

MINUTES OF THE
SANTA FE COUNTY
LODGERS TAX ADVISORY BOARD

April 8, 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, Public Information Officer

Others Present:

Randy Randall, Director, Santa Fe Community Convention Center
Cynthia Delgado, Director of Marketing, Community Convention Center
Dave Hayduk, HK Advertising
Wendy Forbes, HK Advertising
Clarissa Lovato, HK Advertising

Chairman Verruni welcomed those attending and those present introduced themselves.

III. **Approval of Agenda**

In light of this morning's dense agenda, Chair Verruni suggested hearing reports from the advertising agency and Santa Fe Community Convention Center before the presentations.

Ms. Hudman moved to approve the agenda as amended. Ms. MacFarlane seconded and the motion passed without opposition.

SFC CLERK RECORDED 06/06/2016

IV. Announcements

None were made.

V. Approval of Minutes: March 10, 2016

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

Chair Verruni acknowledged and thanked the Board for their work at last month's meeting.

VIII. Advertising Agency

Dave Hayduk, HK Advertising, said he was excited by the progress they are making; publications are lined up, results are being gathered and social media is expanding.

Wendy Forbes, HK Advertising, reviewed the results from the County Facebook and Twitter accounts. At the end of March, there were 782 fans on the Facebook page reflecting a 67 percent increase over the February numbers which she attributed to the March installation of Facebook ads. The ski-related images have recently changed to mountain biking. The top three items on the Facebook calendar include Chimayo, Ten Thousand Waves and the Bike & Brew event. Twitter started with zero and there are now over 500 follows which is an organic growth without any advertising. The most popular content on Twitter is the *New Mexico Magazine* article on readers' choice favorite restaurants. HK Advertising took over an existing Instagram account that had 256 followers and is now at 417.

Mr. Hayduk discussed the Rocky Mountain Lodging report noting there are potentially 107,713 rooms in the Santa Fe area. The occupancy rate in February was approximately 52 percent and the year to date 48 percent. The area measured is downtown, Cerrillos Road and Santa Fe periphery which was reported at 64 percent occupancy for February. For the year the rate is 58.2 percent with an ADR (average daily rate) of \$89.50. Last year at this time the occupancy rate was 54 percent.

Chair Verruni asked HK to provide data from Ski Santa Fe.

Mr. Hayduk reported that Dallas/Ft. Worth, Oklahoma City, Tulsa, Albuquerque, and Las Cruces are targeted for a digital promotion for outdoor enthusiasts. Dallas provided the greatest clicks followed by Albuquerque, El Paso/Las Cruces, Oklahoma City and Tulsa. The overall clicks out of Pandora were 17,491 with an average cost per 1,000 of \$6.

A mobile target campaign has been initiated with *Texas Monthly*. Sports, followed by food and drink were the big categories that garnered site interest. *Outside Magazine* and *AARP* have expanded the reach along with Local Digital Reach which is picking up Denver, Phoenix and Tucson. Bike & Brew is receiving a lot of promotion. The new photo shoot is progressing. A photographer, support help and dates have been identified for all new Santa Fe True photographs. These photos will serve as tools/assets for the marketplace. Additional PR information is being developed for bloggers as well as an E-newsletter for a May launching.

Chair Verruni requested that LTAB have the opportunity to review HK's execution plan.

Regarding the collection of email addresses, Ms. Forbes said they are running a social media contest and entry requires an email address.

Ms. Katonak said the previous advertising agency had software issues and lost eight years of inquiry email address data. Mr. Hayduk indicated new data would easily be generated.

Sunset Magazine and Dallas' *D Magazine* were mentioned as publications that may merit further review.

Ms. Katonak noted that the County is participating in a collaborative visitors guide promotion with three northern New Mexico counties through NRGNHA (Northern Rio Grande National Heritage Area).

Santa Fe Community Convention Center

Randy Randall, Convention Center Director, emphasized that while there is a County and a City, there is but one Santa Fe. He reported on a few collaborations, in the conceptual stage, occurring with the City and County:

- A joint film office would be a proactive effort to bring film into Santa Fe. The office would be housed at the County and jointly managed. The City's Film Commission would serve in an advisory role to the Film Office
- A joint airport advisory council would work to increase existing flights and increase occupancy/loads on those flights. Taos Ski Valley has committed \$50,000 and with the County and City contributing matches there would be \$150,000. Angel Fire, LANL, and local casinos will all be approached. If \$200,000 can be raised the State will match the funds through their Transit Authority fund. That \$400,000 may be matched by the federal government. The money would be used for marketing and possibly seat guarantees
- A joint opportunity in a consumer-type outdoor/adventure show with participation in three shows would cost approximately \$10,000 per entity. Buffalo Thunder is being approached to participate. The previous Dallas show had 15,000 attendees. The Dallas, Denver and Los Angeles or San Diego shows are being considered

Mr. Randall noted the following items:

- A wrap-up meeting on the kids free spring break promotion will occur in April
- Margarita Trail is in progress with a formal start date of Cinco de Mayo
- The City's short-term rental program is making progress and could be a model for the County
- A voluntary collection agreement has been developed with Airbnb. With the 180 countries Airbnb is in, the City will be the 18th to have a voluntary collection agreement
- DestiMetrics is conducting a visitor study and data collection from hotels to project future occupancy
- County Legal is reviewing a joint website agreement that would provide additional advertising opportunities

Referring to collateral, Cynthia Delgado advised HK that the Visitors Guide can be utilized and she offered to mail the materials out.

VI. New Business

A. Presentations for Funding Request

As a technicality Ms, Katonak said none of the five applicants submitted their CRS-1 NM GRT withholding certificates; however, they all provided a CRS number and she recommended a formal motion to accept the provided numbers. Mr. Flores said the lack of a certificate need not be considered a disqualifier.

Staff said the issue could be resolved at the time of contract and Mr. Romero moved to accept the CRS number as sufficient for the submission. Ms. MacFarlane seconded and the motion passed without objection.

Ms. Katonak said the application also required proof of \$1,050,000 insurance to meet the NM Tort Claims Act. None of the applicants met that requirement. Mr. Romero pointed out that insurance is sold in increments of \$1 million.

It was agreed that prior to awarding funds the applicants would be required to submit information verifying the agreement conditions are met.

Ms. Fox Ehlert moved to accept the applications. Mr. Romero seconded and there was no opposition.

Chair Verruni recognized Ms. Katonak's efforts in organizing, vetting and distributing the materials from the requesting organizations. He established a process whereby the presenter would have 10 minutes followed by Board questions and discussion following all presentations.

There were no conflicts of interest declared.

**1. El Rancho de las Golondrinas: Summer Events
Requested amount: \$13,000**

Dawn St. George, Executive Director, El Rancho de las Golondrinas, mentioned the long history the living museum has had with the County's LTAB. She said Las Golondrinas looks at their season as a package and brands it as such.

Ms. St. George discussed their recently completed strategic plan that has a focus on the Hispano New Mexico past. She defined their advertising efforts in rack cards, New Mexico vacation guides, Albuquerque summer guide and neighboring states including Texas, Arizona and Colorado.

The summer festivals include new partnerships such as the New Mexico wine and grape growers. With 40,000 visitors at the summer festivals, Las Golondrinas projects that 15 percent of their audience stay in local lodging for an average of three nights.

She said the funding would provide support for three summer festivals. Bus service from the train and the Santa Fe mall will be available for Viva la Mexico and the Wine Festival. Las

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Golondrinas maintains a low admission (\$6 to \$8) and children under 12 enter free. They expect to air radio spots in El Paso, Las Cruces and Farmington. A new social media web site is in development stages.

Response to Board questions:

The funding is for advertising
The Summer Festival will include the Camel Corps event
Las Golondrinas expects to present another funding request to LTAB for the fall season

With no further questions, Chair Verruni thanked the applicant for her presentation and excused her from the conference room.

**2. Global Running Culture, Inc.: Santa Fe Thunder Half Marathon
Requested amount: \$20,000**

Joseph Karnes, Director of Global Running Culture, said the organization is a 100 percent volunteer-run non-profit that has presented the marathon for six years. The race is a destination event, designed to draw and attract runners from around the country to Santa Fe. Mr. Karnes said the event attracts runners who train and celebrate their achievement by having a vacation in Santa Fe. The destination running concept has been growing over the past 20 years in the United States. The half marathon is a popular distance and last year there were 34 in the country. While the event is not focused on elite runners there are world-class runners in the race. Last year the event attracted runners from 41 states. This demographic is relatively untapped.

Southwest Planning Associates conducted a survey and determined that the runners have an average income of \$93,000. These people/runners bring money to the community. Further, last year's event drew 1,627 runners who generated approximately \$861,000 in indirect and direct local spending. The target market is ages 35 to 55.

That the event is growing is evidenced by data: in 2013 there were 1,000 runners and in 2014 there were 1,300. This grassroots event can have a tremendous upside potential for achieving growth.

The organization has advertised in *Runner's Magazine* which has a significant print and online presence. *Runner's World* and *Women's Running* magazines will be promoting the event. The organization recently hired a PR firm which has greatly increased the exposure.

The co-director is a world-class runner from Kenya. The race attracts Tarahumara Indians and runners from Kenya and Ethiopia.

Mr. Karnes said the organization's mission is to better the lives of youth through the powers of sport and education in three communities where running is a vital part of the culture: northern New Mexico and Arizona, the village of Matungen, Kenya and Copper Canyon in Mexico.

Response to Board questions:

- The organization was pleased with Southwest Planning Associates
- Last year marked the first year Global Running Culture received LTAB funding
- The race initiates in Santa Fe and terminates at Buffalo Thunder
- Buffalo Thunder is filled to capacity race weekend

- The race was deliberately scheduled during a low event period in the summer – one week after Fiesta

With no further questions, Chair Verruni thanked the applicant and excused him from the conference room.

[The Board recessed for five minutes]

**3. St. Vincent Hospital Foundation: 31st Annual Santa Fe Century & Outside Bike & Brew
Requested amount: \$10,000**

Karl Ferguson, Foundation Manager, said 150 participants signed up within the first three days for the events. This will be the third year the Santa Fe Century and Outside Bike & Brew Festival are collaborating. The three-day festival unites the Century with a Bike & Brew festival of craft beer and a series of biking activities. Last year's events attracted over 2,500 out-of-state road and mountain bikers to Santa Fe. He noted that tickets were selling out very quickly for events.

Forty percent of the Century participants are from Colorado and the average age is 54. The Bike & Brew will occur at Ft. Marcy. Southwest Planners assisted in an evaluation of the events. Regarding last year's event, Mr. Ferguson reminded the Board that it was very difficult weather dropping to freezing and snowing.

SFC CLERK RECORDED 06/06/2016

Response to Board questions:

- The organization was pleased with the fiscal impact analysis conducted by Southwest Planning Associates. Approximately 3,000 email surveys went out with 300 responses
- IDs are checked at the brewing events; the emphasis is not on drinking but a combination of music, biking etc.
- St. Vincent is a co-host of the Century and Bike & Brew coincides with Bike to Work week – it meshes well and better utilizes the tremendous success of the Century
- There is an expected audience/participant number of 3,000 on Friday and 3,000 to 5,000 on Saturday
- There are 1,100 riders registered for the Century and the mountain biking events are sold out

With no further questions, Chair Verruni thanked the applicant and excused him from the conference room.

4. International Folk Art Alliance for the 2016 Santa Fe International Folk Art Market
Requested amount: \$20,000

Heather Tanner, Director of Advancement, said this is the 13th annual International Folk Art Market which is the flagship program for the Alliance. There will over 175 artists from more than 56 countries bringing their traditional work to Santa Fe to connect with the 19,000+ visitors that come to the event. The market is a shopping experience and also allows buyers to have a global impact through their purchase. Approximately 50 percent of the marketing budget is for public relations and there has been a strong connection with national audiences. She mentioned the Market has been featured on CBS's *Sunday Morning*, *Huffington Post*, *New York Times* and others. Bus wraps are being used in the Albuquerque area. She emphasized that this Santa Fe-based market has a global impact.

Of the 19,000 visitors it is estimated that 65-75 percent are from out of town and stay an average of four nights. Southwest Planning and Marketing conducted an independent study which provided the data contained in the application. There was an estimated \$11.3 million impact on Santa Fe. Gross receipts tax is collected on all sales within the market and last year there was \$3 million in sales within 21 hours. The Market depends on volunteers of which 20 percent are from out of town

Ms. Tanner thanked the Board for the LTAB's support in the past noting the consistent assistance they have received since 2007. She mentioned a new push through *D Magazine* in Dallas where there is a large draw, and an additional social media push. Improvement for the visitor's experience include the expansion of the Museum Hill site to accommodate an additional 25 artist booths and updating the point of sales to provide an express pay option.

Response to Board questions:

- The maximum site capacity is between 4,000 and 5,000 and depends on the bus shuttles
- LTAB granted the Market \$10,000 last year

With no further questions, Chair Verruni thanked the applicant and excused her from the Board room.

5. Santa Fe Independent Film Festival (SFIFF)
Requested amount: \$25,000

Present for the Film Festival were Liesette Paisner, Festival Director, and Jacques Paisner, Executive Director and co-founder. Ms. Paisner said the Festival began in 2009 as a small event and has grown into one of Santa Fe's key annual events with over 11,000 attendees. The Festival has grown each year and boosts the local economy. This festival will grow into one of the top film festivals in the US.

SFIFF brings in a younger demographic than most events in Santa Fe and creates the opportunity for a dialogue between audience and film professionals in an unpretentious atmosphere. Educational opportunities are provided as well as a special screening at IAIA. The venues for 2016 are the Lensic, CCA, the Screen, Jean Cocteau, Violet Crown, and hotels and restaurants.

She quoted the head of productions for Amazon who said, "... what makes a community? The Santa Fe Independent Film Festival is answering this on many fronts while screening nurturing yet challenging attitudes for film makers and audience alike...bringing together diverse constituents from all over...sharply aware of where we are now and exploring both where and how we get there in the future."

Response to Board questions:

- The economic impact is calculated two different ways: Americans for the Arts calculations and the Santa Fe Chamber of Commerce calculation. Festival visitors average 2.5 days
- The direct economic impact for 2015 was \$686,000; indirect was \$2.2 million
- The ticket purchase system provides out-of-state data
- The number one feeder state is California, followed by New York and Chicago – drive markets have increased with Oklahoma, Arizona, Texas and Colorado
- Attendance this year is expected at 14,000. It is projected to plateau at 2018 at 20,000 and then grow again in 2023
- The inclusion of the Violet Crown has allowed the Festival to surpass Telluride or Park City with better screening experiences

Jacques Paisner delineated the Festival's accolades from *Filmmaker Magazine*, *Slant Magazine*, and *Indie Wire Magazine*. It has been described as the next or young Sundance and one of the 25 coolest film festivals on the planet. The programming with big names has been very instrumental in the growth and recognition.

Ms. Paisner reviewed the press junkets, national magazines and other advertising avenues.

With no further questions, Chair Verruni thanked the applicants and excused them from the Board room.

Board Discussion and Recommended Awards

The Board determined that the five applicants met the criteria. They discussed each of the applicants noting the attraction's economic impact, how it brings visitors to Santa Fe, its promotional methods, how effective the presentation was, etc.

Having completed their discussion, the following awards were recommended:

El Rancho de las Golondrinas: Summer Events

Award Recommendation: **\$13,000**

Global Running Culture, Inc.: Santa Fe Thunder Half-Marathon

Award Recommendation: **\$20,000**

St. Vincent Hospital Foundation: 31st Annual Santa Fe Century & Outside Bike & Brew

Award Recommendation: **\$10,000**

International Folk Art Alliance for the 2016 Santa Fe International Folk Art Market

Award Recommendation: **\$14,000**

Santa Fe Independent Film Festival

Award Recommendation: **\$18,000**

Mr. Romero moved to recommend the allocations as listed above. Ms. MacFarlane seconded and the motion carried without opposition.

Ms. Fox Ehlert excused herself from the remainder of the meeting.

VII. Financial Information

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

Ms. Katonak said the financial report is provided on a monthly basis by County Finance. The March numbers were not available because today's meeting was occurring earlier than usual in the month. Sunrise Springs Wellness Resort paid \$281.60 for February; however, that will increase as the facility is fully online. It received publicity with a recent stay by Caitlin Jenner. The Bobcat Inn had a change in ownership and there will be a license change. Month to month numbers were provided showing comparison figures.

It was observed that the numbers are trending down monthly. Ms. Katonak attributed that to Bishop's Lodge being offline. Increases were obtained from Four Seasons/Rancho Encantado and Ranchos de Santa Fe.

Chair Verruni noted that the numbers are down \$8,000 from last year at this time and observed that although Bishop's Lodge was off line the decrease was not that significant.

Las Campanas has short-term rentals and it was suggested the County consider adopting the City's tax model. Ms. Katonak said it is difficult to enforce lodgers tax if the County is unaware of the operation.

Pueblo Encantado was mentioned as having short term rentals that should be investigated as well as Airbnbs. The villas at Bishop's Lodge were mentioned.

Ms. Katonak read from the County Ordinance which states that “rents and taxable premises for lodgers tax include hotels, apartment, apartment/hotel, an apartment house, lodge, lodging house, rooming house, motor hotel, guesthouse, guest ranch, ranch resort, guest resort, motor port, auto court, auto camp, trailer court...or other premises used for lodging. A vendee was defined as a natural person to whom lodgings are furnished and the exercise of the taxable service of lodging. A vendee does not include a natural person who has been a permanent resident of the taxable premises for at least 30 consecutive days who has entered into a written agreement for lodging at the taxable premises for a period of at least 30 days or whose rent is less than \$2 per day.”

This means that everybody staying under 30 days should be paying lodgers tax providing great potential to the County.

Chair Verruni said the Board’s work plan should address these issues.

IX. Administrative

A. Next meeting: May 20, 2016, 9:30 am – 11:30 am at the Community Service Building at 901 W. Alameda

Possible agenda item: develop a strategy to approach the entities not paying appropriate taxes.

Ms. Katonak said customarily the LTAB meets on Thursdays; however, to accommodate schedules they are meeting on different days. In the past this Board has met nine times a year and usually does not meet during peak tourist season.

X. Adjournment

Having completed the agenda and with no further business to come before the Board, Chair Verruni adjourned this meeting at 1:15 p.m.

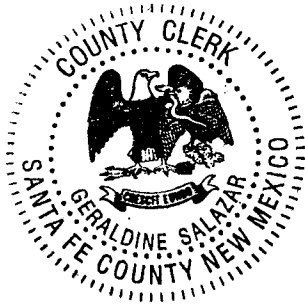
Approved by:



Rick Verruni, Chair
Lodgers Tax Advisory Board

Respectfully submitted by:

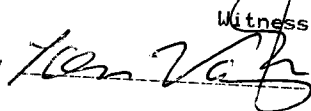
Karen Farrell, Wordswork



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

LODGERS TAX MINUTES
PAGES: 11

I Hereby Certify That This Instrument Was Filed for
Record On The 6TH Day Of June, 2016 at 04:39:20 PM
And Was Duly Recorded as Instrument # 1795552
Of The Records Of Santa Fe County

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

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