

MINUTES OF THE
SANTA FE COUNTY
LODGERS TAX ADVISORY BOARD

May 20, 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 9:30 a.m. on the above-cited date at the Santa Fe County Project Delivery Division, 901 W. Alameda, Suite 20 C, 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
Lisa Katonak, County Manager's Office

Others Present:

Randy Randall, Director, Santa Fe Community Convention Center
Dave Hayduk, HK Advertising
Clarissa Lovato, HK Advertising

III. Approval of Agenda

With no changes the agenda was accepted by consensus.

IV. Announcements

Chair Verruni announced that Bishop's Lodge construction has not yet begun although approvals have be granted and the next step is securing building permits.

Ms. Hudman announced that the Santa Fe Opera has finished its recent remodeling and the results are astoundingly expansive.

V. Approval of Minutes: April 8, 2016

Mr. Romero moved approval and Ms. MacFarlane seconded. The motion carried unanimously.

VI. Financial Information

A. Santa Fe County Finance Division – Lodgers Tax Financial Report

Tony Flores, Deputy County Manager, said year-to-date (July 2015 – April 2016) the revenue collection for the lodgers tax has been \$324,425.47. Compared to last year same time frame, the fund is down \$17,000.

The Board reviewed the report and Ms. Katonak noted an ownership change at Bobcat Inn. Also, some of the properties listed for lodgers tax are no longer in business. She offered to investigate and update the list. The reporting deadlines are similar to that of gross receipts tax and reports are submitted to the County Clerk's office.

Mr. Flores said the lodgers tax facilities are audited annually.

Chair Verruni suggested the work plan include a procedure for contacting lodging facilities and conveying the importance of lodgers tax to the County. He reminded staff that the rental situation at Las Campanas merits further discussion.

Mr. Flores said the County is concluding its FY17 budgeting process. The lodgers tax is split, with 50 percent going to the facilities fund and 50 percent to the marketing/promotional program. There is projected revenue for FY17 in the facilities fund (#214) of \$135,210. In the marketing program (#215) the projected revenue is \$219,000. The County accounting system requires that money coming in matches money going out.

Mr. Flores said the Finance Director and Ms. Katonak have reviewed the lodgers funds and determined there may be an additional \$50,000 to \$75,000 available for a NOFA (Notice of Funding Availability). Based on the projected FY17 revenues, he was unsure whether there would be sufficient funds to budget a NOFA.

LTAB's post-summary report presentation to the BCC will be particularly important in conveying results of activities. The Board of County Commissioners is particularly concerned that LTAB's marketing plan makes sense and brings in tourism and revenues.

B. NOFA - Notice of Funding Availability

Ms. Katonak said based on the financial information there appears to be funding available for a NOFA that could be issued in July 2016. A press release soliciting proposals for fall 2016 events could be issued and if approved, that would be the only NOFA until July 2017. She suggested replicating the process that LTAB undertook for the last NOFA.

Mr. Flores reminded the Board that this is funding that needs to be spent by July 2017. The funds could be placed in a "set aside" account and tapped for a July 2017 NOFA. Another

option would be directing staff to re-prioritize/re-direct the funds into additional marketing and advertising.

Chair Verruni said he was pleased with the response from the last NOFA and he suggested this may provide an opportunity to those that missed the deadline and/or anticipated additional funding. According to the enabling legislation, expending tax proceeds was an important initiative for LTAB to accomplish.

Funding a winter event may be advantageous for the down market occupancy, noted Ms. Fox Ehlert.

Mr. Romero suggested staff conduct a quick survey of the upcoming events. The ACCT (Arts, Culture and Cultural Tourism Committee) has recently placed a survey on line to find out what artists desire in terms to County support. ACCT has been exploring the notion of an open market that may be tourist related. Mr. Flores pointed out that LTAB cannot provide funding to an individual but is limited to an attraction, event or facility.

Randy Randall, Director, Santa Fe Community Convention Center, said they were holding some funds back for internal support and reminded the LTAB of the joint City/County Film Office which may be underfunded and LTAB may want to consider that option. The Film Office has huge potential that goes beyond supporting a single event.

Mr. Flores said issuing a letter of interest merely solicits interest. That would provide a baseline regarding a NOFA. He opined that half of the funds should be set aside for later.

Chair Verruni said he felt LTAB should try to stimulate and encourage new events. Mr. Romero agreed that stimulating events was important.

Ms. Katonak said the Mayor of Edgewood recently requested support for the Edgewood Music Festival that occurs at the end of July. They received funding last year and did not resubmit this last funding cycle. There appears to be the misconception that funding can be requested throughout the year. The festival incurred a financial loss last year.

There was Board consensus that having missed the deadline for the last NOFA, the Edgewood Music Festival would not be funded out of the cycle.

There was consensus to issue a letter of interest, schedule a July meeting to review the interest and if it merits, issue a NOFA.

Ms. Hudman mentioned part of LTAB's vetting process should include organizational execution. She suggested LTAB consider placing more money in the digital efforts of marketing events.

Mr. Flores said once there is a reconciliation of FY 16, staff will present that information to the Board and at that point realignment/distribution of funds into the two line items can be accomplished.

In the past, receiving lodgers tax funding appeared to be an entitlement program with the same organizations coming back over and over because there was no formal process. He was

pleased that this LTAB moved forward in a formal, deliberate manner in which to fund organizations.

Chair Verruni said he hoped to reach events/organizations similar to the Edgewood Music Festival. He encouraged the Board members to reach out to the community. Mr. Romero recommended reaching outside of the city limits and looking into the unique vibrancy of Santa Fe County communities.

Staff was directed to distribute a letter of interest, within the next few weeks, in a similar format to that of the NOFA and reach out to the community and artists.

VI. Advertising Agency

A. Advertising Agency Report – HK Advertising by Dave Hayduk

Dave Hayduk, HK Advertising, said he attended the New Mexico Hospitality Association Governor's Conference on Tourism which was a great conference with good attendance. The Department of Tourism will be making \$350,000 available in the fall and are discussing immerse-able, adventure travel. The \$350,000 will be used to create tangible tourism that the traveler can become involved in.

Mr. Hayduk said HK was incorporating the newest advertising tools. They are working to determine how best to convince the traveler that Santa Fe has everything they want to do. Campaign objectives include how to use events to drive up additional attendance and the website as a key element.

Adventure travelers are site-doers not sightseers. That will drive the media campaign. *Texas Monthly* and Pandora radio were the key three media deliverables. Clarissa Lovato, HK, said the Pandora target was primarily Dallas/Ft. Worth, Tulsa, Albuquerque, and Las Cruces for the age group 35 through 54. She discussed the number of clicks to the website. The target cities had direct flights to Santa Fe and the spring activities will focus on the direct flights from Colorado.

Ms. MacFarlane said Four Seasons saw an increase in interest from the Oklahoma area.

Chair Verruni requested that the agency develop an analysis of the click-throughs thus creating a future baseline. Mr. Hayduk provided some materials comparing the past few months. Growth is up.

Mr. Randall noted that 500 of the rooms shown in the peripheral are Buffalo Thunder which is the dominant component and has seen occupancy increases since inception. He noted that they were pulling the rate down. There have been rate increases in all areas except the peripheral which he attributed to Buffalo Thunder.

Mr. Hayduk reported that Ski Santa Fe was up 8.3 percent in skiers from last year with 176,000 skiers for the season.

Mr. Flores said there was a joint City/County effort for a shuttle that went up to the ski basin that proved very successful.

Copies of publications that the County had ads in were made available and the distribution of those were reviewed. Print and digital ads were shown. The County developed new interactive trail map that includes elevation and other things which was included.

The spring push will focus on Phoenix and Tucson with targeting tactics on outdoor enthusiasts. Through placements, over 1,000 addresses have been collected and Tourism Santa Fe is helping. A quarterly email newsletter is in developments highlighting festivals, events, food and drink.

Mr. Hayduk offered to include the LTAB members on the email list.

The photo shoot is complete and the preliminary photos look great. These will be important assets for digital and print materials.

Mr. Randall said there is a travel/press writer media tour occurring now with a focus on Native Americans which is being conducted in conjunction with the County. Ms. Katonak reviewed the schedule for the media tour.

Mr. Randall said their earned media value year to date is about \$12.5 million, approximately \$2 million ahead of last year.

VIII. New Business

A. Discussion of a 2016 LTAB Work Plan

The review of the ordinance is to provide more flexibility to the Board. Mr. Flores noted the ordinance (1999-10) does not address use of tax proceeds for events. Staff recommended revising Section 5, use of tax proceeds, to better address the needs. Expanding and defining the use of the funds may be beneficial to tackle first. The state statute related to this ordinance was recently amended and Mr. Flores thought it would be helpful to review the use of tax proceeds listed in there. The County Fairgrounds could be considered a welcome center or tourist information center, said Ms. Katonak. The County is opening a new large arena facility in Stanley that can hold very large events as well as equestrian activities.

Mr. Flores noted that the first 50 percent is for promotion and the remaining 50 percent is for facilities, i.e., new development of the fairgrounds, and to equip, furnish and improve upon those facilities. It is possible that improvements or the capital cost of the County's trail system could be offset and promotion of the trail systems with occur will tax proceeds.

Mr. Randall recommended the County and City work as a team to improve the City's tourist information stations. Screens showing the outdoor adventures and the interactive trail maps would be a tremendous addition. Chair Verruni suggested LTAB consider buying screens for the information centers.

Mr. Randall said he recently hired a map designer/artist who will do one for the City as well as northern New Mexico with separate maps for each pueblo. He spoke against duplicating efforts.

Mr. Flores said the County was unable to assist in funding the City's Margarita Trail event and with amendment to the ordinance that can be accomplished.

Chair Verruni asked the Board to review the ordinance for discussion at the July meeting and asked that staff forward the updated state statute before the meeting.

Referring to Section 6, Advisory Board, A, appointment of members, there was LTAB consensus that a representative of the City be included. Section E, Role of Advisory Board, could be expanded to develop other recommendations.

Mr. Randall noted the ordinance fails to discuss the importance of developing tourism and tourism related events which could be included under "role of advisory board."

Mr. Flores recommended adding joint ventures with the City in the work plan.

City Update

Mr. Randall said the City passed the short-term rental ordinance and will be acquiring a service to "scrap" the internet and locate these rentals. He said the County can be included within this service which may facilitate the County in moving forward on this issue. He offered to assist LTAB in taking the lead on this.

The outdoor adventure shows are still on his radar as he awaits a response from Buffalo Thunder and the County. He hoped to start April 2017 in Denver and Dallas which are Santa Fe's bread-and-butter markets. Participating will make the outdoor side of the vacation guide more meaningful.

The City has moved ahead with a Native American liaison one-year contract. The website will be modified to strengthen that component.

Enabling legislation allows the counties to collect up to 5 points of lodgers tax. Santa Fe County currently collects 4. The City collects 7 with 2 points serving to fund the Convention Center.

The Film Office will be housed in the County building and Eric Witt has been hired on a two-month contract to develop the concept. Once the funding is established permanent staffing will be brought on.

At the Governor's conference, the city purchased electronic billboards at the auction. This will serve eight weeks of billboards with as many 14 messages on the billboard. He encouraged the County to participate.

A liaison from the City is an important component to LTAB.

IX. Administrative

A. Next meeting: Tuesday, July 12th at 9:30 am

Possible agenda items:

Discussion of 2016 LTAB Work Plan

Discuss economic development and consider LTAB reviewing some of the activities

X. Adjournment

Having completed the agenda and with no further business to come before the Board, Chair Verruni adjourned this meeting at 11:30 a.m.

Approved by:



Rick Verruni, Chair
Lodgers Tax Advisory Board

Respectfully submitted by:

Karen Farrell, 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 02:39:41 PM
And Was Duly Recorded as Instrument # 1802428
Of The Records Of Santa Fe County

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

