



City of Grand Forks
Staff Report
Committee of the Whole – May 11, 2020
City Council – May 18, 2020

APPROVED & ACCEPTED
by City Council

05/18/20

Maureen Storstad
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City Auditor

Agenda Item: \$150,000 Loan Request from Convention & Visitors Bureau (CVB) from Economic Development Fund 2163

Submitted by: Maureen Storstad, Finance Director

Staff Recommended Action: Review & consider loan request from the CVB

Committee Recommended Action:

Refer to City Council with the recommendation to

approve.
Council Action:

Approved unanimously on consent agenda

BACKGROUND:

The Convention and Visitor's Bureau was established to market, promote, advertise, sponsor, & fund events that provide for the promotion of meetings, conventions, trade shows, sporting events, artistic productions, tourism & leisure travel in the Greater Grand Forks area and to coordinate the efforts of public, private & volunteer agencies involved with such items. Funding for such purpose primarily comes from a lodging tax on overnight hotel stays.

Due to the COVID-19 Pandemic, the hotel industry has been greatly impacted as many events have been cancelled, reducing hotel stays. In response, the CVB will see reduced lodging tax collections used to run their operations. Julie Rygg, Executive Director of the Greater Grand Forks Visitors Bureau, has stated that budget cuts have been made to help offset, but are estimating a need of \$150,000 to help cash flow in 2020. The Bureau has applied for SBA EIDL loans and they are working with local lenders regarding this program. The CVB has also been in contact with congressional delegation regarding the needs of the hotel industry for possible future funding relief.

The funding source for this loan would come from the City's Economic Development Fund (2163), to be paid back over a period of 5 years or less. Tourism is an allowable use of economic development fund dollars. Julie has stated if other program dollars become available, the City would be reimbursed sooner.

ANALYSIS AND FINDINGS OF FACT:

- A 3% lodging tax is placed on hotel overnight stays, which is used by the CVB for tourism/promotional activity for the Greater Grand Forks area
- COVID-19 Pandemic has impacted the Lodging industry significantly
- CVB has made \$166,000 in budget cuts to date
 - Will not hire part time visitor center staff and not filling open full-time position
- March hotel activity dropped to 34.9% (54% in 2019)
 - No data yet for April
 - 4th quarter projections estimate 50% of projected revenue
- CVB does not qualify for the Paycheck Protection Program (PPP) as they are a 501c6
- The CVB did receive \$6,000 for the SBA's EIDL Advance with the understanding that it will be forgiven
- The CVB has applied for the COVID-19 PACE Recovery Program, which is being offered through the Bank of ND
 - Working through a local bank and currently waiting for update
- The CVB did have \$35,700 in Event Funding dollars cancel, but still have \$115,000 in funds already paid or projected to use for events in 2020
- This \$150,000 loan would come from Economic Development Fund 2163 to be paid back over a 5 year period or sooner if other funding becomes available.

SUPPORT MATERIALS: