



Special VOREC Report to the Governor on COVID-19

May 5, 2020

Introduction

The COVID-19 pandemic has drastically altered so many aspects of the daily lives of Vermonters and all Americans. Given the active lifestyle of Vermonters, and the deserved reputation we enjoy as a leader in year-round outdoor recreation tourism, the short- and long-term effects of this pandemic are likely to be complicated and ongoing for the Outdoor Recreation sector of Vermont. The Vermont Outdoor Recreation Economic Collaborative (VOREC) represents the interconnected work of the providers and caretakers of outdoor recreation assets (trails, conserved lands, parks and more) and the businesses that depend on and support those assets (outdoor manufacturing, retailers, guiding services, event businesses, hospitality and more). While we navigate what comes next during and after the “Stay Home, Stay Safe” Executive Order and Addendums, we know that the pillars of VOREC are and will be all the more important:

- Increase outdoor recreation business opportunities
- Increase outdoor recreation participation opportunities
- Strengthen the quality, extent and stewardship of outdoor recreation assets
- Promote the health and wellness benefits of outdoor recreation

This report is meant to provide a snapshot of the impacts that the pandemic is having and is projected to have on each sector of VOREC, as well as our recommendations, needs and insights that we hope will be helpful to Governor Scott and the Vermont Legislature as they consider how to navigate a phased re-opening of Vermont’s economy.

Included in the Appendix is the VOBA (Vermont Outdoor Business Alliance) Survey Report, which was also used to create the Executive Summary.

Executive Summary:

Reports from all the VOREC sectors indicate that outdoor recreation non-profits and businesses understand the need to be very cautious about public health and safety, despite the negative economic

impact of remaining closed or only partially operating. Most groups indicate especially a willingness to stay closed/go slow now if it means we can avoid “spikes” later.

Below are the common themes from the reports received:

Coordination

- The re-opening of outdoor recreation assets and access needs to be coordinated: work with outdoor recreation state and nonprofit managers to provide safe operating guidance as well as etiquette messaging.
- The phased re-opening of outdoor recreation businesses can be done safely by using best practices to provide goods and services to ensure high-quality experiences as assets and access are re-opened
- Open outdoor recreation assets before expanding tourism (can't have places to stay without places to play) as outdoor users—particularly those visiting Vermont— utilize a suite of services (transportation, lodging/hostels, restaurants, grocery stores, and laundromats) and many of these are operating at no or limited capacity.
-
- Safety guidelines need to be equitable across all outdoor recreation facilities: Parks, trails, waterways, playgrounds, etc.

Go low and slow (Low risk and slow speed)

- All "outdoor recreation" is not the same when it comes to the pandemic.
- High risk, high speed activities may create more demands on local health services
- Low-risk boating, fishing, wildlife/nature viewing/photography, hiking, biking, stream and lake swimming and passive/park-based recreation, with proper guidance, can all be part of the next phase

Resource management

- Prioritize directional trails (as opposed to out and back) for better social distancing
- Prioritize areas with sufficient vehicle access, parking, and open space for social distancing.
- Facilities guidance is needed:
 - Overnight facilities/camping guidance is needed: how can we operate low-density camping with increased sanitation in more remote locations?
 - Swimming areas: beaches, pools and other public swimming locations
 - Parking areas: how to demarcate and maintain safe parking/social distancing
- Bathrooms/port-o-lets at many trailheads and facilities are currently closed: resources are needed to operate these safely and with the necessary sanitation

Support impacted businesses: Play and Pay

- Small organizations, particularly retailers and trail organizations, are feeling outsized impacts.

- Recommend consumers ‘play and pay’ by making purchases in those towns (curbside delivery at most businesses)
- Recommend consumers ‘play and pay’ by making donations to trail management groups
- Recommend consumers ‘play and pay’ by supporting Vermont-based companies

Healthy visitation

- Significant concerns everywhere about tourism as a potential health risk importer to local communities
- Initial “opening” for tourism should be for in-state, “stay-cation” style trips
- Positive messaging is key: "Welcome healthy visitors who practice social distancing before, during and after their stay"

Sector Report: Hiking & Camping (Mike DeBonis, Green Mountain Club)

Nonprofit recreation trail managers work cooperatively with state, federal, and private partners to manage hundreds of miles of public hiking trails. The sector is seeing unprecedented use of some trail networks with resulting impacts to trail resources. Trail closure and mud season messaging are having limited impact on use as weather improves and the stay home stay safe order persists. Staff and volunteers have been limited in their ability to open and maintain trails and associated resources. Day and overnight hikers utilize a suite of services including transportation, lodging/hostels, restaurants, grocery stores, and laundromats. Many of these services are operating at no or limited capacity during the pandemic.

The GMC is facing immediate loss in revenue due to cancellation of events, workshops, rentals, and sales. The field season, which normally employs over 40 seasonal employees, will be significantly reduced with very limited staffing at high use sites and on trail crews. One of the biggest limiting factors to employing summer staff is housing. Public backcountry and group front country housing may not be viable if social distancing/isolation guidelines are to be met. The reduced field season will impact the club’s ability to maintain trail resources and protect sensitive sites. Guidelines need to be developed to protect the hiking public and enable safe usage of backcountry overnight sites and public privies.

Hiking Sector Takeaways:

- Increased trail use and ability to protect public health in densely used backcountry sites.
- Resource protection and inability to field trail crews, caretakers, and volunteers to meet trail responsibilities in the face of increased trail use.
- Hiker dependence on and availability of support services such as public/private transportation, hotels/hostels, and restaurants.

Sector Report: Mountain biking and Multi-Use Trails (Abby Long, Kingdom Trail Association=)

The Vermont Trails and Greenways Council, members of the Vermont Trails Alliance, the Vermont Department of Forests, Parks, and Recreation, and the Vermont Agency of Transportation have evaluated the current status of our recreational trail systems in light of the COVID-19 pandemic and Governor Scott's Executive Order. Together we have agreed that: 1) The primary directive from the Governor is to protect the public health and safety of Vermonters. 2) It is spring mud season, trail conditions in many locations are poor, and trail use on wet, muddy, and vulnerable trails has always been discouraged during this time of year. 3) Trail use can create unnecessary risk of injury at a time when our sole focus should be on supporting Vermont's efforts to combat the COVID-19 crisis with all available medical resources. 4) Many of our trail networks are located on privately owned lands. We respect and depend on the generosity of these landowners and do not want to encourage trail use on their lands during this emergency. 5) Together we will continue to evaluate when it is appropriate to open in conjunction with the Governor's Orders and guidance based on the health and safety needs of Vermonters. Currently all trail network staff are working remotely, yet under the Governor's recent "Work Smart, Stay Safe" addendum to his executive order, trail networks have resumed trail maintenance, following strict guidelines and protocols established by the ACCD.

The Kingdom Trail Association, KTA, is currently closed due to mud season conditions. However, KTA has decided, together with the above partners, to remain closed until further notice, due to the COVID-19 pandemic. KTA is made possible by 97 private landowners. We do not want to encourage an excess of trail users on their lands and in our communities during this emergency. KTA also understands trail use can create unnecessary risk of injury. We do not wish to place our volunteer Burke Fire Brigades or Lyndon Rescue first responders in harm's way, nor take essential equipment and time away from our medical professionals at Northeastern Vermont Regional Hospital, NVRH, for what could be an avoidable injury. KTA will continue to evaluate, along with guidance from sector partners and in conjunction with the Governor's Orders, when it is appropriate to open for the 2020 season. Currently all staff are working remotely, yet under the Governor's recent "Work Smart, Stay Safe" addendum to his executive order, KTA has resumed trail maintenance, following strict guidelines and protocols established by the ACCD. If and when KTA opens we will be prepared, ready to serve our landowners, community, and trail users.

Mountain Biking Sector Takeaways:

- Due to KTA's and other trail network's reliance on private landowner properties, we are concerned our landowners and host communities will not want trails to open due to fears of inviting 'people from away' into our communities, placing residents at risk of contracting COVID-19. If and when we are allowed to open, how do we do so appropriately to mitigate this fear? Is it possible to open for local use only? Do we have guidelines similar to FPR's stay 10 miles from home?
- If and when trail networks are allowed to open there will need to be appropriate guidelines created on how to recreate responsibly and abide by proper social distancing protocol. This not only includes on the trail behavior, but also parking at trail heads and other trail amenities.

- Due to factors such as the Canadian border closure and lodging being closed, KTA and other trail networks are expecting a drastic decrease in membership: 84% of KTA's trail users come from out of state and 38% of those users are Canadian, with the majority of Canadians visiting in the months of May and June. KTA is predicting that we will finish the year with a loss in revenue. We also forecast that the \$10 million annual economic impact that KTA has in the region will be reduced due to lower visitor numbers.

Sector Report: Paddlesports (Karrie Thomas, Northern Forest Canoe Trail)

Paddlers span a broad group of interests including recreational kayakers and day trippers enjoying a lazy afternoon on a lake or peaceful river, wilderness trippers looking for overnight adventures in their canoes and kayaks and whitewater paddlers looking for the exhilaration of running the rapids in Vermont's spring runoff. Many anglers use paddle craft these days, and if they don't they tend to overlap with paddlers at access points, along riverbanks and in campgrounds. Whitewater is seeing the most disruption from Covid-19 guidance because it is inherently higher risk, it is unsafe as a solo sport and it requires a shuttle. While people are finding ways to do these things relatively safely, it is a challenge. Overnight paddling trips are limited by campground closures and guidance to stay close to home. With proper attention to cold water preparedness, day trips to paddling destinations close to home are among the safer activities to do from a social distancing perspective and people are carefully taking advantage of this. From a paddlesports-specific outfitter or retailer perspective, things are very difficult. Uncertainty about what will be safe and permissible in the coming six months could threaten the existence of a seasonal business with thin margins. Inability to operate retail establishments or outfitters poses obvious viability issues for a given business, but also limits people's ability to access equipment and support services for their paddling trip.

The Northern Forest Canoe Trail is in a very stable position. We have a small staff who are all still employed. Given current guidance that allows crews of five or fewer in outdoor work environments to operate following social distancing guidelines, we expect our summer stewardship crew and our summer mapping crew to be able to implement the work we have planned starting in mid-June. We have had to postpone or cancel several events, but with a successful application to the PPP program, we feel we have made up the lost revenue. We are in a delicate position in providing guidance for paddlers planning summer trips on the NFCT. While we advise full caution and urge people to follow the stay home, stay safe guidance, people want to know how long this will continue, and we are not able to provide any concrete response. As a nonprofit, the coming years are likely to be the most challenging as the economy falls into what looks like a recession. Charitable giving could be significantly impacted and our stability will be challenged if that is the case.

Paddlesports Takeaways:

- Stay safe: Continue to stress the importance of following social distancing protocols such as wearing a mask when in contact with others in public places, washing your hands and limiting

contact with people who are not in your household. If you feel unwell, stay home. If you are a high-risk individual, find ways to remain home and away from possible infection.

- Careful return to a new normal: Allow non-essential businesses such as retail establishments and equipment rental to operate with regulations that reduce crowding and allow staff time to maintain an enhanced cleaning schedule. Open camping with guidance on group size, site density and increased ability to clean facilities.
- Welcome healthy visitors that practice social distancing before, during and after their stay. This is the scariest element, but finding the balance between the risk of an economic collapse and the risk of a limited amount of exposure to Covid-19 is what we need. I applaud the State's slow, evidence-based approach to this and hope we can find a way to allow a "quarter turn" in this direction.

Sector Report: Conservation (Shelby Semmes, Trust for Public Land)

Conservation groups are concerned about how to keep financial support/revenues up given concerns around economic recession and charitable giving and waning public grant support (federal, state, municipal – where relevant). These organizations are working to see how public lands and conservation stewardship can work into stimulus responses at the federal level – Great American Outdoors Act/LWCF; Recreational Trails and related Transportation funding, clean water funding.

Conservation Takeaways:

- Groups across the board are wanting to strategize with the Vermont Trails and Greenways Council, FPR, State Parks, and the Dept. of Health as we move from the "flatten the curve response period" into preparing for the summer and a tidal wave of users.
- Groups that maintain access to rivers and other swimming areas are particularly concerned, wanting guidance and resources on how to communicate best practices for staying open and safe. There is an opportunity to educate consumers/constituents on the role of nature in maintaining mental health and well-being: how best do we do this – more consistent signage or a communications campaign?
- Affirmation of our missions – especially as summer approaches we are going to see so many people needing to be outside. Our groups want to keep these resources open to the public, as they will be some of the safest places to be during the long tail of COVID.

Sector Report: Specialty Retail (Marc Sherman, Outdoor Gear Exchange)

Brick and mortar retail has been mostly shut down with the exception that some businesses have been able to do curbside sales and for some of us online sales. That being said, the strength of brick and mortar sales is crowding, and that simply doesn't happen through non-in-person shopping. With lots of uncertainty (and costs) associated with an eventual reopening I feel there is a lot of anxiety. Most retail employees also fall in the area of making more with the federal unemployment subsidies than they do at

work, which has already proven to be a bit of a conundrum for OGE and I'm sure for others as well. For those of us with online businesses there is plenty of life online right now and this shift will re-balance the entire retail business. I suspect that for smaller retail operations that have the resources to hold on until the economy reopens, they will be able to return to near normalcy. The larger the operation, the more staffing reduction is likely and the bigger the gap between normal sales volumes and this year's projected sales volumes. This trickles backwards to on-hand inventory amounts and trying to manage payables with the need for a new season's worth of product. I think inventory management will prove to be the biggest problem for the retail sector as this issue goes upstream to manufacturers/vendors who are, in most cases, trying to dump their stagnating on-hand inventory on the internet which is, in turn, making it harder for retailers to sell their own inventory at any kind of a margin (vendors are structured to make money at wholesale pricing while retailers' margin is all above that price, so competing with our vendors means operating with none of the already minimal margin we're used to operating with). Additionally, the smaller the business, the less access to capital and therefore the bigger the challenge is to emerge from this.

We have been in response mode now for over 6 weeks and it is taking a toll on those on the team responsible for mapping the future. Thankfully the news cycle has stabilized some and the future of Vermont's economy seems to be on the upswing (though slowly and with lots of uncertainty). We are working to meet the health and safety expectations set out by Montpelier and, to comply completely, is a full time job for two if not five people as we build policies we didn't anticipate needing and attempt to physically restructure our retail floor for socially-distanced shopping when the time comes to open. With a select set of employees working in the building (and that number is growing) we are faced with trying to run a not-small organization remotely and no matter how you slice it, having leaders available for face to face interaction is important - so we have had to double, if not triple the time spent communicating, re-communicating, and following up. Fortunately we are seeing revenue trickle in and combined with understanding vendors it has allowed us to continue to push forward and, with PPP loan funds covering payroll costs and other allowable expenses we are able to push all revenue towards fulfilling our existing obligations with weekly check runs making a 5-8% dent in our payables each week - if we can sustain this pace of revenue and some growth we expect to be in a reasonably good spot by the middle/end of July (this presumes ongoing and increasing online sales and a return to some level of brick and mortar retail by the beginning of June).

Outdoor Recreation Retail Takeaways:

- The first and most important thing is to have cross-industry and cross-societal (meaning personal and business interests) on the same page as to what is appropriate versus not: If one sector is taking greater liberties with health and safety, others will follow suit to keep up and this will push us back to more restrictions. Montpelier is doing a good job communicating expectations and, since this has progressed in the past several weeks, they seem to be providing much more clarity on the specifics and the underpinnings for their directives. Unfortunately weekly announcements about restrictions being slowly lifted are being made in a way that has all of us scrambling to react as quickly as possible - being given guidance on a Friday as to our

ability to expand operations on Monday has left many of us in decision mode 24/7 as we try to regain normalcy.

- Testing and potential treatment: We know that a vaccine is likely a year or more away. Until we have reliable and quick testing available people will remain cautious about being in public but without testing our natural inclination to relax our guard could prove problematic. Consumers are needed for our industry to return to near-normalcy and consumer confidence and safety is needed for consumers to step outside the internet and back to main street. This requires continued leadership from Montpelier and less chaos being sowed from Washington.
- Financial support: OGE is fortunate to be in a relatively good spot here but Main Street, on the whole, is not. Small businesses need grants or long term (read 20 years or more) debt instruments to allow them to, essentially, put their current financial situation on an affordable installment plan while giving them the resources to start the next selling season on solid footing and to be able to buy and plan for the new normal. With state tax revenue significantly diminished, these funds will need to come from the SBA and/or other parts of our federal government. If that doesn't happen, I think Vermont risks finding itself with a very different "vibe" going forward. With tourists a big part of Vermont's economy, local businesses need support to get from today to next summer when things should begin to be close to normal. No matter how you slice it, however, the next 12 months will see many businesses closing and there is no way that won't be felt deeply in this state. In the coming 12 months folks will continue to shop online and the return to brick and mortar will be slow. Grants to support local businesses in their to build an online channel will go a long way to helping businesses survive.

Additional thoughts:

With varying degrees of "open for business" happening throughout the country and even within New England, Vermont needs to continue to balance between what has been exemplary safety measures and the need to remain competitive. The citizenry has less disposable income than normal and is expecting to rely on Vermonters for retail, food, and tourism sectors right now. That is not a recipe for success when tourists bring so much to the state economically. Promoting safe travel will go a long way, but in these days, safe means diminished so businesses need support to weather this storm. And to be clear, this is not a storm like Irene or Sandy that created significant impact but ended and could be cleaned up over time. The current situation is one we will be living with for some time so our collective response needs to be measured and long-term focused - but this still requires an acknowledgment of the short term impacts the whole state will need to bear.

Sector Report: Outdoor Marketing (Drew Simmons, Pale Morning Media)

For outdoor retail sector including brands (eg, Skida, Burton), retailers (eg Outdoor Gear Exchange, Onion River Sports, Bicycle Express), and supporting marketing and sales organizations (eg, Pinnacle Outdoors, Pale Morning Media), economic impact has been felt at all levels. That downward economic stress began with closures of manufacturing facilities in Asia and expanded (along with COVID-19) to include widespread closures of national and local specialty retailers, as well as shutdowns of domestic manufacturer (eg, Vermont Glove, Skida). While some Vermont manufacturers have pivoted to the creation of personal protective equipment, that work is anticipated to be short-term.

Specifically, as a marketing consultant working primarily to support national outdoor industry brands, we saw client loss of approximately 30% in the month of April, and open invoices are severely delayed. Additional client losses are a distinct possibility. We have not reduced staff because of the support of the Payroll Protection Program, however when those funds run out in June we will evaluate potential layoffs and furloughs as needed.

Outdoor Marketing Takeaways:

Key need: The return of consumer demand is the key indicator for this sector.

Key concern: Increased reliance on online shopping. During the stay-at-home order, many consumers significantly increased their online shopping habits, bypassing Vermont retailers — many of whom do not have a significant online presence — to purchase goods from national sites (ie, Amazon). It is likely that much of that budget will not return to local Vermont retailers.

Key concern: Business closures. While large businesses have the ability to layoff/furlough and still survive the crisis, many small businesses will close completely because of the economic impacts of the pandemic.

Key concern: Sponsorship ripple effect. Outdoor businesses and their employees are often significant supporters of events (races, gatherings, etc.) as well as organizations (trails, advocacy groups, conservation). With the reduction in their business, those external opportunities will be reduced as well.

Key concern: Winter sports have not felt as much of the economic impact as spring/summer businesses. If consumer demand has not returned by fall, Vermont's winter product companies will also be impacted.

Sector Report: Outdoor Sales Organizations (Hal Ellms, Pinnacle)

The outdoor wholesale sales business is deeply impacted by this crisis. Company revenues have dropped dramatically and will continue to drop for the remainder of 2020. Additionally, the physical manner by which we do business has been altered profoundly. All manner of business travel and personal connection are on hold with no clear path to the other side yet.

The upside is that there is an increased interest in enjoying the great outdoors. I believe this trend will continue to fuel the effort of all partners within the outdoor recreation economy. It also highlights the need for responsible growth as it relates to stewardship, and conservation of our recreation assets.

It is very challenging from a number of standpoints. Pinnacle Outdoor Group has had steady growth for 15 years and 2020 was to be no exception. Instead, we have had to eliminate one position entirely and institute salary reductions for management and key employees. I estimate our revenue to be down 50-

60% for 2020. Returning to 2019 revenue levels will be years in the making. In the meantime, though, I am fortunate to have a team that is committed to identifying and adapting to emerging potential. This disruptive event poses many challenges but also opportunities and silver linings.

Outdoor Sales Organizations Takeaways:

Need

Regional COVID testing: Vermont must act in a manner that is responsible to our citizens and to all those who spend time here. We must continue to demonstrate leadership in this regard to our neighboring states, Quebec, and the Northeast in its entirety. We rely on our neighbors to visit our state and fuel our economy. We must also rely upon one another for health care stability as it relates to the spread of contagions. I believe that a robust and coordinated, regional COVID testing protocol will be the key to long-term financial stability for our region's economy. We need Vermont healthy and we need our neighbors healthy to keep our schools, retail stores, and public lands open and functioning without interruption.

Concern

I am concerned that the region may open too soon and the health crisis will reemerge. I would rather be locked down longer in Q2 than to have to quarantine again in the fall. A shutdown in the September-December timeframe would be crippling to state tax revenue and the society that relies upon it.

Concern

The loss of local, brick and mortar retail stores in Vermont and across the region. Most stores rely upon consumers physically walking through their doors to buy things. Questions remain about consumer confidence from a health and safety standpoint as well as from a financial standpoint. Will consumers have money to spend on non-essential items and will they feel safe enough to enter a retail store to buy these things? The pandemic is accelerating a trend toward online shopping.

Sector Report: Outdoor Brands (Bill Supple)

From the Outdoor Brand standpoint, those without a direct to consumer component (mainly online vs brick & mortar) are following the decline in their primary sales channel – specialty retail. To the extent OGE, Ski Rack, Onion River, etc are closed/non-operational a brand's ability to conduct business during the Stay Home, Stay Safe period is limited. A few, like Green Mountain Glove have pivoted to provide much needed PPE, but those are more in the minority. For Outdoor Brands this is playing out nationally, not just in Vermont. There is a growing concern across the larger Outdoor Equipment Industry that many specialty retailers (possibly up to 30%), a segment that was already financially challenged, will not survive.

Personally, as someone working for a brand without a direct to consumer approach, we've more or less ground to a halt. We've been forced to reduce staff, cut others back and cut costs where possible to mitigate the monthly losses while looking to see how and when a recovery will start to play out.

From the Outdoor Brand standpoint recovery will need to be broader than just Vermont – but everything helps. The major one will be the ability for our customer's, the outdoor retailers, to reopen for business, followed by a general restarting of the overall economy.

Sector report: Trail Building (Josh, Timber & Stone)

Since our work is rooted in outdoor recreation construction and deemed non-essential, trailbuilders were not able to work for 5-6 weeks. As the limits for closures were adjusted, most projects were able to get back up and running by week 7 of the pandemic.

Public land managers have had to adjust their priorities in terms of trail expansion and maintenance. Some projects have had to be put on hold whereas others were completed abandoned. Despite the loosening of work restrictions, a percentage of trail projects had already been pushed to 2021 or further. This will have a long-term effect on scheduling, material availability, and project completion. Timber & Stone, LLC was awarded the PPP loan during the first round of applications. This will serve us well as we start back up. For us, this money can only be used for payroll as we do not have additional expenses that qualify. The unknowns of the loan, the complex processing, and limitless questions related to the loan have led to a fear of using the money. That fear is based on when and how the money may need to be reimbursed. In short, so many unanswered questions can lead to paralysis, especially when related to financial debt.

Our financial loss on existing contracts is hard to quantify. The inefficiency of smaller crews working socially distant is obvious. As of now, we don't feel able to ask for change orders to help offset the loss due to work limitations.

Trailbuilding Takeaways:

Clearly, the main concern I have is the resurgence of the virus and increased loss of life. My observations of people's compliance of the social distancing mandate and stay at home order has varied from full compliance to indifference. I feel that the public's way of life must be brought back to normal at a slow and methodical pace in order to harness the potential return of the virus on a much broader scale. For now, all resources should be focused on providing financial support to those who cannot return to work and who need assistance with food, housing, and education.

Sector Report: Southern Vermont Economic Development (Sarah Lang)

As the regional development corporation for the Windham Region, we provide economic development services for a variety of business sectors. We put out an impact survey to our businesses asking them how they've been impacted by COVID19. We received 187 responses (as of the beginning of May 2020). Of those businesses that responded, there has been a 50% loss in jobs. There has been about \$12 million in lost revenue. Of the 187 businesses that filled out our survey, over half of them either

directly relate to or are heavily dependent on tourism and outdoor recreation. In our weekly calls we've been holding for our region's businesses, some of the anecdotal feedback was that the early solutions for recovery were not suited for the businesses most heavily and immediately impacted: tourism, outdoor recreation, lodging, food services.

Luckily all of our staff has been able to continue working full time from home. Many of the program staff were charged with putting their programs on hold and pivoting to respond to our hurting business community. We are having a working group revisit our Southern Vermont Comprehensive Economic Development Strategy, which was very recently accepted by the Economic Development Administration. We are charging them to look at our long term goals and strategies through the lens of COVID19. All that is to say many of our long term goals and strategies might change or be added to due to the impact COVID19 is having and will continue to have on our regional economy for years to come.

SVEDS Takeaways:

Outdoor Recreation Economy Specific:

- Establishing clear guidelines for consistent application across all outdoor activities so that Vermonters and visitors (assuming they are allowed into the state without 14 days of quarantine) can enjoy without questions.
- Ensuring those outdoor activities dependent on revenues have enough patrons to support operations or receive revenues some other way.

General Economy:

- Businesses are not held liable for employees or patrons who become sick. It is impossible to know when/how this happens, placing this burden on business owners is too much. Instead, allow for businesses to be temporarily closed or fined if they are willfully violating guidance or directives.
- A concern is that employers may feel they have to force employees back to work, knowing they are asking someone they care about to risk health for a pay cut.
- Needs: Capital, employees, tourism, welcoming our part-time homeowners with open arms

Conclusion:

This report can inform Outdoor Recreation business sector guidance to be developed by ACCD, as well as best practices for outdoor recreation asset management and development. Over the long-term, continued engagement will be needed between and among all aspects of the Outdoor Recreation economy in Vermont. All available data indicates that Vermonters are seeking to get outside in higher than normal numbers (reports of 20-50% increases in use over this time last year). COVID-19 has highlighted challenges in every system of society, from childcare to health care to housing to our food system, and outdoor recreation is no exception. The delicate “ecosystem” that makes outdoor recreation such a draw for Vermonters and visitors requires strong resources for stewardship, strong community support, a thriving small business economy, as well as tourism and all the systems that will be needed to support lodging, camping, restaurants and other related businesses. VOREC steering committee members stand ready to provide guidance and expertise throughout the course of this pandemic, so that we can all emerge with a healthy Vermont outdoor recreation economy.

APPENDIX I: VOBA Survey Report



COVID-19 Impacts on Vermont's Outdoor Recreation Industry and Recommendations for Reopening and Recovery – May 1, 2020

The Vermont Outdoor Business Alliance (VOBA) and its 60 members are dedicated to strengthening, expanding, attracting, and retaining outdoor recreation economy businesses in the state. Vermont's outdoor industry makes, sells, and provides outdoor recreation products, services, and experiences to Vermonters and visitors and includes retailers, manufacturers, suppliers/distributors, recreation facilities/resorts, trail builders, guiding services, recreation event companies, lodging and campgrounds, media, marketing, sales, and professional service businesses, and non-profit organizations.

The COVID-19 public health crisis has required governmental measures including the Governor's Executive Orders that have had a significant impact on Vermont's outdoor recreation economy beginning in mid-March.

Although a full understanding of the impact to the sector will continue to unfold over the coming months and years, VOBA has compiled an initial assessment based on almost 30 responses to VOBA's Outdoor Industry: Survey on COVID-19 Impacts and Recovery Strategies. July has been identified as providing a bellwether for an economic forecast and October/November/December as another critical sales/revenue cycle for the industry.

Two silver linings are clear: 1) the strength of Vermonters' commitment to our community members, especially the most vulnerable and the frontline workers putting themselves at risk for others; and, 2) appreciation for the rural nature of our state with its abundant access to safe, open spaces. 68% of respondents cited an increase in "backyard" physical activity, therefore we expect participation to increase with the seasonal changes and allowances ahead. As a gateway to community mental and physical health and economic prosperity, the outdoors has much to offer a swift and sustainable recovery for the future.

Summary of Impacts

Operations: Full or partial closure of business operations including retail, manufacturing, facilities, and professional offices have been necessary for almost all of the state's outdoor recreation sector, with the exception of some essential manufacturing/services and administrative remote working arrangements. Cancellations or delays in recreation events (which could include activities such as races, guided trips, programs, and camps) and reservations for stays were cited at 56%.

Financial Position: 32% of businesses reported losses between 50-75% to date despite the ability of limited sales and services through e-commerce (62%), curbside delivery (48%), remote working projects (67%), and manufacturing pivots to Personal Protective Equipment (PPE) (12%). Most losses are from a lack of sales, reservations, and/or events (86%), but businesses also acknowledged a 32% reduction in sponsorships, grants, and/or investment capital. Respondents are pursuing financial options through SBA EIDL loans and emergency advance grants (50%) and negotiations with partners and lenders (40%). One retailer's business is at 3% of normal with losses calculated at \$500,000. A ski resort refunded a month's worth of pre-bought lift tickets, equipment rentals, and hotel stays. Event businesses face liability for chargebacks and lost contract deposits from merchant banks and registration platforms due to

cancellations, while some organizations have successfully transitioned live events into virtual fundraisers. With marketing and advertising budgets frozen or reduced, one public relations firm anticipates clients to be down 33% while another print media business is offering free design services/flexible terms. Bicycle retailers seem to be an exception with one publication seeing a May directory renewal at 90%.

Workforce: 63% of employers laid off or furloughed employees and 59% supported employee applications for unemployment insurance. 42% of employers are delaying or halting seasonal hiring. Although 77% applied for the Payroll Protection Program (PPP), businesses have concerns about unfavorable terms, such as an inflexible rehiring date, full time requirements, and a lack of clarification on forgiveness eligibility. Several retailers (both large and small) have found it difficult to utilize their PPP funds to bring back employees because the higher unemployment insurance benefit is more attractive. A self-employed business expressed frustration at being determined ineligible for several programs.

Supply Chain/Markets: 73% of respondents identified supply chain disruptions in the spring buying/selling cycle and uncertainties in delivery timelines (62%) and modifications in fulfillment (50%) as challenges. Many overseas factories remain closed although one manufacturer found alternatives in domestic partners and sourced new materials. Unsold merchandise in retailers is expected to inhibit new buying through the fall and winter, impacting product orders for local brands. The ski industry will face supply chain disconnects in the upcoming cycle. Customers have made a shift towards purchasing online and directly from brands rather than retailers and it is anticipated to be difficult to bring customers back to local, brick and mortar businesses. When retailers do reopen, it is unclear what the purchasing power of customers will be like coming back from a climate of 20% unemployment.

Infrastructure: Recreation infrastructure has been limited by 88% due to the closure of facilities, resorts, and trail networks, the suspension of trail maintenance (53%) (that has since been allowed in a limited manner), and the inter-state travel ban and intra-state travel limit for recreation (10 miles). Respondents said that barriers to participation have increased by 65%. One recreation organization estimates losses in trail fee revenue due to closures on its managed trails could reach 45% by June. Guides (such as fishing, paddling, and climbing) are currently on hold with spring clients and are uncertain about summer's travel guidance - both seasons provide key annual revenue. Recreation facilities with lodging cite costly cancellations and rescheduling of weddings, reunions, events, recreation programming, and summer camps, some of which bring in the bulk of seasonal revenue.

VOBA Recommendations for Restart (1-2 months)

VOBA businesses believe that a phased restart of the **outdoor recreation sector** can be done cautiously and safely within the weekly guidance issued through Governor Scott's Executive Orders, in adherence to mandatory health and safety guidelines, and in compliance with the clarifications and training tools provided by the Agency of Commerce and Community Development and Vermont's Occupational and Health Administration. VOBA members understand that state and regional health data and trends are directing the "turning of the spigot" and VOBA members acknowledged support for the Department of Health's plans for expanded testing across the state as leading to evidence-based decisions.

One respondent appreciated the frequent guidance, tools, and communications from state government. Another business would like to see more of a longer-term roadmap that conveys a vision and defines parameters for reopening sectors so employers know what to expect and can plan as well as "boost the morale" of employees while ensuring the community continues to feel safe. VOBA recommends:

1. Best practices can drive the careful and responsible reopening of operations within the state's phased restart of the economy. The outdoor industry sector is determining plans and protocols and trade associations and businesses are working together to exchange information that is:
 - a. Tailored to different types of outdoor recreation businesses: retailers, guiding services, manufacturing, trail construction and maintenance, recreation facilities, and businesses that host recreation-based events, programs, and lodging; and

- b. Designed based on business size, location, product/service, indoor/outdoor, social interaction/health risk, occupancy/group & gathering size, and season.
2. Reopening outdoor and tourism businesses should be coordinated with the safe reopening of outdoor recreation facilities and staged travel guidance. Alignment of public messaging/education to include:
 - a. A directory of businesses as they reopen, what services, goods, and programs are available, when and how to shop safely and reminders on why to support local, brick and mortar businesses;
 - b. How to responsibly recreate in the outdoors in a safe and respectful manner, advisement on where to go and when, and who are the managing entities;
 - c. Emphasize the value of community health and the linkages between outside physical movement and improvements to mental and physical health, encourage continued increases in participation in “backyard” or Vermont-based activities.
 - d. Travel guidance adjusted to ensure flow and gathering of local recreationists (initially) and visitors (later) within requirements. When guidance for Vermonters recreating expands beyond 10 miles, a “Vermont for Vermonters” or staycation campaign can encourage new recreation opportunities and patronage of Vermont outdoor recreation businesses (such as a guided family fly-fishing trip or weekend lodging within the state).
3. Continue to adjust and expand public and private financial relief programs for small businesses and outdoor recreation-related needs. Options would prioritize grants, no interest loans, flexible terms, and timelines. Continue to communicate the availability and eligibility of resources to employers, employees, nonprofit organizations, and trade associations. Consider options for a Vermont sales tax holiday for outdoor recreation equipment.
4. Launch a centralized online outdoor jobs portal to facilitate the rehiring and job seeking of outdoor recreation professionals and seasonal workers. Identify existing industry certifications, trainings, DIY skills, and professional development that can be taken online during employment gaps.
5. Continue to build community and participation through the outdoors and elevate its value to mental and physical health in the news, on social media, and through online networking. Communicate stories and create opportunities to bring the outdoor recreation community together and to get people moving outside:
 - a. Tell stories about the outdoor industry’s pivoting to respond to community and medical needs;
 - b. Promote exercise as an allowable activity and make the link between getting outdoors and improved physical and mental health; and
 - c. Develop technical innovations and tools that allow outdoor recreation businesses & stakeholders to connect, share information, collaborate on solutions, and get outside.

VOBA Recommendations for Recovery (3-15 months)

The recovery roadmap for VT’s outdoor recreation industry will be determined in the months ahead and approaches will be multi-faceted and multi-year. At this time, VOBA recommends the following strategies:

1. Launch a recreation hub marketing campaign: Coordinate a public awareness effort that organizes Vermont’s outdoor products, services, and places geographically to re-direct participation or visitation to under-utilized recreation areas or higher priority destinations based on the VOREC community grant program. A re-branding could drive patronage of nearby businesses, spread out visitation, incentivize small groups, and encourage local shopping while reinforcing public health, quality of life, and outdoor community building. Messaging:

- a. Tell the stories of Vermont companies and their products, services and experiences they offer, describe their best practices to ensure safety and the innovative ways to financially support them and their rural downtowns.
 - b. Tell the stories of Vermont's recreation assets and how to gather and participate in ways that are safe and high quality, educate on infrastructure stewardship and user etiquette for engaging cooperatively with other trail users, landowners, state land managers, and nonprofit managing entities.
 - c. Elevate the economic aspects of the 7 - 9 recreation designations awarded a VOREC community grant by engaging local businesses in the projects and in linking businesses with the infrastructure in ways that increase business opportunities.
2. Secure innovation financing for outdoor recreation economy businesses: Continue to tailor grants, loans, and sources of capital to the needs of small businesses and start ups especially for opportunities that are unique to outdoor recreation, including:
 - a. E-commerce/marketing projects, or innovative approaches to reach new customers
 - b. Operations pivoting to new manufacturing or services, programs, or events
 - c. Investments in infrastructure and facilities
 - d. Technical assistance or professional services for financial and sustainability planning
3. Establish a statewide platform for outdoor workforce development: Build an outdoor jobs portal that facilitates the ongoing hiring and training of outdoor professionals and seasonal workers. Position the outdoors as a desirable career pathway for those seeking to relocate to Vermont.
 - a. Design a jobs program around building or maintaining recreation infrastructure on public and private lands;
 - b. Assess employer demand for positions in trades/textiles/mechanics and product development/digital marketing and work with education institutions to develop degrees, apprenticeships, and trainings; and
 - c. Establish scholarships or student loan forgiveness options for trainings and degrees.