

March 26, 2020

Re: Emergency Measures to support community DMOs

Community Destination Marketing and Management Organizations (CDMOs) play a vital role connecting people to the communities they visit across British Columbia. These organizations represent large metropolitan centres and towns of a few hundred residents. They rely on a stable and predictable source of revenue to create tourism promotions and programs (and more recently in some communities, affordable housing opportunities through online accommodation platform Municipal and Regional District Tax (MRDT)). Due to the COVID-19 situation the funding system for CDMO's is now under stress and in need of immediate help.

As hotel occupancy decreases precipitously, so does the revenue to CDMO's. CDMO's require bridge funding in the short-term until more stable MRDT revenues flow in the expected recovery. The Prime Minister of Canada has closed the border to all non-essential international travel and actively encouraging Canadians to socially distance. The result of these measures is the MRDT funding model is not functioning. Hotels are closing in some communities and those that are open are operating at less than 5-8 percent occupancy. No business model is prepared to withstand a reduction in year-over-year revenue of this scale. This decline is aggravated by the timing of the year the COVID-19 situation is occurring. Most CDMOs make their investments in the late winter and spring to stimulate summer travel and receive MRDT revenues in Q3 and Q4.

The BCDMOA is proposing interim solutions to resolve CDMO declines in funding. The BCDMOA wants to work in partnership with the Province of British Columbia to create flexibility in the existing funding model without further constraining the Province's fiscal plan during this very challenging time. The proposals, which the Downtown Victoria Business Association (DVBA) and the Greater Victoria Chamber of Commerce (The Chamber) supports, are as follows:

- 1) Emergency loan provisions against future MRDT revenues: CDMOs are facing an immediate funding crunch and have laid off large numbers of employees to remain solvent. This proposal is for modest immediate interest free loans or advances against future MRDT revenues. We know tourism will recover at some point, but in the interim CDMOs require immediate help. The size of the loan could be proportional to a portion of a CDMO's MRDT revenues. This could take several forms depending on CDMO size - a dollar amount or up to a percentage of historical MRDT revenue. An example of a dollar amount:
 - a. Large and mid-sized CDMOs could access up to \$1.8 million dollars to be paid back over the next three years with future MRDT revenues withheld (e.g. Up to \$600,000 for the next three years).

- b. Smaller CDMOs could access up to a \$1 million dollars to be paid back over the next three years with future MRDT revenues withheld. (e.g. - Up to \$333,333 for the next three years) Each CDMO would make a responsible request based on its size and ability to repay over three years.
- 2) Short-term extensions on expiring five-year MRDT renewals for those expiring in the next two years: Renewing MRDT on five-year intervals is a healthy process. It involves communities, accommodation sectors, tourism stakeholders and governments to develop a funding model in a collaborative manner. In an emergency situation we are focused on short-term, week-to-week priorities. There is currently no capacity or interest for tourism stakeholders to think about MRDT renewals. The DVBA and The Chamber support a one-year extension to existing five-year plans for those five-year cycles ending up to and including December 31, 2022. This is a reasonable timeline for communities and industries to plan deliberately for the future together. This proposal also maintains the original intent of the MDRT program.
- 3) Conference and meetings bidding grants: Destination BC is not involved in meetings and conference business or sports tourism. CDMOs lead in this area. The DVBA and The Chamber support a direct grant program for CDMOs to bid on meetings and conferences, as well as sporting events that are not covered by the Tourism Events Program (TEP). These grants should flow directly to CDMOs. Meetings, conferences and sporting events occur in communities of all sizes across the province. The size of the grants could be scaled to the size of the community. These grants would provide vital foundational meetings business and destination compression-helping increase hotel occupancy and room rates. Meetings and conferences, as well as sporting events are the most lucrative and predictable form of travel. For more information on the meetings industry please see the Meetings Mean Business Website here:
<https://www.meetingsmeanbusiness.com/>

The situation CDMOs are facing is unlike any situation they have ever faced. Many CDMOs are fighting for their survival. The COVID-19 situation has had an extreme negative effect on their ability to operate. The tourism industry creates \$19+ billion in revenue annually and 19,000 tourism businesses employ over 300,000 people. Tourism is one of our city's most important industry sectors. This vital industry needs help at this critical time.

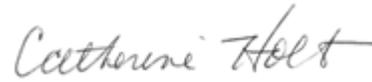
Sincerely,

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