

WELCOME TO OUR WEBINAR SERIES

Funding Challenges in the Era of COVID -19

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PART ONE: Protection for Existing Funding & Emergency Funding Opportunities

| April 22, 2020 |



AGENDA

1

Welcome

2

State of Tourism Funding

3

Existing Funding

4

Emergency Funding

5

Communication

6

Recovery Funding

State of DMO Funding

Destinations International has been conducting multiple surveys during this time (currently on their 5th) with over 200 destinations participating.

85% of destinations estimate that they will see their budgets negatively impacted between 50 - 75%.

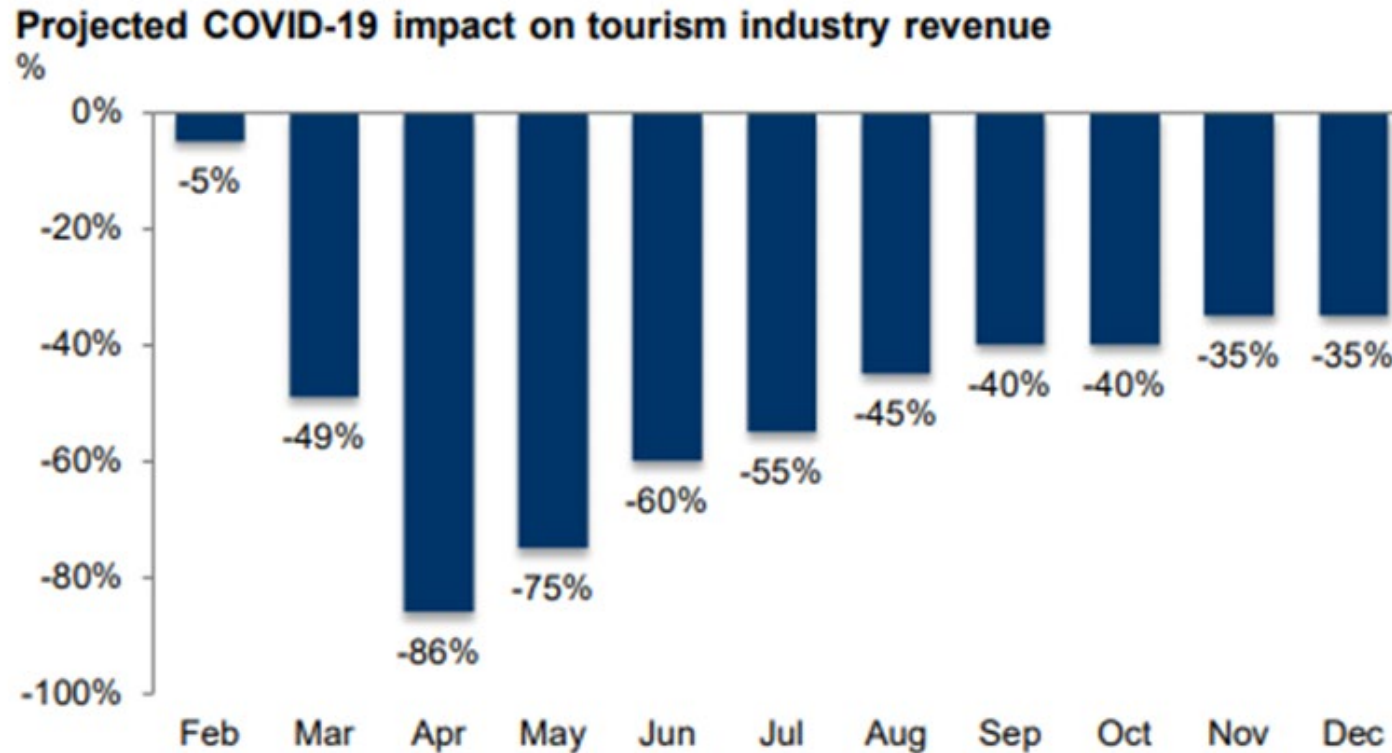
Civitas' has gathered specific budget information from approximately 45 DMOs.. Of those studied the average decline in revenue for April is approximately 74%.



State of the Tourism Industry

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Tourism Economics state in their April 15th Report, that while April is expected to be the most damaging month, the industry will be at 60% capacity by September 2020.



Source: Oxford Economics

Source: Tourism Economics

Hotel Revenue

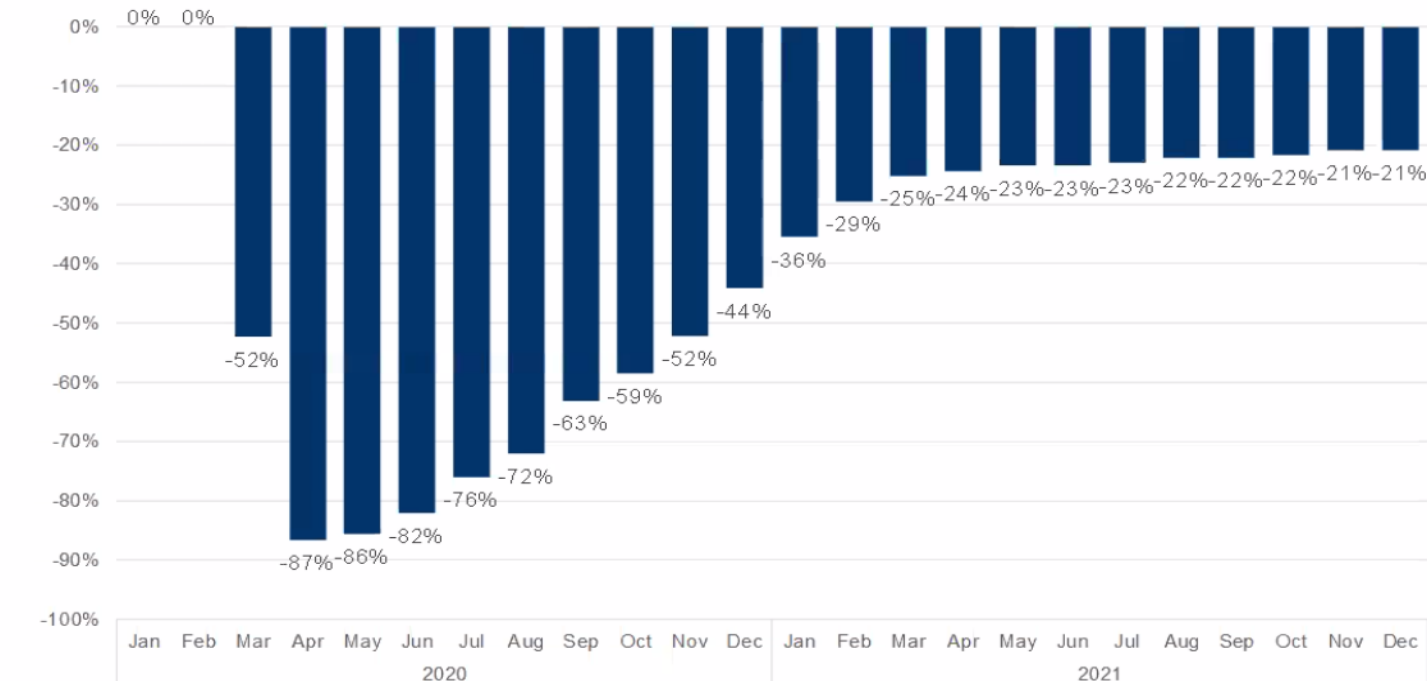
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A recent report by STR & Tourism Economics shows hotel revenue will be at 50% by December 2020.

Profile of latest TE / STR forecast

Covid-19 scenario losses: Room revenue

Percentage difference from counterfactual



Source: Tourism Economics

Potential Gains from Mitigation Measures

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By mitigating travel losses in the second half of 2020, the US economy could gain close to \$150 billion in GDP and 1.3 million jobs by the end of the year.

Potential Gains from a Mitigated Downturn			
	Kick-start recovery*	Share of projected loss	Average gain/month
Spending gains (\$ billions)	\$117.2	23%	\$16.7
Air transportation	\$21.9		\$3.1
Other Transportation	\$17.7		\$2.5
Lodging	\$25.2		\$3.6
Recreation & Amusement	\$12.3		\$1.8
Retail	\$11.2		\$1.6
Food Services	\$29.0		\$4.1
GDP Impact (\$ billions)	\$147.0	23%	\$21.0
Jobs recovered (thousands)	1,320	16%	

Source: Tourism Economics

Existing Funding



Know your Data



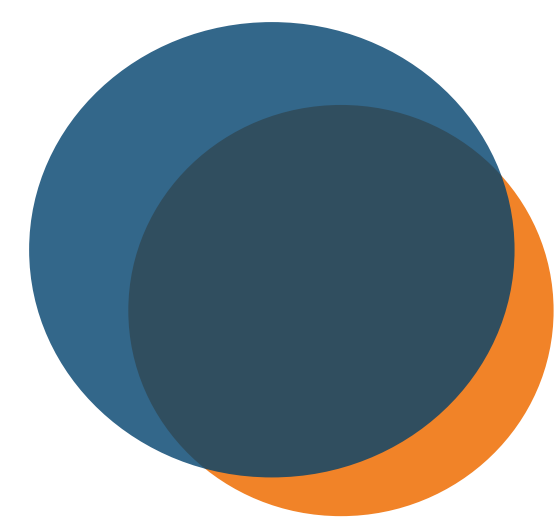
Developing Your
Short Term Survival Plan



Identifying Government
'Clawback' Programs



Communication and
Community Engagement



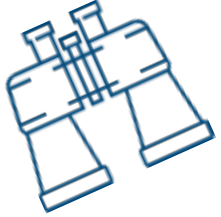
Know Your Data

- ✓ **Track and quantify losses**
 - **Room nights**
 - **Sales and Bed Tax relative to Tourism Sales**
 - **Jobs**
- ✓ **Identify and Plan for Existing Reserves**
- ✓ **Understand Current Monthly Revenue Projections Compared to Pre-COVID**
- ✓ **Create Projections Through Q1 2021**



Developing a Short Term Survival Plan

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Observations from DMOs:

- Using Existing Cash and Reserves to Cover Current Expenses vs. Recovery
- Develop a New Mission
 - Renewed focus on additional resources
 - Strengthening existing sources and developing new ones
- ‘Phase’ Planning for Spending
 - Multi-Part Reserve Programs
 - Flexible, Unlabeled Timelines

Example

- Phase 1: Stay-Cation
- Phase 2: Short-Fly Market
- Phase 3: Long-Fly Market

”

“What helped us was to create a new temporary mission for our organization. That was the lens we needed to look through to decide what we should be doing, and the personnel and resources needed to accomplish those things.”

**– David Gilbert, President & CEO
Destination Cleveland**

Identify Potential Government 'Clawback' Programs



Be cautious about cash you've already received.



Are there provisions for partial payment?



Is there any possibility that you may owe funds back based on an advance?



Tax Deferrals

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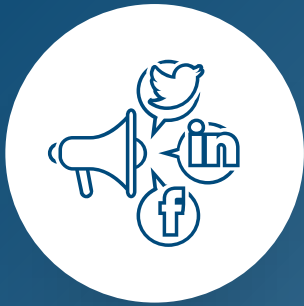
Many US jurisdictions have considered deferring bed tax, property tax, or other fees.

Approximately 20 of the 100 Destinations we have talked to have Deferred - Usually 30-90 days.

DMOs have had mixed reactions - Some supportive, some neutral, some opposed.

Our recommendations include crafting the language carefully (and narrowly) and be thoughtful about the payback.

How Communication Can Help



- ✓ Weekly Calls to Share Knowledge
- ✓ Encourage Internal Focus
- ✓ Quantify Recovery Needed
- ✓ Industry Collaboration

Weekly Calls Local Gov't & Stakeholders



Destination updates on hotel occupancy data for past and looking to the future



Data tracking updates



Local Government Leaders

Communication (Continued)



- Outline the Loss to your Organization; Programming, Staff, and Financial Reserves
- Develop and Quantify the Recovery Need
- Identify Potential Funding Opportunities and *Resources*
- Anticipate the Impact of Programming Post Covid-19, with and without adequate funding

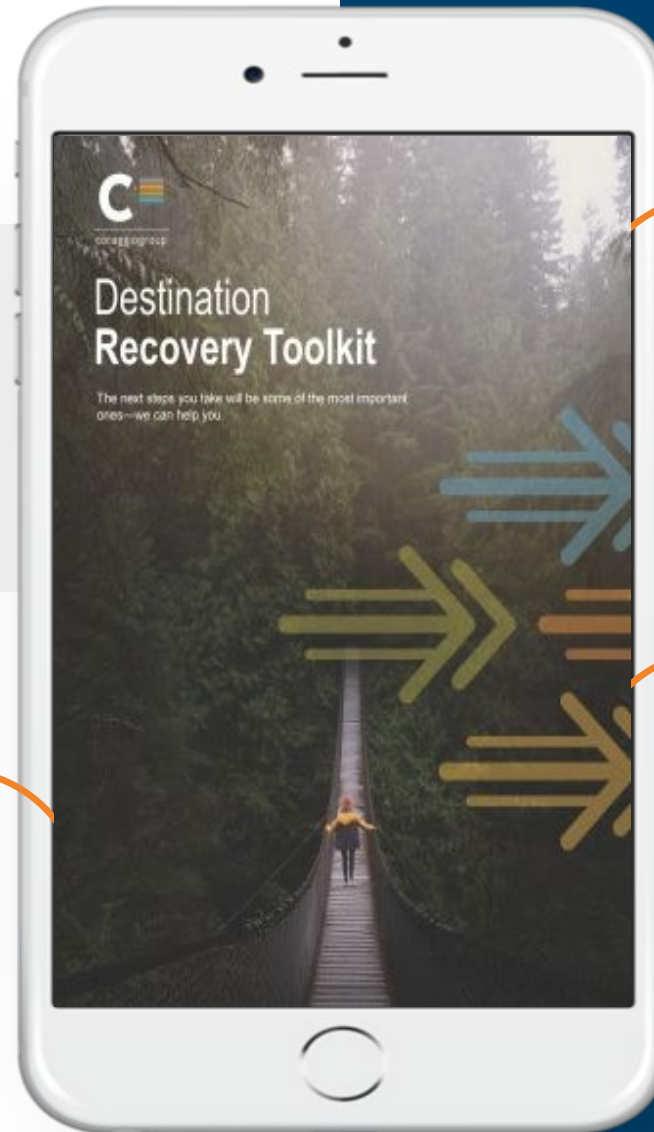
Coraggio's Destination Recovery Toolkit

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Coraggio just released their first module of a four-part Toolkit that's packed with practical tools and guidance to help destination leaders get clear, get focused and get moving on steps they can take to accelerate their destination's recovery.

Evaluate is Module #1:

- **Review Your Current Situation**
- **Determine Your Destination Impacts, Facets, Dreams**



Stakeholder Engagement:

- **Identify**
- **Review Existing Communication Tools**
- **Synthesize Info**

Organizational Impacts:

- **Budget & Staffing Analysis**
- **Team Cohesion & Morale**

Emergency Funding



Federal Relief Overview
and
Sharing the Civitas Experience



DMO Eligibility for CARES Act Assistance

501c4 organizations:

- SBA Coronavirus Economic Injury Disaster Loans
- Exchange Stabilization Fund
- Community Development Block Grants (subject to local discretion)
- Economic Development Administration Grants (subject to federal discretion)
- Employee retention tax credit and payroll tax deferral

501c6 organizations:

- SBA Coronavirus Economic Injury Disaster Loans
- Exchange Stabilization Fund
- Community Development Block Grants (subject to local discretion)
- Economic Development Administration Grants (subject to federal discretion)
- Employee retention tax credit and payroll tax deferral

Political Subdivisions, States or Municipalities:

- Exchange Stabilization Fund
- Community Development Block Grants (subject to local discretion)
- Economic Development Administration Grants (subject to federal discretion)
- Payroll tax deferral

Source: US Travel

Legislation Passed by Senate Yesterday

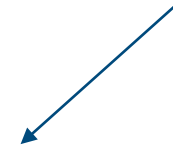
- \$310B Added to the PPP (Paycheck Protection Program)
- No Added Eligibility to PPP
- Added \$60B to EIDL (Disaster Loan), \$50B for loans and \$10B for grants
- \$75B for Hospitals
- \$25B for Testing
- USTA & DI will continue the fight, but not optimistic that PPP eligibility will be expanded prior to round 4.

Federal Government Programs



Resources & What We Pursued:

- 1. Economic Injury Disaster Loan**
- 2. Payment Protection Program**



Last Thursday, both these programs ran out of money, however funding likely to be replenished by the end of the week.

Increase Short-Term Liquidity



Economic Injury Disaster Loan

- Up to \$10,000 forgivable advance (a grant)
- Application has been streamlined.
- Your small business must have 500 or less employees.
- 6 months to decide once approved.
- No cost to apply, possibility of grant, not required to take loan out later if no need.



Paycheck Protection Program



This application *takes time and effort*.



Application to the bank, not the SBA.



Gather all necessary financial data and substantiating information.



Contact Bank Early – Participation.



Bank Processes Loan & Forgivability.



Other Federal Grants

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- ✓ **Community Development Block Grants - \$5B**
- ✓ **Economic Development Grants - \$1.5B**
- ✓ **Main Street Grants - Treasury**



It's a critical time to be involved in Local Government and State Government Recovery Discussions.



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We are all struggling to look beyond the day, this week, and this month. But we need to look ahead or we're going to go insane.

— . . .

“We must focus our attention away from a crisis mindset and prepare for the new economy and bringing our communities back to business.

By focusing on the future we become far more productive and positive and that is an absolute necessity to rebuild our communities.”

**- Scott McQuade, President and CEO
Golden Isles CVB**

Characteristics of **Self-Help Tourism Recovery Districts**

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Limited Non-Financial
Ask of the Government

Scalability



Build A Reserve

Recovery Plan



Come Back Next Week for Part Two!

Preparing For Recovery: Now and Later

Wednesday,
April 29th



Hartmut Ott, Marriott Cleveland
Downtown at Key Tower



Martha Sheridan,
Greater Boston CVB



David Clark,
Visit Mobile

- Funding tools to “supercharge” your recovery efforts
- How and when to begin your recovery plan



- ✓ Looking for more information?
Find handouts, resources, and
links to additional industry partner
information at our website:
www.civitasadvisors.com

See You
Outside Soon!





Thank You!

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Connect with us on Linked  !

