



Agenda

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OCCUPANCY TAX ADVISORY BOARD

May 23, 2017 – 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: April

10:05 a.m.

II. Lodgers Tax:

- a. Update—Randy Randall

10:15 a.m.

III. Northern New Mexico Air Alliance Update

10:35 a.m.

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 June 27, 2017
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.

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CITY OF SANTA FE

Occupancy Tax Advisory Board

May 23, 2017

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b. Roll Call	Quorum Present	1
c. Approval of Agenda	Approved as presented	1
d. Approval of Minutes – February 28, 2017	Approved as presented	2
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**MINUTES OF THE
CITY OF SANTA FE**

OCCUPANCY TAX ADVISORY BOARD

May 23, 2017

I. PROCEDURES

a. CALL TO ORDER

A regular meeting of the City of Occupancy Tax Advisory Board was called to order by Paul Margetson, Chair, 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
Jon Hendry, Vice-Chair
Victoria Bruneni
Al Lucero
Elizabeth Pettus

Members Absent:

Chris Hyer (Excused)

Staff Present:

Randy Randall, Executive Director
David Carr, Sales Director
Cynthia Delgado, Marketing Director
Phyllis Ortiz, Administrator

Others Present:

Charmaine Clair, Stenographer

c. APPROVAL OF AGENDA

MOTION: Member Lucero moved to approve the agenda as presented. Member Pettus seconded the motion and it passed by unanimous voice vote.

d. APPROVAL OF MINUTES:

April 25, 2017

MOTION: Member Lucero moved to approve the minutes of April 25, 2017 as presented. Member Pettus seconded the motion.

Chair Margetson asked if Mr. Randall found out about the janitorial service at La Bajada Hill

Mr. Randall thanked the Chair for the reminder. The janitorial service is done by the NMDOT and the department made the decision not to reopen La Bajada Hill as a visitor's center.

Chair Margetson asked about the Lodgers Tax on page 3, second paragraph: "One point equals about \$2.9 million and the two points in the debt service is about \$2.3 million..."

Mr. Randall corrected the statement to say one point equals just shy of \$1.5 million. He confirmed the debt service of \$2.3 million is correct.

Mr. Randall explained the debt service the City pays is about \$2.3 million but they generate close to \$3 million in the two points of Lodgers Tax. The difference between those two numbers can be used for operating losses for the convention center or for capital improvements.

Second paragraph under New Mexico Air Alliance, first sentence: Mr. Cook, should have been Mr. Kirk.

Chair Margetson read *The good news is the cash report is the higher of the two and should be more accurate. He will work to get the two reports in sync.*

Mr. Randall said they did that and the difference was approximately \$100,000 not recorded on the Lodgers Tax report the City uses. He pointed out that the report which the city uses is not the official report. There is another report that reports on a cash basis. The \$186,000 increase in March was actual improvement in revenues.

Chair Margetson confirmed on the bandstand at the Plaza, they pay \$7,500 dollars each. Mr. Randall said major sponsors do. The total program is about \$160,000 to \$170,000 for the bandstand and the Board may want to look at that one day because he thought they could come up with something as good or better.

Member Pettus clarified in section C, fourth paragraph under the Executive Report: "*They considered a vendor for the celebration...*" She thought what was meant was they considered having it as a commercial event with things for sale.

Mr. Randall said it might have meant that as a group organizer they are allowed to have one vendor location where they can sell product related to Indigenous Peoples Day. Meaning if a T-shirt was designed for Indigenous Peoples Day, the T-shirt could be sold on the Plaza without it being a commercial event.

The motion to approve the minutes of April 25, 2017 as amended passed by majority voice vote.
Ms. Bruneni abstained.

II. Lodgers' Tax – Mr. Randall

Mr. Randall – the month of March was up \$186,324 in collection of LT. it was a combination of both rate and occupancy revpar city wide that was up \$8.42 driven by the downtown area improvement.

Cerrillos Road –up a \$1.75 and periphery up \$6.48 in revpar

Year to date the numbers were corrected for prior months and in the past monies in late or there was an adjustment did not get corrected and he has changed that. They are \$980k ahead and LT through 10 months of operations

Member Pettus asked if possible that reflects late payments.

Mr. Randall – no, that was corrected in prior months. This is not a report Finance uses for revenue collection

In April –revpar- up \$5.50 city wide translating into another \$90k of LT. March short term rentals was \$106k vs \$43k because it does include the collection for January. The check for January was not received until March.

Chair Margetson – confirmed \$200k ahead and 10 months- Mr. Randall with two months to go they should end up about \$350k ahead and forecast was about \$500k.

They're not stronger because Land Use does not bring people into compliance. Just shy of 500 permits are issued and they were about 400 issued a year ago. Until they catch enforce and find people. They will not get the support. He thought the numbers used in last year's study are accurate.

Member Hendry – suggested a use of extra money would be to talk to Land Use and offer –
Mr. Randall interjected they do not have to do internet searches – the information is just not being used.

Member Hendry – could they encourage Land use hire someone. The many problems with short-term rentals is the effect on neighborhoods. He reads problems with the insurance industry and commercial insurance is needed and in Florida has collected thousands from people and putting a lien on the property if not able to collect. Most are run as commercial businesses and in the historic district, is as much impact as putting a hotel on the power grid, etc.

Mr. Randall – disagreed. The power and sewage system was not installed for temporary use, it was every day of the year occupancy. Short term rentals do not create any more occupancy than full time residential occupancy.

Member Hendry –they based on the amount going down the sewer system. the short term affects across the board. Land Use should get involved not just in collection of taxes but what they are creating in

the city.

Mr. Randall – that was dealt with in the ordinance change last year. they added there can't have 3 short term rentals in a row and when someone sells in a group of three, they cannot continue the short-term rental.

A position for management and a second position for enforcement were created in Land Use to manage short-term rentals, but has not been filled.

MOTION: Member Hendry moved that the OTAB Board urge the Governing Body to have Land Use fill the positions as soon as possible. Member Lucero seconded the motion.

The board members are business people. He asked if apropos to approach City Council and ask if anything can be done.

Mr. Randall --suggested directing the motion to the City Manager rather than the City Council, because he oversees Land Use.

Member Hendry – amended his motion to approach the City Manager.

He said it should be a priority because the best time to bust them is the summer.

Vote: the motion to urge the city manager to have land use fill the positions passed by unanimous voice vote.

Chair Margetson – would Mr. Randall would approach the city manager about the motion.

Mr. Randall suggested Chair Margetson set up a meeting with the City Manager and he would assure them the City Manager is aware of his frustration with the lack of action. With the board reinforcement and the chair attending with him to discuss this with the City Manager generated by the committee's concern, will give strength.

Chair Margetson – if all the hotels were reporting and up to date

Mr. Randall – everyone is current

Member Lucero – is there a report of potential revenue that would be produced of those not reporting short-term rentals. That would be viable to take to the City Manager.

Mr. Randall – he does not because they do not know how many short-term rentals and the occupancy rate. He could do an estimate.

Member Hendry – just saw the reports on the State. It is important that the State has become a branding agency and target that the numbers are going up but they're keeping pace with inflation. Santa Fe has increased more than any others in the State. they have not only taken Santa Fe as a brand but continued additional marketing

Mr. Randall – on front page of the Rocky Mountain Lodgers Report by city in area and rev par there is a \$6 increase in Albuquerque; \$5 increase in Santa Fe and neither are New Mexico True; Las Cruces is up by almost 5 dollars. Southeast New Mexico – is because of the return of oil business. Taos is flat and there is strong growth throughout the State, but with a few exceptions, it is not driven by the State branding program.

Chair Margetson acknowledged Mr. Krasnov in the audience.

Ms. Delgado entered the meeting.

III. Northern New Mexico Air Alliance

Chair Margetson reported - the first quarter they sought had related to January through March was actually December through February. The good news March broke even and April occupancy of the Phoenix flight is in high 60s and may is close to 71% occupancy. June and July and August is encouraging and tremendous occupancy on the books to and from Phoenix.

The schedule changes June 2 and leaving about midday and the outgoing which used to exceed the incoming is now flat. An equal number of people are coming back as leaving. They do not believe subsidy requirement will be needed for the second quarter, and the next two quarters are tremendous occupancy. The concern is getting through December January February of timeframe.

Member Lucero – he flew from Santa Fe to Dallas and back in to Santa Fe last night and arrived on time. There are good things and couple things need to be improved. They were overbooked going to Dallas and stand-bys were not able to get on and on return a few empty seats.

The venue for airport needs improvement-more room, it is disorganized regarding TSA and the baggage handling. The good thing was the car was parked right in front and four days of parking was \$12.00

Chair Margetson – the concern that could be addressed is lack of taxi service- they are now talking Road Runner. You have to make reservations. He would like to get the issue resolved. A woman in her 80s/90s was there with no one there to greet her.

Mr. Randall – they particularly on the late flight use revenue guarantees to Road Runner the same as with American Airlines to ensure they meet the late flight every day.

Member Lucero – Tourism Santa Fe should point out to the hotels was shuttle service to use that as marketing –give rides from or to the airport. Both Monday and Friday morning Hotel Santa Fe van was there dropping people off. Doubletree had a bus there at 11 o'clock last night.

Member Hendry - suggested if meeting on the short-term rentals to also talk about airport.

He disagreed with board members-there are city funds involved and he would come back to why they could run a bus to the ski basin but not to their own facility to meet the planes. They go down Airport Road

and this is not much further.

Mr. Hendry - they just keep getting no, no, no. The Transportation Department – at least for the employees of the airport they should run the buses. They are spending a quarter cent tax through the county and money to subsidize the airport and the city has to rely on hotel shuttles or subsidizing Road Runner.

There is no reason why they can't run a city bus to meet every plane. Secondly the parking – why can't they put up solar parking - private companies will put in and that would be another marketing tool to have an airport that is 100% self-sufficient to get people here.

The airport is an asset to the city and one of the biggest employers in the city and a revenue generator.

He is pleased to report that a long-term motion picture company has figured how to work with the TSA with empty space to put major sets for a major motion picture that will be in Santa Fe for a while.

Two functions coming up - the Chamber and realtors and will work with unions to do the two functions and he sees the community getting together.

He moved that in the discussion with the City Manager that issues around the airport are discussed and the issue of transportation to and from flights and why the city cannot have city buses meeting each flight. Member Pettus seconded the motion.

Mr. Lucero - that is overkill. He said when he was there 99.9% were met by others for their cars were there. It would be a waste to put a bus out there. He suggested subsidizing Uber or Lyft by giving them a coupon.

Member Bruneni – that doesn't work - flip phones can't be used to contact Uber/Lyft

Member Lucero - there could be an ombudsman to call them.

Chair Margetson – they tried to get the local bus service regular schedule to go the extra half mile to the airport and that was declined because they said no one would use it. There are a tremendous number of employees there, let alone tourists.

He will bring the issue up when meeting with the City Manager.

Member Hendry -there are city employees who have to service the 11 o'clock flight and we are saying you can't work there unless you own a car. Uber and Lyft are basically servitude and the union driver should be driving to the airport to pick people up. The bus services all union – city buses should be there for the people in the city who live and work here and you shouldn't have to own a car.

The motion passed by majority voice vote. Member Lucero voted against.

Mr. Randall – other indicators through Google Analytics and TripAdvisor show significant increases to the website from Phoenix and Tucson as a result of obviously the advertising in the Phoenix market.

Chair Margetson - if successful they hope to introduce other destinations in the spring if not before.

Mr. Randall - at the Finance committee he was asked how much they will spend on marketing. He told them they achieved the revenue levels for the second quarter and reimbursement would probably not be a requirement. But they need to continue to support because of additional flights.

Member Pettus -pointed out that Phoenix also gets them in the winter, Palm Springs.

Member Hendry left the meeting 10:41a.m.

IV. CVB Activity Reports:

a. Sales Report - David Carr

Mr. Carr - booking was strong for April except for room nights sent through leads, which was down.

-YTD up 900 confirmed rooms, but Pace Report does not match with sales booking and is down about 4000 group room nights for the year, but future years looking strong.

-Page 3- the contracted (page 3 if numbered) definite rooms and (page 7) the requested rooms - more requested lead room nights this year - 76k requested. Currently confirmed - almost 40% closing but still pacing down for year.

-Positive is the sales blitz in Phoenix - presented to four third parties. Met with 10 clients outside those presentations and six individuals from that are attending July FAM. There is one from Helms Brisco looking at small program and large in 2023

-April Gallegos attended Connect New York and in Baltimore and has a couple of leads to follow up

-Just concluded May FAM - seven attendees -2 individuals have programs and they anticipate RFPs

- July FAM -13 requests for information and will attend.

-Joined IMM (Integrated Marketing Medium) ... will assist with cold calling and promotions quarterly. He is waiting for the copy of promotion that will be sent.

-Second to last page has a copy of definite bookings - month to month, year over year

-Last page is the report from SDR - working 18 qualified leads; 44 verified information requests and set up eight appointments from those. Have four proposals out for the 18 and 10 requested follow up in next 10 months - one is confirming booking at Anasazi Hotel.

Member Lucero - are the governors meeting?

Mr. Carr - the National Governors Association sent out a letter confirming Santa Fe is definite and looking at 4 hotels - 30 or 40 governors will be in attendance next July. Mr. Randall and he will attend the National Governors' Conference in Providence in July with a booth to promote Santa Fe. Working with Sec. Latham's office to generate necessary revenue to facilitate the conference. They will involve fully with logistics and the state will take the lead.

Chair Margetson – taxes are up -
Member Hendry returned 10:50

Mr. Randall the sales team doing terrific job –getting to more conferences and the transition in advertising will prove positive.

Member Lucero – Santa Fe advertising, especially print ads are great in relation to this State and doing great job, in selection, content everything.

Chair Margetson – asked about destimetrix and struggling with people reporting –
Secondly - November 2016 he was huge- how do they replace?

Mr. Carr – November is hard to find a program the size of Dual Language for room nights citywide. The challenge is finding a program of that size.

Destimetrix – Mr. Randall - they are adding St. Francis, Inn at Loretto, Hotel Chimayo, the Drury and Las Palomas – and will have between 75%- 80% participation of historic district.

They want the report to be a report of downtown; can still be value to Cerrillos. They may drop Inn of Santa Fe they will still give them the report. El Dorado, La Fonda, La Posada is in the mix as well and they are working with Anasazi and the new director of sales is more supportive of participating.

The Hilton suggests that Hilton will not allow them to participate.

Mr. Carr said the Hilton said they are willing to meet with them to reconsider. He will meet with Anasazi tomorrow and Hilton thinks they can get on board.

Mr. Randall explained destimetrix is six-month forecast of business on the books and from year to year they will be able to assume pickups. The contract was for one year and have to do RFP which is in process.

Chair Margetson – saw that the purchasing director is launching analysis – Mr. Randall the city is required to advertise the RFP.

b. Marketing Report – Cynthia Delgado

Ms. Delgado – working on Conde Nast Readers' Choice Survey —Santa Fe is a destination and they have approximately 12 lodging properties in ski Santa Fe to get vote out on. Looking for individuals and organizations to share with their networks. They have shared with Chamber of Commerce, city, the county etc. to get the vote out.

Will do first view of the fiscal year 18 media recommendation this week on Thursday

Mr. Randall said if OTAB members want to attend, he will send an invitation. It is at 1:30 Thursday, May 24 scheduled about 1.5 hrs. with a conference call and a web component.

-working on Margarita Trail app and send requests for building of the app

-Launched Santa Fe Celebrates Global Arts and Culture with ribbon cutting of the Prado – on the website and brochure ware to hand out through visitor center and hotels and are getting press coverage on the Prado and Santa Fe Celebrates ...

Mr. Randall -USA Today rank the Prado as one of the ten best museum exhibitions in US.

Ms. Delgado – had a page and half in Chicago Tribune on the Margarita Trail which was syndicated in 8 other papers and had full page in the Denver Post.

-Northern New Mexico Airlines and Fly Santa Fe -Inbound digital and out of home advertising campaign through July 30. Airport signs in Phoenix were launched May 9, and updated Santa Fe.org and now updating the second tier- business listing page.

-Month of April – a lot of Press in town – Kate, Joe a membership mag that goes out nationally. Doing a piece on George R Martin and his love of Santa Fe.

-China Ram from the San Diego Magazine coming in July

-Archanna Sing is a blogger came to Santa Fe April 28

-Completed the photo shoot with Departure Mag and Phoenix Home and Garden happened in May and will be in July edition. And they had the Travel Channel in Taos.

-In addition, they had a press group focused on global art and culture- Oyster .com published a piece and Art Slant published a piece on Canyon Road and working on others.

Jackrabbit – have confirmed they will be booking partner on Santa Fe.org, and TSF has an attractive deal allowing lodging partners to utilize at no cost.

-the new public relations manager Joann Hudson starts on May 30; did this job in Flagstaff. Will get her out to visit hotels and attractions and learn about Santa Fe for the next three weeks.

-there is an RFP for the Santa Fe Visitors Guide – deadline June 5-

Chair Margetson – went to theater -Adobe Rose –acting was superior. If opportunity to promote through activities they should.

The Lensic has changed pricing policy – and it is tough because of that and parking. The Adobe is example of what they should be pushing. Garson is an example and they will consolidate down to 180 students.

Should not forget in the discussion about the College of Santa Fe. Tourism should be involved and theater community is stepping up and they will be involved with the Garson sound stage. He is pushing to move the Santa Fe school from the Arts to the CAF ?? campus. When more than 88 % of the city income is coming in from GRT they should not take places like Sanbusco out of taxpaying entities.

They have more professional musicians per population than any other city in the United States. They should figure a way to have the bandstand be 300 nights a year.

Tourism business, second biggest after government, should be more involved.

Chair Margetson – Bruce and Maureen McKenna are making movies in Canada because they cannot get in under the cap to make them in Santa Fe.

c. Executive Director Report – Mr. Randall

Mr. Randall – Councilors Harris and Lindell represent the city in the discussions on College of Santa Fe and he has provided input to them.

Member Hendry – thought having open house to bring people in and see the interest that is there and the tourism should be involved.

Mr. Randall -working with the Mayor and Santa Fe Beautiful to adopt a series of medians involving more than one city agency. A Landscape architect is making a proposal. He realized Santa Fe Beautiful does not facilitate someone's interest in median adoption and he asked for a list of landscape companies interested in was given every landscape company in the area.

Doing this ourselves he hopes to be able to give support to the board of Santa Fe Beautiful to get staff support for their efforts.

Member Hendry -Youth Works has money for the medians.

Mr. Randall – the City Historian Program has been approved by Finance – will go to council on Wednesday. The resolution was amended to allow program work to be done immediately. Consists of 65 lectures in mid-June through September. There will be a brochure to support the effort and the city historian was previously Anna Pacheco which will probably be the recommendation by the Mayor going forward. She has developed ...2 minute videos that will be incorporated onto the tourism website and create more.

Ms. Delgado – had a news brochure

Mr. Randall – Prado exhibit is terrific – encouraged everyone to see. Quality of reproductions is amazing and art is actual size of what is exhibited in the Prado. The Spanish ambassador did ribbon cutting in Cathedral Park and the Honorable Counsel from Spain from Albuquerque. There was a gala Saturday night at the El Dorado Hotel.

Next exhibit is Lines of Thought – grand opening is Friday at the art museum. He is talking with the art may same about the purpose Sing the panels with another art exhibit next year. Mary Kershaw volunteered to work with other museums to see if can put another exhibit.

Mr. Randall – they do not own the panels- they will be destroyed or possibly they could be used for something. The Prado concern is about keeping the peace beyond perfection but if they could find a place

indoors like the El Museo --- might be able to talk Prado into keeping longer.

Discussed reproduction process and price \$150 an image in Spain versus the thousand in the US and Prado would have had to make two trips to US.

Two positions in Tourism Santa Fe will be advertised – Program and Events Manager – to work with ongoing programs such as New Year's Eve. The other position is Assistant Operation Manager for the convention center. City manager approve moving a position from another department without funding and they will fund it. Currently a gap in supervision and this will allow them to manage services better.

-New task force will consider overhead lights on St. Francis Street and Palace to make area more vibrant at night with the idea to create excitement – the Plaza Bakery will serve on the committee, Kevin McBride, Jamie Lensdeski and Ray Sandoval, Kate Kennedy and Vince from Meow Wolf and himself.

Member Lucero – reminded him that coming out of the airport with lighting and signage- there is no exit sign or sign saying downtown Santa Fe and very dark.

Member Hendry - everything inside the airport is paid by the federal government.

Mr. Randall – facilities are not paid for -Related to airport safety.

Member Hendry - it is same as on St. Francis – the city has no entrance or direction saying Welcome to Santa Fe – they should work on getting signs to City of Santa Fe.

Chair Margetson –agreed

Member Hendry - Youth Works is good at signage and he brings in sign painters from Georgia and Louisiana because they get a hotel room to stay for the summer and cannot afford to bring film technicians from New Mexico with someone from out of state can afford it.

Mr. Randall -concluded his report.

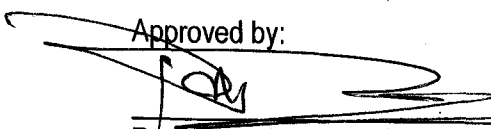
V. Other Matters by the Board

There were none.

VI. Adjournment

The meeting was adjourned at 11:25 a.m.

Approved by:


Paul Margetson, Chair

Submitted by:


Carl Boaz, Stenographer