



Date March 27, 2020

To The Mendocino County Board of Supervisors,

From Lodging Operators COVID-19 Response Team

Subject COVID-19

As the coronavirus health crisis intensifies across the United States, the fallout promises to be unprecedented for the tourism industry. According to a Visit California press release yesterday, this pandemic will be seven times more devastating to economic output than the Sept. 11, 2001 terrorist attacks.

An analysis of Tourism Economics projections shows California's travel industry will lose \$10.9 billion in revenue and 554,000 jobs this year. Direct visitor spending will be down \$54.5 billion, about a third of what was projected.

Based on the prior year of County TOT, that means a loss of 1/3 of Q3 (\$309,728), and 2/3 of Q4 (\$1,000,182) for an estimated total of \$1,309,910. Of course, these numbers would grow the longer the crisis goes on. Every month our County can accelerate the recovery offers an opportunity to gain lost revenue and put roughly 7,000 displaced employees back to work.

For lodging owners, not only are we losing the revenue for these future months, we have been issuing refunds for upcoming visits, effectively eating into reserves meant for TOT, property taxes and operations during the slow season when our net income is negative.

How long the average lodging property can remain viable during this pandemic will depend on the resources made available to us in the forms of loans, grants, loan deferments, adjustment of insurance premiums, etc. Some properties are already without the funds to meet financial obligations; others are weighing the ramifications of delinquent tax payments against having enough operating capital to reopen.

On behalf of the Mendocino County lodging community at large the Lodging Operators COVID-19 Response Team is reviewing resources available to lodging owners in the forms of loans and grants. Additional help along these lines will also come from West Business Services. It is our primary goal to help the Mendocino County lodging industry be on the best possible footing once the pandemic is over. It is our hope that the County will be our partner in this endeavor.

Tourism is vital to the long-term viability of all Mendocino County residents. We understand that our Tax Collector has exercised the option in code 4985.2 to waive penalties on delinquent property taxes until June 30.

We are asking our County to go further by waiving penalties and interest for property taxes, TOT, and sales tax for 90 days.

As the lifeblood of the County, the lodging industry needs your support now to achieve the most resiliency in the future.

The good news is that so far in American history, travel always rebounds from economic downturns. Despite the predicted recovery time of 15 months, we think it is possible for TOT levels to return quickly as Americans exercise their birth right in the form of road trips.

The sooner the County and its lodging partners plan for the future, the brighter that future will be.

John Dixon, Glendeven inn & Lodge and The Inn at the Cobbler's Walk Mendocino

Cally Dym, Little River Inn

Jon Glidewell, Beachcomber Hotel Group

Jitu Ishwar, Holiday Inn Express, Marriott's Fairfield Inn & Suites, and Super 8 Ukiah

Samir Tuma, Inn at the Schoolhouse Creek and Cottages at Little River Cove