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CITY OF SANTA FÉ
Occupancy Tax Advisory Board

January 23, 2018

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Next Meeting: February 27, 2018

**MINUTES OF THE
CITY OF SANTA FÉ
OCCUPANCY TAX ADVISORY BOARD**

January 23, 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
Jon Hendry, Vice Chair
Victoria Bruneni
Al Lucero
Elizabeth Pettus [arriving later]

Members Absent:

Chris Hyer

Staff Present:

Randy Randall, Executive Director
David Carr, Sales Director
Cynthia Delgado, Marketing Director
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. Member Pettus was not present for the vote.

d. APPROVAL OF MINUTES: December 14, 2017

MOTION: Member Lucero moved to approve the agenda as presented. Member Bruneni seconded the motion and it passed by unanimous voice vote. Member Pettus was not present for the vote.

II. Lodgers Tax

a. Update – Randy Randall

Member Pettus arrived at 10:06 a.m.

Mr. Randall reported on Lodgers Tax revenue results. The City was comparable to last year. Hotel Lodger's Tax was down \$41,000 but up about the same in Short-term Rentals. Overall the City exceeded \$6,797 over last year and is \$224,000 YTD. Hotel revenues for November fell, but he had not seen the backup reports and was not sure if all hotels were reporting. He does check monthly to ensure they do.

Chair Margetson noted that November this year was strong.

Mr. Randall suggested it would be good to talk about all three reports, the Lodgers Tax, Rocky Mountain and STAR reports.

The Star shows the City was flat compared to last year's December occupancy and was down about a half point. Overall rev/par was up at 77.30 over 75.65 last year.

The RM shows downtown occupancy flat at 63.5, the same as last year. The average rate is up \$10.57, and they should see the Lodgers Tax growth in December. Because of the rate the downtown hotels had a better month than last year than the report suggests in November. The downtown average rate was \$190.50, and Cerrillos Road went up \$2.20 with a slight decrease of 0.6% in occupancy.

Member Pettus asked if November looked pale, what would the shoulder season be then.

Mr. Randall replied that November was about the same downtown as last year, but Cerrillos Road dropped about 5.5 points in occupancy and is where the loss occurred. The periphery, dominated by Buffalo Thunder and Homewood Suites representing 600 out of 800 rooms, was down in occupancy by 14 points. The shoulder season is September and October and April and May, and the off season is November through February.

Chair Margetson thought the off season would depend on the snowfall.

Member Lucero thought it was more about when Easter fell, and spring break.

Member Pettus pointed out that now spring break is over a six-week period determined by the different colleges based on their football season.

Member Lucero clarified he meant spring break for high school and grade schools.

Mr. Randall noted that spring break for lower grades are also more standardized because parents like to take vacation at the same time.

Member Hendry said when relying on the weather, there would always be that issue. The Board's function is to create and promote events and fill in the down times. He could visit Austin any weekend and find events that interest him. The City needs to build around events and year-round interests and around what is becoming their biggest tourist attraction, Meow Wolf. As the City most recognized in New Mexico, they should concentrate on events in the shoulder season and do things to bring people in.

He noted that both he and Mr. Randall agreed that New Mexico True is a branding campaign, not a marketing campaign and branding Santa Fe is not necessary. He wants to focus money on the events; Film Week that is coming up and Music Week would be another. He is also planning Book Week and Theater Week in the shoulder season for next year.

National Literacy Week at the end of April was a slow time and books do not require good weather and the Board should concentrate on things that bring people in every year.

Meow Wolf is great, but he does not want them to spend more money in Denver and Las Vegas. They should concentrate on expanding Meow Wolf in Santa Fe and create an arts and entertainment district around Meow Wolf and help them because it is a great place for people and families coming to town.

Member Lucero added to that point that the Santa Fe Wine and Chili has made September retail one of the most attractive months of the year.

Member Bruneni suggested Mr. Hendry tie his Book Week event with the statewide Battle of the Books event in April for elementary schools.

Member Hendry agreed. And they should focus on the Board's core function because some requests they received were year-round. They were not tied to an event, or they were private or nonprofit businesses looking for money and that is not creating events in the shoulder season.

Member Pettus said she does better in October than September and it was okay this year, and August is better. She noted the Artist in Residence has been successful, and she sees the artist at La Fonda every weekend and they are doing well.

Mr. Randall indicated the Drury is also [doing well] and he was glad to hear that. The plan is to evaluate the program and make it bigger and better by bringing in a group of artists from a sister city location. The idea is for all the artists in February to be from a specific sister city. People could visit Santa Fe each year and see the new and emerging artists for a specific sister city.

Mr. Hendry suggested live-streaming Artist in Residence. Cameras cost about \$400 and there should be more cameras throughout the City because people watch live-streaming instead of traditional movies.

Chair Margetson noted the significant drop in occupancy in the periphery from 75 to 70 and that it averaged out. He asked if there was news on Bishop's Lodge.

Mr. Randall thought the numbers were a result of Buffalo Thunder's dominance. He had no news to report on Bishop's Lodge.

III. Northern New Mexico Air Alliance Update

Chair Margetson inquired about Nick Schiavo's appointment at the airport.

Mr. Randall indicated Mr. Schiavo is the Acting Director of the Airport 3 days a week and the Source Supply Manager for the Water Department. Permanent appointments for personnel for exempt positions would not be made until after the election.

Member Hendry praised Mr. Schiavo's knowledge of the airport and the locations of roof leaks.

Chair Margetson added that Mr. Schiavo is doing a great job and has exciting ideas that are achievable. The prior manager's improvement plan was \$45-\$50 million and Mr. Schiavo created a plan for \$8-\$12 million to make the airport function. That includes parking, how to get the improvements accomplished and finding grants and the improvements could happen in a couple of years, which is great.

Chairman Margetson said his hope is that the new Mayor would retain Mr. Schiavo in the position.

Member Hendry suggested putting Mr. Schiavo on the February agenda. He noted the Board should be doing things at the airport - one is to convince Santa Fe Trails to run a bus out there. He thought there was a chance the new mayor would not support the airport and as the City's biggest asset, it was not right that employees must have a car to work there. He is going to go to every City Council meeting to voice his concern, because without transportation the airport could lose support and the 600 jobs there.

Mr. Randal suggested they could also go to the Airport Advisory Committee because they are highly respected by department heads and by City Council.

Ms. Pettus said everyone she knows in Districts 3 and 4 believe the airport contributes nothing. She thought the issue is one of communication about the 600 good paying jobs at the airport.

Mr. Hendry agreed. The City also needs to open a school. The airport does not have people skilled to do simple routine maintenance and planes are sent to Albuquerque. He wondered why the Northern Workforce Development Board was not used to run a program and set up a school at Capital High School for kids to learn those skills.

The stenographer, Mr. Boaz, mentioned the Transit Advisory Board (TAB) meets the fourth Tuesday of every month at 5 p.m. at the Transit office on Rufina.

IV. OTAB Grants

Mr. Randall provided status on the grant requests from December and noted that everyone had been notified regarding the approved grants. The Board would need to approve the awards.

He informed the Board of a request from the Council on International Relations to repurpose the \$7,500 to a November specific project and doing more of an event than the conference they had presented. He indicated to them that the Board would likely support their request subject to a report from them to the Board on the specific project being planned.

Mr. Randall explained that Board approval was only the grants that were awarded.

MOTION: Member Lucero moved to approve the OTAB funding awards as follows:

Santa Fe Century at \$12,500;

Entreflamenco at \$10,000 with no additional future funding;

Film Week for \$20,000;

Emerging Media for \$15,000 (\$10,000 for Digital, \$5,000 for Web with a total focus on June);

SITE Santa Fe for \$15,000, a one-time allocation and;

The Council on International Relations for \$7500 with the conditions listed above. Member Bruneni seconded the motion and it passed by majority voice vote. Member Hendry abstained.

Mr. Randall noted they would take \$10,000 from other resources for the grants because the \$80,000 budget allotment was exceeded.

Member Lucero asked Mr. Randall to explain how awardees receive the money.

Mr. Randall explained the awards are done on a reimbursement basis. The grantee meets with Staff to discuss how they intend to spend the money and ensure it is what the Board anticipated. Then the organization submits invoices to Ms. Ortíz and a repayment is processed.

Member Lucero asked if there were some who did not spend all the monies received.

Mr. Randall said there are, and those funds would go back into the fund balance for the department. Last year Santa Fe HIPICO did not spend all their money. Their PO was closed, and they later submitted receipts and will receive the money, but not necessarily in this fiscal year.

Chair Margetson confirmed that Board approval is required to receive funds at a later time.

V. CVB Activity Reports

a. Sales Report - David Carr

Mr. Carr said December was a good month with leads up 30%, definite bookings up 23%, definite room nights up 8% and 12% increase in room nights requested.

Staff is looking for another third-party prospecting company and has met with two that are not quite what they want. They currently work with IMM and will send out promotions through them. They have increased buy-in with more capabilities and he will be discussing that soon with Mr. Randall.

Staff is working on the National Governor's Association in July and it is moving quickly.

Member Lucero asked if there was an update on where they would stay for the Governor's Conference.

Mr. Carr replied the committee chairs have been identified for December and they are getting the details. Laura Kesselman (Kesselman Jones, Inc., a meeting/planning company in Albuquerque that works with government agencies) will handle most of the details as the State Planner. He is the Social chair and chair of the Housing Committee and Registration, Ms. Delgado is chair of the Spousal programs and Mr. Randall the chair of Transportation and Logistics.

They have identified the three social events and are looking for a location for the second night. They know what they will be doing but not the location and hope to finalize that by Friday.

Chairman Margetson noted the report date of November 28 and wondered if that was an error.

Mr. Carr said that was an error and the report was as of January 4, 2018.

Member Lucero said the report was well done but would suggest numbering each page sequentially and referring to the page number when discussing a page in the packet.

Mr. Carr said Dual Language is committing to either 2020 or 2021. They work to bridge the gaps in schools between English and multiple languages and provide help with those challenges. They plan a three-year rotation between Albuquerque, Santa Fe and San Antonio. He indicated that was why Santa Fe was short 2300 room nights in November group bookings, but Santa Fe did well in November.

Dual Language is outgrowing Santa Fe but loves the City and does not want to take the program away because of the huge support.

b. Marketing Report - Cynthia Delgado

Ms. Delgado explained her report would be on the fourth quarter and end of the year and she would highlight key elements.

Advertising/Paid Media - most of the investment was in digital. They added two new partners and will see "rich digital advertising." Digital impressions were on track for last year and they are seeing less of a conversion (i.e. the person on their website who then moves on to other things).

Website total sessions at the end of the year were flat but the unique users were up 2.9% showing there are new people on the website. The conversion rate was down, and is being worked on.

Member Pettus asked what *native content* was.

Ms. Delgado explained it was a lot like editorial content. *Pop Sugar* or *Matador* look like digital publications but are paid media publications and very “advertorial”. Native means organic, although it is not. Their new match cut advertising used native but found it is not as effective as hoped because it looks like an advertisement and native buy has to look like editorial. They are working on those two pieces.

Public Relations - they continue to make a significant impact and have increased the number of pitches. Media Visits and Media Context is up 17%; Media Impressions was down 24% and Earned Media down 8.6 percent. Most of those came from significant stories in 2016 such as the work with the Mayor on sanctuary cities and coverage of over \$2 million.

Earned Media focuses on what is hot and in 2016 the Margarita Trail and Meow Wolf, etc. were introduced. Staff was excited they delivered over \$36 million in 2017 without those big news pieces.

The Blog is small reach but continues to get stories out. The value of the blog is that it tells the Santa Fe story in a different way and helps with SCO. This year a major focus is to tighten the writing of the blog, so it is SCO strong and has better searchability.

The Newsletters continue to beat the industry in open rates. Consumer Happenings and Consumer Daily Specials were over 15% and is strong numbers for the industry.

Social Media – there is a great opportunity to increase engagement, which is down. The Followers were up but not necessarily engaged in terms of Facebook and twitter.

The Visitors' Guide distribution was down somewhat, but at year end only 35,000 copies were left.

Chair Margetson asked why the drop in Social Media; Trip Advisor had a huge increase.

Ms. Delgado explained they purchased the Trip Advisor Santa Fe Page and are starting to increase the change on collections and adding content in a different way. Also, Trip Advisor changed how they measure and Staff plans to look at all aspects of the Trip Advisor page. The page has been purchased for three years, but their current focus is on writing content in a different way.

Mr. Randall explained they spend \$80,000 a year for the acquisition but it needs the focus it is now getting.

Ms. Delgado added it is one of the best digital buys for driving people to the web site.

Ms. Delgado noted key elements: Travel and Leisure's World's Best award survey is open, and Staff is working to get the word out to vote for Santa Fe. Key hotels are in competition for that as well.

Santafe.org is in the second phase and a business listing / launch will be done with training in the next two weeks. Notification will be sent to everyone on the training dates. The website will allow larger photos and

have a contemporary feel.

The 2018 Visitor Guides were distributed to visitor centers and all hotels.

Chairman Margetson noted that La Bajada was half empty yesterday.

Mr. Randall pointed out a new rack was needed because they fly out of the rack when the door opens.

Member Hendry suggested it was a good excuse for a VG Launch Party and instead of sending brochures to businesses, people could pick them up at a party.

Member Bruneni thought it was marvelous the guides were being distributed again. She expressed that she would not want to pick up an 80-pound box of brochures at a party.

Mr. Randall clarified staff was not *delivering* and the program had not changed.

Ms. Delgado continued her report.

Press in December and January marketed Seattle and Phoenix.

The 2018 Kid's Spring Break was launched and is getting press coverage.

Tourism Santa Fe digital marketing campaign won the Hospitality Sales and Marketing Association International Adrian Award.

The Margarita Trail is within a few days of launch and the Santa Fe App is being worked on.

Member Lucero asked if the Board could be invited to the Margarita Trail launch. He noted the launch would be at the Coyote Den on the ground floor of the Coyote Café on February 22, which is National Margarita Day. There will be three Margarita tasting stations and a lot of fun.

Member Pettus asked what Tourism Santa Fe did to get Santa Fe listed as the second-best place for families to spend New Year's; second to the Disney cruises.

Ms. Delgado said that was USA Today's 10 Best Program and Staff focused on getting the word out to vote and people could vote every day.

Member Lucero asked when the lights downtown would be removed and was told on March fifth.

Member Hendry said he had been involved with the New Year's celebration and sent text blasts to people's cell phones with a link to the poll. People just had to click the link and those who didn't respond were sent another text. He found it very useful in getting people to vote.

The New Year's celebration was better this year - the Zia went higher, and the fireworks were better. He commented off the record on ways to make the celebration better. He suggested forming a committee to plan

and work on the New Year's event throughout the year to make it even bigger.

Member Lucero complimented Staff for their good, creative advertising decisions and the excellent blend in New Mexico Magazine.

c. Executive Director Report - Randy Randall

Mr. Randall thanked Member Lucero for his compliment on advertising.

He mentioned the 30-day session under way and the \$3.5 million proposal on the table for the New Mexico True Campaign. The campaign would all be for marketing and would open the greater San Francisco market that is currently not a market for New Mexico True.

He encouraged everyone to let legislators know of the importance of getting the dollars solidified as part of a re-occurring budget so hopefully the next administration would move into more conversion. He thought legislators would have to be convinced because this would require them to agree with the Governor, which is not the norm at the Roundhouse.

Mr. Randall said regarding the snow - he was asked by the Albuquerque Journal how bad things were. He told them unlike Colorado where the primary reason to visit is to ski and other activities are secondary, when people visit Santa Fe skiing is part of their visit, but is not the sole purpose. This year will be a tremendous test on what the impact of skiing is to Santa Fe's business, because they have never really known that.

Mr. Randall encouraged as they enter the budget process, that Board members and industry partners let him know if anything should be budgeted differently. A lot of detail is provided to City Council with their budget and is a great way to get approval of their plans for the next year. He offered to do his best to incorporate any thoughts shared with him into the budget. The final proposal is due March 2 to the budget office.

In addition, the City Manager has requested each department prepare a transition plan for the change in administration. The plan would talk about projects and programs in process, the personnel and any challenges/opportunities they see for their department.

He has completed the draft and after reviewing with the City Manager would get permission to send to the Board for their feedback.

Member Lucero asked if Mr. Randall also does the convention center budget.

Mr. Randall replied he does as well as the Arts Commission, but convention center has its own allocation of funds and does not take away from the Tourism budget. He could not shift money from one to the other but if out of money from the Visit Santa Fe side and they could budget advertising dollars in the convention center budget and use that.

He added this is their second budget with the current Finance Director and they are still seeing changes

to their procedures.

Chair Margetson asked if the Board would be required to resign.

Mr. Randall explained since this is an advisory board it is not required, or desired.

He will budget about the same level of expenditures as this year and seek a commitment from the Finance Director for a midyear review. If they are running ahead they could request at Council to increase the budget.

Regarding new events, they want to better define the events to eliminate annual programs and conferences that are not definitely not events and they will encourage new ideas.

They plan to build three events within the department: 1) Music Week around August 24 - Sept 2; always starting the last Friday/Saturday performance of the Opera and ending the day after Zozobra.

2) They are working with San Miguel Allende to create a Sister City Equestrian Challenge between the two cities. The horse community in Mexico is affluent and they travel and stay long periods of time.

He and the Mayor will visit San Miguel in February along with the HIPICO people. They will meet with officials to help get a joint proclamation and those from HIPICO will meet with Mexico's privately run equestrian center to put that together. The first challenge is planned the last weekend in July (the weekend after the National Governors' Conference this year) and falls during Spanish Market.

Chair Margetson asked if there would be an issue with elevation.

Mr. Randall did not know, but Member Pettus thought elevation was about the same as Albuquerque.

Mr. Randall continued that the second challenge is in San Miguel and they have not yet determined whether they will rotate back and forth between the two cities. Once established, the HIPICO people feel the invitation could be extended to Calgary and Calgary would be made a sister city. If established as an international event there could be opportunities for television, etc.

3) The Gran Fondo New York/Santa Fe – A problem has been getting legal support for the City to enter a franchise agreement with Gran Fondo. Legal has suggested there is no value in a franchise. He queried if a legal or business decision because from a business standpoint franchises are incredibly valuable. He may need to find a nonprofit to work through that.

Member Lucero inquired about the possibility of Century Bike being a nonprofit to help with the Gran Fondo.

Mr. Randall replied they assisted the Century by providing marketing dollars, but that is different than sponsoring and entering into a contract. The Gran Fondo requires a risk and funding of over \$100k to get the program going.

The National Governors' Association Conference is July 19-21 and he wanted everyone to be involved. He reported that Chair Margetson is on the Transportation Committee and he would find a committee for anyone that wanted to participate.

There is a proposal to build a restroom facility – the Santa Fe loo – on Sheridan. Mr. Randall said he was approached by Chuck Higgins, a member of the Santa Fe Chamber of Commerce to support an interim program to be funded by the City. The Chamber of Commerce would solicit retailers and find willing businesses to display that their business has a public restroom. They would be compensated a small amount in return.

The concept has been successful in several places in Europe. Mr. Randall thought the idea had been tried in the Coss administration, but retailers were not interested, but Mr. Higgins believed now there is sufficient interest. A three-tiered incentive to offset the added cleaning costs to retailers would offer a maximum amount of \$200 a month and decrease moving further from the Plaza.

Member Pettus said this had been brought to the Downtown Retailers Association and a board member talked with people in the insurance industry who had serious problems with the idea.

People she talked with all agreed the History Museum did not go along with the original idea.

Mr. Randall thought that was similar to complaints about businesses sweeping the sidewalk or picking up litter in front of their business. They could suggest who should be doing something about the issue or they could do something to get it done.

Ms. Pettus wanted the Board to be aware the insurance industry saw this as a problem. She added that a slip and fall is different when a business advertises the public could use their restroom and is compensated for that, opposed to accommodating a customer in the store that asked to use the facility.

Mr. Randall said he would bring that to the Chamber of Commerce, but his position is to support the program, not to run it. It is not just a tourism issue, but Parks, Economic Development and a Public Works issue as well.

Member Hendry said Transit is the obvious and once Sheridan is redone the restrooms should be there. He asked about the refusal by the History Museum.

Mr. Randall explained there was no document of arrangement between the City and the Museum.

Member Pettus mentioned she bought a book when contemplating a trip to Japan. Japan found it terrible that people made fun of their toilets and decided to commit a certain number of public bathrooms if there was a parking garage. She thought there could be more restrooms at Water Street and there were things the City could do, but it would take commitment, and it could be a political will situation.

Mr. Randall said he would talk about an interim solution because the Santa Fe loo is not permanent and would be a waste of \$130,000.

Lastly, he wanted to inform the Board they are trying to repurpose the unused money budgeted last year to reopen La Bajada Hill. An article in today's paper stated there was no financial support because he would need to raise \$75,000 on a continuing basis. He is repurposing the \$61,300 to continue the litter program this year with the understanding the positions would be permanent in the future.

Mr. Randall noted the pushback from Finance last night and concern of why it was only for downtown. He suggested the Lodger's Tax should be spent properly and picking up litter was not. Councilor Dominguez challenged him as to how residents benefit from visitors. He said the Councilor is not running for reelection and he would have Ms. Delgado present the proposal to City Council.

Member Lucero mentioned he had stopped at La Bajada last week and found the restroom very clean and it was heated. The only problem was not having lighting for the steps outside.

Mr. Randall pointed out that is a state facility, but they could make that suggestion.

Member Hendry suggested the Board introduce a memorial to require DOT to explain why a visitor's center could not be reopened.

Mr. Randall explained Tourism had closed the center and the Memorial should require them to reopen the center.

Mr. Randall confirmed support by the Board members for the Litter Patrol to continue litter pick up downtown. The resolution passed unanimously in Finance and is moving on to City Council.

Member Pettus asked how often the Litter Patrol is downtown.

Mr. Randall replied that a team of two work Thursday through Monday five days a week.

Member Hendry said he planned to be on the Plaza for a week and they would alternate the Longmire and Breaking Bad motorhomes and have video feed, so he would bring a bathroom.

Mr. Randall asked Member Hendry to mention that the Black Cab Service now meets every flight at the airport. The service remains until early hours of the morning if a flight is delayed.

Chair Margetson expressed his disappointment with those in attendance in the audience. He asked what happened with the information the Board discussed and if it went to City Council.

Mr. Randall said they could distribute a copy of the minutes to all the hotels.

Ms. Delgado suggested in addition they could put them on the industry page and the City's page under Tourism.

Mr. Randall said having to report monthly to the Board put a discipline on the Department to do things like numbering pages that might not hit the deadlines.

Chairman Margetson asked how often a Councilor had approached staff about anything in the minutes.

Member Bruneni said there are 19 commissions/committees and the reports are more to show the Board's support when Mr. Randall had to go to City Council for support.

VI. Others Matters by the Board

There were none.

VII. Adjournment

Member Lucero moved to adjourn the meeting at 11:36 a.m. Member Pettus seconded the motion and it passed by unanimous voice vote.

Next Regular Meeting: February 27 at 10:00 a.m. in City Council Chambers

Approved by:

Paul Margetson, Chair

Submitted by:

Carl Boaz for Carl G. Boaz, Inc.