



- Applicable to real estate tenants and moorage customers who are undergoing financial hardship due to the Covid-19 pandemic; airport tenants are also eligible with restrictions on airlines in accordance with federal rules, regulations and guidance.
- Deferral is based on written request from tenant or moorage customer proving financial hardship as a result of the Covid-19 Pandemic.
- Executive Director to approve deferments on a case by case basis.
- The Policy will be in effect until July 31, 2020, unless terminated or extended by the Commission prior to that date.
- Policy to be reviewed to determine if there is a need to extend or restructure, subject to future Commission approval.

## **FISCAL IMPACT**

Rent and Moorage Fee Deferral will have a significant fiscal impact to the Port from three Revenue sources:

1. Real Estate: As of Monday March 30, 2020, the Port has received rent relief requests from 20% of Real Estate, Marine Terminal and BWAS tenants (36 out of 182 tenants). Based on requests to date this represents 29% of Ports monthly rental revenue (approximately \$208,000 out of \$720,000 per month not including leasehold tax and other fees). For a 3-month period this equates to approximately \$625,000.
2. Aviation: The estimated best-case scenario would be \$142,000 per month and worst-case scenario would be \$192,000 per month (if airlines ask for deferral of terminal fixed fees), which for the 3-month period would be approximately \$426,000 to \$576,000.
3. Marinas: It is difficult to determine how many moorage customers would request a deferral. Assuming requests from about 10% of the 2,015 moorage customers, with an average vessel length of 36 feet, deferred moorage fees for a 3-month period would be approximately \$195,000.

Total 3-month Deferred Rent from these three Revenue sources is estimated to be approximately \$1.25 to \$1.4 Million dollars. Real Estate expects to see additional requests, so this number is expected to increase.

## **STRATEGIC PURPOSE**

Provide customer service, protect the Port interest and maintain occupancy.

## **RECOMMENDATION**

Approval.

**RESOLUTION NO. 1393**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF BELLINGHAM ESTABLISHING A PORT TENANT RENT RELIEF POLICY IN RESPONSE TO THE COVID-19 PANDEMIC EMERGENCY, DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO ADOPT IMPLEMENTING RULES AND PROCEDURES, AND TO APPROVE RENT DEFERRALS, AND SUPPLEMENTING THE PORT OF BELLINGHAM'S DELEGATION OF ADMINISTRATIVE POWERS AND DUTIES TO THE EXECUTIVE DIRECTOR AND DESIGNEES TO ADDRESS THE PORT'S EMERGENCY RESPONSE TO THE COVID-19 PUBLIC HEALTH EMERGENCY**

**WHEREAS**, COVID-19, a respiratory disease that can result in serious illness or death to vulnerable or at-risk populations, is caused by the SARS-CoV-2 virus, which is a new strain of coronavirus that had not been previously identified in humans and can easily spread from person to person; and

**WHEREAS**, the United States Centers for Disease Control and Prevention (CDC) identifies the potential public health threat posed by COVID-19 both globally and in the United States as "high" and has advised that person-to-person spread of COVID-19 will continue to occur globally, including within the United States; and

**WHEREAS**, on January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for COVID-19 beginning on January 27, 2020; and

**WHEREAS**, on February 29, 2020, Governor Jay Inslee proclaimed a state of emergency within the State of Washington due to COVID-19; and

**WHEREAS**, Whatcom County Executive Satpal Sidhu declared a public health emergency regarding COVID-19 on March 10, 2020; and

**WHEREAS**, on March 12, 2020, the Mayor for the City of Bellingham issued a Proclamation declaring a local emergency in response to the COVID-19 virus pandemic; and

**WHEREAS**, on March 13, 2020, the City Manager for the City of Blaine issued a Proclamation declaring a local emergency in response to the COVID-19 virus pandemic; and

**WHEREAS**, on March 20, 2020 pursuant to the Delegation of Administrative Powers and Duties, the Port Executive Director issued a Declaration of Emergency in response to the COVID-19 virus pandemic ("Declaration of Emergency"); and

**WHEREAS**, on March 23, 2020, Governor Inslee ordered that all people in Washington "stay home" for a two-week period unless they are pursuing an "essential" activity; and

**WHEREAS**, on March 24, 2020, the City of Bellingham closed all of its playgrounds, parks, indoor recreational facilities and other recreational facilities; and

**WHEREAS**, COVID-19 has had a significant chilling effect on the economies of the United States, Washington State, Whatcom County and the Cities of Blaine and Bellingham; and

**WHEREAS**, the public health emergency regarding COVID-19 has and is anticipated to continue to cause economic impacts on businesses and citizens of Whatcom County, including potential laying off of employees, reduction of work hours and/or wages, and other unpredictable short and potentially long term consequences which necessitates the Port to act and plan accordingly; and

**WHEREAS**, Bellingham International Airport (BLI), which was already experiencing precipitous year-over-year declines of over 20% in passenger demand from Alaska's suspension of mainline service relocation to Paine Field and resultant leakage, was particularly hard hit by COVID-19 economic effects due to the March 23, 2020 announcement of the closure of the US/Canada border to all non-essential travel severing 53% of the airport's market for Allegiant Airlines, forcing Allegiant Airlines to suspend all air-service in and out of BLI through June 3, 2020; and

**WHEREAS**, many industries worldwide, including marine and aviation-related businesses at Port facilities, face unprecedented uncertainty and challenges ahead and have sought relief to maintain business solvency to make payroll to keep their employees secure; and

**WHEREAS**, on March 28, 2020, the Federal Aviation Administration (FAA) published (1) informational guidance to Airport Sponsors considering COVID-19 Restriction or Accommodations during this public health emergency, and (2) considerations for State, Local and Territorial COVID-19 Restrictions That Impact Air Transportation; and

**WHEREAS**, the Aviation, Real Estate and Marina divisions have received a number of notices from tenants requesting rent relief, ranging from some form of rent reduction to (and including) total rent abatement for a period of time; and

**WHEREAS**, retaining a tenant during a pandemic health crisis through a rent relief plan program is far less expensive in the long run than losing a tenant due to rent issues related to the overall economy caused by the COVID-19 pandemic; and

**WHEREAS**, the Port successfully instituted a similar rent relief program in response the economic downturn in 2008/2009 to retain tenants.

**NOW, THEREFORE, BE IT RESOLVED** that:

The Port of Bellingham COVID-19 Pandemic Rent Relief Policy and Procedure attached hereto is hereby adopted, and shall remain in effect until July 31, 2020, unless extended.

**BE IT FURTHER RESOLVED** that:

The Port of Bellingham Executive Director may adopt such other administrative procedures and policies necessary to implement the Port of Bellingham COVID-19 Pandemic Rent Relief Policy and Procedure.

**BE IT FURTHER RESOLVED** that:

The Port of Bellingham Executive Director is hereby authorized to approve deferments based on the Covid-19 Pandemic Rent and Moorage Fee Relief Policy during the effective period of the Policy.

**BE IT FURTHER RESOLVED** that:

RESOLUTION NO. 1393

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The Commission of the Port of Bellingham ratifies and confirms the Declaration of Emergency, the delegation of authority set forth therein, and all actions taken pursuant to the Declaration of Emergency from the date of issuance to the date of this Resolution.

**ADOPTED** by the Board of Commissioners of the Port of Bellingham, Whatcom County, Washington, this \_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
President, Michael Shepard

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Vice President, Bobby Briscoe

\_\_\_\_\_  
Secretary, Michael Shepard

**RESOLUTION NO. 1393**

**PORT OF BELLINGHAM**  
**COVID-19 PANDEMIC RENT AND MOORAGE FEES RELIEF POLICY**

**Background:**

The Covid-19 Pandemic has had a significant chilling effect on the economies of the United States, Washington State, and Whatcom County. The United States Department of Health has declared a public health emergency. Washington State has implemented statewide closure of schools, restaurants and bars, banned gatherings of groups of people, and ordered that all people in Washington “stay home” unless they are pursuing an “essential” activity. Whatcom County, City of Bellingham, and the City of Blaine have all declared public health emergencies.

The Port of Bellingham recognizes that the Covid-19 Pandemic has significantly impacted the lives of the people of Whatcom County. In particular, it has caused some lines of business to scale back, while others have been forced to temporarily close. As a result, the Port has received requests from some tenants for rent relief and are getting new requests for rent relief on a daily basis.

Further, on March 28, 2020, the Federal Aviation Administration (FAA) published (1) informational guidance to Airport Sponsors considering COVID-19 Restriction or Accommodations during this public health emergency, and (2) considerations for State, Local and Territorial COVID-19 Restrictions That Impact Air Transportation.

Given the economic hardship caused by the Covid-19 Pandemic and tenant inquiries about rent relief, Port staff have developed the Covid-19 Pandemic Rent and Moorage Fee Relief Policy, which would provide, among other relief that may be set forth herein or in the BLI Supplement, for the following:

- Up to 3 months of deferred rent or deferred moorage fees to be paid back within a 12-month period.
- No accrual of late fees or finance charges during the deferred rent period.
- Applicable to real estate tenants and moorage customers who are undergoing financial hardship due to the Covid-19 pandemic; airport tenants are also eligible with restrictions on airlines in accordance with federal rules, regulations and guidance.
- Deferral is based on written request from tenant or moorage customer proving financial hardship as a result of the Covid-19 Pandemic.
- Executive Director to approve deferments on a case by case basis by lease amendment or similar agreement modification.
- Policy to be reviewed to determine if there is a need to extend or restructure, subject to future Commission approval.

In response to economic impacts caused by the Covid-19 Pandemic, the Port of Bellingham is implementing the following Rent and Moorage Fees Relief Policy:

**Terms and Conditions:**

- Provide up to three (3) months deferred rent or deferred moorage fees to tenants and moorage customers who are undergoing financial hardship as a result of the Covid-19 Pandemic.
- Deferred rent and deferred moorage fees to be paid back within 12 months from the initial deferral date.
- The deferred rent period cannot be longer than the remaining term of the lease or agreement.

- No late fees and/or finance charges to accrue during the deferred rent period.
- The deferral of rent only includes base rent or moorage fees; the following rent, moorage, taxes and fees are not subject to this deferred policy:
  - Washington State leasehold excise tax,
  - Port Management Agreement Rent,
  - Additional Rent,
  - Utility Reimbursements, and
  - Other fees and assessments as determined by Port.
- Rent relief for businesses operating at the airport may be subject to other conditions and eligibility criteria based on federal rules, regulations and guidance.
- Rent deferral shall not unduly harm the Port of Bellingham.
- No Tenant or moorage customer shall have a right to any rent relief unless such relief is approved in writing by the Executive Director pursuant to this policy.
- All approvals for rent deferral shall be subject to the terms and conditions of this policy and any other conditions included in the approval deemed necessary by the Executive Director to implement this policy.

**Applicability/Eligibility:**

- Deferred Rent or Deferred Moorage fees will be considered for any real estate tenant or moorage customer that is undergoing financial hardship as a result of the Covid-19 Pandemic.
- Airport related accommodation and relief for concessionaires, business and tenants that are eligible, except requests from airlines companies will only be considered on a case by case basis and in accordance with federal rules, regulations and guidance, subject to the approval of the Executive Director.
- Only requests made between the effective date of this policy through July 31, 2020 may be considered, unless this Policy is extended by the Commission.

**Procedures/Implementation:**

- Tenant or moorage customer must provide a written request to the Port of Bellingham describing the impacts of the Covid-19 Pandemic and the reason deferred rent is needed, along with a description of the actions or plans being taken or made to address such impacts beyond requesting deferred rent.
- Tenant shall also provide:
  - Copy of insurance policies
  - Copy of B&O Tax filing information showing substantial decrease in revenues, or other evidence acceptable by Port showing proof of hardship.
- Tenant or moorage customer may be asked to provide additional information on a case by case basis, including but not limited to, details regarding the impact of Covid-19 on business, impact detail and financial information.
- Port staff may require additional information from the Tenant or moorage customer that the Port staff determines to be necessary to assess the request under this policy. Refusal to provide the requested information may be a reason for denial of the request.
- Port Staff will review for eligibility/applicability and determine fiscal impacts to the Port and report request to the Director of Real Estate, Director of Aviation or the Manager of Marinas.
- Director of Real Estate, Director of Aviation or the Manager of Marinas will review the request and make a written recommendation to Executive Director for approval that shall

include the request from the Tenant or moorage customer, with a copy recommendation delivered to the Finance Director. The recommendation shall include a review of the fiscal impact of the proposed request.

- Executive Director is authorized to approve deferments pursuant to this Policy, on a case by case basis.
- Approval of Deferred Rent or Deferred Moorage shall be documented in a Modification of Agreement, Deferral Agreement or other approval signed by the Executive Director and shall operate as an amendment to the underlying lease, moorage or other underlying agreement.
- The Executive Director shall advise the Commission when action is taken to approve or deny a requested deferral agreement(s) pursuant to this Policy, including the amount of rent and other fees or charges deferred, or if the request was denied including the reason for the denial. In addition, the report shall include a summary of the fiscal impact to Port of the approved deferral.
- The Executive Director may adopt additional rules and procedures in order to effectively implementation of this Policy.

**Policy Review:**

- The Policy will be in effect until July 31, 2020, unless terminated sooner or extended by the Commission prior to that date.