



October 28, 2020

RE: Economic Development and Intergovernmental Relations Committee

October 28, 2020 Meeting

Item 2: Temporary Moratorium on Rent Increases for City Lessees Amid the COVID-19 Pandemic

Dear Chair Cate, Vice Chair Montgomery, and Councilmembers Kersey and Ward:

Like all businesses across our country, especially those in the tourism industry, Evans Hotels (comprised of the Bahia Resort Hotel, Catamaran Resort Hotel and Spa, and The Lodge at Torrey Pines) has been heavily impacted by the COVID-19 pandemic. The situation is more drastic and is lasting longer than anyone could have expected. Despite our efforts to remain open and serve the community, our business volumes are significantly reduced, not all of our facilities or amenities are able to open, and customers are still cautious about traveling.

Gatherings of any kind are expressly forbidden and the State of California has not issued any guidelines for group meetings or catered functions. As a result, nearly all of our meetings and events business has been canceled well into next year. In addition, due to physical distancing requirements and occupancy limitations, we are not able to operate our restaurants, retail stores, fitness centers, pools, or other amenities at full capacity.

We are now in the seventh month of the pandemic and no one knows when this crisis will end. With current health order restrictions, we are unsure when or how we will be able to operate other facilities at full capacity or reopen our closed facilities, and there is no timeline as to when we might be allowed to host even modest-sized groups. Unfortunately, we do not expect our business to return to prior levels for quite some time, with current estimates as far out as 2024.

While our industry has been especially hard-hit by this pandemic, we are not alone. Other City lessees have suffered similar losses and face similarly uncertain paths to recovery. And most other public agencies up and down the state – including the County of San Diego, Port of San Diego, and San Diego County Regional Airport Authority locally – have provided significant rent relief to their tenants in the form of minimum rent waivers, rent abatement, rent deferral, and(or) generous extension of rent repayment periods. Given that, not further increasing rents for its lessees during these unprecedented and uncertain times is the least the City can do to support these struggling businesses decimated by the COVID-19 pandemic.

I urge you to support this temporary moratorium on rent increases for City lessees and forward it to the full City Council for its consideration.

A handwritten signature in blue ink, appearing to read "R. Gleason", is positioned above the printed name.

Robert H. Gleason
President and Chief Executive Officer