

**SUMMARY OF ACTION
 OCCUPANCY TAX ADVISORY BOARD
 CITY HALL, CITY COUNCIL CHAMBERS
 TUESDAY, SEPTEMBER 25, 2018, 10:00 AM**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER		1
ROLL CALL	QUORUM	1
APPROVAL OF AGENDA	APPROVED	1
APPROVAL OF AUGUST MINUTES	APPROVED	1
NORTHERN NEW MEXICO AIR ALLIANCE UPDATE	INFORMATION/DISCUSSION	2
LODGERS TAX UPDATE	INFORMATION/DISCUSSION	2-3
 <u>CVB ACTIVITY REPORTS</u>		
SALES REPORT	INFORMATION/DISCUSSION	3-4
MARKETING REPORT	INFORMATION/DISCUSSION	4-6
EXECUTIVE DIRECTOR REPORT	INFORMATION/DISCUSSION	6-8
OTHER MATTERS FROM THE BOARD	NONE	8
NEXT MEETING	OCTOBER 23, 2018	9
ADJOURN	ADJOURNED	9

**OCCUPANCY TAX ADVISORY BOARD
CITY HALL, CITY COUNCIL CHAMBERS
TUESDAY, SEPTEMBER 25, 2018, 10:00 AM**

I. PROCEDURES

A. CALL TO ORDER

The meeting of the Occupancy Tax Advisory Board was called to order by Al Lucero on Tuesday, September 25, 2018 at 10:00 am at City Hall in the City Council Chambers, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT

Victoria Bruneni
Al Lucero
Elizabeth Pettus
(Vacancy)

MEMBERS ABSENT

Jon Hendry

OTHERS PRESENT

Randy Randall, Executive Director, Tourism Department
Jordan Guenther, Marketing Manager, Tourism Department
Elizabeth Martin, Stenographer

C. APPROVAL OF AGENDA

MOTION A motion was made by Ms. Pettus, seconded by Ms. Bruneni, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

D. APPROVAL OF AUGUST MINUTES

MOTION A motion was made by Ms. Pettus, seconded by Ms. Bruneni, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote.

II. NORTHERN NEW MEXICO AIR ALLIANCE UPDATE

Mr. Randall stated that David Carr is not here today. He is out with a back injury.

Mr. Randall reported that the Alliance has contracted with Interwest to do a study of the best potential connector cities and airlines to approach for the City. They did not have a chance before now to do this kind of review as the flight to Phoenix came up quickly and became a focus. The revenue guarantee for that flight has been completed and is no longer in effect for American Airlines. The contract runs through the end of this calendar year and we are anxious to see if American Airlines retains the flight or not. The Alliance was getting more involved in operations at the Airport than it should have. Now that Mark Baca is in his role as Airport Manager the Alliance has decided it should focus on the development of a new flight which is critical to it keeping any kind of private sector support. This is a third party evaluation and that report is expected back in 45 days. Once that information is in hand the Alliance will approach the Airport and determine if the Airport feels it has the capacity to support what the report suggests. If the Airport suggests that they cannot handle the flight the Alliance, he thinks, will step back and move into a holding pattern. He is very positive about this company and thinks they will do a good job. If a good match is determined and the Airport has the capacity, under phase 2 of the contract Interwest will work with the Alliance and the City to pursue that flight.

Mr. Lucero asked has American Airlines indicated they are going to pull out.

Mr. Randall said no, they have not indicated either way. The thought is they will not pull out. As soon as the revenue guarantee ceased they went from 7 days a week to 5 days a week which made it more profitable. He anticipates they will continue the flights.

III. LODGERS TAX UPDATE

Mr. Randall said the Lodgers Tax Update is on page 13 in the packet. He reviewed the report. June was highly successful. July finished up over the previous year. The dominance in the improvement in lodges tax came from the historic district. Downtown occupancy was up 3.5 points, Cerrillos Road was flat. The average rate was up \$5.00 on Cerrillos and downtown it was up by \$10.00. He expects lodgers tax will come in over the prior year by \$60,000 to \$70,000 in August. September is rolling along well. The Wine and Chili Festival increased its ticket price from \$150.00 to \$175.00 this year for the Grand Tasting and sold out a week and a half sooner than last year. That is a reflection on the economy, the popularity of Santa Fe and a well run event.

Mr. Lucero asked how long has it been that we have been able to compare short term rental lodgers tax to the previous year.

Mr. Randall said we have always had that. The report in your packet runs back to 2012.

Mr. Lucero asked how do we compare to last year.

Mr. Randall said in July last year we did \$146,000, this year it was \$179,000. We have the raw data from collections, but no occupancy rate data. He has a report that shows about 70% of the short term rentals data. That shows in peak seasons they are getting about 80% occupancy rate with lower average rates.

Mr. Lucero said he thinks it is the younger travelers using short term rentals.

Mr. Randall said we don't have any data on that. He would guess that. In our next visitors survey hopefully we will be able to capture some of that information.

Mr. Lucero said we had the right to issue 1,000 permits for short term rentals. Where are we on that.

Mr. Randall said that was for short term rentals occurring in residentially zoned areas of the City. There are 100 or more that occur in zoning that allows short term rentals. Right now we have just shy of 900 permits issues. With the other 100 we have around 1,000 identified and a couple hundred more not identified.

Mr. Lucero asked is there anything on the horizon where short term rentals would be scrutinized like hotels are such as Health Department inspections.

Mr. Randall said part of getting a permit is a safety inspection which they have to do.

Ms. Pettus said in the historic district of Santa Fe the idea of short term rentals or summer rentals is part of the history of Santa Fe. Some have been around for many generations of families for decades. Demographically that changes things a bit. If you are staying for more than a couple of days you are more likely to do a short term rental. Regarding the health inspections she thinks that has more to do with the serving of food.

Mr. Randall also the cleanliness of the facility.

Mr. Lucero said we had a good summer.

IV. CVB ACTIVITY REPORTS

A. SALES REPORT

Mr. Randall said he will give the report for Mr. Carr. It is in your meeting packet

starting on page 23. He reviewed the report. We continue to see improvement in the generation of leads generated to hotel properties. We are flat on leads that result in booking the use of the Convention Center. The Governor's Conference was a huge success. The primary function of the sales team is to ensure that we are making an evermore increased number of good qualified leads to individual hotels and generation of leads without the need for use of the Convention Center.

Mr. Lucero asked how is next year looking.

Mr. Randall said we are maintaining current levels with slight increases in almost all areas.

Mr. Lucero asked what do they do to generate leads.

Mr. Randall said the main way is attending 18 events a year held in areas that are proven to be sources of meeting opportunities for us. These are events that bring suppliers together with meeting planners. We also belong to 3 different consortiums that are in the business of representing smaller associations and assisting them with their bookings. We do more one on one. We do very little advertising. We just had a creative session with our advertising and public relations company and website developers. One of the things that came out of that was that we need to build a good video that can depict the positive points of having a meeting in Santa Fe and can be customized so if we cannot attend for a pitch we can send a video specific to that pitch. We are also in the process of rebuilding our website that will be the meeting planner website and we are bringing it more in line with the improvements we have done to our general website. We just signed up for 5 meetings being held by *Successful Meetings Magazine*. They are getting into meeting planner events. By buying those 5 we got \$10,000 in electronic advertising on their website. The exciting part is there is still a great deal of interest in Santa Fe.

Mr. Lucero said if you get that video done, which is a great idea, that would be exceptional in this day and age. When you have an inquiry you could put a link in and they can see Santa Fe right away.

Mr. Randall said yes. The intent is not to show people in a meeting environment, but to show how exciting a place Santa Fe is to have your meeting. We have a lot of things that we can depict well in a video.

B. MARKETING REPORT

Mr. Guenther said the marketing report is in your meeting packet. He received the Executive Summary. We are launching the Artists In Residence Program and are promoting that. It is about the experience that the traveler has when they are here. We have 12 hotels representative of the program this year and 4 galleries. Hopefully we will

continue to grow.

Mr. Guenther reported that they are working with a local contractor who has developed an app for augmented reality so in our printed version of the Visitors Guide we will be able to take existing assets we have and when someone downloads the app they can scan that imagery and it brings about an immersive experience. A video comes up showing an opportunity.

Mr. Lucero asked who creates that video.

Mr. Guenther said we will create the video. They will be 30 second videos to evoke excitement as someone goes through the printed Visitors Guide.

Mr. Randall said this will be unique. We could put it over a picture of the Mayor and he could do a verbal welcome. It could make our Visitors Guide the most unique Visitors Guide in the country. We want to get done for the Visitors Guide coming out in February.

Ms. Pettus asked will it increase the advertising price.

Mr. Randall said no. Tourism Santa Fe will be paying for this feature to be added to the guide.

Mr. Lucero asked how is the Margarita Trail app working out.

Mr. Guenther said very well. That is a main priority of his. We need to package our apps better and we are working on that along with the wayfinder app. The Margarita Trail app specifically is very successful. We will be working on a refresh to update the information and on the website we will be implementing more user friendly mapping technology so we can tie in the business listings to the map portion.

Mr. Lucero said there used to be a service called a newspaper clipping service. Is there anything out there now that gives you a composite of the mentions of Santa Fe over all sources. Robert Redford was interviewed on *Sunday Morning* on CBS last Sunday and spoke about Santa Fe, showing images as he spoke.

Mr. Guenther said for the most part we get that through our public relations agency. We are working on the Robert Redford *Sunday Morning* piece. We do a recap in our marketing reports. It is available on our website as well.

Mr. Lucero asked can you disseminate that to the hotels on a regular basis.

Mr. Guenther said yes. We are working with hotels to make them more aware of those media mentions and press announcements and more awareness of upcoming events.

Mr. Lucero said please copy the Board with that information as well.

C. EXECUTIVE DIRECTOR REPORT

Mr. Randall handed out 2 Economic Impact Statements to the Board. One was for HIPICO and the other on Indian Market. Both are incorporated herewith into these minutes as Exhibit "1" and Exhibit "2", respectively.

Mr. Randall said it was interesting to see that the direct spending impact of HIPICO was right around \$9.5 million and the total direct and indirect was \$13.3 million. For Indian Market the direct spending impact was \$118 million with \$165 million in direct and indirect. Clearly Indian Market is the granddaddy of our events. We will be doing a study on the Wine and Chili Festival this year and have done Currents which was presented at our last meeting. The reports are good and will be a benefit to us as we repeat them in the future to see how the events are doing.

Ms. Bruneni asked are you thinking about doing Spanish Market or the Folk Arts Market as the other 2 events for this year.

Mr. Randall said the Folk Arts Market does their own with the same company we use. The Spanish Market did not want us to do it and we need the organization to participate for shared data.

Ms. Pettus asked is there any way to tell about the short term rental situation versus hotels for these events.

Mr. Randall said he think the short term rentals are basically selling out over the weekends in the summer.

Ms. Bruneni said the short term rentals may not realize they need to protect those dates to get a bump.

Mr. Randall said he does not encourage hotels to bump up rates during these times, but he does encourage putting in a minimum number of nights required.

Mr. Lucero said there are a lot of people here for Indian Market who have second homes here. That has to be a major economic impact on the City as well.

Mr. Randall said he did not know how we would measure that. Some of the spending could be argued to be a bit high factoring in the unknown of people who use their second homes.

Ms. Pettus asked is there any possibility of seeing if domestic garbage collection

increases.

Mr. Randall said he thinks the creative meeting we had was successful as a planning session. That will be the basis for our sales and marketing plan for 2019.

Mr. Randall reported we are working to make internet available on the Plaza. We will be funding the installation of internet ability on the Plaza through Tourism Santa Fe. One of the requirements through CyberMesa will be in order to get on the internet they need to give their email address and indicate if they are a resident. He hopes this will become the new list of emails to use for visitor surveys. This will help us include a wider variety of people to ask question of and we will collect better data. We want to be a Wifi friendly City. It will cost under \$20,000 to do the install. If it works well we will expand out a few blocks on either side. Our target to get this done by the end of the year.

Mr. Randall said Music Week happened. It was well executed. For the first year it worked well enough to continue it. We need to get a few more headliners out at the Opera and a few junior headliners at the Lensic as a part of it. It was a success.

Mr. Lucero asked how did the crowd on the Plaza for the Fireballs compare to the regular bandstand entertainment nights.

Mr. Randall said the Fireballs performance was about the same attendance as it usually is. Maybe a little less.

Mr. Lucero said his suggestion is to do a Pops Concert where people can go and several restaurants provide food and wine and they can sit around a table and have a concert. We have the resources here to do something like that. Maybe that could be integrated into Music Week.

Mr. Randall said he will take a look at that.

Mr. Randall said we will be issuing an RFP next week to solicit interest in someone producing a new event for Santa Fe. Our OTAB funds are great at supporting start up events and existing events and expansion of existing events, but we don't really encourage a start up. The funds are strictly for marketing. This will have a value of up to \$50,000 towards a new event in 2019. We will see what we get. The event would be done by a third party. They need to provide us with a marketing and financial plan. If one of the OTAB Board members would like to serve on the review committee for this that would be great.

Mr. Randall reported that the Indigenous People event is weekend after next. There will be Native dancing for 3 days. We will be promoting it at the Balloon Fiesta as something to come to Santa Fe to see.

Mr. Lucero asked how do you think Fiestas went with the issue of the Entrada

and the compromises.

Mr. Randall said from his perspective there were zero protesters at the morning event and 4 or 5 at in the afternoon who left. He feels it showed a great deal of wisdom on the part of everyone involved in the decision to come together and find a good resolution.

Mr. Randall said the Kids Free program will happen again this spring. For the Balloon Fiesta for next year we are going to sponsor at least one bus maybe 2 to take people from Santa Fe down for the early mass ascension and bring them back up at 10:00 am or 11:00 am to make it easier to stay in Santa Fe and go.

Ms. Bruneni said the Railrunner runs at special times during the Balloon Fiesta.

Mr. Randall said they do, but that does not get you right there. This will be more convenient. We can do multiple pick ups with the help of the hotels. Hotels can build the transportation into a package. We want to keep it affordable so maybe in a hotel package we would charge \$10.00 to \$15.00 round trip and maybe \$20 if the visitors is booking individually rather than within a hotel package.

Mr. Lucero said great idea.

Mr. Randall said he will look into package ticket prices for the Balloon Fiesta.

Mr. Randall said our Visual Arts Special Advertising Campaign is going to Finance Committee on October 1st and to Finance on October 10th if it passes Finance. It will be funded with \$225,000 out of fund balances. We hope to get \$50,000 from organizations as well. Any gallery or business that contributes will have some sort of preferred recognition in the campaign. The OTAB grants announcement is out. Applications will be taken until the end of the day November 2nd. During November the OTAB Board will make their recommendations. We have \$100,000 this year. If the Board does not spend the full amount then we can move any extra money into the new event program as well as an option.

Mr. Randall said thank you for being here. You are all termed out but continue to serve until new members are appointed. Thank you for not resigning. He hopes in next 30 days the Mayor will make some decisions. If you are interested in continuing please submit your letter to the Mayor or the Clerk.

V. OTHER MATTERS FROM THE BOARD

None.

**VI. NEXT MEETING
OCTOBER 23, 2018**

VII. ADJOURN

There being no further business before the Board the meeting adjourned at 11:15 am.

Al Lucero, Chair



Elizabeth Martin, Stenographer