



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 9b

**BRIEFING ITEM**

**Date of Meeting** April 14, 2020

**DATE:** April 10, 2020

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Eric ffitch, State Government Relations Manager, External Relations  
Ryan McFarland, Federal Government Relations Manager, External Relations  
Lance Lyttle, Managing Director, Aviation Division  
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**SUBJECT:** COVID-19: Federal CARES Act Relief and Upcoming Recovery Proposals

**EXECUTIVE SUMMARY**

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. The CARES Act is a \$2 trillion relief package designed to mitigate the economic impacts of the COVID-19 pandemic. Key components of the legislation include direct payments to individual Americans, an expansion in unemployment insurance, aid for distressed industries, an additional infusion of funding for the health care sector, and additional assistance for businesses and state and local governments.

The memo below provides a high-level overview of the CARES Act, discusses provisions that apply directly to the airport, and then considers those provisions that seek to directly assist our small business partners and the workers on whom we all rely.

**CARES Act Overview**

The CARES Act is the largest relief package passed in the history of the federal government. For comparison, the American Recovery and Reinvestment act—to respond to the 2008 financial crisis—was \$831 billion over ten years, while the Troubled Assets Relief Program that stabilized the banking sector was \$450 million. The focus of the first three COVID-19 relief packages is mitigating the immediate impacts of the epidemic, such as public health issues, sick leave, unemployment insurance and assistance, and aid to businesses and government entities.

A central component of the bill was direct relief for workers and their families, authorizing \$1,200 payments direct to households via direct deposit. Those payments are based on income, capped at households making \$99,000 annually for single filers, and distributed based on 2019 tax returns. It is expected that these payments will take 1-2 days to be distributed. The package also

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contained a significant expansion of both the length and amount of unemployment insurance (UI) that is available, including making those available to gig workers, independent contractors, and those who are self-employed. The expansion amounts to an additional \$600 per week on top of regular unemployment benefits and will be available for fourth months.

Another central feature was more than \$377 billion in small business loans and assistance, primarily in the form of the newly created Paycheck Protection Program which provides eight weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain their payroll during this emergency.

The CARES Act also creates a \$454m Treasury Department fund to provide liquidity for businesses, state/local governments, and tribes. This funding will be distributed through the Department of the Treasury's Exchange Stabilization Fund, and will be used for loans, loan guarantees, and other investments. The Port's Washington, D.C. representative and the American Association of Port Authorities engaged policymakers to expand eligibility under this fund to include political subdivisions like port districts.

The portions of the memo below provide specifics on direct airport which programs are available our small business partners, to their workforce, and to our employees, and what outreach efforts we've undertaken to ensure our partners can access that relief.

### **Aviation Division and CARES Act**

The CARES Act provides a total of \$10 billion in grants for airports, coming from the general fund, not the Airport and Airway Trust Fund, as follows:

- \$500 million to make FY 2020 AIP grants available at 100 percent federal share.
- \$9.4 billion for any uses that airport revenues can lawfully cover.
  - \$7.4 billion at a 100 percent federal share distributed 50% by 2018 enplanements, 25% by airport debt service costs and 25% based on the ratio of unrestricted reserve to debt service.
  - \$2.0 billion for grants at a 100 percent federal share, apportioned by the regular AIP formula. The current requirement that any airport development project must follow the AIP's prevailing wage standard, is applied to these new funds as well.
    - Any remainder after the formula run is moved to the \$7.4 billion pot above
  - \$100 million for general aviation airports to use for any lawful airport revenue use, at 100 percent federal share distributed by airport percentage of total National Plan of Integrated Airport Systems (NPIAS) development costs.

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To receive these grants, primary airports such as SEA are **required** to maintain at least 90 percent of their employment levels (measured against the employment level as of the day the bill gets signed into law) through December 31, 2020, unless the Secretary provides a waiver because the airport is experiencing "economic hardship" or if the requirement would undermine aviation safety and security.

In reviewing the \$7.4 billion allocated to airports to understand what may come to SEA, 50% is a straightforward formula allocation, coming out to approximately \$125 million to represent SEA's share. The second 50%, tied to debt ratios for all airports, is more complicated to estimate and we are working closely with the airport associations to better assess that amount.

#### Related Businesses and Activities

**Airport Concessions:** The final bill does **not** include a House proposal that would have required airports use a portion of federal funds "to provide financial relief to airport concessionaires experiencing economic hardship...."

**TSA:** \$100 million for the Transportation Security Administration overall, with \$54m specifically earmarked for cleaning and sanitation at checkpoints and airport common areas.

**REAL ID:** The bill would extend the REAL ID requirement until not earlier than September 30, 2021 - a year later than the current enforcement deadline.

#### CARES Act and Small Businesses

Overall, the third COVID-19 relief package provides \$377 billion in relief to small businesses and their workforce. This is the main vehicle for relief for many port stakeholders, including drayage truck drivers, airport ground transportation operators, and airport concessionaires.

Some highlights are below:

- **Traditional 7(a) SBA Loans and the CARE Act Paycheck Protection Program:** The third COVID-19 package creates a new \$350 billion "Paycheck Protection Program" within the existing 7(a) loan program. The new program provides eight weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain their payroll during this emergency. If the employer maintains its payroll, the portion of the loan used for covered payroll costs, interest on mortgage obligations, rent, and utilities will be forgiven. Specifically, the new program would apply to:
  - Small employers with 500 employees or fewer, as well as those that meet the current Small Business Administration (SBA) size standards;
  - Self-employed individuals; and
  - Certain nonprofits, including 501(c)(3) organizations and 501(c)(19) veteran organizations, and tribal business concerns with under 500 employees.

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- **Express Loan Program:** The third COVID-19 package raises the maximum loan amount under this program to \$1 million from \$350,000.
- **Economic Injury Disaster Loan Program:** The third relief package also expands eligibility for access to SBA’s Economic Injury Disaster Loans (EIDL). EIDLs can be worth up to \$2 million and the interest rate is 3.75% for small businesses and 2.75% for nonprofits.

### **Outreach to Impacted Tenants and Small Business Partners**

Port staff has worked with the Small Business Development Center and other partners to develop webinars on CARES Act loans and other business resources. The information about these technical assistance webinars has been shared broadly with drayage truck drivers, Airport Dining and Retail tenants, WMBE small businesses, maritime tenants and other small business partners.

Information about these webinars and resources for small business was also distributed to over 25,000 stakeholders including the Port’s ethnic media contacts, Connections subscribers, and corporate partners.

### **CARES Act Assistance for Workers and Port Employees**

*Port Jobs and Fair Work Center have been engaged in providing services to the workers at the airport.*

*Fair work center will provide workers with:*

- Fair Work Center is hosting weekly informational webinars that are open to workers in all industries (in English and Spanish). These reach around 100 or more people each meeting, and the information is additionally accessible through our educational materials. Fair Work Center’s weekly meetings cover pertinent information regarding immediate and urgent worker needs in the context of COVID-19, including: unemployment, sick time, and changing implementation and guidelines around emergency assistance. Airport worker trainings will also include this information more specific to the Port and SEA.
- Training material will also go over how to get in contact with the service provider (such a Partners in Employment and Port Jobs) to connect workers who need to speak to someone for assistance with unemployment application, rental assistance/emergency assistance, job search assistance and other support.
- Fair Work Center will organize ongoing webinars and trainings specific to airport workers, assessing the needs of these workers and their requests for support to incorporate in these trainings. They plan to offer these on a regular basis and reach hundreds of people each time. They will offer live translation services to make accessible for as many people as possible. The plan is every two weeks but can adjust according to need.

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- Additionally, educational materials are tailored to specific industries and distributed to thousands of workers through outreach and organizing staff. They will develop materials tailored specifically for airport workers in plain language (and in multiple languages) to distribute widely through various means (online, email, text, etc.) and reach thousands of workers.

*Port Jobs* will provide workers with:

- **Sea-Tac Airport Job Opening** information, and other job openings as needed: currently, five employers are continuing to hire at Sea-Tac; laid-off airport workers may also apply for transportation and food-related positions outside the airport, many currently hiring. Expected metrics: Port Jobs serves 2,343 clients in the first quarter, and placed 1,226 people into airport jobs. They expect to serve 3,000 clients in the second quarter, with a pivot in focus from job placement to assistance with both jobs and resources for laid-off workers.
- **Basic Food Employment Training (BFET)** information and connections to these services: Eligible jobseekers receive support services included essential supplies in addition to job search assistance.
- **Guidance to apply for Unemployment Insurance and other online subsidies:** State has now corrected the “standby denial glitch” in the application system. Online applications are now being processed swiftly; phone communication with Employment Security continues to be on overload; certain conditions may require phone contact; Employment Security is in process of hiring 100 additional workers to assist.
- 1:1 Virtual step by step assistance to negotiate the above
- Virtual and scheduled in-person health plan finder assistance: Port Jobs is working with King County and Project Access Northwest to partner in service of laid-off airport workers. Expect 3,000 laid-off airport workers to need assistance with enrolling in continued health care coverage when employer insurance lapses.
- Fair Work Center Resources: Port Jobs has communicated to 30,000 current and former airport workers the first Fair Work Center Webinar for Monday, April 13<sup>th</sup>. 3,000 people had opened the email as of noon today.

*Current needs that are unmet:*

- Worker assistance with Child Care Resources and Support
- Lack of access to internet and a computer at home for workers
- Fair Work Center and Port Jobs both needs more access to interpreters and linguistically appropriate information in different languages
- support for workers and their families to access food and rental assistance services
- Need Online learning opportunities, all apprenticeship and pre-apprenticeship and internship programs have been cancelled.
- Assistance with getting unemployment benefits approved
- Assistance with getting small businesses lenders for PPP Loans

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### **CARES Act Extensions and Next Steps for Federal Relief Efforts**

#### *CARES Act extensions:*

In spite of neither chamber being physically assembled in Washington, D.C., the “Pro Forma” sessions in the House and Senate could allow for quick passage of funding support for critical small business support programs. Negotiations between House and Senate and between parties delayed passage, as it was originally expected to occur Thursday, April 9<sup>th</sup>. Monday, April 13<sup>th</sup>, is the soonest that an extension package could pass.

Democratic representatives were seeking additional money in a package for state and local governments (\$150B) and for hospitals (\$100B), plus an increase in funding for the Sustainable Nutrition Assistance Program. At the time this memo was written, it was not clear what the final fate of the extension would be.

#### *Priorities for Next Federal Package:*

Outreach has been critical in understanding what we need to prioritize for a future federal relief package, and for future federal assistance as we turn toward recovery. Some priorities can simply be established based on news reports– for example, the high volume of applications for the Paycheck Protection Program necessitated its extension. Other priorities come from direct conversations, as staff learned from partners in the fishing industry that they had advocated for \$1.5b in direct assistance and got \$300m in the CARES Act. They are seeking more, and we recommend supporting their efforts.

Other priorities come from gaps in the third package, which included vital airport funding, for example, but no direct assistance for impacted seaports. Staff has been working with the American Association of Port Authorities to determine what a seaport funding measure would look like.

The priorities enumerated below reflect core Port of Seattle operational priorities, those needs identified by our core stakeholders and partners, as well as priorities that reflect our core values. These principles will guide our engagement with congressional offices.

- Continue robust funding for critical programs established in CARES Act, including individual assistance to families and small business loan programs that help port tenants remain viable during this continued disruption in normal operations.
- Provide relief to support seaports that are seeing substantially reduced revenue due to a partial or total cancelation of cruise season as well as a substantial reduction in cargo volumes.

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- Include worker protections in relief packages, with an emphasis on a need for federal acknowledgement that worker displacement during a global public health crisis should not result in comprehensive loss of individual health insurance protection for workers across the economy.
- Include investment in seaport and transportation infrastructure as a mechanism for economic recovery.
- Continue robust funding of airport relief, including potential infrastructure-specific grants to airports to support continued construction of projects that may otherwise be deferred due to reduced airport revenues stemming from operational disruption.
- Prioritize federal investments that promote environmental resilience, including supporting a transition to sustainable fuels in the aviation sector, incentives for adoption of low-carbon fuels in the transportation sector, and investment in clean energy infrastructure.
- Continue and expand direct relief for federally managed fisheries, and include new provisions allowing for government purchase of surplus seafood along with flexibility for refinance of previously issued federal capacity loans.
- Promote recovery of travel and tourism industries through support for destination marketing organizations, small businesses reliant on travel and tourism, and other critical tourism and travel infrastructure.

**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides
- (2) Full CARES Act summary (provided to Commission via staff email on March 27, 2020)

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

No previous actions or briefings