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SANTA FE COUNTY
LODGERS' TAX ADVISORY BOARD
MEETING
March 31, 2011

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MINUTES OF THE
SANTA FE COUNTY
LODGERS' TAX ADVISORY BOARD

March 31, 2011

The regular meeting of the Santa Fe County Lodgers' Tax Advisory Board was called to order at 10:38 a.m. on the above date by Chairman John Berkenfield at the Finance Conference Room, Bokum Building, 142 West 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

Russ Rountree, Impressions Advertising, Inc.
Jo Ann G. Valdez, Stenographer

APPROVAL OF THE AGENDA

Ms. Jaramillo made a motion to approve the agenda as published. Ms. Brown seconded the motion, which passed unanimously by voice vote.

APPROVAL OF MINUTES: February 24, 2011

The following change was made to the Minutes of the February 24, 2011 meeting:

Page 4, 4th paragraph was changed to read: "*Mr. Rountree said that he included the Denver's **December** Edition of the Rocky Mountain Lodging Report for comparison.*"

Ms. Brown made a motion to approve the Minutes of the meeting of February 24, 2011, as amended. Ms. Johnson seconded the motion, which passed unanimously by voice vote.

FINANCIAL REPORT

- **Santa Fe County Finance Division-Lodgers Tax Financial Report-March 30, 2011 (Pro-Forma)**

Ms. Valencia distributed the Lodgers Tax Receipt Report through March 30, 2011 noting total receipts of \$18,059.46 for November 2010; \$22,204.46 for December 2010; \$11,276.61 for January 2011; and \$12,220.54 for February 2011; total receipts to date are \$262,980.19. There was a 6% increase when compared to the month of February of the prior year; and a 10% decrease in the month of January when compared to the prior year.

Ms. Valencia distributed the Facility Fund report through March 30, 2011 identifying the beginning cash balance of \$651,490.19 and total lodgers' tax receipts reported of \$117,100.33; interest of \$1,420.38 and expenditures of \$9,905.73 for FY'10 Advertising Contract and \$66,837.62 for FY'11 Advertising Contract, outstanding encumbrances in the amount of \$40,037.38, leaving an anticipated cash balance of \$653,230.17.

Ms. Valencia distributed the Advertising Fund report through March 30, 2011 identifying the beginning cash balance of \$817,952.30, total lodgers' tax receipts reported of \$195,087.75; interest of \$1,814.62; \$2,850.00 State Coop (last FY), expenditures of \$18,971.99 for FY'10 Advertising Contract, \$111,396.14 for FY'11 Advertising Contract, \$172.58 for Newspaper Advertising, \$16,100.00 for FY'10 Commitments and Other Fees, \$69,400.00 for FY'11 Commitments and Other Fees, \$215.58 for FY'10 Reporting and Recording, \$678.93 for FY'11 Reporting and Recording, outstanding encumbrances in the amount of \$69,562.27, leaving an anticipated cash balance of \$731,207.18.

OLD BUSINESS

- **Approval of the Appointment for the Vacant Position on the Lodgers Tax Advisory Board**

Chairman Berkenfield reported that the Board of County Commissioners approved the appointment of Ms. Lydia Frank to the Lodgers Tax Advisory Board.

- **Welcome to our newest Lodgers Tax Advisory Board, Lydia Frank, Encantado, An Auberge Resort**

The Board Members welcomed Ms. Lydia Frank to the Board.

Ms. Frank gave a brief history of her background.

ADVERTISING AGENCY REPORT

- **Rocky Mountain Lodging Report (February)**

[Copies of the Rocky Mountain Lodging Report for the month of February were distributed and reviewed. A handout/spreadsheet on tracking Santa Fe Occupancy Tax was attached.]

Mr. Rountree noted that occupancy in Santa Fe for the month of February was down approximately 10 points from Albuquerque. However; there was an 8.26% increase in occupancy when compared to the prior year.

- **Rail Runner Survey**

Mr. Rountree reported that a survey was done to assess travel patterns among non-commuting Rail Runner passengers traveling to Santa Fe. The study was done on behalf of a small taskforce of private and public partners who commissioned an extensive ridership survey. The study will be used to help local Santa Fe businesses develop ways to market to Santa Fe visitors using the Rail Runner.

{Please see Exhibit A for the details.}

Face-to-face interviews were conducted among recreational Rail Runner passengers traveling to and from Albuquerque. Passengers traveling for business purposes only were not included in this study. The interviews were conducted primarily on Wednesdays, Fridays, Saturdays and Sundays between October 23rd and December 3rd, 2010. A total of 516 recreational travelers were interviewed. The interviews were equally divided between Northbound and Southbound passengers.

Overall, Rail Runner passengers tend to express a very high level of satisfaction with their overall experience. This is good news given that word-of-mouth is an important component of increasing ridership levels. Nearly half of the passengers were riding the Rail Runner for the first time. The survey indicates that this presents a challenge - not only does the Rail Runner need to market those who have not thought or been motivated to ride the train in the past, but also needs to find ways to encourage frequent ridership.

One of the most salient points revealed was that incentives offered by the hotels, restaurants and merchants in Santa Fe for Rail Runner customers would increase traffic. The current train schedule presents a barrier to increasing ridership. The lack of late running trains on Saturdays negates any chance of a special dinner or theater packages for those not willing to spend the night. The study suggests that special express trains running later on weekends, in conjunction with special discount packages, may be helpful in attracting ridership. Passengers were not well informed about the special packages that are currently available-less than one-fifth were aware of such packages and this illustrates the need for greater consumer education and promotion.

Although there is a lack of awareness of the specials currently available, there is a very high level of interest in discount packages for lunch, dinner, overnight hotel stays,

and performance arts events. Active promotion of discount packages could help to increase ridership and bring more people to Santa Fe. This will take a concerted effort among area businesses working in conjunction with the Rail Runner to set different train schedules, particularly on weekends.

Mr. Rountree noted that Joe Schepps from the Inn on the Alameda hotel and Paul Margetson of Hotel Santa Fe have written a letter to the lodging sector asking them to participate in implementing a program where a 15% discount could be offered by Santa Fe hotels and motels to all Rail Runner passengers who present a ticket stub from the same day's travel. This proposal is presently working through the Lodgers Association.

- **Press**

[Copies of various press articles were distributed.]

At the invitation of *Travel Weekly*, chief editors of *Afar*, *Budget Travel*, *Conde Nast Travel*, *National Geographic Traveler* and *Travel Plus Leisure* and the leisure travel editor of *USA Today* convened in New York earlier this year for the six annual Travel Weekly Consumer Travel Editors Roundtable. The focus was on consumers and changing travel patterns, and how the industry and these publications are changing as a result.

At the Roundtable, the editor in chief of *Conde Nast Traveler* indicated that they just did a study about what people expect from luxury, and a number of interesting things came up. They found that people are relooking at the whole value proposition. People want to get a lot for their money, and they hate being nickel-and-dimed. The WiFi situation at hotels is driving people crazy across the board. "If Starbucks can give you free WiFi, why can't a hotel that charges you \$800 a night give you free WiFi?" Another thing that came up was the fact that the airlines are charging for everything, including carry-on bags.

An article in *Travel Weekly* states that the surging oil prices resulting from unrest in North Africa and the Middle East were threatening last week to derail a year of steady economic recovery in the travel industry. Oil went from \$50 to \$150 per barrel. The *New York Times* reported last week that the airlines had increased their fares four times already this year in an attempt to keep up with fuel cost increases, as compared with only three increases during all of 2010.

NEW BUSINESS

- **Funding Request from Santa Fe International Folk Art Market by the Director of Development, Laura Sullivan**

Ms. Sullivan thanked the Board for their continued support of the Santa Fe International Folk Art Market. These funds have enabled the Folk Art Market to expand their marketing and public relations efforts to raise the visibility of the Folk Art Market, helping to draw attention to Santa Fe as a folk art center of the world, and attracting thousands of visitors, both nationally and internationally, to our county and city.

Ms. Sullivan presented the information regarding the request for funding, from the Application, which was distributed in the members' packets. Rack cards were also distributed.

The Santa Fe International Folk Art Market is requesting \$10,000 in LTAB funding for the public relations and marketing efforts to promote out of town visitors to attend the Eighth Annual Santa Fe International Folk Art Market. The Market will take place on July 8, 9, and 10, 2011 on 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 market in the world. The Santa Fe International Folk Art Market extends Santa Fe's major tourist season to include the entire month of July and solidifies the City's outstanding reputation as the "City of Markets" by joining the city's existing culturally authentic markets, the Indian and Spanish Markets and as a world-class destination for arts and culture.

Ms. Sullivan said that the 2011 Folk Art Market will bring over 125 leading folk artists from 50 different countries to sell their original folk art in Santa Fe. The 2011 Market aims to increase attendance at the market; improve the guest experience; and raise Santa Fe's visibility as the international folk art capital of the United States and as a world leader in cultural tourism.

Ms. Sullivan said they are anticipating an audience of 24,000 people, an 8% increase over 2010. She noted that 56.5% of the visitors of last year's Folk Art Market came from out of town and they anticipate that the percentages of out-of-town visitors will remain at approximately 56.5%. The estimated GRT and Lodger's Tax generated from room nights is \$579,466, of which \$77,487 will go 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 2011, yielding an additional \$189,750 in GRT. The total tax benefit that will include taxes from room nights (\$579,466) plus GRT from artists' sales (\$189,750) will equal \$769,216.

According to the Folk Art Market study conducted by Southwest Planning and Marketing in 2010, they anticipate again that 42.9% of all out-of-town visitors will stay in a hotel, motel or B&B. Visitors will come in an average party size of 2.3, stay an average 5.1 nights and spend approximately \$629 on lodging during their stay in Santa Fe.

Ms. Sullivan said in 2011, the Market is planning again to produce events leading up to the Market weekend to create an international arts week. They also plan to work with local businesses and other organizations sponsoring important cultural events planned for the market weekend to attract visitors for extended stays. They plan to present a free concert on the Thursday night prior to the Market. This happens to coincide with the 50th anniversary of the Peace Corps and this will draw people to the City.

Ms. Sullivan mentioned that their state funding through the Department of Cultural Affairs decreased from \$195,000 to \$50,000.

Ms. Brown moved to fund the Santa Fe International Folk Art Market at \$7,500.00. Ms. Jaramillo seconded the motion, which passed unanimously by voice vote.

ADMINISTRATIVE

Next meeting date and location

The next meeting was scheduled for April 28, 2011 at 10:30 a.m.

ADJOURNMENT

Ms. Johnson made a motion to adjourn the meeting. Ms. Brown seconded the motion and the meeting was adjourned at 12:00 p.m.

Approved by:



John Berkenfield, Chairman

Respectively submitted by:
Jo Ann G. Valdez, Stenographer



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss
I Hereby Certify That This Instrument Was Filed for
Record On The 11TH Day Of May, 2011 at 11:46:28 AM
And Was Duly Recorded as Instrument # 1634754
Of The Records Of Santa Fe County
Witness My Hand And Seal Of Office
Valerie Espinoza
Deputy *Marcella [Signature]* County Clerk, Santa Fe, NM

REC'D CLERK RECORDED 5/11/11 11:42:11 AM