

APPENDIX A

February 26, 2021

Regina City Council
City of Regina
2476 Victoria Avenue
Regina, Saskatchewan S4P 3C8



Re: 2021 Property Tax Exemption Request For Hotels

The Regina Hotel Association recognizes the pandemic impact and financial hardship the City of Regina has been facing during this pandemic and wishes to express its appreciation for the temporary property tax deferral last year and support through the Regina Economic Recovery Grant for our hotel members.

As you are aware, the economic downturn that Saskatchewan experienced pre-pandemic had forced many hoteliers to operate on minimal revenue and take on additional debt; leaving them little or nothing to draw from as the economic impacts of COVID-19 hit. Unlike other sectors of the economy, the hotel industry is one of the hardest hit sectors and will be the last to recover from this pandemic. In 2020, Regina's hotel industry experienced an **overall \$81 million loss in revenue** compared to the previous year.

Today, hotels are not expected to be in a financial position to meet their fixed cost obligations until 2022 with financial recovery to 2019 levels forecasted for 2023/2024. To bridge hotels for the foreseeable future, we respectfully request the City of Regina to consider a 25% exemption on the municipal portion of hotels 2021 property taxes.

We have enclosed the continued devastating impact the pandemic has had on our industry on the second page of this document entitled "The State of Regina's Hotel Industry". On-going travel and public gathering restrictions, public health orders and travel/resident sentiment continue to impact hotel opportunities to generate revenue.

- Hotels cater to a variety of market segments including leisure travellers, business travellers and event & convention attendees. Travel and public gathering restrictions, compounded by both traveller and resident feelings of safety and comfort, has reduced the demand for a hotels core offering – an overnight stay. This resulted in a **\$44 million revenue loss in guest room sales** in 2020 compared to 2019.
- Many hotels have conference space, meeting rooms and other amenities like pools and waterparks to attract guests and revenue. However, these past revenue opportunities have been significantly impacted due to public health orders and the loss of revenue in **food, beverage and meeting space rentals was an estimated \$37 million loss** in 2020 compared to 2019.
 - *Unlike restaurants, which are permitted to operate - serving food and beverage - by maintaining two metres of physical distance, **hotel conference centres and meeting rooms for all event types, including weddings, small meetings and funeral receptions is limited to 30 persons. Furthermore, food and beverage is not permitted** in these hotel spaces.*
 - *While select hotels with pools and waterparks have a unique offering to entice guest room nights, the allowable capacity in our **pool areas has been significantly reduced** by public health, which directly limits the amount of guest rooms we can sell for this purpose.*

Hotels have and continue to suffer devastating revenue losses during the COVID-19 pandemic and continue to struggle with overwhelming fixed costs with little revenue generation ability. Property tax represents the largest of these fixed costs for hotels.

To bridge hotels for the foreseeable future, the Regina Hotel Association is respectfully requesting the City of Regina to consider a 25% exemption on the municipal portion of hotel 2021 property taxes and to kindly exercise its legislative authority to apply to the Province for a similar exemption on the education portion.

Thank you for your consideration.

Respectfully submitted;



Tracy Fahlman
President & CEO

cc: Mr. Chris Holden, City Manager
Ms. Deborah Bryden, Director - Assessment & Tax

State of Regina's Hotel Industry January 2021

Almost 60% of hotels in Regina are owned by Saskatchewan residents that operate branded franchises and independent hotels. Many are first or second generation family-run businesses that had employed over 1,600 Regina residents.

900 +

Residents have not returned to work in the hotel industry

-\$7 Million

Lost Revenue in January 2021

Room Revenue		
Occupancy	Rates	Revenue
↓ 58.1%	↓ 16.6%	↓ 65.4%
↓ \$4.3 million loss compared to Jan 2020		
F & B and Meeting Space Revenue		
↓ 2.7 million loss		

22.6% occupancy in January 2021
24% occupancy forecasted for February 2021