

MINUTES OF THE
SANTA FE COUNTY
LODGERS TAX ADVISORY BOARD

September 30, 2016

Santa Fe, New Mexico

I. Call to Order

This regular meeting of the Santa Fe County Lodgers Tax Advisory Board (LTAB) was called to order by Chair Rich Verruni at approximately 9:24 a.m. on the above-cited date at the Santa Fe County Legal Conference Room, Santa Fe, New Mexico.

II. Roll Call

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 [arriving later]
Lisa Katonak, County Manager's Office
Alejandro Cintron, Senior Account Manager
Kristine Mihelcic, Public Information Officer

Others Present:

Heather Tanner, International Folk Art Alliance
Connie Tooker Nuñez, International Folk Art Market
Dave Hayduk, HK Advertising
Clarissa Lovato, HK Advertising

III. APPROVAL OF AGENDA

Member Ehlert moved to approve the agenda as published. Member Romero seconded the motion and it passed by unanimous voice vote.

IV. ANNOUNCEMENTS

Member Romero said he just moved his business into the Oñate Center about 8 miles north of Española and was very excited about it.

Chair Verruni announced that Bishop's Lodge is starting construction and hope to open in the spring of 2018.

V. APPROVAL OF AUGUST 19, 2016 REGULAR MEETING MINUTES

Ms. Katonak asked for a correction on page 1 of Kristine Mihelcic's name.

Member Ehlert moved to approve the minutes of August 19, 2016 as amended. Member Hudman seconded the motion and it passed by unanimous voice vote.

VI. PRESENTATIONS:

A. Final Report from International Folk Art Alliance, Heather Tanner, Director of Development and Connie Tooker Nuñez, Associate Director of Advancement for the 2016 International Folk Art Market

Ms. Tanner and Ms. Nuñez presented the report.

Ms. Tanner said results of the market on July 8-10, 2016 were 12,272 attendees. They moved the celebration from St. John's to the Plaza.

Member Ehlert said she much preferred it at the Railyard. She couldn't see the big screen at the Plaza.

Ms. Tanner said the evaluation was done by Southwest Planning & Marketing. 70% preferred the Plaza but the artist parade comment was the same as Member Ehlert's. So, they think they will start at Cathedral Park next time. He had 2,100 volunteers doing 5,000 shifts, which was a record. They had \$2.8 million in sales. 90 percent of sales revenue going home with the artists. The visitor profile resulted in 63% outside Santa Fe and 42% outside of New Mexico with 15% from Texas, 14% from California and 13% from Colorado. The majority are college educated women over 55 with \$100,000+

income.

The report had further details in the packet.

Ms. Tanner said for 2017, they plan to expand youth engagement and work with Mandela School, and provide transportation to Museum Hill. They also plan to invest in the drive market with high impact in Texas Monthly and New York Times.

Chair Verruni commented that it is an amazing event and they have done a great job. They are the model for others to follow. It is one of the greatest events here in Santa Fe without question and exhibitors also walk away with a great return.

Chair Verruni asked how they tabulated their statistics.

Ms. Tanner said Southwest Planning & Marketing does it all for them. The satisfaction survey is invaluable data. All of their tickets are on line. The online survey is done and has a ticket offer with it. They are eager to give their feedback.

Chair Verruni thanked them for a thorough report.

VII. FINANCIAL REPORT

Santa Fe County Finance Division - Lodgers' Tax Financial Report (Pro-Forma)

Mr. Cintron provided the report and commented that Lodgers' Tax is slightly under last year. The main difference he attributed to the absence of Bishop's Lodge lodging. The two-year trend is 80% so we are falling below for year to year. The bar graph showed each lodger's revenues with Bishop's Lodge as the big one.

Member MacFarlane noted that Rancho Encantado is ahead of last year.

Member Ehlert asked if the KOA near Pecos pays lodgers' taxes to the County.

Member Romero said they are located in San Miguel County.

Chair Verruni noted that Sunrise Springs has been open at least four months and doing a lot of business but their numbers don't make sense. It looks very low. He suggested that the County track those numbers.

MOTION: Member Romero moved to determine how the City audits lodgers and explore how the County can audit the lodgers that are tracked. Member MacFarlane seconded the motion and it passed by unanimous voice vote.

There were no further questions on the report.

MOTION: Member Ehlert moved to accept the Lodgers' Tax Financial Report as presented. Member MacFarlane seconded the motion and it passed by unanimous voice vote.

VIII. Proposed Options for Amending Ordinance No. 1999-10, Lodgers' Tax Rate and Amending the Lodgers' Tax Collection and Record Keeping Procedures

Chair Verruni described the substance of the ordinance. He pointed out that according to the ordinance in Section 3, three lodging rooms were needed to trigger lodger's tax. So, a house in Las Campanas must have to at least three bedrooms to be counted for lodgers' tax collections.

He read the section on the Lodgers' Advisory Board make up and role.

Ms. Katonak commented on the proposed amendment in Section 5 - Use of Tax Proceeds, that much of it is just for clarification and incorporating additional facilities and what the revenue is used for. Open Space and Trails are being promoted and it covers tourist related events as well as promotions.

Section 6 has proposed language discussed with Santa Fe Tourism Staff and OTAB. They have one position currently for a County representative on their board. David Griscom was the representative but no longer with the County. She didn't know if the new person would be Mr. Griscom's successor or a County Manager appointment to represent the County on the City OTAB. Mr. Randall came to the LTAB Board to see if they could get another person to fill that seat and wanted to know if a city representative could sit on this Board.

Ms. Katonak informed Mr. Randall regarding the ordinance and membership that the request should be discussed at LTAB first and then recommend a proposed amendment to the BCC for consideration.

Nothing related to AirBnB was incorporated in the amendments. There are some items that would need to take effect. This Board can consider the amendments for discussion and if AirBnB is incorporated, it must be mirrored in the SLDC code as well.

Chair Verruni wondered if the City's ordinance included three rooms or more. That would affect Air BnB.

Ms. Katonak said they had a copy of the resolution proposed at the City and she would pull it now. Part of it comes from State legislation from about 3-4 years ago. She thought it did speak to three or more rooms. She tried to get an attorney's opinion on it.

The ordinance is severely out of date and she wanted to clean up the language in order to move it forward. She stated that Mr. Flores would like the Board to get proposed amendments to the BCC for consideration with a public hearing. It requires two public hearings. So AirBnB could be added to it. She briefly explained the committee process.

Ms. Katonak retrieved what she was looking for and it says three rooms but not necessarily in the same facility. She reviewed the document with the Board, particularly about short-term rental units.

Member Romero suggested striking the number of rooms and using a positive statement.

Ms. Katonak said if the rentals were commercial, they would need a business license. She explained the zoning uses in the County.

Chair Verruni asked what a motion should include.

Ms. Katonak proposed that LTAB would like Staff to work with the County Attorney Office to provide proposed language regarding short-term rentals and collections for lodgers' tax.

In the discussion about specifics, it was agreed that amended definitions are needed. The Board's discussion included whether the rental operator would need business license or a permit or neither.

Chair Verruni said for today, the focus should not be on the entire ordinance but the proposed amendments and any others that come up and get them to Ms. Katonak. He asked what language needed to change.

Member Ehler said anyone who is renting their home, needs to have a business license and pay lodgers tax.

Ms. Katonak said in order to enforce that, the County would need to require permits and have an established policy in place. Currently, the ordinance language is quite loose. There is no mechanism for addressing short-term rentals or business licenses and no code enforcement or penalties. The Board can move forward to request language and it could be presented to the BCC or discussed with Land Use for a buy-in. Perhaps a two-track approach is best. The BCC would have to incorporate code enforcement into the Land Use Code.

Chair Verruni questioned why LTAB is doing this in isolation from Land Use. There might be another process for this.

Member Hudman wanted to see a revised document and also to include County taxes for properties within the City. We should move in that direction and also help support city tourist related events.

Chair Verruni summarized that the Board is not yet prepared to take action to approve this and needs to decide on a process. A motion should be that we are not moving ahead with the proposed amendment but moving ahead to review the entire document and prepare a new document. At the next meeting, we will have to go through it. He asked Ms. Katonak to share her proposed language.

Ms. Katonak said, "It would be that the Lodgers' Tax Advisory Board would like for Staff to work with the County Attorney's Office to provide proposed language regarding short-term rentals to be subject to Lodgers Tax."

Member Romero asked that it be with legal representation present.

Ms. Katonak clarified that for today's items, the proposed amendments are just the two sheets. In the past were AirBnb but didn't include any short-term rentals. She asked if the Board agreed with these two amendments or not. The motion is that Staff would work with the County Attorney's office on short-term rentals.

Member Ehlert agreed but the motion should include Land Use.

Member MacFarlane didn't think anyone had a problem with the proposed amendments but the Board needs to do the whole thing at the same time.

Member Hudman thought the audit process and penalties should be part of this ordinance.

Member Romero was not sure the Board knows the fiscal impact so he was uncomfortable with Sections 6 and 7 on use of tax proceeds. That is an expansion on what is there now. That would shrink the amount of money for those other things. This section came from Roswell. He understood tourist-related events but didn't know what uses for open space and trails meant.

Member MacFarlane agreed. There needs to be an understanding of the percentages.

Ms. Katonak said the County open space and trails are where visitors go. The signs need to be up to date and in good repair; they need maps and appropriate facilities. So we would be supporting our own facilities to sustain a tourist industry.

Member Romero said the Board is trying to come up with the basis for broad support for tourism, not just how many hotel rooms were sold. But if there are things that would

drain money away from that, how are we going to handle that? Where will the money go for the Rio Grande Trail or the visitor center at La Bajada. And the revenue guarantee for the airport might drain it all.

The Board's charge is to make recommendations on how to spend the money we collect. So if it gets siphoned by someone else, we should know where we are going with it or our budget could get undermined.

Chair Verruni thought the County already made a \$15,000 commitment for the airlines.

Ms. Mihelcic suggested including language that would provide a position for an enforcement officer with a percentage allocation from that revenue to do the audits, etc.

Mr. Flores arrived at 10:55.

Ms. Katonak asked if Mr. Flores had numbers on how things like the Cycling Center and Open Space and Trails and the guaranteed amount for air service, could affect the LTAB budget. With limited dollars, those things would make the pot smaller.

Mr. Flores explained that amending the ordinance does not require us to spend in those areas; it just allows it. By amending it to align with the state statute he didn't see any impediment. LTAB is still a recommending body. If that is allowed, it could be part of the discussion.

He clarified that the Board doesn't have to do any of it. It just needs to not be in contradiction with state statute. The Board would definitely be involved if any money comes out of Lodgers' Tax. As long as he is Deputy County Manager, the General Fund would be the only source he could pay it out of.

Chair Verruni asked the Board what they wanted to do on these proposed amendments.

Member Romero was not sure about items 5, 6, and 7 but had no problem with the other parts.

Chair Verruni said for category 4 we have gross numbers but it is not defined. That relates to the budget. It is a statement of something proposed but there is no financial obligation because that would be in the budget.

Member MacFarlane agreed. It gives us more latitude. The Board could decide when the request is presented, whether or not it agrees they are the right things to support. But once the commitment is made, the Board is obligated to meet that commitment. The Board could decide not to get involved with the airport.

Ms. Katonak explained the current restriction on use of funds is to advertising but nothing else. This allows more flexibility.

Member MacFarlane agreed that makes sense.

Ms. Katonak clarified that it will be a work in progress since the Board has asked for legal help and that also coordinates with Land Use working toward same goal.

Member Ehlert said it would include the capability of auditing/enforcement/penalties.

MOTION: Member Romero moved to ask Staff to move forward with the proposed amendments with consultation of County Attorney's Office and include the needed changes to the SLDC. Member Hudman seconded the motion and it passed by unanimous voice vote except Member MacFarlane was not present for the vote.

IX. ADVERTISING AGENCY

A. Advertising Agency Report - HK Advertising by Dave Hayduk

Mr. Hayduk hoped the County will benefit from balloons in New Mexico with the New Mexico Department of Tourism booth at the Balloon Fiesta to encourage visiting other parts of the State.

He tried again, unsuccessfully, to show the Sunport Baggage Claim Area LCD videos.

Mr. Hayduk commented on the Rocky Mountain Lodgers' Report for August in which Santa Fe still looks really good. All downtown statistics were up. Some of it could be attributed to the four film productions taking place in Santa Fe.

Mr. Hayduk said the TV ad in the Cowboy's football game brought 228 new page likes and reached 4,000 people, showing the strength of video. Facebook and Twitter looked good. Ms. Forbes newest post is on Madrid, New Mexico, named one of most creative towns in America.

Ms. Katonak said the Sunport contract is for a whole year and we can change out the content periodically.

Blogs are done cooperatively with Cynthia Delgado on www.SantaFe.org. The topic for September is petroglyphs; October is on Tesuque and November is on winter sports.

He listed the various placements for the month. All of it is also on the website as well as Instagram and Facebook. Commitments for the New Mexico Adventure Guide for 2017 are due at month end. The Vacation Directory fills the void of closed visitor centers.

Ms. Lovato reported on Kids Free for Spring Break which will have a combination of paid media and organic media targeted to 12 or younger kids in the household. They plan to have it out before winter break. She mentioned all the drive markets and said they are mirroring the San Diego website. On November 1, the website will be launched and they will start social media efforts.

Mr. Hayduk said they would have 131,000 Balloon Fiesta Guides and they added 3,000 more copies of the Winter Guide to hotels and resorts. The video is now embedded in web site and there is a popup for the newsletter.

Ms. Katonak said the newsletter is quarterly and it was started as a way to obtain addresses of those visiting the website. They are collaborating with Santa Fe Tourism and the blog takes from the newsletter. They are working on the winter issue now. Because it uses email, no cost is involved.

She explained that the County collects all email addresses through the media outlets - AARP, Texas Monthly, etc. Some brokerage houses sell lists but they are cost prohibitive. We share our list with the City so we work collaboratively to send things out. We get our messaging out through their blogs.

X. ADMINISTRATIVE

A. Next Meeting Date and Location

After some discussion, the Board agreed to not meet in October and set the next meeting date at November 15th. The proposed meeting date for December is December 16.

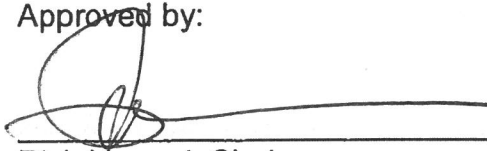
Ms. Katonak said the next meeting will be on Tuesday, November 15, at 9:30 in the Legal Conference Room, if available, or in Commission Chambers.

XI. ADJOURNMENT

MOTION: Member MacFarlane moved to adjourn the meeting. Member Ehlert seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 11:45 a.m.

Approved by:



Rich Verruni, Chair

Respectfully submitted by:

Carl G. Boaz for Carl G. Boaz, Inc.



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 31ST Day Of May, 2017 at 11:09:01 AM
And Was Duly Recorded as Instrument # 1827110
In The Records Of Santa Fe County

Witness My Hand And Seal Of Office
Geraldine Salazar

Deputy  County Clerk, Santa Fe, NM

