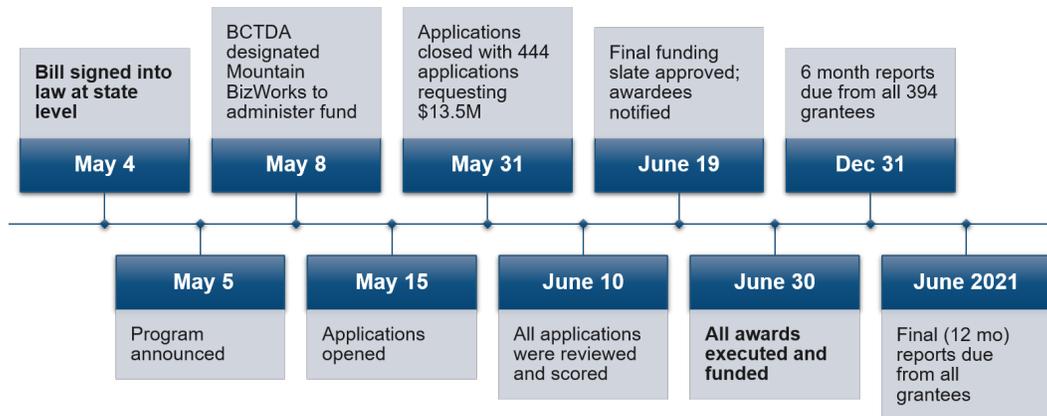


Six Month Progress Report

Buncombe County Tourism Jobs Recovery Fund

The \$5M Buncombe County Tourism Jobs Recovery Fund was established by the Buncombe County Tourism Development Authority and administered by Mountain BizWorks to preserve and safely reopen our region's unique and diverse small business ecosystem and protect tourism-related jobs after the onset of the COVID-19 pandemic. With businesses reeling from the impacts of the pandemic, the team sprang into action quickly; from the bill's signing to money in business's hands, the entire funding process was completed in less than 2 months.



Of the \$5M in grants, 18% went to minority-led businesses, and 55% to women-led businesses.

These grants were provided to help the businesses safely and sustainably reopen, covering expenses such as payroll, supplies, rent, PPE, inventory, and more, with an eye towards adaptation to this new reality. This was money that did not have to be paid back by already financially strained small business owners, and which showed that our community values and is committed to the entrepreneurs that make it such a special and attractive place to visit, and live.

As evidenced by the numbers and testimonials sent by grantees in their 6-month reports, the need for relief at small businesses was, and is, very real. While significant challenges remain for businesses in our region (particularly during the always-difficult winter months), this fund was remarkably effective at achieving its core goals. It kept 97.5% of its recipient businesses operational, and helped undo the majority of job losses that had occurred due to the pandemic before the grants were distributed.

Where the businesses are today: December 2020 vs. May 2020

Out of the recipient businesses, **97.5% have been able to remain in operation**. Of the 394 businesses funded, only 10 have permanently closed (and even some of those businesses report plans to reopen in new spaces, or new forms, in the months to come). That said, the vast majority of businesses are seeing reduced operational hours. Only 16.5% have maintained regular hours through this pandemic; the majority, 58%, were able to stay open but with reduced hours, and 17% of the recipients have temporarily closed.

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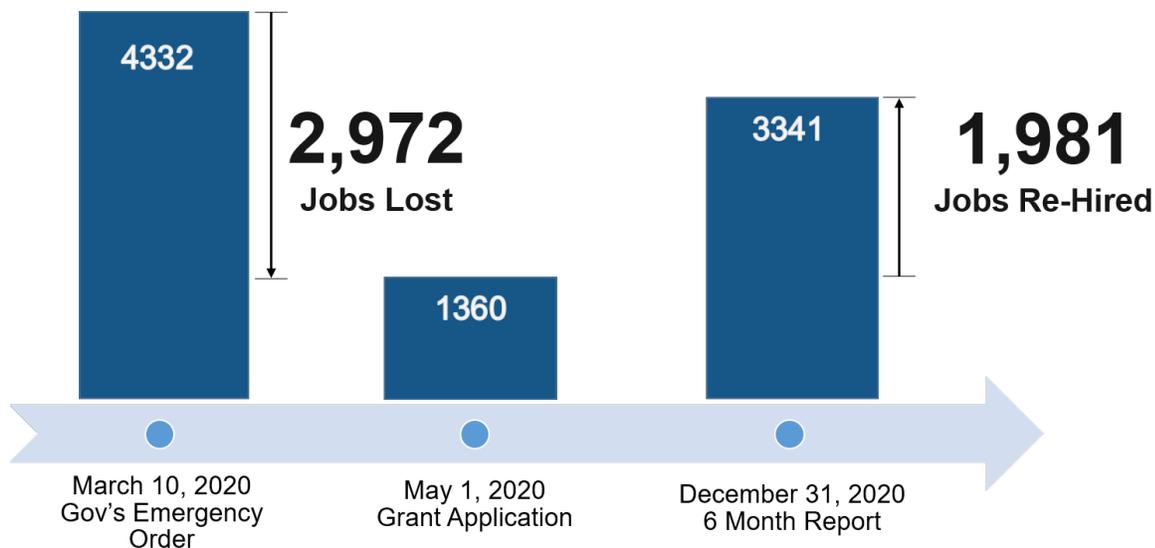


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Buncombe County Tourism Jobs Recovery Fund Six Month Progress Report Findings

A look at the job numbers before the pandemic, in May 2020 at the time of application, and six months after receiving the grant show the tremendous impact these grants had on employment.



The recipients of the TDA grants had 4,332 FTE (full-time equivalent) employees as of March 10, when Governor Cooper declared a State of Emergency due to COVID. By the time they applied for grant relief in May 2020, that FTE number had dropped to 1,360 —that's 2,972 FTE jobs evaporated, a startling 69% reduction in the span of just a couple months. Thanks in part to the TDA grant, though, many of those jobs lost were brought back: six months after receiving the grant, the recipients report a total of 3,341 FTE jobs currently. The responses of recipients make it clear that, without the grant, some of these businesses would have shuttered permanently, and even more jobs would have been lost.

How the grants were used

These funds were utilized in a variety of ways. Many put the funds towards pivoting their business, whether it be a retailer or professional service increasing their online presence, or a restaurant renovating to allow for outdoor, safer, and socially-distant dining (or serving food To-Go or via delivery). Other common uses included marketing, training, and PPE (personal protective equipment). By far the largest spending categories, though, were rent and payroll.

"Many days during the pandemic we operated with a deficit; your funds helped us stay open and continue to employ our hardworking staff."

Paying for rent (or mortgage) expenses and paying their employees are the things keeping our business owners up at night. Many of these businesses have been in the difficult position of needing to pay rent on a space they can't use to generate revenue due to pandemic restrictions—in many cases, this grant was used to make up for this deficit. Payroll-wise, in many cases, these grants allowed businesses to hire back those they had to lay off earlier in the pandemic; some even were able to hire new positions or increase wages.

Buncombe County Tourism Jobs Recovery Fund Six Month Progress Report Findings

Beyond the ability to pay expenses, the grants often had a positive effect on morale, lifting up spirits at a time when optimism was hard to come by. Some organizations felt this grant should be taken as a source of pride that they were part of a resilient, caring community that is banding together to work through a difficult time.

“It has been an utter blessing during this immensely challenging time. The benefit of being gainfully open, providing good wages to our team who are also in turn supporting businesses around our city brings it full circle to why we feel so lucky to be doing business in the city of Asheville in the first place.”

“These were more than financial lifelines. Not to underestimate the importance of the funds themselves, but they reminded us that we had something to offer and our city is better because all of us are part of it. We couldn't make it without help, but the larger government programs were often not working for us. These grants... and the gracious administration of them were a very bright spot in a very dark time.”

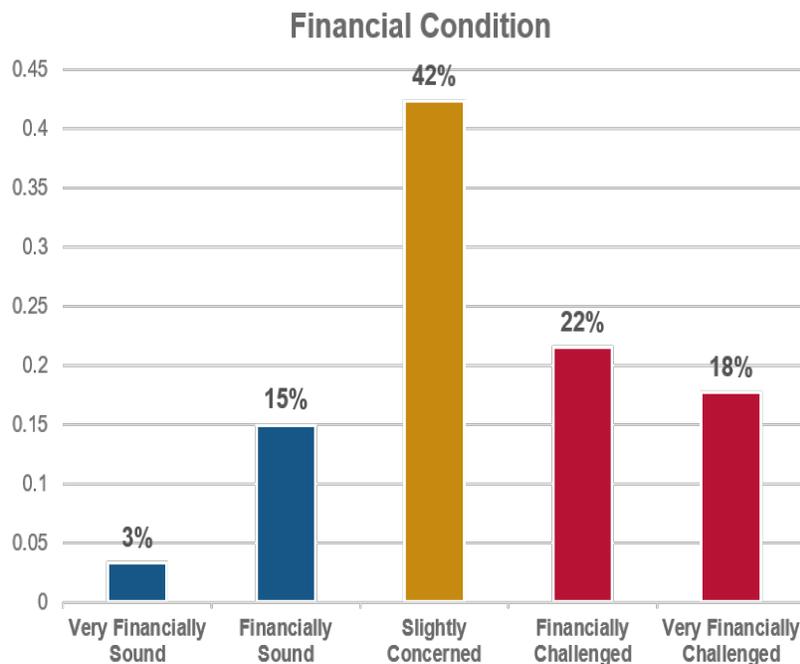
Where need remains

These grants did a remarkable job reopening and stabilizing the small business community in our region, and our small business owners have done a remarkable job of weathering this crisis, and bringing back jobs. With winter now upon us, there is still a significant need for more help to allow these owners and organizations get through a historically tough period. Six months after grant disbursement, we asked recipients to tell us the types of support they would most like to see. Additional grants were cited most frequently, but also described were marketing assistance from the TDA to increase consumer demand and entice new customers and tourists as pandemic safety precautions allowed. Specifically, many business owners requested marketing assistance that also spoke to how our community is handling the pandemic, the precautions that are being taken, and the norms that we are living out. Other frequent requests were mortgage or rent relief, and COVID-19 safety policy updates.

Many entrepreneurs aren't paying themselves, and are trying to get their business through the winter. They are afraid of taking on any more debt, even at low interest rates. Many also express fears that the seasonal spring uptick in tourists and sales may not materialize this year due to economic and pandemic complications, in which case there could be a string of business closures if nothing else is done. This points out how important it will be to help entrepreneurs find additional sources of funding, including forgivable PPP loans.

The financial precariousness many of the small businesses in this region find themselves in is reflected in our data; only 18.5% said their business is financially sound; 42% are concerned, and 38.5%—that is, more than one out of every three small businesses responding—said they are currently financially challenged. And even some of those who expressed high confidence in their current financial situation noted that if things do not improve within the next few months, they'll be in jeopardy.

Buncombe County Tourism Jobs Recovery Fund Six Month Progress Report Findings



One thing that became apparent in recipients' responses was that newly instituted safety restrictions as a result of the pandemic were adding a significant hurdle to their day-to-day operations. Capacity restrictions came up time and again, as did gathering size limits. Businesses understood and supported the need for mask wearing, social distancing, and an abundance of caution. However, many feel like they can safely operate under less strict guidelines; to others, due to the nature of their businesses, operating as usual in a pandemic is akin to having to choose between safety or sales. One major relief: just as this report was being compiled, the County restriction allowing restaurants (and other businesses) to only operate at 30% customer capacity, which came up repeatedly as an impediment for businesses, was lifted. This will be a huge help to the business community.

Summary

This program worked remarkably well. It kept over 97% of its recipient businesses in operation, preserved 1,360 jobs, and led to the rehiring of 1,981 more people in industries devastated by the pandemic and critical to our local and regional economy. In terms of progress towards the stated goals of the program, "to preserve and safely reopen our region's unique and diverse small business ecosystem and protect tourism-related jobs", it has been a remarkable success in its first six months.

Now these business owners, who have persevered and re-hired in the face of tremendous adversity, face the hardest winter in recent memory. Anything our community can do to help them make it through this difficult time, and to ensure that COVID-19 numbers fall so that businesses can fully re-open safely and successfully, will be critical to the ultimate success of this program, and of our tourism business ecosystem.