

**REMLC RENTAL PROPERTY
and
MANAGEMENT SERVICES, LLC (REMLC)**
415 West Main Street
Hamilton, Montana 59840
(406) 363-1651

March 25, 2019

Board of Trustees
Tourism Business Improvement District (TBID)
215 South 4th Street, Suite A
Hamilton MT 59840

Trustees:

REMLC was an original supporter of the TBID, and as a member since its inception, REMLC has a strong interest in the effectiveness of the District for its members.

As you know, the sole purpose of the District is to benefit the members of the District. With the conclusion of the litigation between REMLC and the Board, and the appointment of a new Board, it is appropriate to present, for the Board's consideration, a number of issues, commencing with the following, that were not resolved in the litigation.

1. Many Hotels within the District are not being Assessed.

The definition of hotel in Ordinance 2673 is, as you know, very broad. It is designed to capture any commercial overnight lodging, and very obviously includes properties that are being operated as AirBNBs, VRBOs, and other similar lodging arrangements. By our count, there are at least sixty-five (65) such properties in the County that are not included in TBID assessments, nor do they show in current records as members of the District. In consequence, the TBID's 106 current members are carrying a disproportionate share of the expenses for the District.

Essentially, these hotels are free-riding on the efforts, and expenditures, of the District and its members. In REMLC's view, neither the Board of Trustees nor the County Commissioners have a legal basis for failing to collect assessments from hotels that are operated as AirBNBs, VRBOs or the like. We suggest, then, that the TBID's Trustees develop a list of all such properties – they are listed on the internet and many are also reflected in the State of Montana's Lodging and Sales Tax records, so the research should not be difficult – and as participation in the District is mandatory for these hotels, reach out to them at its earliest convenience.

Whether or not the Board has the authority to forgive the past-due assessments from these hotels, it should not fail to collect assessments from them in the future. Failing to do so not only reflects discrimination but it places an unfair burden on the hotels that are complying with the law.

2. The District's Annual Work Plan and Annual Budget,

The District's Annual Work Plan and Annual Budget must be better Targeted, and be Measured, with Regard to the Benefits Conferred on Members of the District. In REMLC's view the work plans in prior years have not been geared as narrowly towards benefitting District member properties as they should have been, and the measurement of the effectiveness of the work plans has definitely not been focused as narrowly on the benefits to the membership as it should have been.

While it is true that a general increase in tourism is a good thing, increasing tourism in general is not the direct charge of the District. Rather, the essence of the District is that hotels pay a special assessment which is to be used in a way calibrated to directly benefit hotels. The critical step in the next workplan and budget has to be with regard to measuring this effectiveness. Any marketing plan needs to be closely monitored to see how well it is doing at the appointed task. Here, the only mission of the District is to increase hotel stays.

Our independent research, now in its third year, suggests that past TBID efforts have had very little direct impact on hotel stays. The metrics used by prior Boards to show the success of their efforts have implicitly confirmed this. Specifically, rather than touting the precise increase in hotel stays due of TBID marketing – which is what the hotels are paying for – the increase in general tourism revenue and increases do to all marketing done by the District stakeholders (members) and other County commercial businesses has been presented. If every commercial participant in the County's tourism business was being assessed, this might be a valid metric for a successful campaign. It is not an accurate metric for the effectiveness of a campaign by and for the benefit of our District's hotels.

Hamilton already has a downtown improvement district that is designed to promote and benefit commercial businesses generally, and especially to capture day trip visitors from Missoula. This District was never intended to supplant that entity – rather, it is specifically directed to be an effort by and for hotels. The current Board includes people with substantial experience in the hotel business. REMLC trusts that if the TBID's focus is placed where it belongs – on increasing throughout our District hotel stays – that an effective marketing campaign can be developed.

By this correspondence, REMLC request that its representative be grant a specific place on the next TBID's meeting agenda to address these issues.

Our point of contact is the undersigned.

Sincerely,


Clayton H. Dethlefsen
Senior Partner and CEO

C: Charley Carpenter, Atty