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# Sunday

**THE PLAIN DEALER**



SANDUSKY

## Tourism turned upside-down



The Gatekeeper roller coaster at Cedar Point in Sandusky. The tourism industry is facing the consequences of a rapid restart after more than a year of being nearly completely shut down, and that in turn has brought a new perspective to hiring and wage practices. Last month, Cedar Point doubled its starting pay to help reverse its staffing shortage. *The Plain Dealer*

**Cedar Point's shocking \$20 hourly wage has had consequences for Sandusky's tourism economy.**



**Susan Glaser** [sglaser@cleveland.com](mailto:sglaser@cleveland.com)

Business should be booming this summer in Sandusky, as tourists return in droves following a year of pandemic-induced isolation.

There's a problem, however: Many employers can't find workers to staff their restaurants and retail operations, forcing them to cut back hours and turn away customers, or contemplate major wage increases they say they can't afford.

The problem was exacerbated last month when Cedar Point — desperate for employees — announced it was increasing starting pay to \$20 per hour, double what it was paying a year ago.

The move apparently worked. The theme park giant, which reduced operating days this month to accommodate the staffing shortage, reported recently that hiring has been strong enough to resume

**Businesses in downtown Sandusky are feeling the effects of a nationwide labor shortage, compounded by Cedar Point's decision to increase starting pay to \$20 per hour.** *Rich Exner, cleveland.com*

full operations in late June. The company's wage decision, however, has sent shock waves through the business community.

"They're doing what they need to do," said Kula Hoty Lynch, who owns a small resale shop, specialty foods store and several other businesses in town. "The problem is, most other small businesses can't compete. We should be making money now, and nobody can because they can't staff their business."

It's not just in Sandusky. The tourism industry throughout Ohio and beyond is facing the consequences of

a rapid restart after more than a year of being nearly completely shut down.

"The summer months are crucial," said Melinda Huntley, executive director of the Ohio Travel Association. "If they're not able to operate fully, it's going to mean more businesses lost, more jobs lost."

The problem is complicated, without an easy, short-term fix, she said.

And it's leading to several longer-term questions about the tourism economy, both in this small lakefront city and beyond: Will prices go up? How can smaller businesses compete? Are these wages sustainable? And what happens when the Sandusky's international workforce returns?

The tourism industry was hit harder than any other sector during the COVID pandemic, with as many as half of all employees out of work at some point. Now that the tourism industry has reopened — and demand has come roaring back — the workers aren't available, for a variety of reasons, from child care issues to unemployment compensation to new and better opportunities.

Michael Goldberg, the executive director of the Veale Institute for Entrepreneurship at Case Western Reserve University, said the rapid rebound seems to have caught businesses by surprise.

"It's fascinating the speed at which this has happened," said Goldberg, who is also an associate professor at the Weatherhead School of Management.

**SEE SANDUSKY, A14**

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CUYAHOGA COUNTY

## How a lawyer makes millions on construction projects

**Courtney Astolfi** [castolfi@cleveland.com](mailto:castolfi@cleveland.com)

Cuyahoga County taxpayers might not know his name, but they know his work — and they've paid millions for it.

Gund Arena, Jacobs Field, the Medical Mart and convention center, the downtown Hilton hotel, and now, a new county jail. Local attorney Jeff Appelbaum for decades has played a pivotal role in the construction of these skyline-changing projects, financed by hundreds of millions of public dollars.

Since 2009, Appelbaum, along with affiliated companies Project Management Consultants and the Thompson Hine law firm, have won county contracts worth roughly \$10 million, including a \$1.27 million deal approved by the county last week.

In exchange, the county gets legal services and a dedicated point man to oversee construction, ideally ensuring it's completed on schedule and within budget.

**SEE CUYAHOGA COUNTY, A20**

STIMULUS WATCH

## How much money will small cities get?

**Robin Goist** [rgoist@cleveland.com](mailto:rgoist@cleveland.com)

For more than a month, leaders in Ohio's largest cities have known exactly how much money they're receiving from the American Rescue Plan, while government authorities in smaller municipalities are still waiting to hear how much they'll get — if anything.

The Ohio Office of Budget and Management hasn't announced how it will distribute the federal stimulus money among smaller cities, townships and villages. But using census data and the guidelines provided by the U.S. Treasury, The Plain Dealer and [cleveland.com](http://cleveland.com) estimate that Cuyahoga County's smaller governments could receive a collective \$64.3 million, with another \$108.5 million going to towns in Summit, Lorain, Lake, Medina, Portage and Geauga counties.

**SEE STIMULUS WATCH, A6**

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NEW LOCATION

SANDUSKY

# Tourism turned upside-down as it faces a rapid restart

*Cedar Point's shocking \$20 wage and its consequences on Sandusky's tourism*

Continues from A1

"The need for workers has caught people flat-footed."

Indeed, early in May, Cedar Fair CEO Richard Zimmerman was asked during a first-quarter earnings call whether the company was prepared, labor-wise, for the upcoming season. He said they were.

Two weeks later, Cedar Point announced it would close the park, waterpark and resort hotels for numerous weekdays in June and reduce daily operating hours, because of labor shortages. It also announced it was increasing pay to \$20 per hour.

"I was shocked that they were that aggressive," said Cleveland State University economics professor Bill Kosteas. "Clearly, they feel they needed to be."

The wage hike seems to have had the desired effect.

Cedar Point spokesman Tony Clark said this week that applications had returned to pre-pandemic levels.

"The process of hiring and training associates is underway, and we remain committed to providing the quality experience our guests expect from Cedar Point," he said.

Ultimately, the increase in labor costs will show up in pricing, although it might not happen immediately, said Kosteas, who is also associate dean of Cleveland State's College of Graduate Studies. "I don't see any other way around it," he said.

Indeed, Chipotle made national news this week when it said it was increasing menu prices by up to 4% so it could pay employees more, to an average of \$15 an hour.

But small businesses, including many independent retailers in Sandusky, can't absorb cost increases the same way big corporations can, said Kosteas.

"For a lot of businesses, labor is the single biggest cost," he said. "I'm sure it's not an overstatement to say they're very worried."

Lynch said the average product in her resale shop, Once Upon a Child, is \$3. "I can't pay \$20 an hour — I just can't. That would basically put the business under," she said. "For the high school kid, the college kid — are they going to work for me for \$10 or \$11, or go to Cedar Point for \$20? The choice is obvious."

Her businesses typically hire a half-dozen workers for the busy summer months. "I've made one hire since January and it was someone I knew," she said. "I can't tell you how many thousands we've spent in advertising, with no applicants."

She noted that her favorite restaurant in town, Manny's Tavern & Grill, recently decided to close for three days a week because of staffing problems.

Fellow Sandusky business owner Ryan Whaley, who owns the new Paddle Bar and several other businesses in town, also said he couldn't afford to pay \$20 an hour.

"It's capitalism," he said. "Do I love it? No. They're allowed to do it. It's what we all signed up for."

He said he's lucky he has several employees who have remained loyal to him over the years.

"I've always paid a little bit more than typical bartender wages," he said. And business has been so robust lately that his servers most nights are making well north of \$20 per hour, including tips.

He's coping, in part, by keeping some of his businesses closed on some weekdays — but that decision was made before Cedar Point's wage announcement.

"COVID taught me I'm more effective when I take a break," he said. "We do not



Cedar Point spokesman Tony Clark said that applications had returned to pre-pandemic levels. "The process of hiring and training associates is underway." *Joshua Gunter, cleveland.com*



The workforce problem is more acute in places like Sandusky, which is heavily reliant on seasonal hiring. Both Cedar Point and the indoor waterpark Kalahari Resort typically hire thousands of seasonal workers from overseas. *Marvin Fong, The Plain Dealer*

have to work 80 hours a week every week."

The workforce problem is more acute in places like Sandusky, relatively far from major metro areas and heavily reliant on seasonal hiring. Both Cedar Point and Kalahari Resort, an indoor waterpark in Sandusky, typically hire thousands of seasonal workers from overseas, through the State Department's J-1 visa program. That program was shut down for much of last year, and has only recently geared back up.

Sandusky typically hosts several thousand international workers every summer; this year, there are an estimated several hundred in town.

Lynch expects that Cedar Point will be able to lower wages next year, when the international workers return in larger numbers. "These wages aren't sustainable," she said. "I'm concerned there's a false sense of security."

Goldberg, with CWRU, isn't so sure.

"If you want that \$20-an-hour worker to come back next summer, you'd better not

cut their pay," he said.

Kosteas agreed that lowering wages would be difficult. "What you can do is not raise wages, and over time they'll get eroded by inflation," he said.

Eric Wobser, the city manager in Sandusky, said there is an upside to the rapid increase in wages in the community — more money in people's pockets.

"Historically, wages have been low in the tourism economy," he said. "I'd rather see this money go to employees rather than shareholders."

He's hopeful, too, that the higher wages may push more employers to convert seasonal workers to year-round employees, which would provide more stability for both individuals and the regional economy.

Whaley also said he's not opposed to increasing wages in the community. "No question that wages are going up. I don't think that's a bad thing. But it needs to be done sustainably and responsibly."

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*Kula Hoty Lynch, who owns several small businesses in Sandusky*



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