

**INDEX OF MINUTES**  
**SANTA FE COUNTY**  
**LODGERS' TAX ADVISORY BOARD**  
**MEETING**  
 September 24, 2015

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE(S)</u></b>
<b>CALL TO ORDER</b>	Convened	1
<b>ROLL CALL</b>	Quorum	1
<b>APPROVAL OF AGENDA</b>		
• Amendments		
• Tabled or Withdrawn items	Approved [as amended]	1
<b>APPROVAL OF MINUTES</b>		
July 23, 2015	Approved [as submitted]	2
<b>OLD BUSINESS</b>		
a. Close Out Presentation by Karl Ferguson regarding the 30 <sup>th</sup> Annual Santa Fe Century & Outside Bike & Brew Event	Informational	2-4
<b>NEW BUSINESS</b>		
a. Review and Discussion of Ordinance 1999-10, An Ordinance Repealing and Replacing Ordinance 1991-15, Lodgers' Occupancy Tax Ordinance, Increasing the Lodgers' Tax Rate and Amending the Lodgers' Tax Collection and Record Keeping Procedures by Tony Flores, Santa Fe Deputy County Manager	Informational/Discussion	4-8
<b>FINANCIAL REPORT</b>		
• Santa Fe County Finance Division- Lodgers Tax Financial Report – August 31, 2015 (Pro-Forma)	Informational	8
<b>ADVERTISING AGENCY REPORT</b>		
• Introduction of the Advertising Agency, HK Advertising by David Hayduk	Informational	9-10
<b>ADMINISTRATIVE</b>		
• Next meeting date and location		
The next meeting was scheduled for October 29, 2015 at 10:00 a.m.		10
<b>ADJOURNMENT</b>	Adjourned at 12:30 p.m.	10

**MINUTES OF THE**  
**SANTA FE COUNTY**  
**LODGERS' TAX ADVISORY BOARD**  
**September 24, 2015**



REC'D COUNTY CLERK RECORDED 11/06/2015

The regular meeting of the Santa Fe County Lodgers' Tax Advisory Board was called to order at 10:30 a.m. on the above date by Chairman John Berkenfield at Rancho de Chimayo Restaurant, County Road 98, #300, Chimayo, New Mexico.

Roll call indicated the presence of a quorum as follows:

**Board Members Present**

John Berkenfield, Chairman  
Karen Brown  
Florence Jaramillo  
Mary Johnson

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss  
I Hereby Certify That This Instrument Was Filed for  
Record On The 6TH Day Of November, 2015 at 04:34:37 PM  
And Was Duly Recorded as Instrument # 1779151  
Of The Records Of Santa Fe County

LODGERS TAX MINUTES  
PAGES 11

**Board Members Absent**

Rich Verruni, excused

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

**Staff Present**

Tony Flores, Santa Fe Deputy County Manager  
David Griscom, Santa Fe County Economic Development Division Director  
Kristine Mihelcic, Santa Fe County Communications Coordinator

**Others Present**

FlorenceRuth Brown, visitor  
Karl Ferguson, Chief Operations Officer, CHRISTUS St. Vincent Foundation  
David Hayduk, President and Chief Executive Officer, HK Advertising  
Ben Matthews, Account Manager, HK Advertising  
Jo Ann G. Valdez, Stenographer

**APPROVAL OF THE AGENDA**

- **Amendments**
  
- **Tabled or Withdrawn items**  
None

**Ms. Brown made a motion to approve the agenda as submitted. Ms. Jaramillo seconded the motion. The motion passed unanimously by voice vote.**

**APPROVAL OF MINUTES: July 23, 2015**

**Ms. Jaramillo made a motion to approve the Minutes of the July 23, 2015 meeting. Ms. Johnson seconded the motion. The motion passed unanimously by voice vote.**

Chairman Berkenfield congratulated Florence Jaramillo for Rancho de Chimayo's 50<sup>th</sup> year of being in business. Rancho de Chimayo had an open house celebration on Saturday and it was a wonderful event.

Chairman Berkenfield noted that Evelyn Valencia has left the County to work for the State Public Safety Department. Lisa Katonak will be her replacement but she was not able to attend today's meeting.

Chairman Berkenfield said the Lodgers Tax Advisory Board has moved from being under the umbrella of the Finance Division to the County Manager's office. He said Tony Flores will speak more about this later under New Business.

**OLD BUSINESS**

**a. Close Out Presentation by Karl Ferguson regarding the 30<sup>th</sup> Annual Santa Fe Century & Outside Bike & Brew Event**

(Copies of the *Outside Bike & Brew/Santa Fe Century Fiscal Impact Analysis* dated June 8, 2015 prepared by Southwest Planning were distributed).

Mr. Ferguson apologized for not distributing this information to the Board prior to today's meeting. He noted that they had their 150<sup>th</sup> Anniversary celebration this past weekend also and they had the largest concert that has been held on the Santa Fe Plaza. They had 5200 attendees and 500 people for dinner.

Mr. Ferguson reported that this past year was the 30<sup>th</sup> anniversary of the Santa Fe Century Bike event and the second year of the Outside Bike & Brew event. The Outside Bike & Brew Festival is a bicycling event that is held annually in Santa Fe. Additionally, the Santa Fe Century 100-mile bicycling ride was held the same weekend as the Bike & Brew.

Mr. Ferguson said the event is typically held on the third Sunday of May, which is still considered the shoulder season. He noted that the website went live on January 1<sup>st</sup> and they started doing web ads in February, and from day one they were ahead in terms of registrations. However, weather had a major impact on attendance at the event. Eighty-five hundred (8500) people attended the Outside Bike & Brew event in 2014. The attendance was half of what it was in 2014 as a result of rain during the duration of the event.

He noted that the Santa Fe County Economic Development Department, along with Kate Noble of the City Economic Development Department, helped fund the Economic

Impact Study/Analysis. Southwest Planning conducted the Fiscal Impact Analysis and had a 40% return rate on the studies.

40% of the respondents were from out of state and 19.4% had incomes above \$150,000.00. Combined, 6,730 visitors attended the two events in 2015 and spent over one million dollars (\$1,005,129) on purchases resulting from the events, generating \$62,481 in gross receipts taxes. Out-of-town visitors to the two events in 2015 spent an estimated \$838,716 on lodging (\$442,484 for Santa Fe Century), food, transportation, entertainment, shopping and other expenses-generating \$51,367 in gross receipt taxes.

Mr. Ferguson noted that Southwest Planning broke down the numbers of visitors between the both events. He referred to page 5 of the Analysis, which shows the numbers.

Chairman Berkenfield asked how they distinguished the people who were here for both events, and how did they know which event they attended.

Mr. Ferguson said there is a question in the survey on which event brought them here.

Chairman Berkenfield asked if the funding that LTAB gave them was spent on on-line advertisements for the Century Bike Ride event.

He said yes, this is the third year that LTAB funded the Santa Fe Century Bike Ride and the packet has copies of the on-line advertisements that they paid for with the funding. They wanted to use the funding to boost the attendance for the Century Bike Ride.

Chairman Berkenfield expressed concerns on whether or not the Bike & Brew event is meeting LTAB's objective in terms of audience development. He noted that the Board would rather see the event named "Santa Fe" Bike & Brew, rather than "Outside" Bike & Brew and they conveyed this concern to Chris Goblet when he presented the funding request.

Ms. Brown asked where the survey was done, did the respondents have to go to a website.

Mr. Ferguson said yes, it was done through email and the respondents clicked on a link to do the survey, and again, they got a 40% return/response rate on the surveys.

Mr. Ferguson said they had 284 completed surveys and Southwest Planning gives a 95% confidence level. That means that 95% of the time the data for the entire visitor population would not vary by more than 5.61% from the result obtained from the sample in this survey.

Mr. Ferguson thanked the Board for their support and said he hoped to have the 3,000 attendees, however due to the inclement weather, they were unable to.

Chairman Berkenfield asked if there were any questions for Mr. Ferguson and there were none.

### **Update on Sunrise Springs and Rancho Gallina**

Chairman Berkenfield said there were a couple of things that were brought up at the last meeting and the Board had asked Evelyn Valencia at that time to follow up with the Land Use department on two properties/B&B's in town that may be operating as lodging properties or renting rooms and therefore should be paying lodgers' tax. The two properties are: Sunrise Springs and Rancho Gallina on Old Bonanza Creek Road.

Chairman Berkenfield reported that he received an email from Lisa stating that she would like the Board to know that Sunrise Springs is a retreat/lodging facility and although they have a current license with the County, they have not started the business. He said he spoke with a representative from Sunrise Springs this morning and he assured him that they would be willing to pay lodgers' tax when the retreat starts doing business.

Ms. Jaramillo mentioned that there was a big article in the newspaper about Sunrise Springs and according to the article, she thought they were opening in September.

Chairman Berkenfield said he has heard they were opening very soon.

Ms. Jaramillo noted that their rooms are very expensive at \$900 a day, which includes food.

Chairman Berkenfield said the other property was Rancho Gallina and Jose Larranaga's email (from the Land Use Department) states that this property did go through the zoning process but they have not followed up with the conditions of approval on the final development plan; therefore, they cannot apply for a business license and pay lodgers' tax. Since they haven't followed up in approvals, they are in violation of the code and County Code Enforcement needs to make a trip out there.

### **Update on Bishop's Lodge**

Chairman Berkenfield provided an update on Bishop's Lodge. He noted that construction at Bishop's Lodge is expected to start in mid-October and they are looking at completion in spring of 2017. He noted that Bishop's Lodge has been renting 45 rooms and they have staff to man these rooms, which are usually on weekends. However, most of the staff members will be out of the business by the end of this month. He said as reflected in the County's Financial Report, Bishop's Lodge paid \$6,000 in lodgers' tax for the month of July. He explained that the construction project at Bishop's Lodge has consequences for the County in terms of the income stream because they have paid a great deal of lodgers' tax over the years. He mentioned that Rich Verruni continues to invite the Board Members to visit them and see the renderings of the project.

**NEW BUSINESS**

- a. **Review and Discussion of Ordinance 1999-10, An Ordinance Repealing and Replacing Ordinance 1991-15, Lodgers' Occupancy Tax Ordinance, Increasing the Lodgers' Tax Rate and Amending the Lodgers' Tax Collection and Record Keeping Procedures by Tony Flores, Santa Fe Deputy County Manager**

(Copies of Resolution 1999-10 were distributed in the Board Members' packets.)

Chairman Berkenfield said as he mentioned earlier, LTAB is no longer under the umbrella of the Finance Division and has been moved to the County Manager's office. Therefore, the Board's contacts have changed. The Advertising Agency has also changed and the new advertising contract became effective on September 1, 2015. Chairman Berkenfield introduced Tony Flores, Deputy County Manager and asked him to speak.

Mr. Flores thanked the Board for having him on the agenda today. He said his role is twofold: One is to dispel any misconceptions or notions that LTAB's role, under State statute and at the County has changed. It has not: LTAB is required under State statute. He said what has changed is that the Finance Division resides under the County Manager's office. This is not a divisional structure change because it has always been under the County Manager's office. The Board has been handled by the Finance Division.

Mr. Flores said with the staffing considerations that Carole Jaramillo is currently going through, it provided an opportunity, in his role as Deputy County Manager to take a look at all the committees across the board. He said they will provide them assurance that the boards/committees will be fully staffed by County representatives, and that they will provide some efficiencies in that structure; and they will take a look at operational procedures and processes on how the boards/committees conduct themselves.

Mr. Flores said he is curious and will be asking about the protocol for the grant requests for funding because he has yet to find any written protocols.

Mr. Flores explained that they are not here to remove the Board, as he does not have that authority-the only Board that has that authority is the Board of County Commissioners. He said with that being said, LTAB was formed on an ordinance in 1999 and therefore, that ordinance is 16 years old and it needs to be updated. He said if he followed the letter of law today, LTAB's role is purely an advisory role to the Board of County Commissioners. LTAB does not have the authority to grant any funds other than to recommend to the Board of County Commission on granting funds.

He said there are issues with the current ordinance and how LTAB has been operating, which to him, is an opportune time to look at the ordinance together and tell them what LTAB does and how they want to do it; and then make recommendations to the Board of County Commissioners concerning the expenditure of the occupancy tax proceeds, as stated in the ordinance.

Mr. Flores said he has yet to find when LTAB made recommendations to the Board of County Commission at any time and it is a great time now to take a look at the ordinance and fix that with the current policy or procedure that LTAB, together with the County, wants to propose. He said the goal is to make sure that what is in the ordinance, and what guides this Board is consistent with how things are run in a business perspective.

Mr. Flores said in terms of the structure of the ordinance, over the next few meetings, he would like to start “picking apart” the ordinance and those areas that staff may have seen on items that need to be discussed; and then create a document that they can propose to the Board of County Commissioners that amends this ordinance that has been on the books for 16 years.

Chairman Berkenfield said the description of the roles and functions of LTAB in the ordinance, as Mr. Flores pointed out, could not be any vaguer. He noted that he has been involved with this Board, both as a member and an applicant, for more than 20 years and some members possibly longer. He explained that there has not been a staff counterpart who was particularly interested or charged with the responsibility for doing the things that this Board did. He said with everybody’s agreement and permission, the Board took over the responsibility of marketing the County, which is vaguely described in the ordinance and in grant-making, the theory is still a recommendation to the Board of County Commissioners; and he suspects that the grant is actually made by the Board of County Commissioners.

Mr. Flores said actually it is not and that is his particular point – that loop hasn’t been closed. He said for example, from Mr. Ferguson this morning, there is no grant agreement or recommendation from LTAB to the Board of County Commissioners or to the County Manager, who has delegating authority to execute agreements.

Mr. Flores said he actually did some research on Santa Fe Century because he saw that they were doing a “close out” presentation today, which he thinks is a great process and important component that a lot of County boards/committees are missing. However, he did not find any agreement.

He said on the part of staffing, he agrees with Chairman Berkenfield. He said he is presently looking at 20 different committees, advisory boards, task forces and subcommittees that the Board of County Commission has. There are a number of them that are not staffed by County employees and there is no administrative or support staff, and that is problematic, particularly when a board is making recommendations to the Board of County Commissioners who are the policy makers for the County.

Mr. Flores said in the need to have administrative support for this Board, he made a decision that they would develop a team, rather than having one individual person coming in and doing that. That team includes himself, as the Deputy County Manager, Kristine Mihelcic as the Communications Coordinator, David Griscom who is the Economic Development Division Director and Carole Jaramillo, the Finance Division Director. He said Lisa Katonak works with him in his office and she will be the staff liaison that is directly

assigned to LTAB. She also has other committees but they have worked on a workload plan so that it doesn't impact any of the other committees or boards. He said in no way does this reorganization of the team intended to be impactful on the great work that the Board does-it is merely to ensure that LTAB has sufficient staffing in a myriad of areas, not just financing to ensure that LTAB has what it needs to do what it does.

Mr. Flores requested that LTAB work with them in crafting an ordinance that they can recommend to the Board of County Commissioners. They also need to codify some things (protocol/procedures) on how an applicant would come to the Board for advertising dollars; and form an application that clearly delineates what their responsibilities are and what the funding can be used for. Mr. Flores said he did not know if this exists now.

Chairman Berkenfield said it does and as far as he knows, this form has been in place for the County as long as he has been involved here. He said it is kind of a cumbersome form.

Mr. Flores said possibly they can streamline this form.

Chairman Berkenfield noted that the ordinance also states that Board Members are to serve for two years.

Mr. Flores said yes, (2) two-year terms.

Ms. Jaramillo said LTAB was advised by County's legal counsel on everything that they did, therefore LTAB did not do anything on their own.

Chairman Berkenfield said all decisions that LTAB made were in a form of a recommendation that was made to the County Finance Division and the Director of the County Finance Division (Teresa Martinez). He asked how an ordinance gets changed.

Mr. Flores said, again, he is requesting the assistance of LTAB to review the ordinance and include legal counsel on that; and given that this is an ordinance, it will require two public hearings. The final form of the ordinance will then go to the Board of County Commissioners for their review and approval.

Ms. Jaramillo asked if they will be changing the State statute also because that is what mandates this Board.

Mr. Flores said no, they would only be changing the ordinance and define what the role of the Board is. He said the State statute basically establishes a Lodgers' Tax Advisory Board. He quoted from Section 338-15 of the State statute.

Chairman Berkenfield said LTAB understands that they are only an advisory Board and they only try to help the County meet its objectives. He said input can come from the Board, but ultimately it is up to the County to decide how they would like to see the Board involved in the objectives of the County. Mr. Flores said this has to be a joint discussion.



He explained that any contract management has to be done by the County and Lisa Katanak is now the contract manager for LTAB.

Ms. Brown said the Board does want to have input on the advertising agency activities because they want to see the County succeed. She said this is all about bringing business to the County and she also wants to see the County succeed because she is also a resident.

Ms. Jaramillo said Mr. Flores has to also understand that they are the ground forces. They are the ones who are dealing with the people who come to visit - and since LTAB has been involved with informing or advising on the advertising activities for the County on what the people want tourism has increased and the County gains from that in various ways. She said the visitors are "our bread and butter" and we need to treat them that way and that is very important. She explained that the Board Members give up their time every month because they care about the people and the County.

Mr. Flores said absolutely, and he has not said that the Board's input won't happen. This input will remain in order for it to be successful, and he will commit that the input will be there and will remain to be there, as a partner. He said, "When it comes to kicking the advertising firm in the pants because they didn't do something, that is their responsibility, because that is a non-performance issue, and the Board should not have to be burdened with a non-performance issue. He said those are the differences between administration and input.

Ms. Mihelcic said, as a countywide process, the County has a number of other committees where the ordinance is outdated and they are working on refining these. She said things change, like positions and roles and they need to make changes to reflect this.

### **FINANCIAL REPORT**

- **Santa Fe County Finance Division-Lodgers Tax Financial Report-August 31, 2015 (Pro-Forma)**

Mr. Flores distributed and reviewed the Lodgers Tax Receipts Analysis Report through August 31, 2015 noting total receipts of \$53,006.09, which is down by \$7,111.85 for the month of July. This is a decrease of 12% when compared to the same month of the prior year.

Mr. Flores distributed and reviewed the Facility Fund (214) report through August 31, 2015 identifying the beginning cash balance of \$920,514.03.00; total lodgers' tax receipts reported of \$32, 890.78; expenditures of \$31,183.10 for FY'15 Advertising Contract; outstanding encumbrances in the amount of \$120,048.63, leaving an anticipated cash balance of \$802,173.08.

Mr. Flores distributed and reviewed the Advertising Fund (215) report through August 31, 2015, identifying the beginning cash balance of \$955,541.00; total lodgers' tax receipts reported of \$54,451.02; expenditures of \$51,971.84 for FY'15 Advertising Contract, \$12,500.00 for FY'15 Commitments and Other Fees; \$296.80 for FY'16 Reporting and Recording; outstanding encumbrances in the amount of \$242,159.35, leaving an anticipated cash balance of \$703,064.03.

Chairman Berkenfield said the Board needs to see the history of the trends in the reports that the County provides.

Chairman Berkenfield said the Board appreciates the attendance of Tony Flores at today's meeting, and said it is vitally important to have him be a part of these meetings.

Mr. Flores said he will commit to attend the regular Board meetings.

### **ADVERTISING AGENCY**

#### **Introduction for Advertising Agency, HK Advertising by David Hayduk**

Chairman Berkenfield said HK Advertising made a formal presentation to the evaluation panel who selected the County's new advertising agency. Mr. Hayduk wanted to show a PowerPoint presentation to the Board, however, they could not make the presentation today, and will make it another time. Chairman Berkenfield asked him to talk about HK Advertising.

Mr. Hayduk said he is honored to be here and is very excited about being involved with the County because he lives and works here and this is where his heart is. He noted that HK Advertising was formed in 1982 and has been in business in the County for over 33 years as a full service advertising agency. HK Advertising has been involved in tourism and hospitality marketing in New Mexico and have gained important experience and developed extensive contacts with industry leaders and those affiliated with the hospitality industry across the State and the Southwest.

Mr. Hayduk noted that he was the Chairman of the Santa Fe Chamber of Commerce here in Santa Fe and Chairman of the Tourism Association of New Mexico. As Chairman of the Tourism Association, he started the discussion about bringing together the Restaurant Association, the Lodgers' Association and the Tourism Association.

Mr. Hayduk said in the last four to six years they have worked with a number of cities and counties in New Mexico such as Red River, Cloudcraft, Alamogordo, Roswell, Carlsbad and Grants. He also works with the North Central Region 5 Marketing Group and the New Mexico Department of Tourism. They have also worked with dozens of New Mexico tourism and hospitality-related businesses and organizations.

Mr. Hayduk mentioned that HK Advertising will begin to put together social media plans with the County (Kristine Mihelcic). They are also going to work on the website.

Chairman Berkenfield asked what tourism and hospitality-related clients they currently have that the Board may know.

Mr. Hayduk said he does not work with any of the hotels in Santa Fe. Most of his business is statewide and municipalities. He also works with travel centers and the pueblos

and casinos.

Chairman Berkenfield asked Mr. Hayduk if they are a member of the Lodgers' Association and does he attend the meetings in Santa Fe.

Mr. Hayduk said yes.

Chairman Berkenfield said it is helpful for the Board to get feedback on what is happening at those meetings. He noted that the prior Advertising Agency used to provide the Rocky Mountain Lodgers' Report and this is helpful for the Board to have at their meetings to look at Santa Fe's context and performance.

Ms. Mihelcic said the Board discussed Air B&B's briefly at the last meeting and this is something that keeps coming up. She noted that the City of Santa Fe has a draft resolution that they are putting forward because of their concerns about this.

Chairman Berkenfield said there is potential revenue from Air B&B's that the County could be missing out on.

Mr. Hayduk noted that the city of San Francisco is trying to pass a law that would prohibit this type of business. This is taking away dollars from the properties who pay lodgers' tax and this is something that the County should address also.

### ADMINISTRATIVE

#### **Ten Thousand Waves**

Chairman Berkenfield noted that Mary Johnson was featured on Channel 7 last night and she talked about some changes in the policies at Ten Thousand Waves.

#### **Next meeting date and location**

The next meeting was scheduled for October 29, 2015 at 10:00 a.m. at the County Legal Conference Room.

### ADJOURNMENT

Ms. Jaramillo 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