



Agenda

DATE 3/21/18 TIME 10:05
PREPARED BY Phyllis Ortiz
APPROVED BY [Signature]

OCCUPANCY TAX ADVISORY BOARD
March 27, 2018 – 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: February

10:05 a.m.

II. Lodgers Tax:

- a. Update—Randy Randall

10:15 a.m.

III. Northern New Mexico Air Alliance Update

10:45 a.m.

IV. Visit SF 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 April 24, 2018
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

March 27, 2018

ITEM	ACTION TAKEN	PAGE(S)
I. Procedures		
a. Call to Order	Called to Order at 10:00 a.m.	1
b. Roll Call	Quorum Present	1
c. Approval of Agenda	Approved as presented	1
d. Approval of Minutes – February 27, 2017	Approved as presented	2
II. Lodgers' Tax Report	Report/Discussion	2-3
III. Northern New Mexico Alliance	Discussion	3-4
IV. Visit SF Reports		
a. Sales Report	Reported by Mr. Randall	4
b. Marketing Report	Reported by Ms. Rice	4-7
c. Executive Director Report	Reported by Mr. Randall	7-10
V. Other Matters from the Board	None	10
VI. Adjournment	Adjourned at 11:07 a.m.	10

Next Meeting: April 24, 2018

MINUTES OF THE
CITY OF SANTA FE
OCCUPANCY TAX ADVISORY BOARD

March 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 Chair Paul Margetson on this date at approximately 10:00 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:

Paul Margetson, Chair
Victoria Bruneni
Chris Hyer
Al Lucero

Members Absent:

Jon Hendry
Elizabeth Pettus

Staff Present:

Randy Randall, Executive Director
Joy Rice, Marketing Manager
Phyllis Ortiz, Administrator

Others Present:

Carl Boaz, Stenographer

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.

d. APPROVAL OF MINUTES: February 27, 2018

MOTION: Member Lucero moved to approve the minutes of February 27, 2018 as presented. Member Hyer seconded the motion and it passed by unanimous voice vote.

II. Lodgers Tax

a. Update – Randy Randall

The January copy of the Lodgers Tax Report (page 15) showed the revenues up \$131,000,000, both in hotel Lodgers Tax and in STR a significant amount of almost \$100,000 dollars. The Air BnB check was around \$83,000, which is \$10,000 higher than December and there may have been some carry over. Overall revenues are up about \$400,000 a year and possibly as much as \$750,000 year over year.

The Rocky Mountain Lodger's Report (page 16) shows:

Revpar was up \$3.90 for the City and the trend is confirmed by the STAR Report. There should be an increase of \$20,000 in hotel Lodgers Tax in February and with continued increases in Air BnB could be \$50-60,000 dollars. The increase was despite a slow ski season.

Mr. Randall said that confirms his belief that skiing is an added benefit but not the only reason people come to Santa Fe. Occupancy was down in February and the average rate was up and the reason why Revpar was up from last year.

The 30-day session from the legislature usually means loss of total occupancy and the average rate remaining is higher but they did not see any change of plans. The people who came may have been disappointed that they could not ski but came anyway rather than go someplace they could ski.

Chair Margetson agreed but thought the snow in March helped with spring break.

Mr. Randall explained they have hired Southwest Planning to do an email solicitation of those who inquired about Kids Free to determine whether the program is creating value and adding to family business in March and April. He was convinced it is, but noted the program is in the third year and makes sense to test that. They hope to have results in April, but most likely would be in May.

Member Bruneni said she participated this year with Kids Free and saw fewer inquiries, but that could have been because of the package or the lack of snow. She noted people did come for spring break and came without their skis, which supported Mr. Randall's belief.

Mr. Randall introduced Ms. Joy Rice, Marketing Manager for the City. He explained Ms. Delgado is on vacation and Mr. Carr is in LA at a meeting for meeting planners and this was a great opportunity to introduce Ms. Rice.

Ms. Rice said she has been with the City for just over two years. Mr. Randall added she, as well as all other exempt employees, were currently interim employees.

Chair Margetson welcomed a representative from Southwest Marketing who was present at the meeting and a reporter from the Santa Fe Reporter.

III. Northern New Mexico Air Alliance Update

Chair Margetson reported that Mr. Schiavo will stay on as the Airport Manager.

A report for the combined results for the first quarter January through March showed occupancy for the Phoenix flight at 56% in January rising to 70% in February and 79% in March. the overall rate for the quarter was 68 percent. There are more people coming into Santa Fe at 73% than going out at 64% for the same quarter.

Mr. Randall thought because of the timing of flights that people were departing from Albuquerque.

Chair Margetson reported that new scanning equipment and cameras were installed throughout the airport and high security systems are going in. Mr. Schiavo is working to get a bag scanner and a people scanner, which should be in place in a week or so. Also, pre-booking will be available soon and make it easier for people because they will not have to take off their shoes.

There is a plan to include the restaurant space into the departure lounge with the 70-80 seats for outgoing flights and have food trucks at the airport for departures. It would also be nice to have them for early morning arrivals and suggestions for vendors were welcome.

Mr. Randall added information about the promotion in Phoenix directed by the Alliance and supported by Tourism Santa Fe. They formed a partnership with a leading radio talk news station. The first and second week of April, each weekday in the 7:00 - 8:00 a.m. drive market they will give away two Fly Santa Fe packages per day for a total of 20 packages.

The airlines will provide the air cost and the Santa Fe hotels provide accommodations for a two-night stay. Santa Fe will receive about 100 promos during the two-week period and during the drawing each morning, they will identify the hotel providing the two-night package. All participants are Santa Fe properties; the Four Seasons also is participating and there is one package from Buffalo Thunder.

Mr. Randall thought this a terrific way to make Phoenix more aware of Santa Fe and the promos provide information about Santa Fe's art, culture, cuisine, history, climate, etc. They will see that Santa Fe is very different than Phoenix, but very close by air.

His hope is that the program works well and builds the Phoenix market.

Chair Margetson thought it a clever idea and noted that because it expires at the end of June they could see quick results as to its success or not.

Chair Margetson added transportation would also be provided from the airport to the hotel through Black Cab.

IV. Visit Santa Fe Activity Reports

a. Sales Report – Randy Randall

Mr. Randall noted that members received the sales reports beforehand. He offered to answer any questions.

He reminded the Board that the focus was on attending the meeting planner get-togethers because business is done through relationships. Staff will attend 18 of the planner meetings in 2018 and planned 20 or 21 in the budget for next year.

The sales side of the web will be strengthened to build it up and make it stronger and they are continuing to seek third-party lead generators to provide prequalified leads for the sales team. With just four people in sales they do not have a lot of time and to be more strategic they want to provide leads that fit into individual hotels the sales team can then qualify.

Chair Margetson noted that page 22 was difficult for him to read, even with glasses. He asked to confirm that the page was a summary, and the City is ahead of last year's pace.

Mr. Randall indicated Chair Margetson was looking at that was GRT, but staff will work on that. He added the sales are fine and leads are up, definites are down one and the number of room nights is up, and they are pacing well.

He added for the record that they will never be satisfied with the sales department and will always do their best to motivate them more.

b. Marketing Report – Joy Rice

Ms. Rice provided the Marketing Report starting with a series of surveys for the Spring break campaign.

Surveys will be sent to just over 1000 respondents that had expressed interest in learning more about the Kids Free promotion. The first set of surveys had a good response rate of 26% and they expect good results from that. Another set of surveys will be sent at the end of the promotion in mid-April and staff will provide a comprehensive report.

Member Lucero asked if the activity at local restaurants indicated spring break because he had never seen it as busy.

Ms. Rice agreed. She noted a new voting opportunity in the USA Today for the Ten Best Choices for the best green chile. There were four nominees in Santa Fe: Cowgirl, Horseman's Haven, the Shed and Tomasitas. They are encouraging followers on their social media channels to vote as well as encouraging the nominees to get their followers to vote.

The business listings on their web sites have been updated. They are continuing to remind business partners to update their listing and about 20% have complied. Also, they are reviewing listings internally to clean up the site and removing businesses that have closed or duplicate listings, etc.

Mr. Randall noted that a business with an updated listing has a wide picture on the site.

Ms. Rice continued with the new accolades and worth noting was that Expedia has named Santa Fe *One of the Most Delicious Destinations in the US* and highlighted Santa Fe as *One of America's Most Artistic Towns*.

Mr. Randall added an accolade that came through calculations and not voting was that Santa Fe was the Most Green City in New Mexico. He thought that a great achievement considering one of the Mayor's three primary focuses is sustainability.

Ms. Rice noted additional highlights (page 29) is their partnership with Santa Fe County continued to fill the Visitors Guide requests and to date has been over 800 on their behalf. The County also published one of the most popular blogs this month called *Pecos National Historical Park*.

Web site traffic is down 16% over last year but there was an increased amount of paid advertising as planned and only three digital ads. An increase in site traffic is anticipated in April due to their core campaign and additional digital ads.

Of note is that people are spending 29% more average time on the site. There has been an increase in organic searches, the largest traffic source, meaning people are searching Santa Fe and Santa Fe things to do, Santa Fe events, etc. and are ending up on the City's web sites.

Member Lucero asked if some of the loss noted was because of the competition from SantaFe.com.

Ms. Rice was aware that SantaFe.com has an SCO strategy but SantaFe.org was always above SantaFe.com.

Member Bruneni asked if the .org helped in that case.

Mr. Randall thought people guessing on their search end up on SantaFe.com but the .org site comes up before the .com in a specific search.

Member Lucero noted there are sometimes 7 or 8 ads before the actual web site when searching.

Ms. Rice explained the ads always appear first. She noted the strategy on organic searches is for their site to be directly under the ads, but she was not certain what ads were done by Santa Fe.com.

Mr. Randall found by searching on his phone that SantaFe.org came up first.

Ms. Rice continued her report (reading): the consumer industry newsletters continued to perform well and average about 18% open rates. The industry newsletters marketing and sales reports average an open rate at about 26%, which is extremely high.

Social media was summarized:

There is a continued increase in followers. A top performing post for Facebook was a video aerial view of Santa Fe right after it snowed.

Four blogs were published in February and blog page views continued to increase in. People are searching for things to do and land on the blog page posts and total blog views increased 4.1% over last year.

Advertising – there were two print placements and 3 digital ads for the Core Campaign, which garnered over 1.4 million impressions.

The Kids Free Spring Break Campaign is marketed until the end of the month. The ads being run were pulled because they were not performing, and some funds have been shifted to the programmatic display (a vendor such as Adara that buys space on behalf of the City based on a targeted focus).

An example is the new match cut ads that have a call to action to visit Santa Fe; usually a picture. The picture takes a person searching for i.e. cuisine, to a video and then can lead them deeper and eventually to a landing page at SantaFe.org.

Chair Margetson confirmed it was more than impressions, it also notes how many people reached the landing page.

Fly Santa Fe is still in market and had 1.9 million impressions in February.

Public Relations – a press FAM was hosted in partnership with Ski Santa Fe in February. The director of marketing conducted the Best Press Sites in New York City.

February Media coverage highlights included Food and Wine Magazine, Sunset Magazine, and Phoenix Magazine and had over \$662k in earned media value.

Chair Margetson asked if statistics of the number of skiers was received from one year to the next.

Ms. Rice replied there was no report for that.

Member Lucero thought the Phoenix promotion was good. He suggested the same kind of promotion be done in the shoulder season in El Paso, Pueblo, Colorado and Amarillo which are drive markets.

Member Lucero thought the Greater Santa Fe Restaurant Association would probably agree to give away some dinners and packages could be put together to bring people to Santa Fe. He thought it an untapped market.

Mr. Randall noted the markets are tapped but they should stay in front of them.

Member Lucero continued that could be a good way to do that and could form partnerships with some of the radio properties and possibly find information regarding contacts with the local Hutton network. They know who to contact in those markets.

Mr. Randall agreed. Hutton was instrumental in putting together their relationship with KTAR. They were able to do the promotion without a buy which is unusual.

Member Lucero thought talk radio is probably the most listened to of stations

Mr. Randall added that Denver is also a good market for the promotion and they would take that to the Lodgers' Association and thought the Restaurant Association would be willing to do that.

Member Lucero noted that Denver last weekend had a nice fold-out full color glossy in the New Mexican and Journal North advertising summer events in Denver to New Mexicans, so it would not hurt Santa Fe to target Denver.

c. Executive Director Report - Randy Randall

Mr. Randall reported that the Mayor explained today that all exempt employees of the City were asked to reapply and includes about 9 employees in Tourism Santa Fe.

The Mayor noted this will affect about 65 people and some are concerned, but the purpose is because he wants people to tell their Santa Fe story and get to know the team better. The Mayor also wants everyone on his team to embrace and accept his pace to have things happen and looking for a change in government. He thought the best way to do that is to ensure he has a team where everyone is on the same page.

The Mayor will interview each person who has been asked to reapply as well as other applicants. He suggested they expect reorganization within the government but that would not be in this year's budget. He will ask City Council to revisit the budget in six months.

The Mayor has indicated he wants people involved who are open to trying new things and anxious to take a risk, and it was okay if things did not work if they stop doing that and do something that works.

Mr. Randall said he wanted to share that information because the City is on the threshold of something interesting. He noted that the Mayor ended by talking about why government exists and noted that most believe it is for a police force, a fire department and to provide services. The Mayor said government should exist to make life better for those in the city and those other things are ways to do that and by filling a pothole there is an opportunity to make life better.

He said the concept is refreshing and suggested it would not be business as usual.

Mr. Randall continued with his Executive Director's Report.

The Margarita Trail Application was launched in February in conjunction with Southern Glazer's Wine and Spirits at an event at Coyote Den. Just shy of 200 apps were sold for \$3.99 and people love it. The problem is to make people aware of the app.

Mr. Randall had breakfast with Craig Greeley, appointed the new president of Air BnB's Home Division. He had 19 years at Amazon and developed their Amazon Prime concept. Mr. Greeley is planning a Route 66 road trip to meet with hosts and experience the Air BnB product.

Mr. Randall said he discussed with Mr. Greeley the need to reactivate the relationship with the State. Mr. Randall introduced him to the Mayor and the Mayor discussed the importance of understanding how Air B&B dealt with the housing shortages in other cities and what best practices Santa Fe could follow that would allow Air BnB to thrive while avoiding a negative impact to the Santa Fe housing shortage.

Mr. Greeley is committed to providing support for that.

Member Bruneni indicated, in a conversation about Denver, she was told more and more people were being kicked out of their lease agreements, etc. so the owner could start short-term leases to Air BnB. She thought things appeared to be shifting in a less than great direction and there is more Air BnB and less housing available with an impact on hotels.

Mr. Randall said the housing crisis is in trying to bring in nurses and staff; Descartes is bringing in 30 people. It depends on who comes to Santa Fe and most of those coming are probably not able to pay \$5,000 -10,000 a month for a long-term rental.

The short-term rentals emanate from the Plaza and there is growth near Meow Wolf. He thought a report would show that the City needs to support the development of new product and should not create rules they cannot enforce. From a real estate standpoint, it would be bad to adopt the policy adopted by Denver. Denver is the fastest growing major city in the country and can afford being restrictive, but Santa Fe has to be careful. The most recent growth in Lodgers Tax came from better enforcement, not new applications.

Member Bruneni said no matter what, people would find their way around it and with the enforcement in Denver for example, people just left when they got there.

Mr. Randall continued with the Budget report. Tourism is moving forward with an increase in OTAB grants from \$75,000 to a budget of \$100,000. He met with the City Manager and Finance Director and will meet this week with the Mayor and Chief of Staff about the budget. During the week of April 16, the request will go to Council.

A proposal will come forward regarding downtown restrooms. The Mayor and Simon Brackley with the Chamber of Commerce have expressed interest and Mr. Brackley has questions but seems supportive.

The issue of parking may get reopened. Mr. Randall asked Board members to share their opinions with him.

Mr. Randall and Mr. Carr attended the Travel Adventure Show in Denver last weekend and the response to Santa Fe was incredible - Denver loves Santa Fe. We need to remind Denver about visiting Santa Fe and in his brief in the sales report to the industry partners he talked about that.

Folks in Denver love growth; they know about Meow Wolf and are excited about visiting it here and about the opening in Denver. It is a hot market for Santa Fe and Tourism needs to do more in Denver.

Chair Margetson confirmed United had three flights last year.

Mr. Randall replied there were three flights during the season but were dropped to two and the three in the off season now will remain the same.

He noted that the Sunday newspaper in Vail was all about a visiting Santa Fe on the second page. He was not sure that had been by press they had arranged but the author talked about staying at the Eldorado and visiting Meow Wolf and a restaurant in Galisteo. He offered to share the article with the Board.

The Music Week framework for entertainment should be filled in within 30 days and they will get the business partners on board.

Last, they are experiencing a change in their social media because the exempt position was interim. The position is now posted through the Mayor's office and will be filled through an E-90 (temporary).

Mr. Randall expressed that the purpose of social media should be to tell people who do not know much about Santa Fe how they can enjoy and experience the City. The E-90 hire will be used to test ways social media could be used to target new visitors, rather than those who already know Santa Fe.

Chair Margetson said they used to know on a quarterly or annual basis where the visitors came from but has not seen that for a while. He asked if it was attached to the report.

Mr. Randall explained currently there are two sources, one is Destimetrix who had that component and the other through Ms. Ortiz who compiles the numbers from about 13 properties. The information is consolidated for a city-wide report and a report for the properties is given for their geographic source of visitors compared to the citywide geographic.

Mr. Randall offered to add the citywide report after the GRT report on the agenda. He noted that Texas is still the biggest source, Denver exceeds Dallas and often Austin challenges Dallas.

Chair Margetson asked about the discussions with the County web site that he was told were stuck.

Member Hyer agreed. The County is continuing the New Mexico True campaign and promoting assets outside of Santa Fe.

Mr. Randall clarified that the County uses their own funds to promote things outside the City such as river rafting, etc. He thought it was fine if they wanted to do New Mexico True, but it would make sense to combine the web sites. The County had agreed at one point, but it did not happen.

He believed the County part would be enhanced on the City website. There is no value in doing two different web sites.

Mr. Hyer offered to bring that to the attention of the County Manager again.

Mr. Randall offered to meet with Assistant County Manager, Tony Flores to discuss the matter.

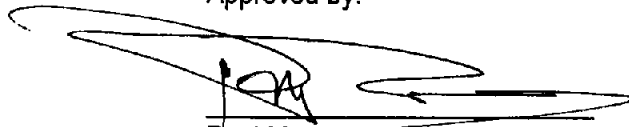
V. Others Matters by the Board

There were no matters from the Board.

VI. Adjournment

The meeting adjourned at approximately 11:15 a.m.

Approved by:



Paul Margetson, Chair

Submitted by:



Carl Boaz for Carl G. Boaz, Inc.