



# THE TAOS NEWS

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## Town wants more events, but funding strategy still murky

By J.R. Logan

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Lovey Supple rents a handful of quaint casitas just off the main drag in downtown Taos. For her, multi-day events in the historic district have a big impact on whether she fills those rooms.

"The events are precious," Supple says, noting that she had a couple guests come specifically for the Lilac Festival and expects to be totally full for Taos Solar Fest at the end of the month.

"People are always looking for an excuse to visit Taos," Supple says. "If you give them a reason to come, they'll come."

That attitude is the driving force behind a new push at the town of Taos to pump a lot more resources into promoting concerts, festivals, fairs and anything else that will draw visitors. And since the town holds the purse strings to about \$1 million in lodgers tax that, by law, must go to promoting Taos, they have a lot of event promoters asking for help.

But with hundreds of thousands of dollars in requests for funding, it's still not clear what methodology town officials are using to decide what events to fund and how much to give them.

In fact, the town council recently froze a funding award process for future events so that town staff could better explain its methodology and provide more hard data on how it decides who gets money and who doesn't.

For years, the town has put a portion of its lodgers tax revenue towards annual events like the Taos Fiestas and DMC Mother's Day Concert. Critics have long complained that the way that money was divvied out was inconsistent, arbitrary and highly politicized.

To buck those complaints, the current administration tried to establish an unbiased process to judge what kind of impact an event has in order to determine what level of public support it deserves. They did that by creating a formal "request for proposals" or RFP — a solicitation asking anyone promoting an event to apply for grant funds.

"It took the politics out of it, and created a uniform, fair, objective process," said town manager Rick Bellis during a recent marketing meeting.

According to the request, events were going to be judged on a points system using very specific criteria that included the likelihood of attracting out-of-town visitors and the ability to generate overnight stays.

But in the first rounds of proposed funding awards, it doesn't appear town officials followed the special criteria they set up for themselves. The request for proposals process can be drawn-out, and Bellis said deadlines were butting up against the dates of some early summer events. "The process got started late, so we got kind of jammed," Bellis said.

The result was fast-tracked funding for three events — DMC Broadcasting's Mother's Day concert, Taos Solar Fest and the Lilac Festival. Rather than a committee judging these applicants using the town's criteria, four town employees, including Bellis, had a meeting to decide which events to fund. A public records request seeking all documents related to how funding was determined produced no records explaining how each event was scored, and how amounts were determined.

In the end, Taos Solar Fest received \$20,000, the DMC Mother's Day Concert received \$15,000, and the Taos Lilac Festival got \$5,000.

John Hamilton, one of the Lilac Festival organizers, said that funding, used to promote the event outside Taos, was a great boost to a nascent event like his. "It's critical to get people to come from out of town," Hamilton said. "And at some point, when your event is wellknown enough, you may not have to advertise as much."

That's exactly what Bellis is banking on: Support well-established events and help young, promising events get going, and Taos will build its reputation as a fun, exciting place to visit.

Obviously, the end game is bolstering the tourism industry and Taos' economy by increasing visitor numbers. But what's less clear is whether the town, or the event promoters themselves, have any idea exactly what the tangible impacts can be, and how to measure them.

### **Hard numbers**

Bellis said part of the logic the town uses in determining how much to give an event is insisting that it gets back what it puts in. In other words, if the town gives \$5,000 in lodgers tax to an event, it expects to generate enough overnight visitors to make at least that much back.

But is that even possible? Exactly how much can the town realistically generate during a couple busy days?

The three events that got early funding did provide some predictions on attendance, hotel stays and projected economic impact.

Solar Fest, for instance, put in its application that it expected 3,500 festival-goers to stay in "paid accommodations" inside the town limits.

Dawn Richardson, co-organizer of Solar Fest, said in an interview that prediction was based on what she thought was the number of available hotel rooms. Solar Fest sells out town, she explained, so that's what went in the application. "That was a number the chamber [of commerce] gave us a few years ago," Richardson said.

However, that number is hard to corroborate. Perhaps surprisingly, no one — not the town, the chamber of commerce nor the lodgers association — has an accurate count of how many rooms there are in the town. Nor is there any reporting on occupancy rates that could be used to

quantify how big an impact a particular event had on hotel stays (and how much lodgers tax an event brings in; lodgers tax is a 5 percent fee tacked on to the cost of every hotel room).

The closest thing is the monthly Rocky Mountain Lodgers Report, which includes numbers for Taos. According to Robert Benton, a hospitality consultant based in Colorado who oversees the report, there are 12 Taos-area hotels that participate. They fill out monthly questionnaires seeking information on rates and occupancy, and Benton calculates averages and occupancy levels based on the responses.

The report is only provided to subscribers. But an April 2015 report obtained by *The Taos News* found the average daily rate in that month was about \$75.67. The report also said there were 789 rooms available per night, though Benton said that only included the 12 responding hotels. To try and get a better idea of how many rooms are for rent in the town, *The Taos News* did its own survey of every lodger that paid lodgers tax in 2013 (the most recent year for which the town has complete records).

*The Taos News* was able to reach all but two of the 30 hotels, B&Bs and vacation rental companies that paid lodgers tax. Based on that survey, there are at least 1,152 rooms, casitas and other lodging available for rent in the town limits.

For argument's sake, round up the number of rooms to 1,200 and assume that an event like Solar Fest fills every bed in town Saturday and Sunday. Even if the town were booked solid for two nights, the most lodgers tax the festival could generate for the town (based on the April average rate from the Rocky Mountain Lodging Report) would be \$4,540 a night.

Of course, rates in the heart of summer are higher than midspring, so assume the average rate in Taos during a very busy weekend is \$100 a night. Even at that price, with every bed full, the town could only hope to bring in \$6,000 a night, or \$12,000 over the weekend.

In its application, Solar Fest claimed that hotel rooms "triple their normal rates," though

*The Taos News* could find no hotel that would admit to that kind of increase. In the interview, Richardson allowed that the claim was an exaggeration, though she said there are lodgers who do hike their prices during the festival.

Obviously the town isn't only trying to generate lodgers tax revenue with events. But determining the overall economic impact a concert or fair generates through things like meals and souvenir sales is even more challenging.

In 2013, Richardson and Solar Fest brought acclaimed British band Mumford and Sons to Taos, generating a significant amount of buzz and drawing thousands of visitors to town for the one-night show.

At a recent marketing meeting, Bellis said the Mumford and Sons concert brought in \$100,000 in tax revenue to the town. But it's essentially impossible to know if that's true.

Bellis is right that tax revenue for that month was up. According to state records, the total reported gross receipts tax generated by the town in June 2013 was \$831,000 — \$113,600 higher than June 2012. But publicly available gross receipts tax revenue is reported by month, not by the day, meaning no one can tie that increase or decrease to a specific day or weekend.

Plus, the \$100,000 in tax revenue claim would require some serious spending.

To generate that amount of gross receipts tax for the town, concert-goers would have had to spend a combined \$3,587,000, or \$448 per person. And all of that would have to be spent at businesses inside the town limits.

In its application for funding, Solar Fest pointed out the event had a greater impact on the local economy than just the money that was spent during the weekend festival. “Since a majority of these ticket buyers come from out of the town they are staying in our hotels, shopping in our stores, eating at our restaurants and, then, busy planning their next trip to come back and enjoy even more of what Taos has to offer,” Richardson wrote.

That impact — the positive impression a good event leaves on someone who will come back again and again — is truly impossible to gauge.