



Agenda

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OCCUPANCY TAX ADVISORY BOARD

October 27, 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. Global Running Culture Report for Grant Funding

10:20 a.m.

III. Lodgers Tax:

- a. Update—Randy Randall

IV. CVB Activity Reports:

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

11:30 a.m.

V. Other Matters by the Board

11:45 p.m.

VI. Adjournment

The next regularly scheduled meeting will be held on November 24, 2015
City Council Chambers at 10:00 a.m.

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five (5) working days prior to meeting date.

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CITY OF SANTA FE
Occupancy Tax Advisory Board
October 27, 2015

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MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD

October 27, 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
Jon Hendry [arriving later]
David Griscom [ex officio, arriving later]

Members Absent:

Staff Present:

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

Others Present:

Carl Boaz, Stenographer
Joseph Kames, Global Running Culture

b. APPROVAL OF AGENDA

Member Lucero moved to approve the agenda as presented. Member Pettus seconded the motion and it passed by unanimous voice vote. Members Hendry and Griscom were not present for the vote.

c. APPROVAL OF MINUTES - August 27, 2015 & September 22, 2015

Member Lucero moved to postpone consideration of these minutes to the next meeting. Member Pettus seconded the motion and it passed by unanimous voice vote. Members Hendry and Griscom were not present for the vote.

II. Global Running Culture Report for Grant Funding

Mr. Karnes handed out copies of his report. He said they had 300 participants last year and 695 this year, most of whom were from out of state. That is the reason they started this event. They have world-class runners but also recreational runners who like to travel to destination races. Also some are on vacation. They have held the event for 5 years now. The reason they have attracted the runners was the feature article in Runners' World Magazine and thanked the OTAB for that. Runners' World has the largest circulation of any runners' publications.

Member Hendry arrived at 10:05.

Mr. Karnes said there are approximately 2,000 half marathons that take place each year and our event made the top 20 of them who were in the Runners' World feature. We built it from scratch and got runners from 41 states. They travel because of word of mouth. One thing we have, going forward, is a member of Parliament from Kenya who flew here for this race.

Member Griscom arrived at 10:06.

Mr. Karnes said this is a unique association with Kenya and they plan to really focus on that relationship going forward. Fortunately, Global Running Culture got a state grant for next year and will focus on that Kenya/Northern New Mexico partnership. Abraham Koske from Kenya has made Pojoaque his home.

He noted that Member Griscom had great idea this year for a fiscal impact report this year and he got County funds for us to hire Southwest Marketing (Chris Cordova) to do the work. They generated 1,139 room nights and \$869,000 direct and indirect spending in Santa Fé. The surveys had almost 50% response rate which is pretty good for events of this type.

We worked hard in the early days to find the right weekend to hold it considering other events and the weather. The 3rd weekend in September has proven to be a great time to have it. That is otherwise a low point in hotel occupancy and now we have established it over 5 years.

Chair Margetson asked if they stay in hotels or private homes.

Mr. Karnes said it was 1,139 room nights. He had a list in the report of the 20-25 hotels the runners stayed in. They have partnerships with 6 or 7 hotels in Santa Fe.

Next year they are planning to hire a race management company to focus on the race so we can deal with the rest. We want to generate more earned media.

Member Lucero asked if they had thought about a full marathon.

Mr. Karnes said a full marathon would not work at 7,000 feet. The half marathon is most popular race.

Mr. Randall said this event demonstrates the power of the small investments OTAB can make. He asked if this was their 3rd year for funding.

Mr. Karnes said this is our 4th year for requesting funds.

Mr. Randall said they might end up with the opportunity to go back to some of our past events that deserve additional funding and instead of just advertising, to ask them what they need for funding. We might want to provide funding for specific press to come in and underwrite that instead of just marketing and not shut them off after 3 years.

Secondly, the economic impact they did with Southwest Planning and Marketing has set a standard that we might want to continue. He suggested maybe \$15,000 with \$12,500 for marketing and \$2,500 for earned media.

He said Mr. Karnes has done a great job.

Chair Margetson asked how much came from the State.

Mr. Karnes said they received \$10,000 from the State and \$1,000 from the County LTAB. That was our first year with them. Mr. Randall's words are true to my heart - helping small events grow big is what it is all about.

Member Hendry added that this event fits all of the OTAB criteria. It works well enough that they convinced legislators to be a New Mexico True event. He agreed they should bring in the journalists. But he had never seen the PR Company doing that. The City has the Arts Council and should do the same thing with sports, like mountain biking. The MRC gets a ton of money out there but we give up the soccer tournaments to Bernalillo. The City's \$12 million deficit has to be fixed but not at the expense of advertising and marketing. Tourism is supposed to fill room nights so developing events for that if important and we should have a separate fund for that. The City will come looking here because they can't rely on the Water Board any more. There should be some way to do continued funding. We funded the Folk Art and cannot expand that any further.

Mr. Randall said New Mexico doesn't have their act together more than us. Secondly, the PR agency is not paid to bring in the press. Their responsibility is to source the press but not to pay to bring them in.

Ms. Delgado agreed. She works with the press on a daily basis and we have press FAMs and they work with the publications or free-lance writers to identify them.

Member Hendry thought Tourism should have it in-house and not have a Boston firm or a NY firm.

Mr. Karnes said PR is critical and we don't have those connections. The PR firm he talked with wanted \$3,500 per month to work with us. Chris Cordova connected us with PR firms to be more targeted. That was one feature that brought impact. Just one or two articles would be wonderful and he wanted to work with Tourism staff.

The First Lady of Kenya (Kenyatta) is a marathon runner. She wanted to come last year but has to travel with presidential security and wants to come in 2016. That is huge. We are working with Tom Udall's office on it.

Member Lucero asked if they charge each runner a certain amount and asked what their financial status is now.

Mr. Karnes said last year we had early, regular and late fees. The standard is \$75 each. Our financial status is pretty good. Starting in the black is important. We got sponsor for our T shirts and use money to help in Northern New Mexico, Copper Canyon and Kenya.

Chair Margetson asked what it is about Kenya.

Mr. Karnes said Kenya has 42 tribes and some are at 7,500 to 8,000 altitude. Many students run to school. So long distance running is intrinsic to their culture.

III. LODGERS TAX UPDATE

a. Update – Randy Randall

Mr. Randall reported that August improved \$26,000 over the prior year and about 25k through August behind last year's pace. The good news is that occupancy in September if improved. Star and Rocky Mountain both show significant increases. Star shows it up 9.6%; Rocky Mountain shows a 5.6% increase. Rocky Mountain showed September rates up \$5.60 city-wide so that should be over \$15,000 more in lodger's tax.

Member Lucero said things seem to be really busy around town. The restaurants are packed.

Mr. Randall said he keeps hearing that October and November are on pace or above. Short-term is growing 15% each year. Most of it is downtown. We don't have a good reporting system on that yet. We are working on an improved reporting system that will require short-term rentals to provide occupancy information. That is important for galleries.

Chair Margetson pointed out that the report is two months behind.

Mr. Randall agreed and it is better to be up than down. For the 3-year pace, we are \$2 million ahead of the base year of 2007-2008. So it is not all dark news.

Member Pettus assumed some short-terms are not legal.

Mr. Randall agreed. There are more than 350 units and enforcement only deals with licensed rentals.

Member Pettus wondered what it might cost to do more enforcement.

Mr. Randall said he would probably have staff report on it in December with recommendations to Council on expanding the number of licenses.

Member Hendry said we have only a year to fix this according to the Finance Director. If the Council approves going to 500 licenses, it would help. People don't want to see their taxes go up. And if we can turn those into commercial properties, it helps with water connection fees, etc. they need to pay water and power at commercial rates and must have the right amount of parking spaces. We can see short-term as a way to reassess the whole tax situation.

Chair Margetson added that B&Bs need to pay GRT also.

Member Hendry said they all need to pay their taxes.

Mr. Randall said B&Bs do collect GRT but then don't pay them to the State.

IV. CVB ACTIVITY REPORTS

a. Sales Report – David Carr

Mr. Carr read the Sales Report. A copy of the report is attached to these minutes as Exhibit 3. Please refer to Exhibit 3 for details of this report.

Mr. Carr was pleased to announced filling the sales position with Ms. Gallegos who previously was at La Fonda for 11 years and he was excited to have her on board. He referred to the map on the last page of his report. He explained that due to her expertise, we thought it would be best to have her at the larger markets and he would take the smaller markets.

He will be attending Connect Texas - a speed dating style travel conference and in December, "Smart Meetings" in Dallas.

Member Lucero asked him to indicate the locations where he is going in his report.

Chair Margetson asked what the feedback is out there from visitors.

Mr. Carr said he has heard positive feedback from groups coming in and at Convention Center, there is a 20% increase over the three-year average. All in all, things are positive. He got great feedback from FAMs and will add a 4th FAM next year. He is sending email out for consistency and wants to develop promotions and email blasts. We will bring them in to benefit those partner hotels.

Member Hendry said economic predictions are not good with \$1.89 gasoline and going to \$1.50 per gallon. So it will be a drive market in March and that is a bad thing for the state.

Mr. Carr said with good snow predictions and low gas prices, we can promote Santa Fe a lot. For small groups, we might get board meetings and ski trips at spring break. It will be working with the hotel partners who want to participate.

Member Lucero agreed the winter is going to be terrific this year. El Niño is predicting heavy snow fall this year. Just like the runners, the skiers give word of mouth, especially for Christmas. Rooms will be full.

Member Bruneni agreed unless they shut down I-25 from too much snow.

Member Pettus said the oil and gas people are making a lot less money, however.

Member Lucero proposed: "If you enjoyed your stay in Santa Fe - here is a brochure for you to share with others."

Member Hendry said he was offered a discount if he liked the hotel on Facebook. He has never seen that here in Santa Fe. The drop on the website is offset by the pick-up in social media.

Ms. Delgado said those hotels usually offer it when you check in because then they get immediate benefit.

Member Hendry thought it was brilliant.

b. Marketing Report – Cynthia Delgado

Ms. Delgado reviewed her marketing report. A copy of the report is attached to these minutes as Exhibit 4. Please refer to Exhibit 4 for details of her report. Included were not only some key activities but also the 3rd quarter report.

She is doing a big marketing push this month about March and spring break and opening up Santa Fé for families; leveraging the drive market with Texas and Oklahoma; adding an element of value that children can stay and eat for free; and a children's menu. She had a meeting in early October about it with 35 business partners attending. We will develop web and social media for it.

She pointed out that the 3rd quarter report has a different look with graphs on the key indicator only, showing the breakdown and difference.

Mr. Blake Jackson, our marketing coordinator, has redesigned it to be easier to read and invite a look from a fiscal perspective.

She agreed that web visits are down and social media it up. That can also drive people back to the web site. Instagram is more difficult. We are also doing that in the blog. The time on site has increased and the conversion rate is going up. Conversion means they are taking the next step.

She said Frank Cordero, Social Media Coordinator, has taken over the blog. When he first started, he was sending to business partners instead of the web site. Now we are doing both so we will see it turn around. The external email newsletters keep growing and also paid advertising. The open rate also increased.

"Stay Another Day" saw an increase of people signing up for that. The Industry Reports (internal to business partners) are having increased subscriptions. Our Marketing report is a long report and we are looking at highlighting key press and shortening that report.

We are working closely with our New York partner who gets writers and publications interested in working with our PR firms. The PR is a formal document going to a wide number of writers and magazines but Pitch is a short thing. Media growth is going up. Earned media was over \$8 million and we are continuing to move that number up and working to increase visibility in several ways.

Social media continues to move up. Facebook "likes" are increasing with this month getting over 40,000. More important is engagement. Twitter and Instagram and Pinturest is up but Youtube is stagnant so we have a new video for it.

Trip Advisor is down. Over 80% of people planning a trip to Santa Fe go to Trip Advisor. Santa Fé Guide continues to grow also.

In September, we hosted 6 writers who are focused on history and culture and they got rave reviews. Page 5 shows the number of business partners who participated in that travel.

We are pushing that people get ready for the fourth quarter and get Santa Fé Guides out. We also reached out to business partners to link the City Different to our web site.

Santa Fe received recent accolades from USA Today as the best destination for culture, outdoor enthusiasts, and shopaholics as well as the Native American Art award. The Daily Mirror, largest information site on-line, and USA Today also selected Rancho de las Golondrinas as the best fall festival.

She referred to the Board to her report for September numbers for media placements and advertising. The ramped up our digital campaign is evident in the impact on the web site. It drives people to learn more about Santa Fe.

Member Lucero asked what the big spike in media value was in February. He asked if that was the Bachelor.

Ms. Delgado said it was not.

Mr. Randall said it a weekend NY Times article.

Ms. Delgado said they are starting to do Facebook campaigns now and paid placements in which Tourism will share. We are calling out partners who are doing this. We need to get all the business partners to share each other's material.

Member Hendry said Mr. Margetson will be the lead in December. It is just a matter of coordination. It is across all platforms.

Chair Margetson said he would have to leave soon to have lunch with Governor Martínez.

c. Executive Director Report – Randy Randall

Mr. Randall reported that the Operations Manager is on FMLA and supposed to come back on November 1. In the meantime, Mr. Carr is covering for him.

Mr. Randall said he looked up in Roberts Rules or Order and determined that Mr. Griscom can vote and make motions. We don't have separate by-laws.

They are moving ahead with getting short-term rentals to pay Lodgers Tax.

He announced a New Year's Eve celebration on the Plaza. There will be an RFP issued for entertainment and the celebration is at midnight. For the budget, \$12,000 came out of CVB fund balances, \$5,000 from Arts and \$5,000 from Economic Development.

The Visitor Center numbers are exciting. The same number are coming to the other centers. There were 25,000 people just through May to December. It is really proving to be a benefit and they will continue to have the Visitor Center open at the Plaza.

Tourism is going to issue the RFP for consulting services for the Santa Fe Airport. It has taken a while to get it going. He listed the stakeholder group that will reach out to airlines to bring in more flights and find out what we can do to support them once they are here. He has to do an MOU with the partners and it is now in Legal review.

The Film Office - We had a great gathering on increasing filming here a couple of weeks ago. We broke in smaller groups based on six different paths. There was overwhelming response from the group on the need for a film office so it is moving ahead. A private group is setting it up. We had Shoot Santa Fe before but this is getting support for it. Taos wants to be a partner with it.

Member Hendry said a private Film Office would be non-union.

Mr. Randall said that is not the case.

Member Hendry said a letter in the New Mexican on Sunday talked about that. He is going to bid on it. That is the plan.

Mr. Randall said there is nothing to suggest we are trying to avoid the union.

Mr. Randall reported that we have not had any applicants for OTAB funding yet. We may have to buy an ad in newspapers. If we don't get any responses for new funding, we should look at the policy to use the funds well.

Member Bruneni pointed out that on the City's web site, the link doesn't show up. As of today it is not there.

Ms. Delgado said it is to be there on November 13 and is on the City of Santa Fe site - not santafe.org.

Chair Margetson left for his meeting at 11:21.

Mr. Randall said regarding scoring from Conde Nast, that Santa Fé is second because they increased the population so Charleston is the small winner. If you combine scores, Santa Fé moved up from 10th to sixth. We made sixth on the score totals. We are 3rd overall in States and 2nd for small cities.

Mr. Randall said it appears the Bike and Brew will not happen next year but hopefully the year after. It points out the danger of funding an event whose organization does not have a full-time board of directors so that an event would last beyond its founder.

The economic development position for the City is being advertised. The interim person might apply.

Member Griscom said regarding the film summit convened by the Mayor, that the Film Office was voted overwhelmingly as the number 1 item. The second was a direct flight to and from Los Angeles. That just reinforces getting the MOU and RFP out on the street.

Mr. Randall commented that everyone is so proud that Hobbs still has those flights and he found out their Lodgers tax is subsidizing those flights at half million dollars. So the airlines are being compensated for the flights.

Member Griscom asked if the MOU has to be signed before the RFP is issued.

Mr. Randall said it does.

V. OTHER MATTERS BY THE BOARD

A. Ad Campaign.

Ms. Delgado presented a power point for the ad campaign - so excited to present to you Santa Fe as the City Different and sharing how unique and special Santa Fe is. She and Mr. Jackson narrated the power point presentation, including a draft video - one of 8 videos planned. The videos were shot by Jeffrey Fisher. They will reside on www.santafe.org and have their own lives on social media including YouTube.

Member Hendry offered a Panavision camera in HD at no cost for them to improve the definition quality of the video.

Member Griscom asked for link to them.

Ms. Delgado explained that they are not finished yet, but once completed, she would share the link.

Ms. Delgado said they hired Creative and Polling Inc. from Albuquerque to do the testing. Nine ads were shown to them for feedback. And 86% of viewers felt they were effective to make the viewer interested in learning more about Santa Fé.

The Media Strategy is highly digitally focused, targeted by life style and focus. It is geo-targeted for Colorado, West Texas, Arizona, Dallas and Denver, as well as Los Angeles, Chicago, Seattle and New York. It is also aligned with New Mexico Tourism. To date they have spent \$120,000.

Ms. Delgado believes this will be a significant part of our success.

Member Lucero liked all of the titles. They get your attention.

Member Pettus asked if anyone got concerned with "china" .

Ms. Delgado said no; there was nothing about made in China. She said they went outside Santa Fé for the research because we are too close to it. We don't have \$80,000 to spend per video. Our campaign budget is about \$150,000, total. The State asked for \$4.5 million more in order to enter the San Francisco market. We are starting with awareness in pocket.

Member Lucero said the State needs to realize that Santa Fé is the crown jewel of New Mexico.

Member Hendry pointed out that they have to wrestle with proportional representation. We were chronically underfunded and we are catching up. With gas falling off, there is a good chance tourism will move up to number 2 in the economy.

Mr. Randall said that is a good point. If we can get our arms around the short term market and collect their debt, we can almost double our advertising.

Ms. Delgado said we will see the impact of this in conversion and websites and tracking to partners.

VI. ADJOURNMENT

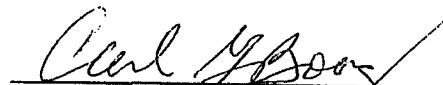
Member Lucero adjourned the meeting at 12:05 p.m.

Next Meeting: Tuesday, November 24, 2015 at 10:00 a.m. in City Council Chambers

Approved by:


Paul Margetson, Chair

Submitted by:


Carl Boaz, for Carl G. Boaz, Inc.