



# Ocean City Regional Chamber of Commerce

## Ocean City Reopening and Recovery Plan



May 15, 2020

## Background

Since March, COVID-19 has upended life in New Jersey. On March 21, 2020, Governor Phil Murphy announced extensive measures to help slow the spread of COVID-19, which mandated the closure of all physical retail businesses deemed to be nonessential. He also issued a “stay at home order” that requested all residents remain in their homes, to the best of their ability, for the foreseeable future. The financial consequences on businesses have been significant and unfortunately, are going to continue. As the curve continues to flatten, there is an urgency among business owners to reopen certain aspects of New Jersey’s economy in the safest and most efficient way possible.

As the number of cases in New Jersey continues to decline, steps were announced to begin focusing on reopening. On April 13, Governor Murphy announced that New Jersey and several of our neighboring states would take steps towards a coordinated reopening of the regional economy. Then, on April 27, the Governor announced his plan to reopen New Jersey's economy. The plan, entitled "The Road Back" has six guiding principles for reopening:

- Sustained reductions in new COVID-19 cases & hospitalizations
- Expand testing capacity • Implement robust contact tracing
- Secure safe places for isolation
- Responsible economic restart
- Ensure New Jersey’s resiliency

Governor Murphy specifically noted that only after the first four items are accomplished will the last two items – “responsible economic restart” and “ensure New Jersey’s resiliency” – be the focus of the reopening plan.

**Without question, the health and safety of all New Jersey residents must remain the priority.** However, the plan for the reopening of New Jersey cannot be a one size fits all approach. As the immediate crisis continues to slowly subside, specific South Jersey guidelines for how and what industries may reopen safely are needed. The virus has impacted each region of the state differently and the challenges to reopening differ greatly from the northern to the southern regions of the State.

OCCC surveyed businesses from various industries and sizes throughout the area, traded information, ideas and best practices to help identify the tools Ocean City needs to reopen the economy when it is deemed safe to do so.

Ocean City Regional Chamber of Commerce (OCCC) has been surveying the business owners to hear directly from them regarding what they believe reopening should look like for the region. OCCC surveyed businesses from various industries and sizes throughout the area, traded information, ideas and best practices to help identify the tools Ocean City needs to reopen the economy when it is deemed safe to do so.

Derived from the comprehensive feedback, the OCCC proposes the following approach to reopening, with a specific focus on what Ocean City businesses need to safely reopen the economy and recover from the pandemic. It is important to once again note that the OCCC agrees health data must be the key driver in the reopening discussion; however, health data should be taken in tandem with other key information, such as geographic density and regional COVID-19 case numbers in the southern portion of the state.

One thing is clear, businesses of all sizes need concise guidelines on what a path to reopening looks like. This information can be dynamic and does not require a specific reopening date but should include tentative estimated timelines and steps businesses need to take to prepare for reopening. It is the only way to position businesses, and therefore the overall economy, to rebound as swiftly as possible when it is safe to do so.

## Regional Approach

Any reopening plan for New Jersey cannot be a one size fits all approach. The impact of COVID-19 on the southern region of the state differs greatly from the devastating impact on the northern region. The South Jersey region has seen far fewer cases than our neighbors in the north and thankfully have not seen our healthcare infrastructure overwhelmed near the magnitude of other areas. As of May 11, 2020, the total percentage of COVID-19 cases versus county population is as follows:

County	Population (per 2010 Census data)	Number of Cases	% of Impacted Population
Atlantic	274,549	1533	0.56%
Burlington	448,734	3665	0.82%
Camden	513,657	4959	0.97%
Cape May	97,235	462	0.48%
Cumberland	156,898	1363	0.87%
Gloucester	288,288	1690	0.59%
Salem	66,083	411	0.62%
Regional Total	1,845,444	14,083	0.76%

Although some South Jersey-based businesses were against the decision to issue a statewide stay at home order before the region was seeing an impact from COVID-19, the Governor’s Executive Order 107 was meant to ensure that the healthcare infrastructure was not overwhelmed by the number of potential future cases converging at the same point in time. In reviewing the above statistics, it is clear that South Jersey reaped the benefits from the Order with a far lower number of cases, and therefore hospitalizations, than our northern brethren.

The flattening of the curve is occurring, and South Jersey is fortunate to have been far less impacted than other areas of the state. Now is the time to discuss a more regionalized approach to reopening that takes COVID-19's impact into account and outlines a detailed, staggered economic approach to resuming business operations in the southern portion of the state where the risk is the lowest.

Our neighbors in Pennsylvania and New York have taken a regional approach to reopening their states and the OCCC believes this is a reasonable and measured path to consider. Pennsylvania Governor Tom Wolf took a county-by-county approach to restrictions before issuing a statewide stay at home order on April 1 and has said he will take a similar tact to reopening the economy. His plan for reopening will be color-coded and come in phases — red, yellow and green — starting with the northwestern and central parts of the state. New York Governor Andrew M. Cuomo laid out a broad outline for a gradual restart in New York allowing some “low-risk” businesses upstate to reopen on May 15.

On May 12th, Murphy said he was considering a statewide reopening plan, not a regional approach like governors in New York and Pennsylvania have backed.

Encouraging a reopening of the state's economy and caring about the health, safety and welfare of the state's residents are not and should never be categorized as mutually exclusive.

The Ocean City Regional Chamber of Commerce believes that a regional approach will allow for a succinct reopening plan that considers health, geographic and demographic data collectively to make informed decisions. South Jersey, given the demographics of the region, is better positioned to reopen quickly and safely. It is less densely populated, has more overall open space and less heavily used public transportation.

As it relates to the Shore Region, the OCCC strongly endorses the comprehensive plan issued on May 5 by the County of Cape May. According to the most recent Tourism Economic Impact Study, in 2019 visitation to New Jersey brought the total of 116 million people. As a result, total spending by visitors to New Jersey reached \$46.4 billion, generating \$5.1 billion in state and local taxes for 2018. Seasonal businesses employ one in 10 New Jerseyans, and tourism represents a \$46 billion industry for New Jersey. The Cape May County plan is thoughtful, reasonable and comprehensive.

The OCCC suggests allocating capacity guidelines for businesses as the best approach. The OCCC was pleased that Governor Murphy recognized that state parks and golf courses could reopen safely with strict guidelines on social distancing and believes strongly this model is one that other industries could follow. Construction sites, curbside retail businesses and other primarily open-air businesses, such as South Jersey's wineries and drive-in movie theatres, are now opening. Additionally, projects and industries that will swiftly impact the state's economy should be prioritized in any reopening plan, including critical infrastructure and other shovel ready projects in the southern portion of the state.

Taking into consideration the low number of cases in South Jersey, the region should follow similar standards seen across the country – starting with reopening at 25 percent capacity allowances and moving to 50 percent only if reopening proves to not spike new COVID-19 cases. However, this cannot be accomplished without strict safety guidelines and the ability for businesses to acquire the appropriate equipment to assure employee and customer safety.

## Safety Guidelines

One consistent theme the OCCC heard from members of all sizes and industries was the **need for clear and concise reopening and safety guidelines**. Reopening directives will likely differ according to the type of business and type of client interaction required for a business to open successfully. It will also require certain equipment discussed subsequently in this document.

Although the OCCC supports the CDC recommendations on “Reopening Guidance for Cleaning and Disinfecting Public Spaces, Workplaces, Businesses, Schools, and Homes,” the OCCC also recommends the following guidelines:

- Physical distancing and capacity measures to manage the density of people to comply with CDC guidelines
- Increased cleaning protocols and sanitization
- Screening and prevention with guidance from the medical community, including face coverings and temperature checks
- Staff training on CDC guidelines and new health and safety precautions
- Prior to each shift, employees should pass a health check or complete a health survey

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## Personal Protective Equipment (PPE)

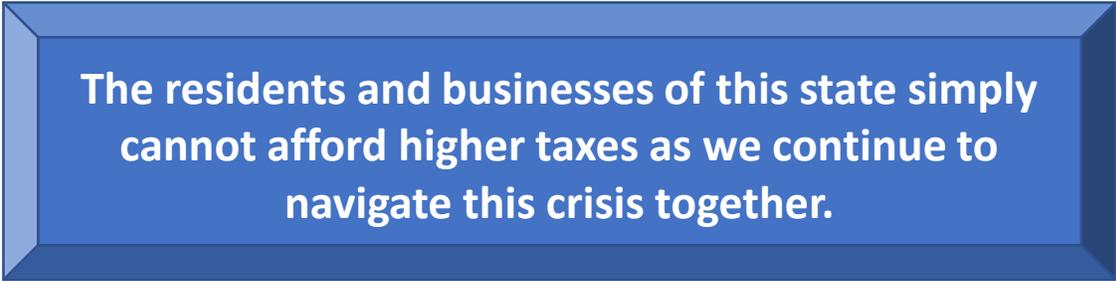
From the start of the COVID-19 crisis, acquiring PPE has been a challenge for healthcare workers and essential businesses across the state. Through creative partnerships and agreements with other states, New Jersey has been successful in obtaining PPE equipment for hospitals and our public safety and other frontline workers. However, an important component to successfully reopening the state’s economy will be allowing businesses to gain access to similar equipment.

To be clear, N95 masks and respirators are not critical to reopening businesses and should remain in the healthcare system. However, hand sanitizers and other disinfectants, high quality cloth face masks and gloves will be in great demand to assure safety, and are equally hard to find and costly to purchase – especially for businesses that have been closed and may not have the means to acquire the necessary equipment. The OCCC encourages the state to create a program through the New Jersey Economic Development Authority (NJEDA) in conjunction with the New Jersey Department of Health (NJDOH) to assist in identifying this type of equipment and to provide financial assistance for businesses to purchase equipment. South Jersey businesses should be prioritized seeing the region is best positioned to reopen in the near future.

## **Small Business v. Large Business Needs**

Different sized businesses have very different needs and demands. In order for micro and small businesses to recover there is a desperate need for capital, tax incentives and subsidies to support their dramatic economic losses. Unfortunately, many of these businesses have received no or limited federal or state level support. The Administration should consider improving coordination of pandemic relief efforts to better streamline economic and social impact, including the forming of collaborative funding models and a continued push for more federal funding that can be used specifically for COVID-19 impacted small businesses. If the Administration does not focus on this, many of these businesses will be unable to reopen.

On the other hand, larger businesses have a different set of challenges. Some of these companies have the capability to work remotely and remain operational; however, the longer New Jersey stays closed, or at a minimum does not have clear reopening guidelines regarding office space occupancy and needed equipment to ensure workers safety, the harder it is to plan an effective strategy for a successful post-COVID-19 business model.



**The residents and businesses of this state simply cannot afford higher taxes as we continue to navigate this crisis together.**

## **No New Taxes**

The OCCC feels strongly that New Jersey can and will see an economic rebound if the above steps and suggestions are taken into consideration. However, none of the above suggestions, or recommendations from other experts in economics or business, will matter if New Jersey increases taxes as a way to generate revenue for the FY2021 state budget, which must be finalized by September 30, 2020.

The FY2021 state budget as proposed by Governor Murphy in February, pre-COVID-19, called for nearly \$1 billion in new taxes, most of which were levied on the state's employer community. However, the consequence of the statewide shutdown, though a medically prudent decision, is that businesses were forced to close their doors through no fault of their own – causing many to financially suffer, and some to close their doors altogether. The OCCC implores the Administration to look past tax increases as a viable solution to our economic problems. The residents and businesses of this state simply cannot afford higher taxes as we continue to navigate this crisis together.

## **Ocean City Regional Chamber of Commerce Recovery Survey Results: Most Businesses Believe They Can Reopen Safely, Amid Great Challenges**

Seventy percent of business owners say they are able to operate safely under the CDC social distancing guidelines according to an Ocean City Regional Chamber of Commerce Survey.

However, a large majority of OC business owners say they'll need more than half of their usual client or customer base to break even in any given month.

Additionally, many respondents said they would never generate a profit, or need at least a year to generate a profit, if businesses are reopened at 50% capacity.

### **REOPENING STATEMENTS**

Respondents were asked what percentage of patrons, clients and customers are required, on average, for their business to break even in a given month. They responded:

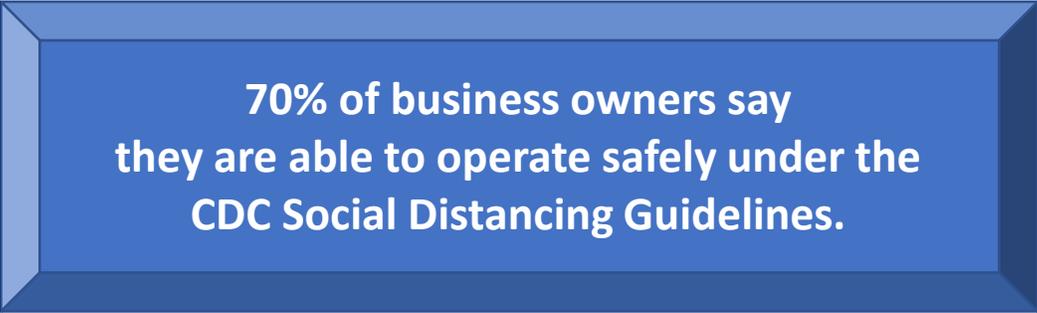
0-24%: 3%  
25-49%: 3%  
50-74%: 27%  
75-99%: 34%  
100%: 27%

Assuming a 50% partial reopening of business facilities is allowed, respondents were asked how long they anticipate it would take for their business to generate revenues comparable to pre-COVID-19 profits. They responded:

3 months or less: 9%  
4-6 months: 12%  
7-9 months: 4%  
10 months to a year: 15%  
More than a year: 19%  
More than two years: 7%  
I could never generate a profit at 50% capacity: 28%

There was a mixed range of responses from employers when asked what percentage of their total, in-person workforce is needed for their business to operate productively:

0-24%: 15%  
25-49%: 25%  
50-74%: 21%  
75-99%: 13%  
100%: 24%



**70% of business owners say  
they are able to operate safely under the  
CDC Social Distancing Guidelines.**

Employers were also asked to list their top three struggles for their businesses, resulting in the following leading responses:

Paying the rent: 59%

Meeting payroll costs: 45%

Repaying existing loans on time: 33%

Handling supply chain disruptions: 32%

Ensuring worker safety: 24%

Making quarterly tax payment: 21%

Other business struggles yielding 12% or less included: Paying quarterly or annual CBT/GIT payment; complying with labor mandates; cost of maintaining equipment; finding enough employees to fill workplace needs; concerns about future lawsuits.

Members were asked if their business is able to operate under CDC social distancing guidelines. A total of 70% said yes, while 18% said they were not sure. Another 9% said they would not be able to operate under CDC guidelines.

### **REVENUES AND REALITIES**

A whopping 48% reported no revenue during the current health crisis, while another 48% reported a decrease in revenue – leaving only 4% of respondents reporting normal revenue.

At the same time, about 42% of respondents have laid off at least one worker as a result of COVID-19.

When asked how they were accommodating for lost revenue, 75% said they either reduced workers' hours, or furloughed or laid off employees. 68% percent said they tapped into business reserves or personal savings, while another 47% sought additional funding through loans, credit lines, government aid or increased donations.

### **STAYING OPERATIONAL**

Sixty-seven percent of respondents were forced to close as a result of an executive order. Of those, 70% envisioned their closure as being temporary, while 15% weren't sure whether they would reopen or not.

Overall, 48% of respondents listed their business as struggling to perform its essential duties, while another 42% said it was unable to perform its essential duties at all.

Employers were also asked how, or if, their physical workspace might be affected as a result of COVID-19. 75% anticipated increased costs for sanitizing and 59% expected added costs for PPE. 30% said they would need structural changes to implement social distancing.

**Respondents said they would never generate a profit, or need at least a year to generate a profit, if businesses are reopened at 50% capacity**

## Conclusion

As stated earlier, encouraging the reopening of the state's economy and focusing on the health, safety and welfare of the state's residents are not and should never be categorized as mutually exclusive. In fact, in many ways they go hand in hand. The OCCC strongly recommends:

- A regional approach to reopening, with the South Jersey Region prioritized for reopening based on a combination of health, geographic and demographic data.
- A specialized approach to reopening the Shore Region, as recommended by the County of Cape May.
- Strict adherence to safety guidelines for the employer, employees and customers.
- Assistance for businesses to identify available PPE, as well as financial assistance for businesses to purchase PPE.
- New financial assistance streams for micro and small businesses which are most at threat of closing.
- Clear and concise guidelines for employers on reopening and employer safety measures.
- Safe options for childcare to allow parents and women-owned businesses to reopen and/or return to work.
- No consideration given to tax increases as the state debates the FY2021 state budget.

The OCCC has worked in conjunction with the Ocean City Administration and the Ocean City Business Community to collect data and information specific to the Ocean City, NJ area in regards to business needs to reopen and recover from the Covid-19 closures.

## Ocean City Reopening and Recovery Plan



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