2015 – 10:00 A.M.

CITYHALL

COUNCIL CHAMBERS

10:00 a.m.

Regular Meeting

I. Procedures:

- a. Call to Order
- b. Roll Call
- c. Approval of Agenda
- d. Approval of Minutes July 30, 2015

10:05 a.m.

II. Lodgers Tax:

- a. Update—Randy Randall

10:20 a.m.

III. CVB Activity Reports:

- a. Sales Report – David Carr
- b. Marketing Report – Cynthia Delgado
- c. Executive Director Report - Randy Randall

11:15 a.m.

IV. Other Matters by the Board

11:45 p.m.

V. Adjournment

The next regularly scheduled meeting will be held on October 27, 2015

City Council Chambers at 10:00 a.m.

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520, five (5) working days prior to meeting date.

SUMMARY INDEX
CITY OF SANTA FÉ
Occupancy Tax Advisory Board
September 22, 2015

ITEM	ACTION TAKEN	PAGE(S)
I. Procedures		
a. Call to Order	Quorum present	
b. Approval of Agenda	Approved as presented	1-2
c. Approval of Minutes - August 27, 2015	Postponed to next meeting	2
II. LODGERS TAX UPDATE		
a. Lodgers' Tax Update	Report by Randy Randall	2-3
III. CVB ACTIVITY REPORTS		
a. Sales Report – David Carr	Reported by David Carr	3-4
b. Marketing Report - Cynthia Delgado	Reported by Cynthia Delgado	4-6
c. Executive Director Report - Randy Randall	Reported & discussion	6-8
IV. Other Matters by the Board		
a. Update on Short Term Rentals Resolution	Discussion	9
b. Other Matters	Discussion	9
VI. ADJOURNMENT	Adjourned at 11:32 a.m.	9-10

MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD

September 2, 2015
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 Chair Paul Margetson on this date at approximately 10:00 a.m. in City Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fé, New Mexico.

ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Paul Margetson, Chair
Victoria Bruneni
Al Lucero
Elizabeth Pettus [arriving later]
Jon Hendry [arriving later]
David Griscom [ex officio]

Members Absent:

Staff Present:

Randy Randall, Executive Director
Cynthia Delgado, Marketing Director
David Carr, Sales Director

Others Present:

Carl Boaz, Stenographer

b. APPROVAL OF AGENDA

Member Lucero moved to approve the agenda. Member Bruneni seconded the motion and it passed by unanimous voice vote. Members Henry and Pettus were not present for the vote.

c. APPROVAL OF MINUTES - July 30, 2015 August 27, 2015

Chair Margetson said the minutes have errors so they are postponed to the next meeting.

II. LODGERS TAX UPDATE

a. Update – Randy Randall

Mr. Randall presented the report and indicated that the results are better than the prior month. The reports reflect July results when revenues were down as a result of July conditions the Board discussed last time. The better news is in the Rocky Mountain Lodgers Report with occupancy up 4 points compared to the prior year. Downtown is up 5.8 points and Cerrillos Road is up 1.8 points. The Star Report shows the occupancy to be up 6.3 so stronger than Rocky Mountain. That is because there are fewer Cerrillos Road lodgers who participate in the Star Report than the Rocky Mountain. From a city-wide perspective, Rocky Mountain is more accurate. The Star reflects more of downtown but Rocky Mountain includes all of downtown except the Inn of the Anasazi. Year to date per the Rocky Mountain report is up 1.5 but downtown is only up 0.2 and Cerrillos Road is up 1.86 so they are having a stronger season than downtown. The periphery is dominated by Buffalo Thunder who do participate. Bishop's Lodge is so reduced in rooms that it is not meaningful.

Member Bruneni asked how Rocky Mountain pulls its numbers.

Mr. Randall said that has been questioned because it is done manually by number of available rooms, number of occupied rooms and room revenue. Star is pulled from hotel records. The fact they are pretty close to each other and Star has fewer from Cerrillos Road is logical.

Member Pettus arrived at 10:07.

Chair Margetson noted that short term rentals are significant.

Mr. Randall said there are 70 unlicensed rentals that do pay. It is the elephant in the room. It appears that short term is up at least 15% over last year. They are taking rooms away from hotels. One of the owners, who lives in Malibu, talks to him once in a while.

Member Lucero asked where the Cerrillos Road category starts.

Mr. Randall said Sage Inn counts as downtown. The Cerrillos Road category starts after St. Francis.

Chair Margetson asked if Sunrise Springs was running now.

Mr. Randall said they are about two months from being fully operational.

Member Griscom asked what category they would be in.

Mr. Randall said they are in the periphery category.

III. CVB ACTIVITY REPORTS

a. Sales Report – David Carr

Mr. Carr reviewed his written report with the Board, comparing leads and sales for August this year compared with last year which, overall, were down from the previous period. He attributed part of it to the new requirement for meeting room rental. Definite bookings were up by seven. Mr. Carr reported attending several conventions including Connect Marketplace, where he obtained two proposals and roughly ten leads to follow up and HSMAI in DC where attendance was poor and the caliber of attendees were down. He came away with no RFPS and no leads and won't attend it next year. He will be attending Rejuvenate in November.

Member Hendry arrived at 10:13.

A FAM through Hans Briscoe is occurring now with 11 attendees and this is the last day. It is going well with high remarks and two possible groups being generated. A total of 15 meeting planners are invited and 8 confirmed for the next FAM in October. Hans Briscoe is a third party broker for meetings which provides many groups through one individual.

Mr. Randall said as we build good experience with Hans Briscoe it brings others along. They deal primarily with associations which is better suited for Santa Fe than corporate.

Mr. Carr said they typically generate definite bookings. Once they agree to come, there is an obligation to bring a program to Santa Fé.

Mr. Randall said Tourism does about four FAMs for meeting planners each year. As we do more, we will get better at them. We alert partners and that is usually food and beverages. Our budget pays for air fare. Ground operators are willing to contribute. They take a lot of time and effort but is worth it.

Member Hendry agreed that the FAMs produce better return on investment. He mentioned his negotiations with the Mayor for a separate fund to bring in people from the film industry to use to sell Santa Fe to them.

Mr. Carr said Briscoe originally was bringing 22 and half dropped out. This is higher dropout than normal. We typically keep it around 20. But it was nice getting that many initial responses. The date was moved to a Wednesday - Sunday pattern because we couldn't get the hotel rooms with hotel partners.

Member Lucero offered to bring it up at the Greater Santa Fé Restaurant Association which is getting some momentum now. The Association has a part-time executive who could line up restaurants for Tourism FAMs.

Mr. Randall said hotels have been generous as they move from place to place. So broadening the product beyond hotels with the Restaurant Association active and participating would be great. The cuisine is just as important as lodging. FAM participants also experience galleries, and outdoors. That would also help spread the exposure to other restaurants around.

Mr. Carr reported they are looking at replacing the CRM system with three possibilities to consider and he is calling other cities for their experience with those systems. He added that they are at finalists for the sales position.

Chair Margetson noted no room-nights were listed for the BMW event and asked if staff didn't know yet.

Mr. Carr said they had tentatively requested 13,800.

Chair Margetson asked about room nights for the LPGA coming next year.

Mr. Carr had not yet heard anything about room-nights. They haven't secured any lodging blocks at this time.

b. Marketing Report – Cynthia Delgado

Ms. Delgado reported they finished the Google Trekker Project, which is a unique opportunity to connect with outside resources. Based on the photography, they did over two dozen locations. Google said within 6-8 months we will get information on the actual production. We were pleased to get the project.

The Visitor Guides is in full advertising sales mode for the Santa Fe Guide and the 2016 product. She hosted an event on September 2nd for business partners to kick off the Santa Fe Guide advertising season. This is the largest production Santa Fe piece there is with 400,000 being printed.

We also developed the official santafe.org for business partners to use on their website. The goal is for linking with santafe.org to add to business partners' ability to gather information and use the logo which gives a very positive look.

We just completed "Ten Best" campaigns for USA Today for culture, shopping and outdoor adventure. Santa Fé is listed as #1 in all three areas. This is significant from a media perspective and marketing leverage.

Mr. Randall added that no other city made the top 5 on more than one but Santa Fe got it in all three.

Ms. Delgado sent out a press release but only got KQRE to respond.

Ms. Delgado has been working on one last vote - for Rancho de las Golondrinas. She let them know they were in the contest and now stood at #3 for a vote that ends on September 28.

Mr. Randall said the contest is Best Fall Festival. There is an apple festival in Michigan and a berry festival someplace. So to be #3 out of twenty is significant.

Member Hendry said the word isn't getting out because the local papers are going to AP reporting.

Mr. Randall suggested maybe we should invite both publishers to meet with OTAB.

Chair Margetson thanked the reporter for being here two months in a row.

Ms. Delgado provided a list of August accolades. It was a big month with the likes of Travel and Leisure and Condé Nast who are heavy hitters. She said word of mouth is the biggest reason why people come here.

For September, she grouped many events and pushed it out as a month-long celebration. She just completed a press FAM on history and culture; October 15-19 will be outdoor hiking, biking, horseback, outdoor dining and the Farmers Market. She currently has four media signed up for it. It also is focusing on the Canyon Road Outdoor Paint Out. She is working with restaurants and hotels on this.

The website continues to function well and have a fine ranking. The majority of visitors are ages 18-54, especially with social media links to the website. Facebook continues to be our choice because of its ability to link to the website but Twitter is growing.

Chair Margetson saw that that 2/3 are women and asked if we need to market differently there with more focus on women.

Ms. Delgado said the trend on travel is heavily by women.

Member Pettus said women make 85% of travel decisions.

Ms. Delgado added that the outdoors, history and culture as well as food and drink are the most important topics. We look at it from that perspective.

Member Lucero said it is a shocker to see that age range 55- 64 has the highest percentages of any age group on the website and asked if that indicates younger ages don't use website as much as social media.

Ms. Delgado agreed younger people do use social media more so we have upped our tweets. We haven't done any research on socio-economics but have talked about doing a visitor survey.

Mr. Randall said they have a proposal from Longworth who do state-wide surveys and could help us access some of it. Their proposal is for what they can do for our budget. The bank cards and American Express won't provide incomes any more.

Ms. Delgado said they have moved away from targeting demographics in favor of psychographics - multi-cultural, historical, big outdoor, unique cuisine with a regional footprint., although they always keep an

eye on economics. So instead of credit card companies providing information, the social media provide it. We are targeting certain drive markets including Texas, Colorado, Arizona, Oklahoma, and California and the cities of Dallas, Houston, Denver, Colorado Springs, and Phoenix.

Chair Margetson said we have David Griscom on our Board is to carry our message back to the County. He asked what the County is helping with.

Mr. Randall said the LTAB helped on the press FAM at \$7,000 last year.

Member Hendry noted a great opportunity in the next couple of weeks to work with the first Santa Fé series award winners and get behind the scenes. He said Tourism should use the opportunity when the plaza is closed for reseeding. The City allowed a new television series to be shot on the Plaza at that time that 3-4 million people will be looking at.

Ms. Delgado agreed to follow up with Member Hendry.

Ms. Delgado said they achieved over \$2 million of earned media in August and a billion impressions out there through public relations.

Member Lucero complimented the City on wine enthusiasts and how great Santa Fé is as far as wine.

c. Executive Director Report – Randy Randall

Mr. Randall reported improved internal data entry on Lodger's Tax information. It is poor right now on short term rentals. But with the new system we can manipulate the data much better - using Chris Cordova.

The advertising campaign is being tested through electronic focus groups in Denver, Dallas, etc. and we will keep the ads going. Seven videos are being edited now with a limited budget scope. The seven will cost about the same as one New Mexico True video. They have 9 True videos and spent about \$70,000 each. Ours might not have quite the depth.

He is toying with how Tourism should work with our county partners in the many things we offer. We made a proposal that we would be better off if we shared resources and efforts. Their decision was no. So he asked if we should have a pay-to-play system on CVB set up for non-city lodging facilities and tourism attractions.

There would be a charge for participating in our website for a hotel or tourist destination to be included in press releases and all the things we are doing. Or he asked if Tourism should continue to do it without cost. The leads have value but a cost to us. It is not to penalize the non-city tourist components but if by letting them pay something, and maybe beyond the county, it might allow us to do more. If it only generated \$100,000, it would be a 10% increase. The only area we need to increase is advertising. Our PR contract is very successful and FAM is sufficient. Advertising tends to get who is left over. \$1,240,000 is the budget of which \$900,000 goes into advertising.

Member Lucero said the impact of casinos spending a lot of advertising is good for Santa Fé but hotels are reluctant to accept them in.

Mr. Randall said Tourism includes them in our website. But the County listed only those outside the city limits. Buffalo Thunder is on our website.

Member Lucero was surprised the County doesn't have city facilities on their website.

Member Griscom said he would convey that back to LTAB and senior staff at the County. He agreed it is ridiculous for the County to have its own tourism website. He said the County is developing a new outdoors website which will have a link to the City's website on it. It will list all of the County hotels and restaurants on it and recognize it would be silly not to include City properties. He suggested there is a conversation to be had before talking about charging County properties to be listed on the City website to explore how to strategically work together with those two websites.

Mr. Randall said his intention was to wait until January 1 before making any decision on charging or not charging.

Member Hendry said it needs to be a broader discussion. Short term lodging in the county should be paying too. We seem to be incapable of having a broader discussion on this and it is broader than just the website.

Member Pettus said the same thing happens in Italy and France. It is so much better for the tourist to be able to access all the information at one site so it is best to be about inclusivity and anything we can do to bring the two together would be much better.

Ms. Delgado agreed. The tourists don't make the distinction between Santa Fe County and City of Santa Fe.

Member Lucero asked about the decision makers for the county LTAB which he thought was by the County administration.

Member Griscom said the Board of County Commissioners makes the final decisions on LTAB budget.

Mr. Randall said he would be glad to attend any of those meetings, if invited. draft a schedule to consider and see how discussions go with County staff. We will try to estimate what the value would be and how it can be beneficial. He didn't want any decision to be punitive. As we make progress on the short term rental side, we want to share that with the County on enforcement. Most of it is within the historic district.

Member Hendry said there was a lot in La Cienega also.

Mr. Randall announced that he is looking for a new office manager and that Steve Trujillo is out on FMLA at least for this week. He was not sure when he will get back so David Carr will oversee the operations team for now. Another person may be going out on FMLA too. It is difficult to bring in a temp but

we can't have someone lose their job. FMLA is for that purpose to protect the employee while out for family leave reasons.

Mr. Randall reported that a major film is starting in October and will go through the end of the year. It is a very big deal. They will be using the Plaza and downtown. It won't have the physical impact of the filming at the County Building but it will use Santa Fé as its destination. We can't mention the name because it is not announced yet.

Mr. Hendry said it has to be kept confidential but there will be big name actors in the movie.

Mr. Randall reported that the OTAB grants announcement is on the city website and that will stay on schedule for proposals until November 13 and make grants in December.

Member Hendry asked if there was any mention of a workshop beforehand.

Mr. Randall said the key is how they meet with us. Even a poorly written application can be awarded when presented well orally. We did a press release to all local media and put it on the web site and that is really all we can do.

Mr. Randall said he put together a coupon envelope for meeting planners for coupons to give discounts at restaurants, hotels and galleries but the response was not good. He did it through the newsletter at least three times and in his narrative at least twice but no one wanted to do that.

Member Hendry suggested giving a gift basket on FAM trips. The water is bottled right here and never leaves the City.

IV. OTHER MATTERS BY THE BOARD

a. Update on Short Term Rentals Resolution

Mr. Randall said the resolution (in the packet) has gone through committees and is scheduled on Council for September 30. Short term rental is a zoning issue so Lisa Martínez is the staff. The important thing is work by Tourism staff is to make recommendations back to Council within the next 60 days. He was of the opinion that we won't make that 60-day deadline. This should go through Council on the consent calendar with no issues.

The Chamber of Commerce Task Force is working with him and the city to get more information from the private sector with Chair Margetson as the Task Force Chair and the Task Force is getting lots of data. They shared a draft on agreements between B&Bs with the City on taxation. He has heard that other communities are doing this - Tucson, Asheville, etc. The reactions by their Councils is across the board.

Our Council has 3-4 decisions to make. One decision would be to do nothing and leave the license limit at 350 and let the rest operate illegally. If so, he would still be trying to get them to pay taxes. Another approach is to eliminate all short-term rentals and the neighborhoods could support that. The City could put

liens on them for operating illegally. A third approach is to modify current laws to acknowledge the activity and increase the control.

Member Pettus asked how they would be penalized without a license. Basically half of the businesses downtown have illegal signs.

Mr. Randall said there are 750 on the waiting list for a license. But taxation requires their registration whether they have a license or not. The ordinance, if approved, will raise the profile for the City.

Chair Margetson added that if they get a license, they have to be inspected for health, etc.

Member Lucero asked when the limit was 350 was done.

Mr. Randall said it was done in 2008 and that number was just a negotiation with those who wanted to be in the business and the neighborhoods who didn't want them. The fee was \$350 as he remembered and was based on the cost to the City of the process for licensing. The committee within the city to consider this will be Lisa Martinez, someone from Finance, someone from Legal, and himself.

b. Other Matters

Member Lucero asked, based on letters to the editor, if there was anything the City could do to place public restrooms downtown.

Mr. Randall said Tourism has been asked about it and OTAB could consider any recommendations that come forward. He said the rumor was that when the History Museum was built, the City contributed funds to expand the size of the rest rooms there. He is attempting to get quotes on providing and maintaining public restrooms.

He said the cost would come out of Lodgers Tax revenue and would cause us to reduce our advertising budget. Or we could lease or purchase a building and turn it into restroom facilities. No other source of funds is available to do this as the City faces a \$15 million deficit next year. However, the more vocal we get, the more we will be looked at to pay for it.

V ADJOURNMENT

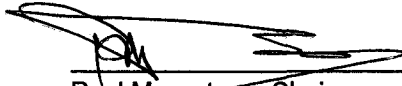
Member Lucero moved to adjourn the meeting. Member Pettus seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 11:32 a.m.

Next Meeting: October 27, 2015 at 10:00 a.m. in City Council Chambers

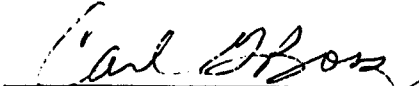
[signatures on next page]

Approved by:



Paul Margetson, Chair

Submitted by:


Carl Boaz, for Carl G. Boaz, Inc.