

Minutes
New Mexico Tourism Commission Meeting
Eldorado Hotel & Spa, Anasazi South Room
309 W. San Francisco Street, Santa Fe, NM 87501
February 8, 2016
3:00 PM

Interim Chairman Chris Stagg called the meeting to order at 3:05 p.m.

Roll Call

Commissioners present:

Interim Chairman Chris Stagg
Commissioner John Garcia
Commissioner Jennifer Kimball
Commissioner George A. Brooks
Commissioner Scott Hutton
Commissioner Belia Alvarez

Commissioners not present:

Commissioner Emerson R. Vallo

Approval of Agenda: Motion was made by Chairman Stagg to approve the February 8, 2016, agenda and passed

Approval of Minutes: Motion was made by Chairman Stagg to approve the November 30, 2015, minutes and passed

Introduction of Guests:

Chairman Stagg asked everyone attending the meeting to introduce themselves and to state the district or organization they represent.

NMTD Report:

Cabinet Secretary Rebecca Latham

Secretary Latham welcomed the group and provided updated information about Tourism in New Mexico. She introduced and welcomed our newest Tourism Commissioner, Belia Alvarez, who is the Corporate Director of Hospitality at Heritage Hotels & Resorts, and is based in Las Cruces, at the Hotel Encanto de las Cruces.

Tourism Spending Continues to Increase:

- Direct visitor spending reached an all-time high of \$6.08B in 2014, a 10.3% increase since 2011
- Visitor spending generated \$609M in local and state taxes in 2014 and offset the household tax burden for New Mexican families by \$810

Tourism Jobs Continue to Grow:

- 1-in-12 New Mexico jobs are supported by visitor spending (8.2% of all jobs)
- Direct tourism employment has increased 4.3%, or an additional 2,752 jobs, since 2011
- Personal income also continues to grow, with total tourism labor income at \$2.33B in 2014 (9.1% increase since 2011)

Tourism Visitation Continues to Rise:

- 32.7M people traveled in New Mexico in 2014, making it the third consecutive record-breaking year for tourism growth
- Combination of more domestic travelers and more in-state travelers
- Domestic Marketable Overnight Trips, the primary focus of the New Mexico True campaign, increased 2.1% from 2013, and grew faster from 2010 - 2014 than the U.S. average (NM +40.6%, US +23.3%)
- New Mexico's overnight market share ranking has increased from 36th (2010) to 32nd (2014)

New Mexico True is Working:

- The 2014 Longwoods International study shows that New Mexico True advertising delivers a 7:1 ROI at the tax-base level
- Exposure to New Mexico True advertising and/or visiting the state significantly improves perceptions of New Mexico as a place to start a business, start a career, go to college, retire, buy a home, and live
- The Venturesome Traveler is the right target for New Mexico
- More New Mexico True advertising would result in more visitors to New Mexico
- We still have room for growth - approximately 48 New Mexico True partners are contributing an additional \$2.2M+ and private sector buy-in is valued at approximately \$1M+

The Tourism Department is respectfully requesting an additional \$2.3M in FY17 to:

- Bolster advertising support in high-response markets of Dallas and Houston (we have more advertising placed in Texas.)
- Balance advertising presence across seasons in fly markets
- Establish funding for the event sponsorship program

New Mexico Magazine: the January issue covered economic development; February's issue highlights results of the photo contest of the Beauty of New Mexico; and March

lists readers' choices for restaurants, promoting Restaurant Week and how the NMRA supports restaurants across the state.

New Mexico True Stories: "Cured Earth," #9, focuses on cultural heritage, New Mexico architecture, history, healing and wellness.

- **2016 Legislative Session:**
 - Request: additional \$2.3M for advertising and programs
 - HAFC: additional \$850k for advertising + \$300k for event sponsorship
 - HB2: additional \$450k for advertising, realign \$300k for advertising

- **2016 Event Sponsorship Awardees**

NMTD has announced awards totaling \$298,750.00, split among 31 awardees (see attached list).

- **Spring/Summer Fly Market Creative**
 - In general the ads are 70% covering Summer, and 30% for Fall/Winter
 - Airport ads - Airport Dioramas (such as Denver Int'l Charge Station, JFK Wall Wrap) draw lots of attention
 - Have done more advertising in Texas
 - New focus ads targeting men and women separately – the new ads come out the first week of March (30-sec spots: shows NM True Summer Anthem, Targeted for Men, Targeted for Women)
 - Print Ads – D Magazine & Southwest Magazine examples
 - Targeted Digital Banner Ads

Guest Speaker: Mark Lautman, New Mexico Legislative Jobs Council (NMJC)

Mark Lautman is an economic development expert and consultant for the NMJC, which was started in 2013 to find new ways to identify and create new jobs in New Mexico. The group is composed of bi-partisan members of the state legislature, cabinet secretaries, and members/stakeholders of the New Mexico business community, currently led by co-chairs, Senate President Pro Tem Mary Kay Pappen and Rep. Don Tripp. One of the most valuable things about the group is that nothing gets approved unless it's by a unanimous vote.

- **Economic Base Jobs (EBJ)** - Lautman explained the term as those jobs where goods or services are sold outside of the state's economy, or where money for salaries comes from outside the state's economy. New Mexico needs to create 140,000 EBJ over the next decade to return the state to pre-recession employment levels. The job of the NMJC is to identify the roadblocks and solutions to creating EBJ – research and planning are crucial.

Economic Base Jobs Potential

27% - Employers

20% - Government

11% - Energy

11% - Visitor Sector (tourism, including short- and long-term visitors, business traveler, guest workers several months of the year)

11% - Retirement (retirees from other states bring money that has the same impact as an EBJ)

6% - Solo (free-lance or direct employee, from out-of-state entity)

6% - Film

5% - Start-up

3% - Agriculture

- Lautman said that New Mexico is hemorrhaging jobs faster than they can be replaced, and that the economy has to grow faster than the population, which is not currently the case. Program Capacity - producing jobs you can actually get. Production – we're under-funding all factors of production (film is the best-functioning). He said most of the rural communities in New Mexico have no chance unless you jack up the Visitor, Solo, and Retirement potentials. They are losing jobs, have no federal jobs, everything's getting automated and moving to urban areas.
- Tourism is the most well-organized theater in the group – it has the best grass-roots apparatus program, the tightest algorithm for how to spend money and get jobs out the back end, and the *message* – tourism has the marketing message for the employer and all else. NMTD has also demonstrated that it can manage the state's money. Tourism, he said, is not usually even included in talks about economic development, but certainly should be, since it accounts for 30-40% of the whole growth potential. And tourism boosts rural areas. But where will Tourism be in 10 years – where will the spend be for marketing (currently close to \$10M) to get to 21,000 jobs? Both Tourism and Film have the same issue, in that they must not only get the same numbers to return every year, but also to increase them. That means increasing the cap to increase the jobs.
- So what, Lautman asks, is the plan for getting past the roadblocks? What factors of Production (Production Gaps) are holding us back from increasing jobs? Research is necessary to uncover the problems and the solutions. Some top issues are:
 - Finding qualified labor (look at training, etc.)
 - More assets – hotels and other venues; more airport capacity and flights/seats into Albuquerque; housing/amenities to attract Retirees
 - Upgrade of Bandwidth – absolutely necessary for Solo jobs, etc.
 - Upgrade and repair of roads/bridges/infrastructure
 - Funding
- Lautman said we need to define the role of state government to assist in getting past these blockages. Capital outlay and government grants are both broken systems. The NMJC is valuable in that the government is asking, "what can we do?" and we must have *specific answers/ideas* to propose in order to go forward. In addition, we must educate the upcoming new politicians (before they get into office)

so they'll understand the issues and what needs to be done. Next year, and in the next three years, he said, we need to take this information to the regions so we get people at the local/community level – using the same intellectual constructs, framework, and process – on board, defining problems and solutions, in order to move forward.

Lautman said, "I wish the state was doing what NMTD is doing!"

Chairman Stagg said that the great thing about the NMJC is that both sides of politics are involved along with the businesses. He encouraged everyone to attend the NMJC meetings.

Guest Speaker: Jen Schroer, President/CEO, New Mexico Hospitality Association

- **TRENDS Conference:** Jen welcomed the group and mentioned that last year, this organization was formed by merging the Tourism Association of New Mexico and the New Mexico Lodgers Association. She said NMHA is focused on being the number one resource for the industry.
 - The TRENDS Conference starts tonight, with 182 registrations, and there's a reception this afternoon in the ballroom around the corner. They also advocate on behalf of the industry, and tomorrow night is the Unity Dinner. She said they are so pleased to have 270 registered, and among the attendees, at least 60 legislators and state officials. Governor Martinez will be presenting, as well as the Speaker of the House, and President Pro-tem, Mary Kay Pappen. She said they're thrilled to have this kind of turn-out this year – it's a tribute to the great work Secretary Latham and all of her team have done at the Tourism Department, providing that return on investment with state funds. She thanked the entire industry for delivering that return on investment. "The Tourism Department is out there doing the marketing, and you're providing those services," she said.
 - This is a member-based organization, and she invited people to join, saying, if anyone has questions about what type of services are provided, please consult with Gabriella Chavez-Lopez, their new Strategic Partnerships Manager.
 - Jen discussed two strategies they're working on this year:
 - They launched the pilot program for Hospitality Training in Farmington, both online and live classes. They've received very positive feed-back, and are doing some final scrubbing on this prototype before launching it state-wide.
 - They've also started a state-wide strategy on Travel and Trade to increase the group tour business in New Mexico. They just had a board meeting, and have formed a committee to focus on it.

Updates from Commissioner Members

Commissioner Hutton – Mentioned that Santa Fe is working hard to develop its portion of jobs in the industry – one exciting one is Meow Wolf, which has employed about 60 artists in a wonderful art installation – it should be a big tourist attraction for Santa Fe, opening March 17. The New York Times has the exclusive, so that's huge. Also, Outside's Bike-n-Brew is coming back. We're also having, he said, a great ski season so far.

Commissioner Brooks – We've got lots of snow, and it's been a good year both north and south for the ski industry. Last year we had a 19% increase, which brought us up to 909,000 ski visitors. This year, we have preliminary numbers from the ski areas – if we hit an 11% increase, we'll hit 1-million skier visits, which is more than we've had for a long time. How it equates is: a 1%-point move is about \$1.5M in spend.

Commissioner Garcia – We very much appreciate what the Jobs Council is doing. Maybe we can be a mentor for others to show factors of production – how to do an ROI model using public money. We need to fund/promote economic development. We need to keep working to grow our population; it's probably more important than job growth, to attract active adults (and retirees) to New Mexico. We're one of 8 states that taxes retirees – we weren't able to change that. However, it's not an issue right now. It's great to piggy-back on New Mexico True (a fantastic campaign), the brand for New Mexico now, and tourism is driving lots of economic development sectors. He said he also appreciates Chris's efforts to participate in the Jobs Council.

Chairman Stagg – Secretary Latham has done a great job reminding the legislature how much their support for tourism is appreciated. It's one of the few departments even being considered for increases. If we're going to grow the economy, we need to ask them to increase Tourism's budget. The Jobs Council has helped with that view, because you have leadership from both houses there. He thanked Mark for his work and for being here today to discuss it.

Commissioner Alvarez – She said she's happy to be here for her first Commission Meeting. She said tourism is up in southern New Mexico, and in Las Cruces. They're really excited about next month's (second annual) Las Cruces Country Music Festival. Phil, their partner at the Las Cruces Convention and Visitors Bureau, has been a wonderful partner, she said. She thanked him for all he does.

Secretary Latham – Two final things to mention:

- Tomorrow there will be an announcement by Lonely Planet that southern New Mexico has been named as one of their Top Ten Best U.S. Destinations. Heather's been working with them closely on this. The last time New Mexico was on the Lonely Planet list, which was in the fall, we ended up on *Good Morning*

America as a result, and got lots of great press. We expect that this announcement tomorrow morning will also garner earned media attention, as well.

- As part of the TRENDS Conference, the Hospitality Association has organized a statewide leadership panel with members from Workforce Solutions, Dept. of Transportation, Regulation & Licensing Division, Alcohol & Gaming, State Parks, and Dept. of Cultural Affairs, which will start Wednesday at 8:00am. If you have any questions for the panel (that go beyond marketing) that you'd like answered, please write down your questions and get them either to her (Secretary Latham will be moderating), or to Jen Schroer, by this evening.

Chairman Stagg thanked the Commissioners and the Secretary for their comments and asked the group for any further comments or questions.

Next Meeting -

- **Date/Location of next Meeting in 2016:**
The next meeting will be in Las Cruces, in conjunction with the Governor's Conference on Tourism, on May 16th. We will get information on that meeting to all the commissioners soon.

Public Comments: (None)

Chairman Stagg thanked the Commissioners and everyone for attending the meeting today.

Adjournment:

Meeting adjourned at 4:25 p.m.

Interim Chairman Chris Stagg _____



Cabinet Secretary Rebecca Latham _____

