



Agenda

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OCCUPANCY TAX ADVISORY BOARD

July 25, 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: June

10:05 a.m.

II. Lodgers Tax:

- a. Update—Randy Randall

10:15 a.m.

III. Northern New Mexico Air Alliance Update

10:25 a.m.

IV. Post Event Report – Santa Fe Century (Michael McCalla)

10:45 a.m.

V. CVB Activity Reports:

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

11:30 a.m.

VI. Other Matters by the Board

11:45 p.m.

VII. Adjournment

The next regularly scheduled meeting will be held on July 25, 2017
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
July 25, 2017

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b. Roll Call	Quorum Present	1
c. Approval of Agenda	Approved as presented	1
d. Approval of Minutes –June 27, 2017	Approved as presented	2
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Next Meeting: August 22, 2017

MINUTES OF THE
CITY OF SANTA FE
OCCUPANCY TAX ADVISORY BOARD

July 25, 2017
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
Jon Hendry, Vice-Chair [arriving later]
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:

Carl Boaz, Stenographer
Lisa Katonak, Santa Fe County
Michael McCalla, Santa Fe Century
Bruce Krasnow, New Mexican Reporter

c. APPROVAL OF AGENDA

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

d. APPROVAL OF MINUTES:

MOTION: Member Pettus moved to approve the minutes of June 27, 2017 as presented. Member Lucero seconded the motion and it passed by unanimous voice vote.

Member Hendry arrived at 10:06 a.m.

II. Lodgers Tax

a. Update – Randy Randall

The Lodgers Tax report now covers a full year.

-Lodgers Tax increased 11.3% / \$1,083,000 for the year - \$290k in short term rentals and the balance generated by hotels.

- Short-term rentals are expected to increase at least that amount next year, which will bring them to \$1.2 million in short term rentals. They are moving ahead with hiring someone to oversee that.

-The Star Report for June shows a strong performance; Rev/par is up 7.8% and close to 10% in a rolling 12 months.

-Occupancy has slowed, but the rate continues to be strong.

Mr. Randall noted he would address some concerns for July in his report and his thoughts on 4th of July holiday that falls during the week.

Chair Margetson pointed out the City is nearly \$400k ahead, not \$300k.

Mr. Randall agreed. It is a significant increase for the hotels and there should be another \$250k-\$300k increase in STR (short-term rental) Lodgers' Tax next year.

Chair Margetson asked if there is a catch up from prior years.

Mr. Randall thought this a full year. He is meeting with the Treasurer's Office this week about modifying the report so funds are distributed back to the month in which they apply. There were problems in April, 2016 when a property paid 4 months of Lodgers Tax. The numbers cannot be compared and he is working to rectify that.

Member Pettus asked about getting an analysis on the average price of an STR.

Mr. Randall explained that could not be done because a significant amount is from Air BnB and there is no report on the number of room nights or facilities, etc. A summary of individual reports could be done that are supposed to show occupancy, but even with hotels, only about 70 percent report their occupancy. City Council does not require occupancy to be reported.

III. Northern New Mexico Air Alliance Update

Mr. Randall reported he met yesterday with the Chair of Alliance who did a cash flow through June of next year. He reported:

- The forecast at the end of June is \$145k in the bank and \$112k the beginning of July.
- Next year's forecast for June is 165k dollars.
- The \$200k of advertising for inbound will be repeated next year; \$150k focused on December through March. Outbound is \$100k and \$75k would be focused on November through February.
- Information suggests that people fly from the east via Phoenix and there has been a drop in Dallas.

Mr. Randall sees a healthy outlook for Alliance that moves beyond marketing and focuses on the terminal in the event another flight is added.

Chair Margetson found it interesting more people come into Santa Fe from Phoenix than leave Santa Fe. He is also pleased that American Airlines confirmed the 1st month of the 3rd quarter (June) is in the black.

Mr. Randall noted because of convenience there is potential of leakage to the Albuquerque airport and a person might fly into Santa Fe but leave from Albuquerque.

Chair Margetson said they will approach American Airlines about the schedule in Phoenix to make it more convenient when people leave Santa Fe.

Member Bruneni liked the billboard "*You can be in the air by now*" and thought it a good reminder.

Member Lucero asked about the signage from the airport to downtown Santa Fe. He was told the signs would be provided by the City and up by 4:30 that afternoon.

Member Hendry pointed out that Google and GPS send people to 599 and then to I-25. He suggested the policy for the City and LANL employees be discussed. LANL flies people in on Monday morning and out on Friday night. A significant number of construction personnel under collective bargaining would be working in the Lab, but are working at Facebook.

Mr. Randall explained there is a City policy and flights must be preapproved and show the route and has to be the least expensive within 10 percent.

Member Hendry suggested a meeting with Robert Rodarte to discuss the difference in price and the amount of time it takes to park, the cost in gas and added miles on the City car, etc. St. Vincent's and LANL fly a lot of people into Albuquerque almost every day and should be flying them into Santa Fe.

Member Lucero suggested doing a focus group using people's emails or addresses.

Mr. Randall said Simon Brackley has suggested he has volunteers that could do a survey. Inbound passengers could be asked if they are flying out of Santa Fe and if not, why. If Mr. Brackley could not do the survey they could expand the hours at the Visitors' Center to get the survey done.

Member Lucero mentioned when he flew into Santa Fe late at night his experience was not great. He wondered if that could be improved and they could find a way to retain that business.

Mr. Randall indicated he will be meeting with the Public Works Director related to the service side of that.

Member Pettus suggested Sandia Shuttle and Carey Limousine be asked if their one-way rates increased. She found that often they cannot make both ways work and someone has to pick them up.

Member Lucero added they need to find out what people like and don't like.

Mr. Randall invited Board members to a luncheon tomorrow provided by Alliance to thank the airport personnel for their service. He and Chair Margetson will attend and City Councilors have been invited.

IV. Post Event Report – Santa Fe Century (Michael McCalla)

Mr. McCalla reported it was a successful year in his first as Director of the Santa Fe Century and the 32nd year of the event. The event went smoothly without injuries, the weather was nice and the event was positive. It is the largest one-day bike ride in NM and one of the biggest in the Southwest and many events of this type have seen declining numbers and Century is fighting to keep their numbers strong.

He reported there were 2,215 riders with about 45% from out of state and 614 from outside Santa Fe. Estimated hotel room income was \$316k for 2,110 rooms. Next year less print advertising will be used because more hear about the event through the internet. The percentage of repeat riders has increased in the last 4 years from 35 to 43 people.

They lose a lot of riders because a 100-mile bike ride is not a small undertaking, but a ridership of more than 2,000 for a long event is not bad. They also have a 20 mile, a 50 mile (the largest group of riders) and the competitive rider version of the Century (a timed ride), which has grown steadily from 8% last year to 12% this year. This year they added vintage and historic bikes. Also after attending a mountain bike event in Taos that had 290 much younger riders, they are considering a different event to attract a younger demographic.

Member Lucero asked about marketing for the event. He suggested creating something that could be distributed around the country to advertise the Santa Fe event.

Mr. McCalla explained a mailer account of past riders of almost 9,000 people is used. Printed flyers have not been done but might be an interesting idea. He has had requests from smaller events for flyers but it is tough because no one wants to stuff flyers into thousands of packets; Tour de Tucson has about 7,000 riders. They do mail postcards to all of the previous year's riders about the current year's events.

Member Hendry congratulated Mr. McCalla on a great event. He sent a pallet of water over for the event and his people suggested there should be something at night similar to San Francisco. They put glow sticks on the bikes with a route around the city for riders to travel at night. If Santa Fe did that the night before the event people might extend their stay from one day to two and those who live in New Mexico might drive up and stay the night to do both events. He could see having a drone photograph the bikes at night with the glow sticks and then finishing the ride with something at the Railyard.

Mr. McCalla thought that was a fun idea and that it brought to mind the Bike and Brew Festival which anchored itself around the Century. He has considered how he could work with the Bike and Brew to bring two great cycling events to New Mexico at different times of year.

Chair Margetson asked if there was information on how well Bike and Brew did this year. Mr. Randall did not have information on that.

Mr. McCalla thought less people had participated this year.

Mr. Randall noted his report mentions another bike event being discussed for next July - the Grand Fondo New York. It is a large competitive ride of 5,000-6,000 riders in New York that has 18 preliminary events throughout the world. Riders have to qualify to participate.

The Grand Fondo is looking for a location to do a preliminary ride and has rejected Austin. Santa Fe submitted an application for the weekend after Fourth of July next year. The weekend will be an empty weekend and the ride will bring between 750-1000 competitive riders; 30 percent from outside the United States. A rider's average income exceeds \$200k with an average stay about 5 days.

The potential for the event is huge and would play well on the Santa Fe Century event and possibly those who do the competitive piece in the Century would try to qualify in the prelim. The ride would be 36 miles to the ski area and back and the others will pick up with the group in the last 60 miles, breaking the rides into a 96 mile and 60 mile ride.

Mr. Margetson asked if the 7,000 feet altitude would be a problem.

Mr. McCalla replied that's why people would come. The majority of riders from out of state in the Century were from Colorado.

Member Hendry noted that the City has talked about hiring someone. When Rhode Island lost the America's Cup they went into event marketing and now have events 350 days a year. Santa Fe should have a professional party planner (union) who is familiar with events and the process and what the City can offer and how to advertise, etc.

He said it is important for the City to offer a higher level of service as events come. If the City had someone like that they would not have to tell Mr. McCalla "wouldn't it be great to do something the night before to get people to stay an extra night". They would have someone who could help him do that and raise money and do everything else.

Mr. Randall indicated 5 finalists would be interviewed on Thursday for a Program and Events Manager.

Chair Margetson asked how the Century calculated 2,110 room nights.

Mr. McCalla replied the numbers were determined from riders who came from out of state and how many of the riders picked up packets in the morning. The night before the event a huge number of people register and the next morning it is a relatively small (less than 10%) amount of riders.

Chair Margetson and Mr. McCalla discussed whether riders stay in a hotel or camp elsewhere. Mr. McCalla pointed out most of the riders make six figures and when on vacation do not "slum" it.

Member Bruneni said her hotels have been longtime supporters of the Century and often offers special discounted rates. They have always done well on Cerrillos Road with rates that are under 100 dollars.

Chair Margetson congratulated Mr. McCalla on a great job.

V. CVB Activity Reports:

a. Sales Report – David Carr

Mr. Carr provided a report from the information contained in the packet.

- Definite room nights in June were up over 1800 from last year.

- Rooms on the Books - about 5,000 behind last year. A couple of programs were lost in February, May and June.

- Trade Shows: Kim attended show in Las Vegas and returned with an RFP for 2000 room nights for 2019. April attended the MPI event and Kim will attend the American Bar Association in New York in August. About 12 programs were booked and 14 inquiries have been received. He will go to the ASAE event in Toronto with 3 Santa Fe hotel partners.

- July FAM had participation from Florida, Canada, New Jersey, Georgia, Texas and Arizona and received 4 RFPs. The attendees for the October FAM (October 17-20) is being worked on.

- He attended the National Governors Association meeting in Providence, Rhode Island. He and Mr. Randall will meet with Sec. Latham today to plan the details.

Members discussed the attendees and the number of large cars needed for such an event.

Member Lucero asked if this event would be held at the Convention Center. He was told it would be there as well as the Eldorado Hotel and space would be utilized for parties and receptions at various hotels.

- 30 leads have been received from IMM; 6 calls to action and 11 follow ups and 2 attendees of the FAM came from the IMM.

- A 60-day notice was sent to STR on Friday. Since May there have been 4 prospects and 5 verified information requests so the contract will be terminated in September if there is no change.

Chair Margetson asked for an explanation of page 10.

Mr. Carr explained one program had been closed with 51 rooms (\$13k revenue) and the other 22 prospects had asked to be called back and it was unclear if they would become RFPs or bookings. About \$22k has been invested and there have been no direct RFPs.

b. Marketing Report – Cynthia Delgado

Ms. Delgado noted that the packets contained 2 reports for the 2nd quarter of the annual year as well as both the Fuse Ideas Paid Media packet and the Website /Social Media components quarterly report. She would report the highlights:

- Paid Media - a significant part spent was moved to the second quarter to focus on the season.
- Second quarter spending was increased to \$520k with 37% allocated to Fly Santa Fe inbound and Santa Fe Celebrates Global Arts and Culture Campaigns to focus on drive markets and fly markets.
- Over 47 million impressions were delivered generating 145 qualified visits to the Santa Fe Landing page; 43% over the 1st quarter of 2017.
- Creative point of interests – Arts was the best performing followed by History.
- The best digital performing partner was Undertone and that will move forward in the next quarter.
- The website sessions were up 35% including *unique users* (people that have not visited the website). They wanted to increase visibility in areas where people may not know about Santa Fe and in the drive markets, which has resulted in shorter periods people visit the site and fewer pages per session.
- PR – there are a significant number of press releases and weekly pitches that have different angles directed to selected and curated publications and/or on-line publications.
- Media visits were down because there was no press FAM in the second quarter, but media content having one-on-one, is going up.
- Earned media was down for the quarter. *Examiner.com* is going out of business and Santa Fe had 5 pieces last year on the site and a NY Times article. They are continuing to watch that. A new indicator will give an idea of the numbers of impressions.
- Blog views are going up as well as average time spent on blogs; web referrals were down and they found they could have created more links.
- Email newsletters did not have a significant change, but they found a seasonal newsletter has a higher open rate. They are looking at re-creating a specific interest to tie people on the web. The consumer newsletters with the deals and specials need to be looked at to increase openings and they will work on a new look.
- Social media stayed the same.

Ms. Bruneni asked if open rates were better when competitions or contests were being run.

Ms. Delgado replied that they never ran contest through the email blast, but she would make a note of that as an option. Social media contests for late summer or early fall are being looked at to give the season a boost on the website numbers.

Mr. Randall suggested newsletters be simple and have more clarity. He thought a contest might improve the open rate but does not mean value and the focus should be on the value side.

Mr. Lucero suggested working more on the headlines.

- Social media speaks for itself. Engagements are down and followers are eking up, and engagement (measured by shares, likes and comments) needs to be more dynamic.
- The Visitors Guide distribution is down, but is expected to go up because they resolved an issue in getting the guide to the distribution places.
- The Visitor Center visits were down, but a positive is the Plaza Galleria signage now indicates there is a public restroom in the Gallery.
- Santa Fe has been named one of Travel and Leisure's World's Best and ranked number 2 in the *Top 15 Cities*, number 11 in the *Top Categories for the World* and Sunrise Springs and Ojo Caliente ranked number 3 and 4 for spas.
- An execution of a Campaign Creative refresh is starting with more details coming soon.
- A digital billboard campaign was put in place for the Amarillo Texas Drive.
- NM Tourism Department received a grant for co op advertising in D magazine, Southwest Magazine and Texas Monthly and supplements buys that had already been planned.
- They will sponsor 3 nights at Bandstand and were awarded the contract for the development of the Santa Fe Margarita Trail app, which is hoped to be up in 6 to 8 weeks.
- They continue to support Northern New Mexico Airlines and Fly Santa Fe with inbound digital ads through July 30. *Santa Fe.org* has a new look for their business listing and businesses will be required to have a new photo.
- Visiting Press - those visiting are listed.

Mr. Lucero asked if they have links to any of the NM Tourism websites and if there were referrals.

Ms. Delgado replied they are linked but Tourism Santa Fe gets very few referrals. The links do not want to send a visitor to the destination management; they want to direct them to a hotel, restaurant, etc.

c. Executive Director Report – Randy Randall

Mr. Randall provided a handout on Indigenous World. The handout logo will be used for the first celebration of Indigenous Peoples Day (October 9, 2017) and was created by artist George Toya. The art has an explanation and will be used for promotions and reproduced on Tee-shirts and a poster for that weekend.

The celebration is from 8:30 a.m. to 5 p.m. for one day; Monday, Columbus Day. There will probably be some Indian dances Saturday and Sunday, but most will be concentrated on Monday. A schedule will be out in about a month. George Rivera from Pojoaque will be the Honorable Chairman.

Jake Rodar brought the Grand Fondo New York to Santa Fe and if authorized, there will be about a year to put it together and the City will assist. The event has potential to be significant. Mr. Randall will serve as ex officio on the committee and asked if a Board member or someone they recommend to represent the lodging industry, would be on the committee. Ms. Bruneni volunteered.

Destimetrix –great news is that there is participation from every major property downtown and the focus will be totally on downtown. Drury, Inn at Loretto and all 4 Heritage properties and the Hilton and Anasazi have been added and the Inn of the Governors was uncertain.

Some reports have not been doing apple to apple comparisons and a year of history is needed because the benefits could be distorted. If what is shown is correct from a marketing perspective, the advertising will have to be shifted to a higher concentration.

Member Hendry noted that no movies are in Santa Fe right now and the City has gotten out of the marketing business. Shoot Santa Fe is now Shoot New Mexico and marketing the State and the State has cut marketing despite the Governor saying she did not. The Film Office budget was cut repeatedly and the only person at the Film Office is now gone and there is no one in Marketing.

Mr. Randall pointed out that rebates are competitive but capped at \$50 million and spoken for through the next few years. Also New Mexico's 30% rebate applies only to in-state talent and Georgia gives 30% for *all* talent and has no cap.

He continued there were about 25 applicants for the Program and Events Manager and 5 will be interviewed. An Assistant Operations Manager has been hired and currently they are interviewing positions for a specialist and lead.

Member Hendry asked that new hires be brought to a Board meeting so the Board could meet them. Mr. Randall agreed to bring both next month.

Chair Margetson asked how many of the 25 applicants are local.

Mr. Randall replied 15 local and 10 from out of state and out of the 5 being interviewed 2 are local and 3 people will be interviewed by Skype.

The Santa Fe Network created by Lee Zoloff (the creator of MacGyver) is up and running and is a visible component to the film and production industry. The purpose is to focus on Santa Fe and filming in New

Mexico and create a more visible support for those in the industry who want to bring film to Santa Fe. Moviemakers can use the network to get exposure for a film, currently at no cost and there will be outtakes of filming done in Santa Fe.

Member Hendry thought the network a good idea but stressed the need for live, new content every day, even if just Ms. Delgado reading Scott Hutton's calendar of events.

Mr. Randall said there will be an event component. To date the network has operated with zero funding but the hope is that City Council will approve \$45k (\$20k from economic development / \$20k from Lodgers' Tax).

The sidewalk cleaning will start soon with new City equipment. The City wants to create a maintenance program once the sidewalks are cleaned and would like a partnership with downtown merchants. The concept is that shop owners will sweep, pick up and clean up debris in front of their shops.

Mr. Lucero noted an ordinance requires merchants to keep their sidewalks up and that could be discussed with City Council.

Member Pettus asked if true using a power washer is illegal because of the water use.

Mr. Randall indicated they could be used with a permit, but this equipment does not require that. He explained how the equipment works and that the equipment is being tested on the bricks at the Plaza to see if they can be cleaned without harming them.

Mr. Randall asked for a volunteer to serve on a Governor's Conference Planning Committee if that happens. Members Lucero and Pettus volunteered.

Mr. Randall thanked them and said he will work with Chair Margetson on it after the meeting.

VI. Other Matters by the Board

Mr. Lucero asked about the hotel on Cerrillos Road and Meow Wolf getting a liquor license.

Mr. Randall explained the hotel will be a new Hampton Inn with 91 rooms and four-stories and it was approved by the Planning Commission and is within the 45 foot height restriction.

Member Hendry asked when Total Wines and Spirits will come to Santa Fe because that is a problem.

Mr. Lucero said they are in the Staples location and have a 30 day posting and two legal notices and needs to be approved by the City.

Members discussed Total Wines and the impact on Santa Fe.

Mr. Randall had not heard anything on the question regarding Meow Wolf.

Mr. Hendry thought it sent the wrong message and should be a tasting house. He thought if they want a

liquor license they should use Jean Claude.

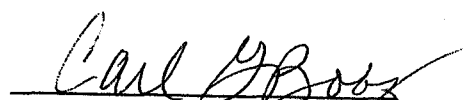
VII. Adjournment

Member Pettus moved to adjourn at 11:45 a.m. Member Bruneni seconded the motion, which passed by unanimous voice vote.

Approved by:


Paul Margetson, Chair

Submitted by:


Carl Boaz for Carl G. Boaz, Inc.