

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
August 26, 2009 1:05pm**

Members present: Stacy Rye, Chair; Ed Childers; Marilyn Marler; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; John Hendrickson; Dave Strohmaier; and Jon Wilkins; Bob Jaffe.

Members absent:

Others present: Marty Rehbein, Matt Ellis, Barb Neilan, Dan Carlino, Dee Krevey, Alicia Jones, Mary Erickson, Dan Zimmerer, Jon Bernthal, Ruby Backer, Tom Benson.

I. Administrative Business

A. Approve committee minutes dated: [August 19, 2009](#)-approved as submitted

B. Public Comment on items not listed on the agenda-None

II. Consent Agenda

A. Approve claims (accounts payable). -Consent Agenda (Brentt Ramharter)

Motion: The committee recommends the City Council approve [claims](#) totaling \$497,502.15 ([Detailed claims](#)) 09/01/09

B. Resolution of intention to establish a Tourism Business Improvement District in Missoula. ([memo](#)) – Regular Agenda (Marty Rehbein) (Referred to committee: 08/24/09)**REMOVE FROM AGENDA**

Motion: The committee recommends the City Council adopt a resolution of the Missoula City Council declaring it to be their intention to create a tourism business improvement district consisting of non-contiguous lands with the City of Missoula for the purpose of aiding tourism, promotion and marketing within the district and setting a public hearing on October 5, 2009.

Marty Rehbein, City Clerk, explained in 2007 Montana legislation enacted amendments to the Business Improvement District law to permit cities to establish Tourism Business Improvement Districts (TBID) as a potential for levying assessments on each occupied hotel/motel room night for the purpose of promoting tourism for the benefit of the members of the district. To date Billings, Bozeman, Great Falls, Havre and West Yellowstone all have created TBID's.

Matt Ellis, President of The Missoula Convention and Visitors Bureau (MCVB) provided a [PowerPoint](#) Presentation on the background of the TBID committee, the process, purpose and how it can generate revenue to help promote tourism in Missoula.

Dan Carlino, Doubletree Hotel, outlined the process of the establishment of the TBID and pointed out that 60% of the square footage of the total hotel property footprint in the city limits are needed to create a TBID and currently they have 64% signed and verified on petition. He listed the main concerns raised by some of the hoteliers were as follows:

- ✓ State handling of the bed tax funds.
- ✓ Fear that funding will be diverted out of tourism promotion.
- ✓ It would only benefit the larger hotel properties and not the smaller ones.

Barb Neilan, Executive Director MCVB, gave a break down on tourism in Montana and the economic impact in Missoula.

- ✓ Tourism is the fastest growing industries in Montana.
- ✓ In 2007, 10.7 million visitors spent \$3.1 billion dollars in Montana and generated \$235 million in state and local tax revenue.
- ✓ Tourism provides 44,830 jobs in Montana, \$888 million dollars in workers salaries.

- ✓ In 2006 non-resident visitors spent \$316,954,140 in Missoula County.
- ✓ 94-96% of those expenditures occurred in the City of Missoula, an average of \$300 million dollars.
- ✓ Approximately .74 cents of each dollar is spent on retail purchases. That means approximately \$222 million dollars are spent on Missoula main street business.
- ✓ The annual state bed tax generates \$1.5 million dollars within Missoula City limits; however we only receive 10.5% of that for a total of \$160,000.
- ✓ The TBID has a potential of generating \$500,000 annually.

She added that state bed tax revenue is very regulated and most of it can not be used at all within state. It can't be used to obtain in-state conventions or sporting events. The amount of bed tax used for tourism promotion is reducing all the time. The TBID fees are assessed on the property tax bill. We are asking for a flat fee of .75 cents on occupied room nights collected and governed locally. In the 18 months Billings has experienced the following results:

- ✓ Five more city wide events.
- ✓ 9700 additional room nights booked.
- ✓ 6 new convention and tradeshow selling Billings.
- ✓ Created and launched a new City brand.

She ended the presentation by stating that today's goal is to approve the resolution of intent to establish a TBID in Missoula and offered to answer any questions.

Mr. Wiener thanked the panel for bringing this forward and asked them to please address some of the concerns in regards to the benefits to the small properties as well as the large ones.

Mr. Carlino said all hotels will benefit from this TBID as once the large properties are filled they are referred to other properties.

John Hendrickson stated that this is a win-win situation for Missoula and the benefits out weight the small amount of tax. He said he supported this and sees it as a great opportunity. He moved to adopt the resolution and set public hearing.

Pam Walzer also expressed her support and pointed out that this could help our downtown Saturday markets as we have a lot of tourists who spend money through-out our community.

Dave Strohmaier thanked the panel and asked how the .75 cent per room was established and how it compares with the other communities

Ms. Neilan replied it was what the small and large hotels agreed to. Billings has already raised theirs to a dollar and Spokane to \$2 dollars.

Marilyn Marler commented that this would be able to assist with the Missoula Marathon and International Wildlife Film Festival and suggested one day the Winter Olympics.

Ed Childers said he also supports this TBID.

Bob Jaffe asked what the process is for raising the rates in the future.

Ms. Neilan replied that basically the TBID board would review and approve and it would come back through the City Council for final vote.

Mr. Jaffe asked how the board gets appointed.

Ms. Neilan said the Mayor appoints the board.

Ms. Rehbein added *with the advice and consent of the Council.*

Mr. Jaffe asked how it works on a \$100 a night room –how does the charge appear.

Ms. Neilan said right now there is a bed tax fee and this would be a line item underneath that describing the charge.

Dick Haines stated that this is a money maker for the community- a pure win for the City.

Jon Wilkins supports it 100%.

Ms Rye called for public comment:

Dan Zimmerer of Red Lion Hotels stated he just relocated here from Spokane which was the first city in Washington to create a TBID. Since that time they have abolished the sunset clause, and said the smaller properties are on board fully. He said we had a draw to downtown and to the fairgrounds and we were filling every sort of hotel room. We use our TBID to market many events.

Tom Benson, Missoula Cultural Council, stated the Missoula has a lot of potential as a cultural destination but we don't know it yet.

Upon a voice vote the motion passed unanimously.

III. **Held in committee**

- A. **[Discussion Date: 09/09/09]** Resolution levying annual assessments for the Business Improvement District. ([memo](#)) – Regular Agenda (Marty Rehbein) (Referred to committee: 08/24/09)
- B. [Resolution](#) revising the City's sewer use fee structure and increasing sanitary sewer rates by 5% per year for four years to support infrastructure improvements required to operate the city's sanitary sewer system. ([A&F](#)) ([Slideshow presentation as a webpage](#)) (Returned from Council floor: 11/03/08)
- C. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08)
- D. Amend City Council Rule 21(a) to clarify quorum requirements ([memo](#)).—Regular Agenda (Jason Wiener) (Referred to committee: 04/28/08) (*Tabled in Committee on 02/11/09*)
- E. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
- F. Review the FY 2010-14 CIP projects in committee ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/23/09)
- G. Consider the establishment of Parks and Street Maintenance Districts ([memo](#)).—Regular Agenda (Bob Jaffe) (Referred to committee: 05/04/09)
- H. Clarify position of council member who also serves on the board of a non-profit agency that has dealings with the city. ([memo](#)) – Regular Agenda (Ed Childers) (Referred to committee: 07/20/2009)

IV. **Adjournment**

The meeting was adjourned at 1:50 pm

Respectfully submitted,

Dee Krevey

Administrative Secretary