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# MEMORANDUM

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Date: April 27, 2020

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to read "CH", is written over the printed name "C.H. Huckelberry".

Re: **Update Regarding Attractions and Tourism, Visit Tucson and the Restaurant/Resort/Hotel Industry**

Please see the attached April 24, 2020 memorandum from Attractions and Tourism Director Diane Frisch summarizing the current status of our attractions and Visit Tucson and the local restaurant/hotel industry.

Many of Pima County attraction properties have closed due to the stay-at-home Executive Order and will remain so until the Order is lifted. I have asked Ms. Frisch to begin working with each of our attractions to develop an appropriate public health-based plan for gradual reopening. It is likely these plans will include staff and patron wellness checks, face masks and social distancing standards, among others including sanitation and disinfection.

These industries have been hard hit by the COVID-19 pandemic. Resort occupancy is ranging from six to 12 percent. A number of resorts are contemplating reopening, but not until June 1, 2020. Some of our attractions can close without any significant, additional operating costs such as the Pima Air and Space Museum and the Titan Missile Museum. However, others, such as the Arizona – Sonoran Desert Museum incurs significant expenses since staff must continue to be employed to care for plant and animals at the facility.

I previously forwarded you a copy of a letter from the Southwestern Fair Commission regarding the loss of revenues. In addition, the Rillito Racetrack remains closed with limited opportunity for extending the horse racing season.

While Pima County has approximately 5,000 permitted food establishments, including food trucks, schools, coffee shops and bars, it is estimated of 2,500 restaurants, two-thirds of those are locally-owned. The current *Arizona Daily Star* list of restaurants providing take-out food service is 566. Most restaurants expressed difficulty in receiving Paycheck Protection Program funding from the federal government, something we continue to hear, but have had little success in verifying.

## Attachment

c: Jan Leshar, Chief Deputy County Administrator  
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer,  
Health and Community Services  
Diane Frisch, Director, Attractions and Tourism  
Michelle Campagne, Director, Finance and Risk Management  
Brent DeRaad, President and CEO, Visit Tucson



**MEMORANDUM**

Date: April 24, 2020

To: C. H. Huckelberry  
County Administrator

From: Diane Frisch  
Director, Attractions & Tourism

Via: Jan Leshar  
Chief Deputy County Administrator

Re: Attractions & Tourism/ Visit Tucson & Restaurant/Resort/Hotel update

Per your request for updates on tourism sectors in Pima County the following information should offer insight in how properties are approaching the shut-down and plans to reopen as the stay-in-place Order is lifted.

Visit Tucson: attached separately is a report presented yesterday to the Visit Tucson Board which highlights national, Arizona and local employment, hotel occupancy and partner out-reach from Visit Tucson. Included are their efforts to reduce expenses as they look to reduced bed taxes moving forward. They have reduced staff by eliminating 9 positions and all bonuses, adding furloughs and hiring and wage freezes. They also took advantage of the Pima County rent deferral for 6 months. I have weekly updates with Brent DeRaad following his calls with resort managers. The most current concerns are:

- Occupancy: Resort occupancy has plateaued in the 6-12% range. The only hope for summer business is if hotel/resort pools can reopen. Brent has passed along that message/request to AOT Director Debbie Johnson for consideration by Arizona Department of Health Services Director Dr. Cara Christ. The only way this could happen is if hotels/resorts agree to rigorous and frequent disinfecting of pool chairs and pool decks. Even then, it seems doubtful that pools can be reopened soon. It should be noted that resort occupancy is considerably lower than that for extended-stay economy properties. Occupancies are in the 20-30% range for those hotels.
- Meetings: Nearly all summer meetings business has cancelled. Yesterday was the first time resorts reported meeting cancellations extending into September. If we don't see signs of recovery in the next month, many of the meetings that were rebooked from March-May into October-December will be pushed into 2021.

- Reopening: Omni is still promoting a June 1 reopening, but is quietly taking reservations beginning May 15. They will likely reopen prior to the Memorial Day weekend. Loews Ventana Canyon is still planning on a June 1 reopening. Canyon Ranch is not reporting
- Golf: Omni Tucson National reported it had more than 400 rounds of play last Saturday, which is remarkable. Westin La Paloma's golf is also very strong.
- Loews Ventana Canyon: Dale McDaniel, Loews' new Area Managing Director, took part in the call. His first day on the job was April 20.
- CARES Act: Multiple properties said they are receiving Paycheck Protection Program funds and are using that revenue to bring back workers in the next few weeks.
- Delayed Payment of Taxes: A couple general managers said that while delaying tax payments helps some with cash flow in the short-term, their owners would rather pay it now to avoid growing debt. Others remained silent on that issue, though.
- Major League Baseball: Latest proposal calls for training and games to be divided among Arizona, Florida and Texas. If Arizona gets only 1/3 of the action, there won't be much, if any, MLB business for Tucson. What would happen, though, is that collegiate summer leagues that play in Phoenix spring training facilities would be displaced. We're hearing from those organizers who may want to move their summer operations to Tucson, if baseball can be played safely this summer. We also heard from Bill Leith, who seemed concerned that his summer league at Kino would be displaced by MLB.

#### Pima County Attractions:

Most attractions are fully closed awaiting the time they can re-open. Exceptions are:

- Old Tucson is serving take-out food through their Outpost with limited offerings Thursday – Monday 4-7pm. They did not receive PPP funding even though they applied, have a reduction in force, additional salary cuts and applied for disaster funding but did not receive anything. They did take advantage of the rent deferral program offered by Pima County. They are developing a re-opening plan with social distancing over the 30 acres and limited attendance with food service and outdoor restricted seating. Additionally they are developing ideas for new events that could be held at the property including Drive-in movies in the parking lot. High on their list of concerns is Nightfall in October which represents a huge portion of their revenue.
- Crooked Tree Golf Course voluntarily closed with concerns over social distancing and cleaning concerns and is currently in the last phase of an RFP. They plan to open May 1<sup>st</sup> with social distancing.
- CCMP is fully closed as the lease area is within a large park footprint. Access to the cave and retail areas is currently being worked over to develop a plan for social distancing and additional cleaning. Staff has been reduced through layoffs with a minimum to handle security, cleaning and maintenance.
- Ajo Golf Course is open for golf with the restaurant closed. Honor box is being used to collect greens fees with carts being rented and sanitized when returned.

Other attractions that are closed are still incurring staff expenses

- ASDM is currently closed but have 75% of the staff still working to care for plants and animals at the facility. One of their largest fund raisers, the ASDM 27<sup>th</sup> annual Desert Gala has been postponed with the Silent Auction taking place on-line and open to all bidders.
- PASM currently closed as is Titan Missile Museum. PASM is reducing staff and awaiting opening while Titan Missile Museum will not re-open until sometime in the fall. Staff have been let go with minimum personnel there for security.

- Pima County Fair is closed to events but the RV park is open. With cancellation of the fair, 75% of their revenue for the year is gone and they have laid off over ½ of their staff. Additional scheduled events are awaiting re-opening instructions.
- Rillito Park Racetrack is closed with no racing but is housing a limited number of horses hoping that racing season may be extended into May. Currently ADOR has only 2 Commissioners and the chances of opening are very small. Limited staff working.
- Tucson Dragway, Tucson Speedway and Musselman Honda are closed with very limited staff awaiting opening for their events. All are looking at additional events they might add such as parking lot drive in movies, etc.
- Southern Arizona Heritage and Visitor Center fully closed including the gift shop which had been doing well. Sale of Loop gear continues on-line but other merchandise sales are closed. Construction work continues in the center but re-opening date will need the return of volunteers, gift shop employees and social distancing plans.

We are working with risk, health department and legal to review all events or ideas not covered by contract. We continue to reach out by email and phone calls to all properties to see how we might help and provide information or resources from the county that they can provide to employees or use in the their recovery plans.

#### Restaurants

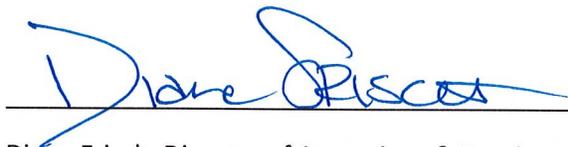
Pima County CHFS reports over 5,000 food establishment permits on record however TCOG says there were around 2,500 restaurants open before COVID, about 2/3rds of which were local. As of now the Star's listing includes 566 records but it continues to change on a daily basis as operators struggle with staffing, food access, PPE and cleaning supplies and limited advertising dollars to let the public know they are open. Among the CHFS permits, there are more than likely a large chunk of bars that are not open as well as limited food manufactures or caterers, in addition to several restaurants that do not have the option to provide delivery, drive-thru or take out. The biggest struggle is lack of business overall but there is significant loss to those establishments that operated primarily as bar/alcohol businesses vs. food restaurants. Public can purchase beverages at grocery stores and box liquor stores in bulk and take advantage of delivery in many cases, whereas the bar/restaurant model was to sell by the drink or bottle with significant markup. Takeout places offering cocktails and bottles to go are having to do so with deep discounts (to be perceived as competitive) to move inventory and are thus giving up most of their margin. Both the website and Facebook page "Pima Eats" continue to offer highlighted restaurants for the public to access and are heavily used.

Most mentioned concerns we are hearing:

- Difficulty obtaining PPP funds, either money was gone when they applied with large banks or they have not heard.
- No response on applications on federal funding
- Difficulty obtaining PPE equipment and sanitation supplies which are not in their budgets.
- Concern that when they do re-open this summer, outdoor venues who struggle will have limited attendance and distancing in place which doesn't work from a financial point.
- Large percentage of volunteers or docents that attractions rely on are in protected categories and may not return out of fear.

- Depending on how attractions went into lock-down they are close to running out of funds and donors are not able to fill all the gaps in needed funding.
- No advertising funds available when they are allowed to open in summer which are the most difficult months to be bridge.
- Fear of the public to attend events/attractions when they are allowed to open.
- No tourists coming from out of market.

We'll continue to work with attractions to support their re-opening plans and ideas for revenue generation. Please let me know if you have additional questions.



Diane Frisch, Director of Attractions & Tourism

4/24/2020

Date