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SANTA FE COUNTY
LODGERS' TAX ADVISORY BOARD
MEETING
July 23, 2015

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SEC CLERK RECORDED 10/16/2015

MINUTES OF THE
SANTA FE COUNTY
LODGERS' TAX ADVISORY BOARD
July 23, 2015

The regular meeting of the Santa Fe County Lodgers' Tax Advisory Board was called to order at 10:07 a.m. on the above date by Chairman John Berkenfield at Santa Fe County Administration Building, Legal Conference Room, 2nd Floor, 102 Grant Avenue, Santa Fe, New Mexico.

Roll call indicated the presence of a quorum as follows:

Board Members Present

John Berkenfield, Chairman
Karen Brown
Florence Jaramillo
Mary Johnson
Rich Verruni

Board Members Absent

None

Staff Present

Carole Jaramillo, Santa Fe County Finance Director
Kristine Mihelcic, Santa Fe County Communications Coordinator
Evelyn Valencia, Santa Fe County Finance Department

Others Present

Jo Ann G. Valdez, Stenographer

APPROVAL OF THE AGENDA

- **Amendments**

Chair Berkenfield amended the Agenda to add an Executive Session after the meeting.

The agenda was also amended to add an Update on the Advertising Agency RFP.

- **Tabled or Withdrawn items**

None

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

APPROVAL OF MINUTES: April 23, 2015

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

NEW BUSINESS

Airbnb

Airbnb is a reservation initiative where people can rent their homes or a room in their house and serve as a local host. Hosts share their spaces in 190 countries and more than 34,000 cities.

Mr. Verruni said the lodgers are very concerned about this initiative and have tried to talk to the Mayor about this. He noted that the month of July was off in lodging revenue for lodging properties, particularly the downtown properties. He thinks the impact is from two things combined: 1) Airbnb and 2) the new inventory with the Drury property downtown. He explained that Airbnb do not pay lodgers' tax and do not have a business license. He said there are many rentals in the City and County. He mentioned that one Airbnb generated over \$200,000 in revenue and this is a huge amount of money that the County and City could be generating in lodgers' taxes or permit fees.

Mr. Verruni said there is a meeting today at 4:00 p.m. with the City Manager, a representative from Kokopelli Property Management and a representative from downtown. They will know how they are handling this for downtown properties following this meeting.

OLD BUSINESS

Update on Bishop's Lodge

Chairman Berkenfield asked Mr. Verruni if he could give the Board an update on Bishop's Lodge.

Mr. Verruni said Bishop's Lodge is open for the summer. They have 45 rooms and they are sold out for every weekend. He mentioned that the Horse Ranch is very active, therefore they are generating some revenue.

Mr. Verruni noted that Bishop's Lodge had an equally good month in June as they did in June of the prior year.

He said the plan is to close Bishop's Lodge at the end of September and it will probably remain closed for 14 months.

Chairman Berkenfield asked if Bishop's Lodge is advertising the 45 rooms.

SFC CLERM RECORDED 10/15/2015

Mr. Verruni said no, all advertising and marketing was cut off as of last November. All expenses were cut dramatically. For example, last year there were 200 employees and now there are 18 employees. They are only doing the newsletter now.

Mr. Verruni invited the Board Members to tour the facility anytime they would like.

Update on Rancho Gallina

Chairman Berkenfield asked for an update on the Bed and Breakfast facility (Rancho Gallina) on Old Bonanza Creek Road that may be renting rooms and therefore should be paying lodgers' tax.

Ms. Valencia said she checked with Land Use and they have been in contact with them. Staff is working on their paperwork to ensure that they are zoned correctly to do business.

Chairman Berkenfield asked if Sunrise Springs is open for business.

Ms. Valencia said yes, she looked on the website and found that they are operating as a wellness center. She noted that she also asked Land Use to check on whether or not they are a lodging facility. She said they may be zoned differently.

FINANCIAL REPORT

- **Santa Fe County Finance Division-Lodgers Tax Financial Report-July 22, 2015 (Pro-Forma)**

Ms. Valencia distributed and reviewed the Lodgers Tax Receipt Report through July 22, 2015 noting total receipts of \$27,521.92 for April; \$37,137.28 for May and \$6,660.50 thus far for June (not due until July 25th); total receipts to date are \$386,147.84.

Ms. Valencia distributed and reviewed the Lodgers' Tax Receipts Analysis noting that there was a decrease of 7% in the month of May when compared to the prior year.

Ms. Valencia distributed and reviewed the Facility Fund report through July 22, 2015 identifying the beginning cash balance of \$855,500.00; total lodgers' tax receipts reported of \$163,254.78; interest of \$1,161.99 (through May 2015); expenditures of \$26,135.34 for FY'14 Advertising Contract; \$83,404.32 for FY'2015 Advertising Contract, outstanding encumbrances in the amount of \$38,731.73, leaving an anticipated cash balance of \$871,645.38.

Ms. Valencia distributed and reviewed the Advertising Fund report through July 22, 2015, identifying the beginning cash balance of \$910,791.00; total lodgers' tax receipts reported of \$271,855.19; interest of \$1,225.76 (through May 2015); expenditures of \$44,330.28 for FY'14 Advertising Contract, \$139,007.12 for FY'15 Advertising Contract; \$196.89 for newspaper advertising; \$32,500.00 for FY'14 Commitments and Other Fees (\$500.00 for the Santa Film Festival, May 1-4, 2014; \$6,000.00 for El Rancho de las

Golondrinas Wine Festival, July 5-6, 2014; \$7,000.00 for the St. Vincent Hospital Foundation SF Century/Bike and Brew, May 16-18, 2014; \$3,000.00 for El Rancho de las Golondrinas Viva Mexico, July 19-20, 2014; \$3,500.00 for El Rancho de las Golondrinas Summer Festival and Frontier Days, August 2-3, 2014; \$10,000.00 for International Folk Art Alliance, July 11-13, 2014); \$47,358.26 for FY'15 Commitments and Other Fees (\$3,500.00 for Penske Business Media LLC; \$6,400.00 for El Rancho de las Golondrinas Harvest Festival, October 4-5, 2014 and \$8,000.00 for El Rancho de las Golondrinas Renaissance Fair, September 20-21, 2014); \$15,000.00 for 12FPS Inc. for Instagram Campaign; \$9,900.00 for St. Vincent Hospital Foundation, SF Century Bike/Brew; \$2,000.00 for El Rancho de las Golondrinas Civil War; \$244.34 for FY'14 Reporting and Recording, \$1,571.06 for FY'15 Reporting and Recording, outstanding encumbrances in the amount of \$113,893.10; \$1,438.37 for FY'15 Reporting & Recording; \$1,403.47 for FY'14 Reporting & Recording; \$65,886.25 for FY'15 Advertising Contract; \$562.02 for FY'14 Advertising Contract; \$61.34 for FY'15 Newspaper Advertising; \$12,500.00 for FY'14 Commitments and Other Fees (\$2,500.00 for the City of Santa Fe Joint Press Tour and \$10,000.00 for the City of Santa Fe Joint Advertising New Mexico True Campaign) and \$32,041.74.00 for FY'15 Commitments and Other Fees, leaving an anticipated cash balance of \$804,770.81.

ADVERTISING AGENCY

Update on the Advertising Agency RFP

Chairman Berkenfield reported that the contract for Impressions Advertising Agency was up on June 30th. He noted that the Request for Proposals for the Advertising Agency contract were reviewed by a committee. There were four applicants. The first review was for the written proposals and the top two companies (Impressions Advertising Agency and HK Advertising) were asked to return to make a presentation to the committee on June 29th. In the end, HK Advertising of Santa Fe was awarded the contract.

Chairman Berkenfield noted that they asked that the contract with Impressions Advertising Agency be extended in the event that they did not get the contract because it takes some time to get the new agency in place. However, this was not done and as of today there is no advertising agency.

Chairman Berkenfield expressed concerns that there is not an advertising agency in place therefore the website is not being maintained or updated and requests for information are not being answered.

In response, Carole Jaramillo said she checked on that this morning and there are some concerns about extending the contract. She said the issue was that the County did not have specific deliverables for an extended contract and this is a topic for discussion. One of the concerns is whether or not the County has received all of the deliverables through June 30th, to know specifically what they will require out of the extension. She said fulfilment will be one of these things.

Ms. Mihelcic offered to assist with the website in the interim - until the agency starts and/or during the transition. Staff can also help with updating the content on the website.

Chairman Berkenfield said they do not want anybody outside of this Board to update content on the website.

He said there are three components to the deliverables:

- 1) Media – there is no more media placements. The last placement was done in June.
- 2) Maintenance of the website, which involves interacting with hotels, motels, attractions and events in the County. The website contains an events calendar that is updated regularly and email blasts are done so people will know what events are being held in the County.
- 3) Fulfillment – answering responses regarding information on the County.

None of the three components have been done since the month of June.

Carole Jaramillo asked if the County has received some kind of report from Impressions Advertising to show what part of the deliverables of the contract have been delivered; and what has been done through the end of June.

Chairman Berkenfield said if the County needs another report, other than the one that the Advertising Agency provides the Board, then they need to ask for one in a timely manner.

Mr. Verruni asked if the Advertising Agency put forth an Annual Plan.

Ms. Valencia said yes, and this is where the deliverables are broken down.

Mr. Verruni suggested that the Advertising Agency send a copy of the Annual Plan with a note that indicates everything that has been done in the Annual Plan. He said they could also have a transition meeting.

Chairman Berkenfield said the Advertising Agency presented the Media Plan to the Board, the Board approved it and the Media Plan has been executed.

Carole Jaramillo said the County should receive a report that indicates what has been done to show that the contract has been fulfilled. The second part is that there was no specific amount, or deliverables that were requested for the contract to be extended and this is why it hasn't been done.

Carole Jaramillo agreed that it was a concern that fulfillment is not being done and she thinks this needs to be done. She said she did not know that the website maintenance and email blasts were as important to the Board.

Ms. Brown asked if the HK Advertising contract was expected to start July 1st.

Carole Jaramillo said no, they were not done with the process until July 1st.

Ms. Brown said it is like leaving the kitchen without a chef.

Carole Jaramillo explained that the contract for the new advertising agency is currently being negotiated and has not been completed. The County is waiting for a revised cost proposal and the contract will have to be approved by the Board of County Commissioners.

Florence Jaramillo asked why the County did not have budget information if the Request for Proposal was done.

Chairman Berkenfield explained that the budget was not part of the Request for Proposal.

Ms. Valencia said they could take the new advertising agency contract before the Board of County Commissioners at their August 11th or August 25th meeting.

Carole Jaramillo asked why the Chairman Berkenfield did not feel it was appropriate for Ms. Mihelcic to update the website.

Ms. Mihelcic said she would not be changing the content on the website. She would only be placing updated information on events, etc. She said this is only an offer that she made to help in the interim.

Chairman Berkenfield said it is a lot of work to update the content on the website. He said this involves going out and contacting organizations, individuals and programs in the County asking them to update them with information. He explained that he did not want to pass the control of the website from this Board to another department in the County because you can diffuse things completely.

Ms. Mihelcic said she will take the offer off the table and leave the website as it is.

Carole Jaramillo apologized that this has not been done and said they will try to get the contract with the new advertising agency approved by the Board of County Commissioners as soon as possible. She offered to see what can be done with the extension of the Impressions Advertising Agency.

The Board Members asked if HK Advertising Agency was a local agency.

Chairman Berkenfield said yes and suggested that they make a presentation to the Board when the contract has been finalized and approved by the Board of County Commissioners.

SEC CLERK RECORDED 10/16/2015

ADMINISTRATIVE

Next meeting date and location

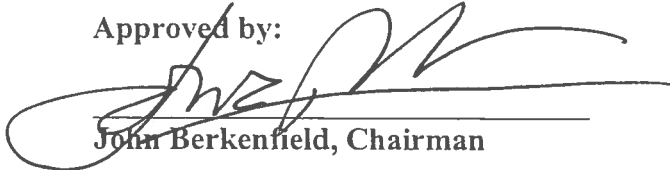
The next meeting was scheduled for September 24, 2015 at 10:30 a.m. at Rancho de Chimayo.

The Board went into Executive Session immediately following the meeting.

ADJOURNMENT

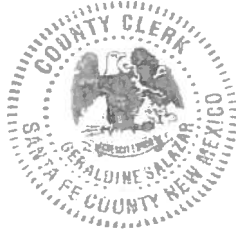
Ms. Brown made a motion to adjourn the meeting. Ms. Johnson seconded the motion and the meeting was adjourned at 11:30 a.m.

Approved by:


John Berkenfield, Chairman

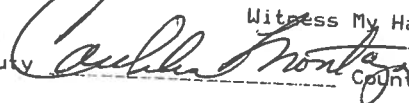
Respectively submitted by:

Jo Ann G. Valdez, Stenographer



COUNTY OF SANTA FE) LODGERS TAX MINUTES
STATE OF NEW MEXICO) ss PAGES: 8

I Hereby Certify That This Instrument Was Filed for
Record On The 16TH Day Of October, 2015 at 04:49:42 PM
And Was Duly Recorded as Instrument # 1777333
Of The Records Of Santa Fe County

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