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**SANTA FE COUNTY**  
**LODGERS' TAX ADVISORY BOARD**  
**MEETING**  
**March 26, 2015**

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE(S)</u></b>
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<b>ROLL CALL</b>	<b>Quorum</b>	<b>1</b>
<b>APPROVAL OF AGENDA</b>	<b>Approved</b>	
• <b>Amendments</b>		
• <b>Tabled or Withdrawn items</b>	<b>None</b>	<b>1</b>
<b>APPROVAL OF MINUTES</b>		
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<b>B. Funding Request from the Global Running Culture, Inc. , for the 2015 Santa Fe Thunder Half Marathon, Joseph Karnes, Director</b>	<b>Approved [funded @ \$1,000 w/condition]</b>	<b>5-7</b>
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<b>ADMINISTRATIVE</b>		
• <b>Next meeting date and location</b>		
The next meeting was scheduled for April 23, 2015 at 10:00 a.m.		<b>8-9</b>
<b>ADJOURNMENT</b>	<b>Adjourned at 12:00 p.m.</b>	<b>9</b>

SFC CLERK RECORDED 10/29/2015

**MINUTES OF THE**  
**SANTA FE COUNTY**  
**LODGERS' TAX ADVISORY BOARD**  
**March 26, 2015**

The regular meeting of the Santa Fe County Lodgers' Tax Advisory Board was called to order at 10:00 a.m. on the above date by Chairman John Berkenfield at the Bokum Building, 142 W. Palace Avenue, Finance Conference Room, 2<sup>nd</sup> 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  
Karen Brown  
Florence Jaramillo  
Mary Johnson

**Board Members Absent**

None

**Staff Present**

Teresa Martinez, Santa Fe County Finance Director

**Others Present**

Florenceruth Brown, Santa Fe Skies RV Park  
Joseph Karnes, Global Running Culture, Inc. (SF Thunder Half Marathon)  
Russ Rountree, Impressions Advertising, Inc.  
Laura Sullivan, International Folk Art Alliance  
Rich Verruni, General Manager, Bishop's Lodge

**APPROVAL OF THE AGENDA**

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- **Tabled or Withdrawn items**  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

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

**APPROVAL OF MINUTES: February 26, 2015**

**Ms. Jaramillo made a motion to approve the Minutes of the February 26, 2015 meeting. Ms. Brown seconded the motion. The motion passed unanimously by voice vote.**

**Bishop's Lodge**

Chairman Berkenfield noted that Bishop's Lodge is undergoing a major renovation and only have 45 rooms open presently. Bishop's Lodge is a major component in lodging in Santa Fe County; therefore the Lodgers' Tax Advisory Board funds that are given out in the form of grants will be substantially lessened.

Mr. Verunni gave a brief update on the Bishop's Lodge renovation. He said with the recent articles in the local newspaper about the renovation, some people think Bishop's Lodge is closed. He explained that the marketing and advertising was cut dramatically.

Chairman Berkenfield asked what the completion date is.

Mr. Verunni said one year.

[Note: All items for the Requests for Funding are incorporated herewith by reference as Exhibit "A". The original packet is on file at the County Finance Department.]

**NEW BUSINESS**

**A. Funding Request from the International Folk Art Alliance for the 2015 Santa Fe International Folk Art Market, Laura Sullivan, Director of Development**

Laura Sullivan presented the information regarding the request for funding, from the application, which was distributed in the Board Members' packets. The packet included promotional material from the 2014 Market.

Ms. Sullivan thanked the Board for their support in the last 3-4 years. She said she appreciated the County's support given the decrease in state funding.

The International Folk Art Alliance is requesting \$10,000 in LTAB funding to support the promotion of the 12<sup>th</sup> Annual Market on July 10, 11, 12, 2015. The Market will take place on Milner Plaza on Museum Hill adjacent to Museum of International Folk Art. This event has grown to become the largest of its kind for authentic international folk art market in the world. The 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 they had a very successful year last year with over 19,000 attendees. The number of outside visitors at last year's Market increased from 55% to 75%. They are projecting up to 20,000 attendees for this year's Market and anticipate the percentages of out-of-town visitors will remain at approximately 75%.

Ms. Sullivan said they think that the increase in out-of-town visitors had to do with the *CBS This Morning* special that aired in October 2013. They received a lot of inquiries after this program aired and many people indicated that they came from seeing the television program.

She said for this year's Market, they are expecting visitors from 40 different states with the majority coming from Texas, California, Colorado and Arizona. Last year, the average party size was 2.75, stayed an average of 4.8 nights and spent approximately \$789 on lodging during their stay in Santa Fe. This is an increase from \$706 per night to \$789 per night.  $5,454 \text{ parties} \times \$789 = \$4,303,206$  in gross receipt taxes for 2014 lodging. They estimate that 10% of the visitors stayed in the County with a projected total tax benefit from room nights for the County at \$653,549 plus gross receipt taxes from artists' sales of \$262,000, which equals to \$915,549. Using the 10% figure, the Market is estimating that \$22,592 is the County's portion of both gross receipt tax and lodgers tax revenue.

Ms. Sullivan noted that 70% of the visitors indicated that the Market was the main reason for coming to town.

Ms. Sullivan said the Market is spending less on print advertising, television and radio advertising because it is very expensive. They are putting more of their money into PR efforts. The Market has contracted with experienced publicist, Clare Hertel Communications to approach editors, writers and producers who special in such areas as travel, entertainment, art, business, parenting/family, home décor, women's issues, and lifestyle and people profiles. Hertel will approach editorial contacts at the *New York Times*, the *Washington Post*, the *Wall Street Journal*, the *Boston Globe*, the *Chicago Tribune*, the *Los Angeles Times*, the *San Francisco Chronicle*, *USA Today*, the *Dallas Morning News*, the *Denver Post*, the *Christian-Science Monitor* and many others.

Ms. Sullivan said the Market included the County's logo on the rack card, presuming that the Market will receive funding from LTAB. She asked if the Board had any questions.

Ms. Jaramillo asked if the Market is thinking ahead, if they get bigger, what venue they may move to.

Ms. Sullivan said they have had discussions, with the new CEO coming on board, that they will have to look to see whether the Museum Hill site is still an adequate venue. The Market does not want to leave this venue as the Museum is also a partner and has been since the beginning. It is also a beautiful site and the affiliation with the museums is strong. Instead they are looking at expanding the opportunities for the artists beyond Santa Fe. They have launched an on-line store in September 2014 and they are looking for new marketing opportunities. They are looking to do smaller venues. They have 20 artists that

will go to the Dallas Home and Gift Show in June and they meet buyers in Dallas. They are also looking to expand in New York in the New York Now Gift Show.

Ms. Sullivan explained that this is an expensive venture. Their budget is \$2.6 million and they have to raise approximately \$1.6 million of that. The Market only earns 30-40% of the revenue.

Chairman Berkenfield asked if there has been discussions about possibly extending the Market another day.

Ms. Sullivan said yes, they have discussed that possibility and it is under consideration as well, but this will affect all services.

Mr. Verruni asked Ms. Sullivan if they are involved in the "Tourism Day" that will be held at the Convention Center on April 30<sup>th</sup>.

Ms. Sullivan said yes, they will have a booth. She said there is also a Regional Tourism of Governors' Conference being held at La Fonda and they will be making a presentation at that conference.

Chairman Berkenfield said in looking at the budget from last year, the Market spent approximately \$240,000 on marketing and PR, and the budget for 2015 is down approximately \$20,000 for marketing and PR. He said a lot of the \$226,000 budget is spent on the production of the creative. He asked Ms. Sullivan to comment on the fact that the Market has indicated that they will use PR efforts to a greater degree this year.

Ms. Sullivan said because advertising is so expensive, and the fact that the Market is well known and established, they don't need to put as much funding into print and TV advertising. She said they are trying to be more creative in terms of their reach and how they get the message out about the Market and the message about Santa Fe as a destination for arts and culture. The Market is trying to expand their brand awareness (of the event), as part of the arts and culture initiative.

Mr. Verruni said there are at least 2 dozen art schools in the United States. Their alumni, who have been out of school over five years and are now in jobs, are a prime market for art in this community. He offered to work together with the International Folk Art Alliance on this.

After discussion, the following motion was made:

**Ms. Jaramillo moved to approve the funding request from the International Folk Art Alliance at \$10,000.00, as requested. Ms. Johnson seconded the motion. The motion passed unanimously by voice vote.**

**B. Funding Request from the Global Running Culture, Inc., for the 2015 Santa Fe Thunder Half Marathon, Joseph Karnes, Director**

Joseph Karnes presented the information regarding the request for funding, from the application, which was distributed in the Board Members' packets.

The Global Running Culture, Inc. is requesting the "maximum amount available" in LTAB funding for support of the fifth Annual Santa Fe Thunder Half Marathon. The Marathon is a destination running event that is held on the third Sunday of September. The fifth annual race will be held on September 20, 2015.

Mr. Karnes said this is a week after Fiestas and will extend the tourist season into the fall.

He said the concept of a destination event was created about 30 years ago. This is oriented towards recreational runners that are willing to travel for races or marathons and can also celebrate their achievement with a vacation in the same location. Over the past 4 years, Santa Fe Thunder has built a unique event that has gained national publicity, as demonstrated by the March 2015 Runner's World feature and increasing traction with the running community nationwide.

Mr. Karnes noted that the proceeds from the Race are used for Global Running Culture's all-volunteer non-profit programs to better the lives of youth through powers of sport and education in northern New Mexico, the village of Matungen, Kenya and Copper Canyon, Mexico – three communities where running is a vital part of the culture.

Mr. Karnes mentioned that all the programs are free.

Mr. Karnes explained that their theme is connecting wellness and culture.

He shared a story about Abraham Kosegei, who is achieving his dream of helping the next generation in his village benefit from educational opportunities while helping children in Copper Canyon, Mexico, northern New Mexico and northern Arizona see a path for themselves.

Mr. Karnes said the key demographic are females ages 35 to 55; approximately 58% of the runners are women and 43% are men. He said they are targeting the recreational running market runners in the country.

Chairman Berkenfield asked where most of the runners will stay.

Mr. Karnes said last year they had almost 1400 runners from 33 states and eight countries and Buffalo Thunder was full that weekend. He said their objective over the next 2-3 years is to grow the event to 5,000 runners.

Mr. Verruni asked if Buffalo Thunder contributes \$4,000 for the event, as indicated in the financial information in the application.

Mr. Karnes said yes, they provide this funding to enable them to go to races. He said it costs \$1,000 for each race that they attend. The balance of their contribution is in-kind for two billboards on I-25 near La Bajada.

Chairman Berkenfield said in the application, they mentioned that there has been funding in the past from City OTAB and from the State Tourism Department. He asked how much has this funding been typically.

Mr. Karnes said they received \$25,000 in the first of a three-year grant funding cycle from the City OTAB (in 2013); \$12,500 in the second year and \$6,250 in the third year. The idea is that the event will pick up the slack. However, they have not received the funding for the second or third year. They have an application pending presently with City OTAB. They received \$5,000 from the State Tourism Department in 2013.

Chairman Berkenfield said he is impressed that they can do something for a school in Kenya; however LTAB's charge is to look at the impact of tourism activities in the County.

Chairman Berkenfield asked if there were any questions of the Board.

Ms. Johnson said other than in-kind donations, does Sport's Authority provide cash for the event.

Mr. Karnes said no, Sport's Authority is an in-kind provider of the nice t-shirts that are used for the participants of the event. Their marketing department also assists them with social media advertisements.

Ms. Johnson asked Mr. Karnes if they have contacted Tesuque Pueblo.

Mr. Karnes said they have a good relationship with Tesuque Pueblo.

Ms. Johnson asked if they are receiving funding from Eight Northern Pueblos.

Mr. Karnes said no, they have not approached them for funding.

Mr. Karnes noted that an economic study was conducted by Big Sur Half Marathon and they determined that each participant spends an average of \$1,000 in direct and indirect income to the local economy.

Mr. Karnes said they are attracting a different type of tourist to Santa Fe.

Ms. Florenceruth Brown said she thinks that they should have put in an actual amount on the funding request. Also, Santa Fe Thunder has not shown how this event would benefit Santa Fe County lodging properties. She recommended that this request be referred to the

County Attorney to see if this is a legitimate request because they did not put an actual amount on the funding request.

Ms. Johnson noted that the Buffalo Thunder's logo is included on their marketing material and Buffalo Thunder does not provide lodgers' tax to the County.

After discussion, the following motion was made:

**Ms. Brown moved to support the Santa Fe Thunder Half Marathon at \$1,000.00, subject to the County Attorney's approval. Ms. Johnson seconded the motion. The motion passed unanimously by voice vote.**

## **OLD BUSINESS**

### **Appointment of Rich Verruni**

Chairman Berkenfield said the appointment confirmation of Rich Verruni should hopefully take place at the next Board of County Commissioners' meeting.

## **FINANCIAL REPORT**

- **Santa Fe County Finance Division-Lodgers Tax Financial Report-March 25, 2015 (Pro-Forma)**

Ms. Martinez distributed and reviewed the Lodgers Tax Receipt Report through March 25, 2015 noting total receipts of \$12,300.76 for February; total receipts to date are \$288,223.27.

Ms. Martinez distributed and reviewed the Lodgers' Tax Receipts Analysis noting that there was a decrease of 17% in the month of February when compared to the prior year.

Ms. Martinez distributed and reviewed the Facility Fund report through March 25, 2015 identifying the beginning cash balance of \$855,500.00; total lodgers' tax receipts reported of \$128,868.72; interest of \$963.48 (through February); expenditures of \$26,135.34 for FY'14 Advertising Contract; \$60,977.51 for FY'2015 Advertising Contract, outstanding encumbrances in the amount of \$61,158.55, leaving an anticipated cash balance of \$837,060.80.

Ms. Martinez distributed and reviewed the Advertising Fund report through March 25, 2015, identifying the beginning cash balance of \$910,791.00; total lodgers' tax receipts reported of \$214,781.03; interest of \$1,019.92 (through February 15); expenditures of \$44,330.28 for FY'14 Advertising Contract, \$101,629.08 for FY'15 Advertising Contract; \$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); \$17,900.00 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) ; \$244.34 for FY'14 Reporting and Recording, \$942.77 for FY'15 Reporting and Recording, outstanding encumbrances in the amount of \$134,587.01 (\$1,857.23 for FY'15 Reporting & Recording; \$1,403.47 for FY'14 Reporting & Recording; \$103,264.29 for FY'15 Advertising Contract; \$562.02 for FY'14 Advertising Contract; \$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 \$15,000.00 for FY'15 Commitments and Other Fees, leaving an anticipated cash balance of \$794,458.47.

### 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 spreadsheet on tracking Santa Fe Occupancy Tax was attached.]

Mr. Rountree said the total occupancy in Santa Fe for the month of February is doing well; however, Santa Fe is slightly behind the statewide level of occupancy. The total occupancy in Santa Fe for the month of February was up slightly, approximately 1 point. There was an increase of 2% in the ADR in the month of February. There was an increase of 5% in ADR for the periphery properties compared to the month of February of the previous year.

- **New Business**

Mr. Rountree said there was no new business to report.

- **Old Business**

There was also no old business.

#### **Request for Proposal for the Advertising Agency**

Chairman Berkenfield asked about the status of the Request for Proposal for the Advertising Agency.

Ms. Martinez said she will check with Ms. Valencia on the status and have her get back to the Board.

### ADMINISTRATIVE

Ms. Martinez is retiring and today was her last day. The Board thanked and acknowledged Ms. Martinez for being a wonderful Finance Manager for the County. She will be missed.

