CORONAVIRUS RESOURCE PAGE

COVID-19 RESPONSE AND RECOVERY HUB

Destinations International’s number one goal is to give our members the tools they need, which includes accurate and up-to-date information as it pertains to the effects of coronavirus on the travel, tourism and meetings industry.

CARES ACT RESOURCES

Small businesses account for over 80% of all travel industry businesses. Destination organizations should become familiar with the Small Business Administration’s (SBA) Economic Injury Disaster Loan (EIDL) program. Learn more about how this affects you.

WEBINAR CENTER

Join us for our weekly COVID-19 update webinar series, led by industry experts from around the world. Next webinar: Wednesday, April 1 at 11:30 AM ET

RESOURCES AVAILABLE AT DESTINATIONSINTERNATIONAL.ORG/ADVOCACY
THANKS TO OUR STRATEGIC PARTNERS

PINNACLE PARTNERS:
Brand USA, Miles Partnership, and Simpleview

PREMIER PARTNERS:
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PRINCIPLE PARTNERS:
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UPCOMING WEBINARS

WEEKLY CORONAVIRUS INDUSTRY UPDATE WEBINAR
APRIL 8, 2020 at 11:30 AM ET
Join us for another industry update.

BUILDING GREAT GUEST EXPERIENCES WITH PHIL BRUNO
APRIL 20, 2020
The Experience Economy is here and now. If you don't know what that means, you need to slap yourself and dial in to this enlightening presentation.

REGISTER FOR ALL WEBINARS AT LEARNINGCENTER.DESTINATIONSINTERNATIONAL.ORG
Please post questions in the Q&A Box on the bottom of your ZOOM webinar screen.
COVID-19 Financial Planning

Texas Association of CVBs and Destinations International
Julie Hart
CFO by design, President

Julie founded CFO by design in 2012 with the vision of supporting executives and organizations by using finances as the foundation for organizational excellence. Since then Julie has had the privilege of working with DMO’s and associations across the nation. Julie’s experience does not follow the traditional path and includes serving two terms on the City Council in Bastrop. Julie is known for her expertise in developing easy to understand financial statements, training of executives and boards and taking a long-term, holistic strategic planning approach to organizational finances.
COVID-19 Financial Planning

- Budget Planning
- How long will be here?
- Expense Reductions/Cost Controls
- Stimulus Updates
- Q & A
The bottom, lower than we expected

Travel Industry Follows the Hotel Industry

Impact is significantly worse than 9/11

Even the well-prepared never planned to go to $0

Unemployment claims are unprecedented

3.3 million claims, double the forecast, 5X previous record
Hotel Performance

- RevPAR -80.3%, week ending March 28
- Worst decrease in STR database
  - 9/11...-38.0% RevPAR decrease
  - 2008/2009 Economic Crisis...-25.3% RevPAR decrease
  - We will get to essentially $0 before we get better

- Know Your Market

Data courtesy of Smith Travel Research (STR)
Location Performance: Resorts Lose Over 90%
Total U.S., RevPAR % Change, week ending March 28

-89.4 Urban
-74.8 Suburban
-76.4 Airport
-63.4 Interstate
-90.9 Resort
-68.1 Small Metro/Town

Source: STR. 2020 © CoStar Realty Information, Inc.
Class Performance: Almost -100% At The Upper End
Total U.S., RevPAR % Change, week ending March 28

-93.3  Luxury Class
-91.6  Upper Upscale Class
-83.1  Upscale Class
-77.4  Upper Midscale Class
-67.1  Midscale Class
-54.8  Economy Class

Source: STR. 2020 © CoStar Realty Information, Inc.
How long will we be here?

• Group business is still barely holding on for June
• Travelers will be nervous to travel and many will have economic challenges
• Experts think it will take 6-8 weeks post “shelter in place” for event size restrictions to start to lift
• Plan for limited, but progressively increasing, travel June – September, with hopes for solid Q4
Forecast as of March 30
Key Performance Indicator Outlook (% Change vs. Prior Year)

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<tr>
<th>Metric</th>
<th>2020 Forecast</th>
<th>2021 Forecast</th>
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<tbody>
<tr>
<td>Supply</td>
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<tr>
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<tr>
<td>RevPAR</td>
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Source: STR 2020 © CoStar Realty Information, Inc.
### U.S. Outlook

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019</th>
<th>2020 Forecast</th>
<th>2021 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy</td>
<td>66.1%</td>
<td>37.9%</td>
<td>59.7%</td>
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<tr>
<td>ADR</td>
<td>$131</td>
<td>$113</td>
<td>$117</td>
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<tr>
<td>RevPAR</td>
<td>$87</td>
<td>$43</td>
<td>$70</td>
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</tbody>
</table>

Forecast as of March 30

Key Performance Indicator Outlook (Absolute Values)

Source: STR 2020 © CoStar Realty Information, Inc.
What does recovery look like?

- 54 months to regain occupancy after 9/11
- 48 months to regain occupancy after 2008/2009 economic crisis

Prediction
- Historic stimulation bill
- Economy is “sturdier” than before 9/11 and 2008
- 36-month recovery to get back to pre-COVID19 levels
Your Budget: How is hotel tax allocated?

• Understand who gets tax in your destination
  Convention Center
  Arts
  Heritage
  Local Groups
  DMO

• Where are you in line?
  Convention Center is normally first in line (bond covenants)
    Know the financial health of your convention center (are they sitting on reserves?)

Even if hotel tax is trickling in, **there may not be enough to go around**
Will your City prioritize you or other organizations?

*Start having conversations with your elected officials NOW about what you’ll need to lead the city out of this!*
Prudent Budget Planning

- **Revenue**
  - Plan for $0 hotel tax through June
  - Plan for slowly increasing occupancy:
    - July – 20%
    - August – 30%
    - September – 40%
    - October – December – 60%

- In general, plan on a 50% budget reduction for 2020

- Plan for 2021 to 20-25% less than 2019
Expense Reductions

Cost Containment

Cut programs, marketing, discretionary spending

Employee expenses – retirement match, benefits, bonuses, open positions

Furloughs and layoffs

Negotiate everything – contracts, rent, professional services
Cash Management

- CASH IS KING, PROTECT IT
- KNOW YOUR FIXED COSTS AND YOUR DEBT LOAD
- KNOW YOUR “DECISION POINTS”
- LOOK LONG TERM
CARES Act - Summary of Programs

- Treasury Department Programs
  - Economic Stabilization Assistance - $454 Billion Allocated
  - Airport and Tourism Grants - $16.5 Billion Allocated
  - Business Tax Relief
    - Net Operating Loss Deduction
    - Qualified Improvement Property
    - Payroll Tax Deferral
    - Employee Retention Tax Credit

- Small Business Administration
  - Economic Injury Disaster Loans - $10 Billion Allocated
  - Paycheck Protection Program - $349 Billion Allocated
  - SBA Express Loan – existing program, raised loans to $1 million
CARES Act – Know Your Status to Know Eligibility

- 501(c)6 Private, Non-Profit (generally DMO’s and Chambers)
- 501(c)3 Private, Non-Profit (generally not DMO’s)
- City Department
501(c)6 Private, Non-Profit

• Through the SBA, eligible for:
  • Economic Injury Disaster Loans (EIDLs)

• Through Treasury Department Programs, eligible for:
  • Payroll Tax Deferral
  • Employee Retention Tax Credit
  • Airport and Tourism Grants
    • Community Block Development Grants
    • Economic Development Agency Grants

You are NOT eligible for the Payroll Protection Program!
501(c)3 Private, Non-Profit

• Through the SBA, eligible for:
  • Economic Injury Disaster Loans (EIDLs)
  • Paycheck Protection Program

• Through Treasury Department Programs, eligible for:
  • Payroll Tax Deferral
  • Employee Retention Tax Credit
  • Airport and Tourism Grants
    • Community Block Development Grants
    • Economic Development Agency Grants
City Department

• Know your size
  • Over 500,000 your city will receive an automatic allocation based on a population calculation
  • Need rules and regulations to be written to determine opportunities for smaller communities
SBA – Economic Injury Disaster Loans, $10 Billion Allocated

- Small business, private nonprofits (includes 501(c)6)
- Approved based on credit score alone, waives personal collateral requirements for loans less than $200,000 – maximum loan amount $2 million
- Interest 3.75% for for-profit, 2.75% for non-profits
- Grant of up to $10,000 within 3 days of receiving a loan application if spent on personnel, mortgage/lease payments or other obligations
SBA - Paycheck Protection/ Interruption Loan, $349 Billion

• Small business, 501(c)3 nonprofits (no inclusion for (c)6), less than 500 employees
• Modeled on existing SBA 7(a) program with 100% government guarantee
• Tax-free forgiveness for portion of loan used to cover payroll, rent or mortgage interest and utilities for the 8-week period after loan originated
• Must maintain employment and wages during the crisis
Business Tax Relief

- Employee Retention Tax Credit: Temporary tax credit against employer and payroll taxes
- Payroll Tax Deferral – defers payment for social security taxes until January 1, 2021
Airport and Tourism Grants

- For airports, state, municipalities, etc.
- $10 billion in grants to airports
- $5 billion in community block grants to state and local governments to mitigate economic impacts, including making grants to tourism businesses
- $1.5 billion in Economic Development Agency grants to state and local governments
Recommended

Next Steps

- This bill is most likely not the last
- Make your application to the SBA today to get in line
- Due whatever you can to reduce expenses
We will get through this!

The sun will shine

People will travel

We will meet, hug and play!
Q & A

For more information, visit us at [www.cfobydesigntx.com](http://www.cfobydesigntx.com) or contact Julie at [jhart@cfobydesigntx.com](mailto:jhart@cfobydesigntx.com). Thank you!