

City of Albuquerque



Lodgers' Tax Advisory Board

Chairman: Fred Mondragon

Vice Chair: Tushar Patel

Board Members:

Jesse Herron

Debi Owen

Cathryn McGill

Sean Jariwala

Minutes from December 4, 2018 Meeting

A special meeting of the City of Albuquerque Lodgers' Tax Advisory Board was held on Tuesday, December 4, 2018 at 4 p.m., at the Albuquerque Convention Center, Kiva Board Room for purposes of finalizing the Boards quarterly report submitted to council. The timeline for submitting the quarterly report is in line with the city's FY20 budget planning process. The target deadline for submitting the final report set is January 31, 2019. Fred Mondragon, Board Chair, called the meeting to order at 4:05 p.m.

In attendance:

Board Members

Fred Mondragon

Jesse Herron

Debi Owen

Sean Jariwala (call in conference call)

Tushar Patel

Cathryn McGill

City of Albuquerque

Dora Dominguez, Staff

Cilia Agliodoro, City Treasurer

Contractors

Tania Armenta, Visit ABQ

Valerie Lind, Visit ABQ

Ernie C'DeBaca, AHCC

Jim Garcia, AHCC

Yuri Morale, AHCC

John Lewis, AHCC

Connie Lee, AHCC

- I. **WELCOME AND INTRODUCTIONS** – Fred Mondragon, Board Chair. Welcomed everyone and outline of the items identified at the October 31, 2018 Board mid-year retreat to be included as recommendations to Mayor and City Council as outlined per the Lodgers' Tax statute as the quarterly reporting requirements. As noted by the Board efforts to reinstate the quarterly reports submitted by the Lodgers' Tax Board for 2018 began with the August 7, 2018 Report, which was presented to City Council on November 5, 2018. The next quarterly report due dates would be September thru December (4th quarter calendar year FY18)
- II. **Adoption of Agenda – Addition/Deletion to Agenda** (*Per advance meeting notice meeting agenda kept brief and specific to quarterly report items and report format discussion*)
- III. **Call To Approve Agenda – Motion to approve** by Tushar Patel
Second by Jess Herron
Motion Passed - Approval of Agenda Passed Unanimously
- IV. **Report Format Discussion**
Chairman Summary of Board Retreat (October 31, 2018) – Each Board member was provided the minutes from the board retreat. It was at the board retreat a host of topics were discussed including contractor performance and allowed uses of lodgers' and hospitality tax along with the newest lodgers' tax revenues being collected through the voluntary agreement with Airbnb. All those items were then sorted into what was identified a priority listing to be reviewed.
- V. **Priority Items**
 - o City's utilization of bonds funded through Lodgers' and Hospitality Tax provides a revenue source available to fund capital improvements needs identified at the Convention Center. As a focal draw to our downtown and a key economic driver to our City and State economy the Lodgers' Tax Advisory Board views the upkeep, maintenance and

modernization of the Convention Center as a priority consideration. Therefore with this priority in mind it would be the recommendation of the Lodgers' Tax Advisory Board within its advisory capacity that as it relates to future bonding capacity as deemed available to use current and future bonding capacity toward identified capital improvements and no longer defer maintenance of the Albuquerque Convention Center's high priority capital improvement needs. (A list of improvement project for the convention center was included in the board packets and was the same list provided at the October 31, 2018 board retreat)

In a general statement designed to outline the scope of role and within its understanding of its sole advisory role on issue related to the use of the marketing and advertising use (50%) as allowed of lodgers' and hospitality tax collected the Lodgers' Tax Advisory Tax Board also understands the amenity key to marketing the city as a conference and convention destination for the City of Albuquerque is the Albuquerque Convention Center.

MOTION by Debi Owen, Lodgers' Tax Board Member - Therefore it is with a consideration of the important amenity that the Lodgers' Tax Advisory Board make a motion advising the City Council and the Office of the Mayor to continue to provide priority consideration to the capital expenditure maintenance and improvements requirement to insure the Convention Center remain a keystone and central industry player for convention and conferences to cities of in with its competitor market.

SECOND – Tushar Patel, Lodgers' Tax Board Member

PASSED – UNANIMOUSLY

- Recommendation with industry support for the creation of an incentive fund. The fund also referred to as a Contingency for Promotions or Opportunity Fund.
 - Monies used for the incentive fund have been identified as those from collected through the Airbnb collection agreement. These funds may be used for new citywide events. Some discussion where exception could be made was discussed as possibilities with a first priority for new citywide events. Qualifying groups must use the Albuquerque Convention Center, with discounted rates other venues may be considered if other requirements are met. Outline of the program along with outreach to other contractors to submit ideas and suggestions to the city staff was extended. Board chair outlined the agreement for the Opportunity Fund was overdue and the need for the agreement to be put in place a priority. Visit ABQ was acknowledged for its efforts and efforts to work with all contractors to insure the objectives of working with these funds are met.
 - The lack of total rooms night available downtown of only 600 continues to present a challenge in securing larger (citywide definition 400 room nights) of business to the Convention Center. City's efforts to continue to support new development is encouraged.
 - As a general recommendation to all contractors continues to be the best practice implementation of programs that avoid the duplication of efforts. Multiple entities under contract to brand and market need to be reviewed for efficient use of taxpayer dollars.
 - The continued issue of the duplication of services with two websites providing information on what to do in Albuquerque both of which are funded through Lodgers' Tax Funds are ABQToDo (funded through City's Cultural Services) and ABQ365.com (funded through VisitABQ). The existence of two community event calendars – both funded by lodgers' tax represents a duplication of services and dilution of public money.
 - Continued recommendation of no diversion of Capital Funds originated from either Lodgers' or Hospitality Tax sourced revenues for non-tourism uses.
 - Given the City's new initiative to review all contracts for performance based and a proven return on investment and City consider opening up funding pool to new

contract possibilities. The recommendation moving forward for FY20 is the creation of a funding pool of \$175,000 to create a Cooperative Advertising Marketing Advertising Fund (*Estimated amount is based on FY19 Expenditures on other contracts*) and solicit city-wide applications designed to solicit new visitor attraction through outside marketing efforts. Outside marketing efforts defined as outside a 180-mile radius of Albuquerque.

- The creation of a Cooperative Advertising and Marketing Grant Fund generated a lot of discussion. The model to be adopted from the state tourism program was viewed as an advantage and opportunity. Contractors currently receiving funding would be encouraged to apply. The contractors presented supported the idea and added suggestions on how organizations that normally didn't have the capacity to advertise in out of state publications might venture to do so in joint promotions efforts with other tourist organizations.

MOTION by Jesse Herron, Lodgers' Tax Board Member to create a City of Albuquerque Cooperative Advertising and Marketing Grant program modeled for the State of New Mexico Tourism Department. Funding for the program would be the funds normally allocated to ABQToDo, American Indian Chamber of Commerce and National Hispanic Cultural Center. The total amount of the fund would be \$235,000. Discussion – Cathryn McGill referenced the intent of the original funding of the contracts funded through lodgers' tax as one time allocations that simply continued without the options of other contractors being allowed to provide a service to the tourism service to the city. The Board agreed with staff concurrence. The duplication of service of referenced with the Native American markets being target markets under the IPCC, American Indian Chamber of Commerce and AHCC contracts as a concern and noted as duplication of service.

SECOND – Debi Owen, Lodgers' Tax Board Member

PASSED – UNANIMOUSLY

A final draft with added revisions and draft format to be finalized and presented at the board December 27, 2018 Board meeting.

- **Contractor Input or Added Research**
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New Business & Announcements

- Last item of introduction – referenced as not discussed at the October 31, 2018 board retreat by Debi Owen, Board Member:
 - Visit ABQ consideration as the City's Sole Source Destination Marketing Organization (DMO) as a recommendation of the Lodgers' Tax Advisory Board. The item was discussed as a possible addition to the quarterly report or an addition to the next quarterly report submission.

VI. Adjourn:

MOTION BY: Debi Owen

SECOND: Tushar Patel

MOTION PASSED: Unanimously

Meeting adjourned **6:22 pm**.

Minutes submitted by: Dora Dominguez
Dora Dominguez, City Staff

Date: _____

Minutes approved by: _____
Fred Mondragon
Board Chair

Date: _____