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SANTA FE COUNTY
LODGERS' TAX ADVISORY BOARD
MEETING
March 22, 2012

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• Next meeting date and location	The next meeting was scheduled for April 19, 2012 at 10:00 a.m.	8
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MINUTES OF THE
SANTA FE COUNTY
LODGERS' TAX ADVISORY BOARD

March 22, 2012

The regular meeting of the Santa Fe County Lodgers' Tax Advisory Board was called to order at 10:35 a.m. on the above date by Chairman John Berkenfield in the Finance Conference Room, Bokum Building, 142 W. Palace Avenue, 2nd Floor, Santa Fe, New Mexico.

Roll call indicated the presence of a quorum for conducting official business as follows:

Board Members Present

John Berkenfield, Chairman
Florenceruth Brown, Vice Chair
Lydia Frank
Florence Jaramillo
Mary Johnson

Board Members Absent

None

Staff Present

Evelyn Valencia, Santa Fe County Finance Division

Others Present

Karen Brown, Santa Fe Skies RV Park
Cynthia Delgado, CVB Marketing Manager
Michael Koster, Thirsty Ear Festival
Steve Lewis, LOCAS Advertising
Russ Rountree, Impressions Advertising, Inc.
Laura Sullivan, SF International Folk Art Market
Jo Ann G. Valdez, Stenographer

APPROVAL OF THE AGENDA

Ms. Jaramillo made a motion to approve the agenda as published. Ms. Johnson seconded the motion. The motion passed unanimously by voice vote.

APPROVAL OF MINUTES: January 19, 2012

The following change was made to the Minutes of the January 19, 2012 meeting:

Page 6, 4th paragraph, the word “Bender” Inc. was changed to read: “Vendor” Inc.

Ms. Jaramillo made a motion to approve the Minutes of the January 19, 2012 meeting, as amended. Ms. Brown seconded the motion. The motion passed unanimously by voice vote.

NEW BUSINESS

- **Funding Request from Laura Sullivan for the Santa Fe International Folk Art Market to be held July 13-15, 2012**

Ms. Sullivan thanked the Board for the past support of the Market. She noted that they also receive funding from the City Occupancy Tax Advisory Board.

Ms. Sullivan presented the information regarding the request for funding, from the Application, which was distributed in the members’ packets. The packet included promotional material from the 2011 Market, as well as other material requested in the proposal.

The Santa Fe International Folk Art Market is requesting \$10,000 for public relations and marketing efforts to encourage out-of-town visitors to attend the 9th Annual International Folk Art Market. The 9th Annual Folk Art Market will take place on July 13-15, 2012 at Milner Plaza on Museum Hill adjacent to the Museum of International Folk Art. The Market has grown to become the largest venue for authentic international folk art in the world.

Ms. Sullivan said one of their main goals is to provide a cultural tourism event aimed in increasing visitors to Santa Fe; and position Santa Fe as the international folk art capital of the U.S. and as a world leader in cultural tourism; take a leadership role in the cultural preservation of folk art and folk artists globally; and broaden the understanding about the importance of folk art.

Ms. Sullivan reported that they are projecting a 6% increase in attendance at the market. They are expecting an audience of 22,000 people. They are hopeful that with strong regional and national editorial and increased on-line coverage, as well as the growing international popularity of the Market, they will be able to increase attendance, especially from out-of-town visitors.

Ms. Sullivan said the 2012 Folk Art Market will bring over 125 leading folk artists from 54 different countries to sell their original folk art in Santa Fe.

Ms. Sullivan mentioned that Southwest Planning and Marketing (a professional marketing research firm) administered an on-line survey in 2011 and it indicated that at least 34.4% of all out-of-town visitors will stay in a hotel, motel or B&B. Visitors will come in an average party size of 2.6, stay on average 5.4 nights and spend approximately \$667 on lodging during their stay in Santa Fe.

Chairman Berkenfield asked how many respondents they had to their survey.

Ms. Sullivan said approximately 400 respondents, which is more than they have had in past years.

Ms. Sullivan said last year, visitors came from at least 26 different states with the majority coming from Texas, California, Colorado, and Arizona.

Ms. Sullivan said the total GRT and Lodger's tax expected from out-of-town visitors is \$242,310; \$33,343 would come to the County. In addition to the GRT generated by out-of-town guests, the Market is estimating approximately \$2,200,000 in artists' sales for 2012, yielding an additional \$179,300 in GRT. Total tax benefit will include taxes from room nights (\$242,310) plus GRT from artists' sales (\$179,300) and will equal \$421,610. The County would receive GRT from sales (\$27,500) plus GRT and Lodgers' Tax from room nights (\$33,343), totaling \$60,843 tax benefit from out-of-town visitors.

Ms. Sullivan mentioned that they will have activities for children again, such as the passport program where the children can get a passport, "travel the world" and get stamps from the artists. This is a way for children to interact with the artists and experience the different cultures.

Chairman Berkenfield asked Ms. Sullivan if she had any idea how much of the proceeds from the event goes towards the Museum of Folk Art.

Ms. Sullivan said they have a Memorandum of Understanding with the Department of Cultural Affairs, the Museum of International Folk Art and the Museum of New Mexico Foundation that they would contribute \$30,000. This is specifically earmarked for education.

Following additional discussion, Ms. Brown moved to fund the Santa Fe International Folk Art Market funding request in the amount of \$8,000. Ms. Frank seconded the motion. The motion passed unanimously by voice vote.

- **Post-Event Report and new Funding Request from Michael Koster for the Thirsty Ear Festival to be held June 7-10, 2012**

Mr. Koster presented the information from their post-event report. He said the Festival has grown from a small event of 400 local music lovers to a nationally recognized festival drawing up to 3,000 attendees nationwide.

Mr. Koster said last year they shifted from their traditional single venue approach to a multi-venue format with separately ticketed events, which resulted in a 35% increase in attendance over the previous year and more diverse demographics. They will continue this with three (and possibly four) nights of programming at Santa Fe Sol and Lensic Theater.

Mr. Koster said the poor economy makes government and foundation support especially important in these tough times. He noted that two music venues where they programmed events regularly have gone out of business since 2008.

Mr. Koster reported that the exit surveys consistently show that more than half of attendees are visitors from outside the Santa Fe area and a significant percentage of those purchase some kind of overnight lodging for multiple days. He explained that it is impossible to ascertain exactly how many festival goers stay in the county and how many stay in the city. He said 60% of their attendees were from out of town and 28% purchased lodging. Last year's event attracted roughly 2,700 attendees for a total of approximately 680 room nights. (Formula: 2,700 attendees x 60% out of town visitors x 28% who purchase lodging x 1.5 average room nights).

Chairman Berkenfield asked how many respondents they had to their exit survey.

Mr. Koster said approximately 100 respondents. He mentioned that they continue to tweak their exit surveys to try to ascertain how many festival goers stay in the county versus the city – though it is difficult to figure. He said using last year's figures as a baseline; they predict a minimum of 2,500 attendees in 2012 for a total of approximately 630 county and city hotel room nights.

Mr. Koster said overall they had a good year in 2011.

FUNDING REQUEST FROM SOUTHWEST ROOTS MUSIC, INC. FOR THIRSTY EAR FESTIVAL

Mr. Koster presented the information regarding the request for funding, from the Application, which was distributed in the members' packets. The packet included promotional material from the 2011 Thirsty Ear Festival.

Thirsty Ear Festival is requesting \$10,000 for the 13th Annual Thirsty Ear Festival that will be held on June 7-10, 2012. The Festival draws audiences from throughout the Southwest, nationally and internationally. The Festival showcases dozens of internationally renowned folk, blues, bluegrass, alt-country, Cajun, zydeco, roots rock, reggae, Native and world music artists, as well as lectures and demonstrations, children's programming, arts and crafts vendors, healthy local foods, wines and community and nonprofit booths.

Mr. Koster said because of the poor economy and its harsh treatment of music

events in the state, they have striven to cram each of the festival days with value (music, demonstrations, kids programming, local artists' showcases, local beer, wine and food, etc.)

Mr. Koster said they will continue to do similar marketing as last year, to include web promotions and social networking.

Mr. Koster said they would also like to include more youth, so they are exploring the possibility of presenting at Warehouse 21 and Santa Fe Children's Museum. He explained that their extensive marketing includes regional and national radio, print, posters, web promotions and social networking, and promotions in conjunction with regional nonprofits.

Chairman Berkenfield asked about the marketing budget.

Mr. Koster said their marketing budget has remained consistently steady. They plan to spend \$20,000 in marketing this year.

Chairman Berkenfield referred to the budget and asked if the staff salaries are included in this budget.

Mr. Koster said no – they have a general operating budget and that is where they reflect the staff salaries. He said this is strictly the festival budget.

Mr. Koster concluded by thanking the Board for their past support of the Festival.

There was brief discussion about the fact that the event is not an event that is sited in Santa Fe County.

Ms. Jaramillo moved to fund the request from Thirsty Ear Festival in the amount of \$3,000.00. Ms. Frank seconded the motion. The motion passed unanimously by voice vote.

OLD BUSINESS

Chairman Berkenfield asked Ms. Valencia for an update on the two properties (Raven Ridge and Terrain-Santa Fe) that are in the County and may be operating as a bed and breakfast; and therefore should be paying lodgers' tax.

Ms. Valencia reported that the two businesses were contact by Land Use and told they could not be running a Bed and Breakfast because they were not zoned for it. They were then given a zoning code violation letter. She checked with the Land Use Department again and they have not responded with any information regarding follow up. She will follow up again with another e-mail.

FINANCIAL REPORT

- **Santa Fe County Finance Division-Lodgers Tax Financial Report-March 21, 2012 (Pro-Forma)**

Ms. Valencia distributed and reviewed the Lodgers Tax Receipt Report through March 21, 2012 noting total receipts of \$47,946.86 for September 2011; \$41,844.06 for October and \$21,476.00 for November, \$21,947.55 for December and \$13,032.35 thus far for January 2012; total receipts to date are \$261,933.61.

Ms. Valencia reported that Bishop's Lodge filed their reports and have paid their penalty and interest for the months of November and December.

Ms. Valencia distributed and reviewed the Lodgers' Tax Receipt Analysis noting that there was a 16% increase when compared to the month of January of the prior year.

Ms. Valencia distributed and reviewed the Facility Fund report through March 21, 2012 identifying the beginning cash balance of \$698,141.00; total lodgers' tax receipts reported of \$114,694.77; \$1,035.42 interest; and expenditures of \$8,210.15 for FY'11 Advertising Contract and \$62,451.78 for FY'12 Advertising Contract, outstanding encumbrances in the amount of \$49,548.22, leaving an anticipated cash balance of \$693,661.04.

Ms. Valencia distributed the Advertising Fund report through March 21, 2012 identifying the beginning cash balance of \$823,514.48; total lodgers' tax receipts reported of \$191,157.78; \$1,215.59 interest; \$2,100 State Coop for last FY; expenditures of \$15,658.14 for FY'11 Advertising Contract, \$104,086.31 for FY'12 Advertising Contract, \$136.57 for Newspaper Advertising, \$23,000.00 for FY'11 Commitments and Other Fees (\$6,000 for El Rancho de las Golondrinas Wine Festival; \$6,000 for Southwest Roots Music Thirsty Ear Festival; \$3,500 for El Rancho de las Golondrinas Spring Festival and Children's Fair and \$7,500 for the SF International Folk Art Market; \$17,900 for FY'12 Commitments and Other Fees (\$3,500 for El Rancho de las Golondrinas Summer Festival and \$6,400 El Rancho de las Golondrinas Harvest Festival and \$8,000 for Open Hands for Renaissance Fair); \$169.58 for FY'11 Reporting and Recording, \$869.94 for FY'12 Reporting and Recording, outstanding encumbrances in the amount of \$96,312.47, leaving an anticipated cash balance of \$759,854.84.

ADVERTISING AGENCY REPORT

- **Rocky Mountain Lodging Report December, January, February)**

[Copies of the Rocky Mountain Lodging Report for the months of December, January and February were distributed and reviewed. A spreadsheet on tracking Santa Fe Occupancy Tax was attached.]

Mr. Rountree reported that occupancy rates for the month of January were up approximately 3% and the ADR continues to increase. Occupancy for the month of

February was down approximately 13% from the previous year.

- **New Items**
FY'13 NMTD Co-Op Program

Mr. Rountree reported that they are getting ready to apply for FY'13 Co-Op funding and there will be some training sessions that will be held next week. The applications are due in May. Mr. Rountree offered to keep the Board apprised as this moves forward.

- **Old Items**
PR Co-Op Program with CVB-Steve Lewis

Mr. Rountree introduced Steve Lewis. Mr. Lewis reported on having a joint cooperative program with the CVB.

Mr. Lewis said they would like to work with Geiger and Associates, a PR agency in Florida that specializes in press trips. He noted that they have generated about 150 stories for a total press value of \$2.1 million for the CVB.

Mr. Lewis stated that the CVB has worked with Geiger and Associates in the past three years to do a fall trip that included both the city and the county through the auspices of Region V, which is a New Mexico Tourism Department Regional Cooperative. However, Region V is not going to do their trip this year; therefore they would like to do a trip specifically for Santa Fe. Mr. Lewis spoke with representatives from Geiger and Associates and they are excited about this possibility. They would like to do this in September and the city would contribute \$5,000 and they would like the county to contribute \$5,000 to bring in 10-12 writers for four to five nights. This would be in lieu of co-op funds from the New Mexico Tourism Department. The \$10,000 would go towards the costs of air fare (round-trip transportation) for the writers. The coverage would be split between the city and the county.

Mr. Rountree said with respect to accommodations, they could split the group to stay at various properties in the city and the county.

Chairman Berkenfield asked Mr. Lewis if he is making a request for the County to consider funding \$5,000 for the joint venture.

Mr. Lewis said yes, and this comes from discussions with Mr. Rountree in terms of doing some kind of joint cooperative advertising press promotion. He mentioned that he will also be approaching the Gallery Association to see if they would be interested in being a partner. Geiger and Associates may also approach Buffalo Thunder who has been a partner in the past.

Ms. Delgado said as they think about this she thinks they need to focus on the shoulder seasons (fall and winter).

Chairman Berkenfield said the Board will discuss this with the County Finance Department, make a decision at the next meeting and advise Mr. Lewis of the decision.

- **Press**

[Copies of various press articles were distributed.]

Copies of several articles about the closing of Leonita's Restaurant in Chimayo were distributed. Leonita's Restaurant closed in October; however, the gift shop is open.

An article about the new consultant who will be managing the Santa Fe Southern Railway was distributed. Bill King, an engineering consultant for STI-Global, has been named the new general manager for the Santa Fe Southern Railway. He replaces Carol Raymond.

An article in *Travel and Leisure* lists Santa Fe as the number one (#1) cultural getaway.

A copy of the article about the Texas firm (Vendor, Inc.) was distributed. The Austin, Texas-based firm has been selected by the New Mexico Tourism Department to develop an advertising brand for New Mexico.

Several articles about the proposed retreat center near the Santuario de Chimayo were distributed. Ms. Jaramillo noted that there is opposition to the proposal and there will be a meeting next week to discuss this further.

ADMINISTRATIVE

Board Member Florenceruth Brown has submitted her letter of resignation. Ms. Brown will remain on the Board until the Board of County Commissioners approves the recommendation from the Lodgers' Tax Advisory Board for the replacement of the said member.

Ms. Brown requested that the Board consider her daughter-in-law, Karen S. Brown, as her successor. Ms. Brown handles the advertising of Santa Fe Skies RV Park and has attended several meetings with Ms. Brown. Ms. Brown has submitted a copy of her resume to the Board.

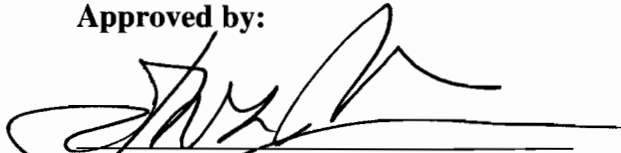
Next meeting date and location

The next meeting was scheduled for April 19, 2012 at 10:00 a.m., possibly at the First National Bank Conference Room.

ADJOURNMENT

Ms. Johnson made a motion to adjourn the meeting. Ms. Brown seconded the motion and the meeting was adjourned at 12:30 p.m.

Approved by:


John Berkenfield, Chairman

Respectively submitted by:
Jo Ann G. Valdez, Stenographer

SFC CLERK RECORDED 08/29/2012



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

LODGERS TAX MINUTES
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I Hereby Certify That This Instrument Was Filed for
Record On The 29TH Day Of August, 2012 at 04:15:18 PM
And Was Duly Recorded as Instrument # **1679831**
Of The Records Of Santa Fe County

Deputy )
Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM