



## Oregon Tourism Commission Special Meeting March 31, 2020

Zoom call

Note, in compliance with Executive Order No. 20-12 Tourism Commission Offices are closed to the public. In response to Governor Kate Brown's directive on social distancing measures to slow the spread of COVID-19 and reduce the risk of exposure to our communities, this will be a virtual meeting and will be live-streamed on Travel Oregon's Industry YouTube Channel

**Commissioners in attendance include:** Scott Youngblood, Nigel Francisco, Kenji Sugahara, Richard Boyles, Maria Ponzi, Mia Sheppard, Greg Willitts, Lucinda DiNovo and Don Anway.

Chair Youngblood calls the Commission meeting to order at 4:03 p.m.

### **Chair Remarks**

We've convened this special meeting to consider one agenda item – a change to CEO compensation in response to the COVID-19 crisis and its impact on agency revenues. Our next scheduled meeting is June 14-15 and materials for that meeting, including update on whether or not it will be conducted in person as originally intended or conducted as a remote meeting will be determined and shared out with Commissioners and industry based on what we learn over the next month about this public health crisis and further direction from Governor Brown and health authorities.

At this juncture, my perspective is that there is a high likelihood that our June Commission meeting and possibly future meetings in the next fiscal year, will be conducted virtually utilizing technology in place for this meeting – Zoom and live streamed through Travel Oregon's Industry YouTube Channel.

Given our singular agenda item for today's meeting and the urgency with which we are all proceeding in our own businesses, unless any Commissioners object, I won't delay and will instead ask Todd to provide a brief overview of what we are here to consider.

Todd Davidson thanks the Commission for their service and for taking the time to convene today's meeting. Todd discusses these unprecedented times with the worldwide COVID-19 pandemic and what Travel Oregon is doing to help mitigate the impacts the virus has on Oregon's economy. Reveals Travel Oregon's participation in several statewide all agency meetings including the Governor's Coronavirus Economic advisory Council he is serving on.

People across the state and the tourism industry are hurting. U.S. Travel Association is projecting that this virus could impact the national travel and tourism industry by \$910B

and could include the loss of 5.9M jobs – 52% of every job in the tourism industry, driving our unemployment rate to 7.1%. Travel Oregon now subscribes to weekly Smith Travel Research reports and in the first 3 weeks of March, we are seeing Oregon’s lodging revenues down \$380M – which is a 33% drop year over year.

In the Governor’s most recent press conference, she is now ordering Oregonians to stay home unless it is for essential items or services. The leadership at Travel Oregon has had to take a hard look at our budget given that we are funded by statewide lodging tax, and we estimate that we will end our fiscal year (June 30, 2020) down between \$3-5M. As we look to the next fiscal year, we will have a new base budget and, with our new projections and if the lodging rate goes down from 1.8% to 1.5% on June 30, 2020, we are currently building a budget scenario that is down 40% for next year. We will be going from a roughly \$40M budget to a \$20M budget. We do expect a budget modification will need to be approved by the Commission in the near future. Our leadership team, which includes all of the Vice-Presidents and our Chief Strategy Officer have agreed to reduce their salaries by 20% for the months of March and April. However, I cannot unilaterally make that decision – only the Commission has the authority to adjust my salary. I am asking the Commission to reduce my salary by 20% starting March 1, 2020 and going forward.

Commissioner Sugahara asks if there has been discussion that a special session may occur and the sunset in HB 4047 could be removed?

Todd states that a special legislative committee has been created to address COVID-19 needs and there has been discussion regarding holding a special session to discuss COVID impacts. However, we have not officially heard if, or when a special session may occur and whether the transient lodging tax sunset bill would be included.

Commissioner Ponzi states that she understands that there have been no staff reductions at this time.

Todd states that is correct.

Commissioner Ponzi asks if there are any contracts that are pending or have been cut back at this time.

Todd states that the leadership team has been pouring over all budgets, which includes contracts, to see where budget cuts could potentially be made.

Commissioner Willitts asks how the 2020-2021 budget number equates to past budgets.

Todd states that the last time Travel Oregon had a \$20M budget was in 2015-16. However, with the requirements in HB 4146 (2016) and the change in funding provided to the regions - 20% for the Regional Cooperative Tourism Program (RCTP) and 10% for the Competitive Grants Program, those requirements weren’t in place in 2014-2015. With HB 4146

requirements, Travel Oregon holds 30 cents of every dollar for RCTP and grant programs which really means the 2020-21 budget for other Travel Oregon core programs would be closer to \$14M – which is probably closer to the 2013 budget.

Commissioner Sugahara asks if there are any outstanding payments to Oregon21 or if those are now on hold given that the 2020 Olympics have been pushed back, potentially postponing Oregon21.

Todd states that Travel Oregon is in regular conversations with Oregon21 to determine the best course for the event and fund disbursement. Oregon21 has received \$7.5M of the \$10M competitive grant they have been awarded.

### **Commission Action**

#### **CEO Salary Adjustment**

Chair Youngblood states that he is interested in a motion to reduce the Travel Oregon CEO salary by 20%, effective March 1, 2020.

Commissioner Sugahara moves to reduce the CEO salary by 20% starting March 1, 2020 and Commissioner Francisco seconds the motion.

Chair Youngblood states that because we are utilizing the Zoom platform, we'll use a roll call to ensure all Commissioners are heard. Sarah Watson will call the roll and each Commissioner will be asked to unmute their microphone and respond with either, "Yes" to represent support for the motion, "No" to represent does not support the motion, or "abstain" if the Commissioner wishes not to participate in the vote.

Sarah Watson calls the roll:

Ayes: Commissioner Anway, Commissioner Boyles, Commissioner DiNovo, Commissioner Ponzi, Commissioner Sheppard, Commissioner Sugahara, Commissioner Willits, Vice-Chair Francisco and Chair Youngblood

Nays: none

Chair Youngblood states that the vote is unanimous and the motion passes.

Chair Youngblood asks if there is any other business or announcements to share?

Commissioner Sugahara states that leadership matters and thanks Todd Davidson for all work that is happening to keep the Commission up to date and for leading this team.

Commissioner Ponzi also thanks Todd for his leadership. We will make it through, it might just look a little different on the other side. I am so proud of Oregon and to be a part of this Commission.

Chair Youngblood discusses the public service announcement that the Governor's Office worked with Wieden+Kennedy to create. Due to the contract already in place through Travel Oregon, it made that process happen quickly and in a very compelling way.

Todd discusses that from the initial discussion around the idea of doing a public service announcement – to the time it was released, was only about one week's time. Katy Clair and Sara Morrissey served as project managers for Travel Oregon. We have amazingly passionate staff serving every day to make all this work happen.

Chair Youngblood states that it is certainly not the time for tourism promotion in this pandemic and economic crisis. But we have to be cognizant of the scope of the crisis and the workers it is impacting. It is with the resurrection of the tourism industry that we can accelerate an economic recovery and it's through the work of destination marketing organizations – none bolder than Travel Oregon – that economic recovery will happen. The work that Travel Oregon does means jobs, economic development and growth in an almost real time way for Oregonians.

Thank you to everyone to taking the time to set up and attend this meeting today.

Chair Youngblood states that the next Commission meeting will be June 14-15, 2020 and adjourns the meeting at 4:33 p.m.

**Staff present include:** Todd Davidson, Sarah Watson and Jenny Hill