

# Attachment C

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## **Write-up for Board Report/DSA Presentation: The Impacts of COVID-19 on the MCCVB**

The COVID-19 pandemic has had a great and adverse impact on the tourism and hospitality industries. Restrictions on travel and the operation of small businesses created a challenge in the ability to generate revenue for the County. The Monterey County Convention & Visitors Bureau (MCCVB) is largely responsible for generating Transient Occupancy Tax (TOT), one of the largest sources of revenue for Unincorporated County. A small portion of the TOT collected is reinvested into the MCCVB to help maintain their operations to regenerate revenue into the County's funds. Unfortunately, the decline in TOT collections forced the County to significantly reduce their investment in the MCCVB.

Due to reductions in investments and a decline in private revenue, MCCVB revenue budget fell 40% from \$7.2M in FY2019-20 to \$4.3M in FY2020-21. The MCCVB was proactive at the first signs of trouble to conserve resources and plan for the future. Following the initial shutdown order in March 2020, staff was reduced from 37 to just 9. The MCCVB took other steps to reduce costs by moving into a smaller, less costly office space and remaining staff took a reduction in pay. These steps were necessary to be able to continue to market the County with initiatives led by responsible travel and support of local businesses balanced with conservation of the organization's resources for a recovery and come back campaign.

At the same time, according to the Bureau of Labor Statistics, the industry experienced a significant drop in employment that hit a low in May. Employment in the leisure and hospitality sectors declined by 46% year over year resulting in jobs dropping from 26,300 to just 14,100 in May.

The MCCVB's revenue reduction included working with the County as well as other investing jurisdictions to find ways for all to stay afloat. It was necessary to break prior convention when setting jurisdiction investment of looking at TOT collections two years arrears and take a forward-looking view of TOT receipts using the MCCVB's impact model. That arrangement saved the County resources to dedicate to other COVID-19 response issues, but came with a promise to adjust the investment if the TOT collections exceeded the forecast.

The MCCVB has invested in research and data to update its impact model. Continued collaboration with the County Administrative Office, Board of Supervisors, and the County contractor at HDL, includes keeping them apprised of the impact COVID-19 has had on the tourism and hospitality industries and the direct effect on County tax receipts.

Additionally, MCCVB has placed a greater focus on the community-based initiatives. MCCVB played an instrumental role in getting Monterey County included in the State's "Housing for Harvest" program, which will bring much needed resources for the County's agricultural community. In partnership with the Arts Council of Monterey County, reusable masks were designed and given away for free to residents and visitors. MCCVB also partnered with District 3 and Assmelymember Rivas, in a mask giveaway for residents in South County

The work the MCCVB has done to continue to market the County responsibly and in a way that preserves resources for a comeback campaign when COVID-19 is under control and travelers are willing and able to visit again in large numbers, will be critical to the County's recovery and will require continued investment and work from all parties.

While we could not control the effects of COVID-19, we can drive the rate of recovery together.

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