



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 24-284

Meeting Date: 8/6/2024

TITLE:

COSTA MESA CHAMBER OF COMMERCE FINANCIAL SUPPORT

DEPARTMENT: CITY MANAGER'S OFFICE

PRESENTED BY: HADASSA JAKHER, ASSISTANT TO THE CITY MANAGER

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RECOMMENDATION:

Staff recommends the City Council authorize the use of City Manager contingency funds to provide relief to the Costa Mesa Chamber of Commerce due to the financial impacts of COVID-19 and the loss of revenue.

BACKGROUND:

In March 2020, the COVID-19 pandemic established a state of emergency across the nation, with many local and state governments releasing guidelines for distancing and limiting gatherings to prevent the spread of the coronavirus.

On March 4, 2020, Executive Order N-25-20 allowed "state and local public health officials may, as they deem necessary in the interest of public health, issue guidance limiting or recommending limitations upon attendance at... mass events." Social distancing requirements and limits on event attendance lasted well into 2022, with various industries being impacted depending on the coronavirus levels experienced in one's county of residence. On February 28, 2023, Governor Newsom officially ended the state of emergency for the COVID-19 pandemic.

Exhibit A: Presentation Slide from reStore Costa Mesa Meeting on 3/4/21

ORANGE COUNTY IS CURRENTLY IN PURPLE TIER

- Orange County expected to reach **red tier (substantial)** next Wednesday

Sectors	Widespread (Tier 1)	Substantial (Tier 2)
Gatherings	Outdoor only, max 3 households	Indoor with strong modifications
Hair Salons & Barbershops	Open indoors w/ modifications	Open indoors w/ modifications
All Retail	Open indoors, 25% capacity	Open indoors, 50% capacity
Shopping Centers (Malls, Swapmeets)	Open indoors, 25% capacity	Open indoors, 50% capacity, food courts – 25% capacity
Movie Theaters	Outdoor only w/ modifications	Open indoors, 25% or 100 people
Hotels and Lodging	Open w/ modifications	Open w/ mods, fitness centers – 10%
Gyms and Fitness Centers	Outdoor only w/ modifications	Open indoors, 10% capacity, climbing walls
Restaurants	Outdoor only w/ modifications	Open indoors, 25% or 100 people
Bars	Closed	Closed

In addition to the social distancing guidelines that did not allow for events, many businesses were impacted financially, especially those businesses most prominent in Costa Mesa. According to the U.S. Bureau of Labor Statistics, one of the most impacted business industries was the restaurant and food service industry - 36% percent of establishments in this industry, employing 5.7 million workers across the United States, experienced a government-mandated closure.

Costa Mesa Chamber of Commerce

The Costa Mesa Chamber of Commerce hosts a wide array of networking events for its members, including annual signature events such as the State of the City, the Les Miller Student Scholarship Program & Awards Dinner, and the Community Golf Tournament.

A renowned “foodie destination,” one of the primary and well-known industries in Costa Mesa is the restaurant and food service industry. Likewise, a majority of members that are part of the Chamber are restaurant businesses, second only to retail business members. Furthermore, the largest category of Chamber members falls into the “small business” category, employing between 1 and 5 employees.

ANALYSIS:

In light of the significant loss of revenue the Costa Mesa Chamber of Commerce experienced in 2020 and 2021 due to the COVID-19 pandemic that they continue to recover from, the Chamber is requesting financial support from the City of Costa Mesa in the estimated amount of \$123,759. The additional funds will ensure the Chamber continues to serve as a vital community partner and provide important support to the business community.

The Chamber’s primary revenue streams are events and membership dues. These two categories were severely impacted during 2020 and 2021. The combined 2020 and 2021 loss in events revenue was \$119,439 and memberships revenue was \$133,131.

Events

The Chamber’s annual events, critical to annual revenue, were either canceled or highly impacted by COVID-19 local health guidelines. In fact, in 2020, the Chamber saw a shocking 84% decrease in net events revenue compared to 2019.

Memberships

Additionally, due to the financial challenges faced by many businesses, a large number of Chamber members were unable to afford their membership fees. To support these financially challenged businesses, the Chamber provided credits, allowing them to maintain access to Chamber benefits. However, compared to pre-pandemic membership revenue, there was still a decrease in 2020 by 44% and in 2021 by 17%.

Exhibit B: Costa Mesa Chamber Lost Revenue for Calendar Years 2020 & 2021

CHAMBER EVENTS				<i>Yr to Yr Diff</i>	<i>Yr to Yr Diff</i>	<i>Combined</i>
	2019	2020	2021	2019 - 2020	2019 - 2021	Loss 2020 & 2021
Gross Income	\$210,704	\$30,899	\$114,190	(\$179,805)	(\$96,514)	
Total Expense	\$99,518	\$13,147	\$29,008	(\$86,371)	(\$70,510)	
Net (Total)	\$111,187	\$17,752	\$85,182	(\$93,435)	(\$26,005)	(\$119,439)

MEMBERSHIP				<i>Yr to Yr Diff</i>	<i>Yr to Yr Diff</i>	<i>Combined</i>
	2019	2020	2021	2019 - 2020	2019 - 2021	Loss 2020 & 2021
Total Revenue	\$215,375	\$120,233	\$177,385	(\$95,142)	(\$37,990)	(\$133,131)

ALTERNATIVES:

City Council may choose not to provide financial support to the Costa Mesa Chamber of Commerce, which will severely limit the types of activities that they are able to conduct.

FISCAL REVIEW:

The requested support estimated at \$123,759 would be funded through the City Manager’s contingency budget in Non-Department in the General Fund (Fund 101).

LEGAL REVIEW:

The City Attorney’s Office has reviewed the report and approves it as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the City Council’s goal to Strengthen the Public’s Safety and Improve the Quality of Life by providing a key member of the business community with funds needed to provide assistance to local and small businesses.

CONCLUSION:

Staff recommend the City Council Authorize the use of City Manager contingency funds to provide relief to the Costa Mesa Chamber of Commerce due to the financial impacts of COVID-19 and the loss of revenue.