

MINUTES OF THE
SANTA FE COUNTY
LODGERS TAX ADVISORY BOARD

March 10, 2016

Santa Fe, New Mexico

I. This regular meeting of the Santa Fe County Lodgers Tax Advisory Board (LTAB) was called to order by Chair Rich Verruni at approximately 9:40 a.m. on the above-cited date at the Santa Fe Legal Conference Room, County Administration Building, Santa Fe, New Mexico.

II. The following members were present:

Members Present:

Rich Verruni, Chair
Meredith MacFarlane, Vice Chair
Katherine Fox Ehlert
Laura Hudman
Thomas A. Romero

Member(s) Absent:

None

County Staff Present:

Tony Flores, Deputy County Manager
David Griscom, Economic Development Director
Lisa Katonak, County Manager's Office
Kristine Mihelcic, PIO

Others Present:

Clarissa Lovato, HK Advertising
Peter Olson, Ultra Santa Fe

Chairman Verruni welcomed those attending and those present introduced themselves.

III. Approval of Agenda

The published agenda was accepted by consensus.

IV. Announcements

Chairman Verruni announced Santa Fe Municipal Airport has a new manager, Cameron Humphries, and airport renovations are underway. He encouraged everyone to introduce themselves to Mr. Humphries

Mr. Romero asked if the parking lot was included in the airport renovations. Mr. Griscom said a new design is included in the master plan and there is a proposal to increase the fee from \$3 to \$5 to offset the cost. Ms. Fox Ehlert noted that currently the parking fee is somewhat arbitrary.

Chairman Verruni met with Ken Myers from Airplanners, an organization that helps small airports increase air service. Mr. Myers is putting together a detailed proposal to promote air service to Los Angeles, Phoenix and Chicago. Initial funding would be around \$200,000, but matching grants up to \$800,000 might be possible. Randy Randall stated he would support the initiative to the tune of \$50,000 to \$100,000. Air Alaska and Allegiant were mentioned as potential carriers and props will be used.

Ms. Hudman asked how long before the new routes were in place and Chairman Verruni suggested six to eight months and stated that since the LA route was running at 80 percent capacity he was hopeful new routes would be viable. At some point this board may want to consider providing funds.

Ms. Katonak recommended this topic be included on the action plan. Funding considerations would have to be in the hands of the Board of County Commissioners.

From the public, Peter Olson announced an upcoming ultra-marathon to take place in September. [Exhibit 1] He anticipated the sponsoring group would be asking the board for funding in the future.

V. Approval of Minutes: February 12, 2016

Ms. MacFarlane moved approval and Ms. Fox Ehlert seconded. The motion carried unanimously.

VI. New Business

A. Discussion and Approval of FY 16/17 Lodgers Tax Grant Application Process and Budget

Chairman Verruni noted the current rendition of the grant application procedures mirrors that of the City. However, the City reviews applications once per year whereas the County has been reviewing monthly in order to allow a shorter run-up time for events. He suggested a 60-day cycle with extensive community outreach to acquaint organizations with the opportunity.

The City focuses on events and names those under 56 years of age as the target audience. The LTAB agreed this was not relevant.

The City also targets markets outside a 50-mile radius in order to encourage overnight stays. Chairman Verruni pointed out this criterion would eliminate Los Alamos, where there is a huge amount of discretionary income.

The committee reviewed the procedures and applications of other entities in New Mexico and the region. Mr. Romero discussed Northern Rio Grande National Heritage Area's criteria for grant applications, noting they review twice a year and the focus is less on overnight stays. Ms. Katonak provided information on organizations in Colorado and Los Alamos.

Ms. Hudman said too frequent reviews allow for disorganized applicants. She recommended a twice-yearly process.

Mr. Romero said follow-through is essential in determining value to the goals of the program. Ms. Fox Ehlert noted it is always value to have a history behind an event.

Chairman Verruni stated LTAB's job was to make organizations aware of the grant program and let people know there is money available.

Mr. Flores distributed a draft NOFA – Notice of Funding Availability – that can posted on the website and mailed out. [Exhibit 2] Ms. Hudman suggested having a press release and Ms. Katonak indicated it should emphasize the competitive nature.

Mr. Flores listed the grants awarded the previous year, included Las Golondrinas, City of Santa Fe, Folk Art Market, and the Edgewood Music Festival. St. Vincent Hospital received funding for athletic events. Many were repeat awards.

Review: LTAB Application Procedures

Regarding the LTAB application procedures, Ms. Katonak said she would verify the contact information was correct in #1 and #2.

On #3, it was agreed to not restrict applicants to non-profits, since government entities also apply. It could read "special consideration will be given to non-profit organizations." A discussion ensued as to whether on (a) should specify a Santa Fe County business registration license. It was agreed to add: "or exceptions as approved by the board." Mr. Griscom said studio tours may not be 501(c)(3)s and may not have a business license. Chairman Verruni stressed that qualifications should not be unduly limiting. Among the listed submissions there was a suggestion to include (e) A copy of a certification of liability insurance, which is further defined in #13. There was consensus that a checklist would enumerate all documentation required.

Mr. Romero said it was important to decide what weight should be given "heads in beds" as opposed to consideration given to general amenities, such as restaurants, that contribute to the overall attractiveness. Quoting from the ordinance, page 5, under Use of Tax Proceeds, Mr.

Griscom said it specifies that “50 percent of the proceeds shall be used for advertising, publicizing or promoting tourist attractions in Santa Fe County.”

Ms. MacFarlane said the real purpose is to make the destination compelling.

Mr. Flores said there is nothing in statute that sets a 50-mile radius. Ms. Mihelcic said locals can also take advantage of county hotels. She also noted events may start out small and grow over time. It was agreed to remove the 50-mile proviso.

On #4, the first sentence should read “...your current event budget.” A discussion ensued as to how frequently reviews should take place. Quarterly, semi-annually, or every 60 days were mentioned. The second to the last sentence should read: “Contact the County for the date of the next scheduled meeting review.”

Chairman Verruni said if the reviews are held twice or four times a year opportunities may be missed. Six times per year should not be onerous given how few applicants there have traditionally been.

Ms. Katonak pointed out that since groups are already inquiring about application, there should be a first-time provision if the process schedule is to be changed.

Number 5 was left unchanged and #6 was eliminated, given resubmission is possible. Chairman Verruni indicated if the applications are done properly there should be no rejections on the basis of incomplete submittals. Ms. Katonak stated she can review the checklist and can work with applicants in order that time is not wasted on ill-prepared presentations.

In answer to questions from Mr. Romero, Ms. Katonak said the procurement code requires a quid pro quo rather than just giving money away. Generally, a contract, MOU or MOA is required. In this case a purchase requisition is done with the scope of work included. She added it is done on a reimbursement basis with money awarded after the submission of invoices and expense report, generally 30 days after the complete submission. Marketing materials is to include “Supported by the County Lodgers Tax Board” accompanied by the County logo.

Numbers 7, 8, and 9 were accepted unchanged. In #10, Santa Fe County Finance Department was changed to Santa Fe County Manager’s Office. Number 11 was unchanged.

Number 12 was amended as follows: The intent of funding special events from Lodgers Tax proceeds is to bring overnight visitors to Santa Fe County, thus increasing tourism for the County of Santa Fe. Lodgers Tax funds may only be used for advertising, promotion or marketing ~~that targets an audience out of a 50-mile radius of the County of Santa Fe~~, thus increasing the likelihood that those people drawn to the event by the marketing efforts will spend at least one night at a lodging establishment in Santa Fe. ~~The City of License for broadcast media must be outside of a 50-mile radius of the County of Santa Fe.~~ If an event needs to attract a significant amount of Santa Fe residents, the event is encouraged to utilize Santa Fe-based (or targeted) media as part of their marketing efforts, using funds from sources other than LTAB for local media and LTAB allotment for all “out of town” advertising.

~~Example: Your advertising budget is \$6,000. LTAB awards your organization \$2,500. You would spend the LTAB funding amount (\$2,500) on media outside of Santa Fe and your remaining advertising budget (\$3,500) on local media.~~

As discussed previously, the 50-mile radius limitation was deemed overly restrictive. The board will need to evaluate all media plans. Mr. Romero said it should be stressed that the funds are to be used only for marketing and not for operations. Ms. Hudman said it could be implied that the primary intent is to draw in outsiders.

In #13, the liability insurance should name Santa Fe County as an additional insured.

Number 14 was unchanged.

The following changes were recommended for #15: ~~If requested by LTAB,~~ A written report must be submitted to LTAB within ~~ninety~~ sixty days (90 ~~60~~ days) following the event. An oral report must be given to LTAB at the next regularly scheduled meeting following submittal of the final written report. The report must include a post-event budget of expenditures and revenues, ~~also~~ and a descriptive breakdown of how the event directly produced revenue for tourism, i.e., number of attendees, participants, number of room nights used in local hotels/motels, estimate of direct revenue other than room nights, next year's plan.

Number 16 contains information regarding accounting and the only change was in the note: "...provided you submit your complete information..."

Mr. Romero asked about late invoices and Ms. Katonak stated she has until the end of the fiscal year to submit the purchase requisitions and make reimbursements. She said the presentation would include demographic information but the board would not see the invoices, which is a completely separate function.

Mr. Romero asked how the number of room nights could be determined. Chairman Verruni said sometimes blocks of rooms are reserved and there are tracking devices such as Rocky Mountain and STAR Reports. Apart from those means, it is almost impossible to pinpoint the number of room nights generated by a specific event. Mr. Romero pointed out the statute speaks of promoting tourism, and "tourism doesn't necessarily equate to rooms in a hotel." Chairman Verruni mentioned that the funding comes from lodging facilities.

Ms. Katonak asked whether a truly big event could be accommodated by all the lodging facilities in the county. Ms. MacFarlane said there are only around 600 rooms among all the county facilities. Ms. Katonak said "heads in beds" is the primary focus, however, there are criteria around economic growth, economic impact and return on investment. They are thinking of contracting with a survey company to investigate economic impact. Ms. MacFarlane said the evaluation process could take any number of factors into account, including those that contribute to gross receipts tax. Information on ROI – return on investment – vis-à-vis company meetings was passed around.

Review: Application Form

Suggestions were made for adding Event Date, City/County Business Registration Number, and events previously applied for successfully. In addition to the event synopsis, there should be a request to submit the marketing plan.

A discussion ensued whether to include questions on financial viability. Number 5 was changed to: List all paid and volunteer staff positions ~~including their salaries~~ and an organizational chart for your business. The City uses diminishing grants and larger matching amounts for events that apply year after year.

It was agreed there was no need to notarize the signature and acknowledgement at the end of the application. Mr. Romero said there could be information on who the authorized signators are.

Pre- and Post-Event Budget

Chairman Verruni reviewed the budget, noting this form was in fact a distribution account of marketing expenses, rather than a budget per se.

It was suggested that "Social Media" be included among the categories.

It was determined there was no need for the two "revenue" columns, leaving only the "expenses" column. Mr. Romero suggested there be a column showing where the grant money went by category.

Ms. MacFarlane moved to accept the changes on the material discussed above and Ms. Fox Ehlert seconded. The motion passed by unanimous voice vote. [Ms. Hudman was not present for this vote.]

Ms. Katonak reviewed the deadline dates for submissions. The deadline for submission for review at the next LTAB meeting would be April 1st.

Budget

Ms. Katonak stated the funding for the total program is \$75,000. Mr. Flores said this money was "getting old" and should be spent since the shelf life of lodgers funding is two years. This is the greatest amount to be awarded thus far.

VI. B. Discussion of 2016 LTAB Work Plan

Due to time constraints, Chairman Verruni recommended deferring extended discussion to a later meeting. The first item, revising the application, was accomplished. It will also be necessary to review Ordinance 1999-10, enabling the board. Outreach to potential grant applicants is another item.

Mr. Romero pointed out there were items on the NOFA that need revision and Ms. Katonak said she would take care of that.

Chairman Verruni solicited suggestions from board members of other items to be added to the work plan, such as discussions of air service, Air B & B and other lodging facilities that may not be contributing at this point.

Noting the small number of entities contributing to lodgers tax, Mr. Romero broached the idea of adding one percent to the City's occupancy tax to be dedicated to the County. He said layers of occupancy tax is common throughout the country. This would expand the revenue base. Mr. Flores pointed out the state statute lists a number of possible uses for the fund and these could be explored if the base is expanded.

Ms. Hudman said they might want to consider formalizing a publicity/communications effort.

VII. Advertising Agency

A. HK Advertising Report

Clarissa Lovato indicated HK made a presentation to the Board of County Commissioners on February 23rd that was well received.

Mr. Flores said there was discussion of the New Mexico True program and an overview of media samples. There were positive comments.

Ms. Lovato said an MOU is pending on the website but they are updating the website that has a True look with winter sports images rotating. These will be changed around the end of March to outdoor activities such as biking. The new web address is santafenmtrue.com. Ms. Mihelcic said right now the old address is rerouting to the new.

The digital campaign includes Dallas, Tulsa, Oklahoma City, Las Cruces and Albuquerque. Geographical and behavioral ads are being run along with Pandora radio, and monthly ads on Texasmonthly.com, which has been negotiated for an entire year. This will help build a database of email addresses.

Ads will be placed in *Outside* magazine, *Southwest Airlines* and *AARP*. They are partnering with the opera. Outside Creative will be featuring Bike and Brew event. A newsletter is being developed that will be sent out to travel writers.

On social media, there are currently 419 followers; Facebook has 596 fans. Ms. Mihelcic mentioned this has increased 50 percent from the previous month due to advertising. Instagram has 340 followers. Altogether 4,286 people have been reached.

Ms. Mihelcic said they are pushing more towards social media and will be revamping Seesantafe.org.

Ms. Lovato stated they will be getting Google Analytics in the future. Ms. Mihelcic said county businesses are being encouraged to have a presence on the website.

Mr. Romero spoke of the work of the Arts, Culture and Cultural Tourism Committee which is conducting an artists survey. The NRGNHA's website has a section that allows posts from individual artists. Mr. Griscom said there have been over 100 respondents to the County's survey and the City Arts Commission is going to encourage participation in that.

Mr. Flores commended the board's enthusiasm.

IX. Administrative

A. Next meeting: April 8, 2016, 9:30 am, Legal Conference Room

Ms. Fox Ehlert stated she was not sure of her availability on that date and would advise staff.

X. Adjournment

Upon motion from Ms. MacFarlane and second from Ms. Hudman, this meeting was declared adjourned at approximately 12:33 p.m.

Approved by:




Rick Verruni, Chair
Lodgers Tax Advisory Board

Respectfully submitted by:

Debbie Doyle, Wordswork

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss
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I Hereby Certify That This Instrument Was Filed for
Record On The 23RD Day Of August, 2016 at 02:39:40 PM
And Was Duly Recorded as Instrument # 1802427
Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office
Geraldine Salazar
Deputy  County Clerk, Santa Fe, NM

