



APRIL 2020

ECONOMIC IMPACT OF COVID-19: GENERAL SURVEY RESULTS

PORT OF BELLINGHAM
REGIONAL ECONOMIC PARTNERSHIP
WHATCOM COUNTY, WA ADO

COMPLETED IN PARTNERSHIP WITH



Questions or Comments:

Jennifer Noveck, Ph.D.

Research & Communications Manager

Port of Bellingham

Email: jennifern@portofbellingham.com

Approved by: Don Goldberg

Director of Economic Development

Port of Bellingham

Email: dgoldberg@portofbellingham.com



ABOUT THE REGIONAL ECONOMIC PARTNERSHIP

The Regional Economic Partnership (REP) at the Port of Bellingham is the associate development organization (ADO), a state Commerce designation, for Whatcom County. REP is funded by Washington State Department of Commerce, Whatcom County, the City of Bellingham, and the Port of Bellingham.

REP GOALS

The goal of REP is to retain and attract livable wage jobs and to assist businesses, entrepreneurs, and local organizations to thrive. We aim to work with our partners to create a resilient community and economy for all. We have expertise in financing, planning, research, real estate, and technology to help businesses start, develop, and grow throughout Whatcom County, Washington.

CONTACT REP

web: <https://www.portofbellingham.com>

e-mail: EconDev@portofbellingham.com

Table of Contents

I. Survey Results Executive Summary.....	1
II. Survey Results Full Summary.....	2
a. Sector Breakdown.....	2
b. Are they open and have they adjusted operations?	3
c. Ability to work from home, work from home implementation	4
d. Business contingency plans & precautions taken to safeguard operations.....	5
e. Layoffs	5
f. Impact of Canadian border restrictions.....	6
g. Supply chain disruptions	6
h. Estimated losses if COVID-19 incident is resolved by May 15, 2020	6
i. Applied for Business Assistance Economic relief	8
j. What do you think the government can do to help your business?.....	8
k. What local businesses have done to help our community.....	9
l. Survey distribution	9
m. Survey and data limitations.....	10
III. Moving Forward: Economic Recovery and Resiliency.....	10

Preliminary results of the general survey regarding COVID-19 impacts on local businesses

I. Survey Results Executive Summary

The COVID-19 pandemic has impacted many industries throughout Whatcom County, Washington State, and the United States. While data continues to unfold and the COVID-19 situation rapidly evolves, survey data gathered to date suggests a sustained downturn in many parts of Whatcom County's local economy throughout the spring and summer 2020.

Despite continuing uncertainty, the Port of Bellingham's Regional Economic Partnership (REP), which was the core component of the Economic Impact Taskforce at Whatcom Unified Command from March 16 – April 24, 2020, has continued to communicate with businesses to keep them in Whatcom County. REP is actively working with local partners and other public agencies to provide direction toward economic resources and assistance to local businesses. The REP team has worked extensively throughout the COVID-19 incident with public agencies including but not limited to the Whatcom County Executive's Office, the Whatcom Council of Governments, the Port of Bellingham, the City of Bellingham, as well as the Small Cities Caucus (Blaine, Everson, Ferndale, Lynden, Nooksack, Sumas).

As part of these efforts, the Taskforce developed a survey with feedback and guidance from partners at the Western Washington University Small Business Development Center (WWU SBDC) and the Bellingham

Regional Chamber of Commerce (BRC). The survey was designed with other local associate development organization (ADO) and business surveys across Washington State and lower British Columbia in mind, as no state level survey has been developed for the sake of comparability across counties. In particular, many survey questions were modeled after the King County/Seattle Chamber of Commerce and the Surrey Board of Trade general economic impact surveys. The survey was open for responses from March 26 to April 14, 2020.

While REP will continue to collect and analyze data regarding the economic impacts of COVID-19 on Whatcom County's economy, we want to emphasize that resources (staff, time, money) are extremely limited throughout Whatcom County and all of its various jurisdictions. Many of our partners in the private sector, higher education, and the nonprofit industry have also been hit hard by COVID-19. Any future work therefore needs to carefully weigh the costs and benefits of collecting additional data, particularly because the most useful data is typically the most expensive and arduous to collect under normal circumstances never mind during a pandemic. We are also concerned about businesses and households getting survey fatigue.

Regardless, it is important and critical that local, state, and federal leaders and decision makers understand the situation. Given the results of this survey, it is the opinion of the Regional Economic Partnership that:

- 1) Businesses need direct cash transfers and grants as quickly as possible. The need is immense and time is not on our side. Delays in relief are exacerbating the situation.
- 2) Traditional tools for restoring the economy have thus far been insufficient in myriad ways.
- 3) Loans and additional debt are not helpful to many small businesses, many of whom reported carrying a high debt load prior to the COVID-19 outbreak, though businesses will take on more debt if it is their only option.
- 4) More tools need to be made available to different business types and operations such as sole proprietors, agriculture, fishing (including tendering and processing), other industries that rely heavily upon contract workers (e.g. use 1099s).

As of April 28, 2020, Washington State Governor Jay Inslee and Washington State Public Health Authorities have initiated a Phase I plan to re-open low-risk construction as well as some state and local outdoor recreation areas. This influences the interpretation of the general survey results as many survey respondents were from construction, tourism, and recreation and we expect impacts across those industries as businesses reopen. As Whatcom County moves forward with economic recovery strategizing, the rate at which the economy is reopened and to what industries are primary considerations for leaders and decision makers as they develop additional policy and relief tools.

II. Survey Results Full Summary

a. Sector Breakdown

The Whatcom County general economic impact survey was answered by 765 businesses as of April 14, 2020 at 9am PST and was largely answered by businesses in the service sector, comprising 48.5%, or 337 of out of 765, total responses. The full breakdown of respondents by sector is shown in **Figure 1** below. Results should be interpreted with this fact kept in mind for several reasons. First, the services sector often requires in-person meetings, visits, or appointments with clients and may therefore disproportionately impacted by stay at home orders. Along with retail outlets, restaurants, and bars, this sector was also among the first affected by the Washington State Stay at Home Order.

Construction (12.4%), retail (not food or drink) (11.4%), restaurants and bars (8.6%), and manufacturing (7.2%) constitute the next largest number of responses in other sectors. Of the 765 survey responses, businesses reported that they supported approximately 9,699 jobs year around and 2,580 seasonal jobs, for a total of 12,279 jobs. 177 respondents reported that they were either self-employed or the sole proprietor of

the business (e.g. only one employee). 409 of 765 (53.5%) businesses do not employ seasonal workers. It is therefore unsurprising that only 95 businesses reported that they rely upon seasonal workers to maintain their operations. 661 (86.4%) reported no reliance.

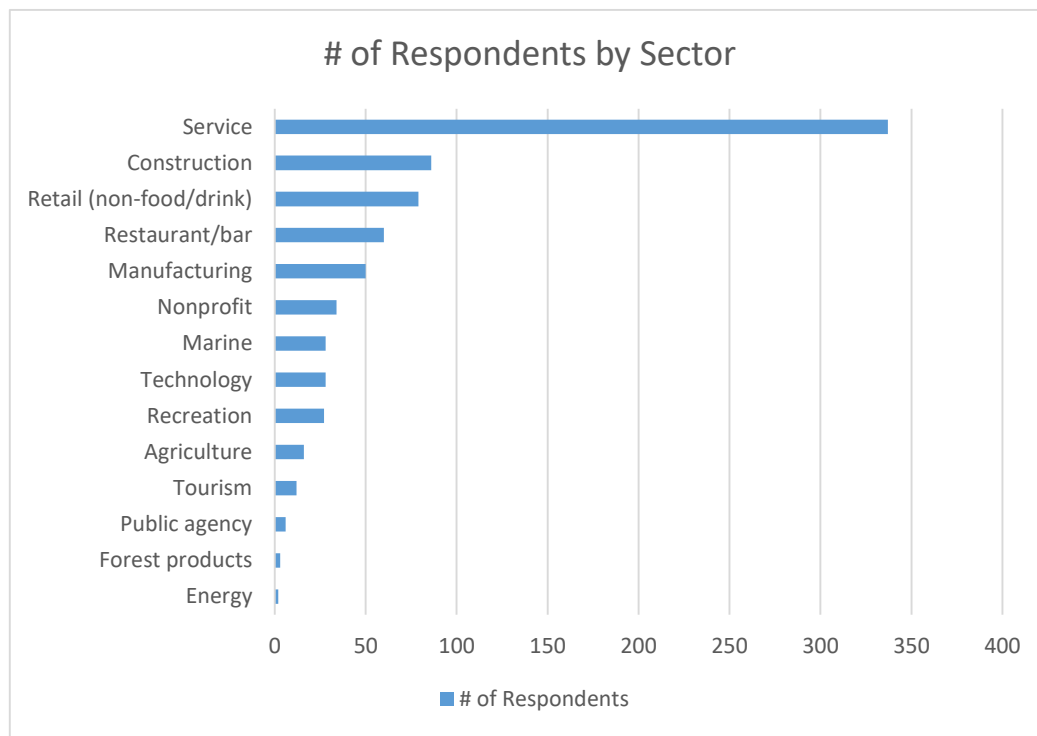


Figure 1: This chart shows a count of all businesses that responded to the general survey, organized by sector.

b. Are they open and have they adjusted operations?

395 of 765 respondents (51.6%) reported that their business was currently open in some fashion though hours and operations may be adjusted. 370 of 765 (48.4%) respondents reported that they were closed.

Figure 2, below, shows the breakdown of who is open or closed by sector. Interestingly, within the service sector, 155 businesses reported being closed while 179 reported they were still open in some fashion. Similarly, construction companies reported that while 53 were closed, 35 remained open. Service, construction, retail, recreation, tourism and marine sector all reported more businesses being closed than open while manufacturing, technology, agriculture, forestry, and public agencies all reported more being open than closed. Nonprofits had equal numbers open and closed.

This should be interpreted with caution. Being open does not mean that the business is necessarily running their normal operations; in fact, many businesses reported that they were working with reduced staff, adjusted hours, and new cleaning procedures. Additionally, the businesses that reported being closed could be closed for myriad reasons and the survey did not ask them to describe why. They may have voluntarily closed due to the inability to see clients or they may have been forced to shut down operations as they were not deemed an Essential Business per the Governor's Orders. Some businesses, such as restaurants for example, have the option of doing pickup or delivery but have chosen not to do so for the health and safety of themselves and their workers. Others have chosen to close because the work, resources, and staff required to transition to being entirely delivery is too costly or overwhelming. Restaurants that did convert their operations for delivery and pick up reported slow to no customers or orders. We expect these numbers to

continue to fluctuate as some businesses and sectors are allowed to re-open, such as construction as of April 27, 2020.

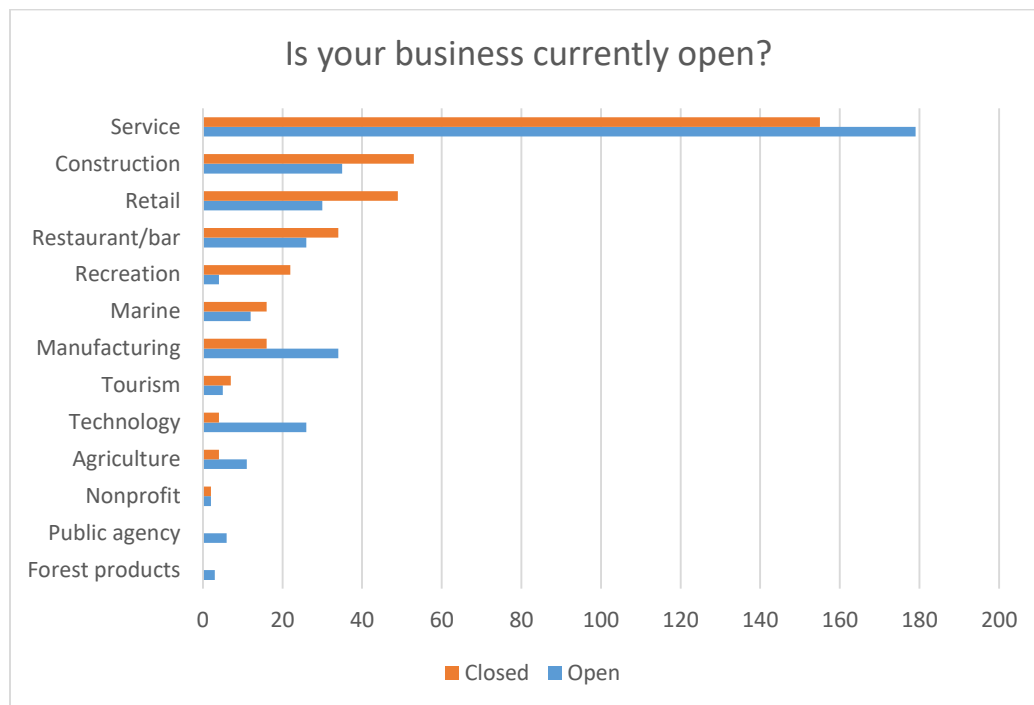


Figure 2: This chart illustrates, by sector, how businesses responded to the question "Are you currently open?" Businesses that reported they were open are shown in blue, businesses reporting they are closed are shown in orange.

Finally, it is important to note that this question was left open to the respondents' interpretation but did not ask if they were permanently shut down or bankrupt, only if they were open or closed currently, within the context of COVID-19 impacts. If the incident is prolonged, future questions will be written more carefully to account for different types of closures and different reasons for closures.

c. Ability to work from home, work from home implementation

Of respondents surveyed, 204 (26.6%) responded that their business had the ability to allow staff to work from home, 410 (53.6%) said that their business did not have the ability to let staff work from home and 151 said that some staff could work from home but not all. As such, 180 (23.5%) had instituted a work from home policy, with 419 (55%) reporting that had not (or could not), and 148 reporting that they had instituted the policy for some workers but not all. Eighteen respondents preferred not to say if they had instituted a policy or not.

This variation speaks to the varied role of workers – with some workers doing work that can be done remotely and others needing to be present in order for operations to continue. As many of the respondents were also in the service industry, many of these jobs cannot be done in your own home or cannot be done while maintaining social distancing guidelines (e.g. manicurists, aestheticians, hair stylists, tattoo artists, dentists, physical and occupational therapists, acupuncturists, massage therapists, to name but a few). Therefore, even if many of these businesses want to establish a work from home policy many are not able to do so due to the nature of their work.

d. Business contingency plans & precautions taken to safeguard operations

290 (37.9%) of businesses said that they had an existing business contingency plan. 333 (43.5%) reported that they did not have a plan, 91 did not know if they had a plan, and 51 preferred not to say.

REP has previously noted that many local businesses, particularly small businesses with under 30 employees, do not have completed business contingency or emergency management plans. In November 2019, the REP co-hosted with Federal, State and local agencies a business preparedness seminar to help businesses craft their own plans. After this event and prior to the COVID-19 outbreak REP had planned and started to 1) develop our own local business preparedness workshop curriculum, including a template and hoped to host 2) additional business contingency seminars, with smaller groups and sector experts. This has been postponed while public events are suspended, however REP still plans to develop a contingency plan template and curriculum as part of future mitigation and recovery work.

e. Layoffs

405 of survey respondents (52.9%) said that they had already had to lay off staff, with only 360 reporting that they had not. While 360 companies saying that they have not had to do layoffs yet is good news, this should be interpreted within the context of the survey where the most common response (i.e. the mode) to the number of employees was one (sole proprietor). Many respondents may assume that as a business owner they cannot lay themselves off, but instead temporarily stop normal work operations.

195 respondents (25.5%) noted that if the situation persists they will need to do layoffs in the near to medium term (two to four weeks). 350 (45.8%) did not know and the remaining 219 (28.6%) reported that they would not have to do layoffs in the near to medium term.

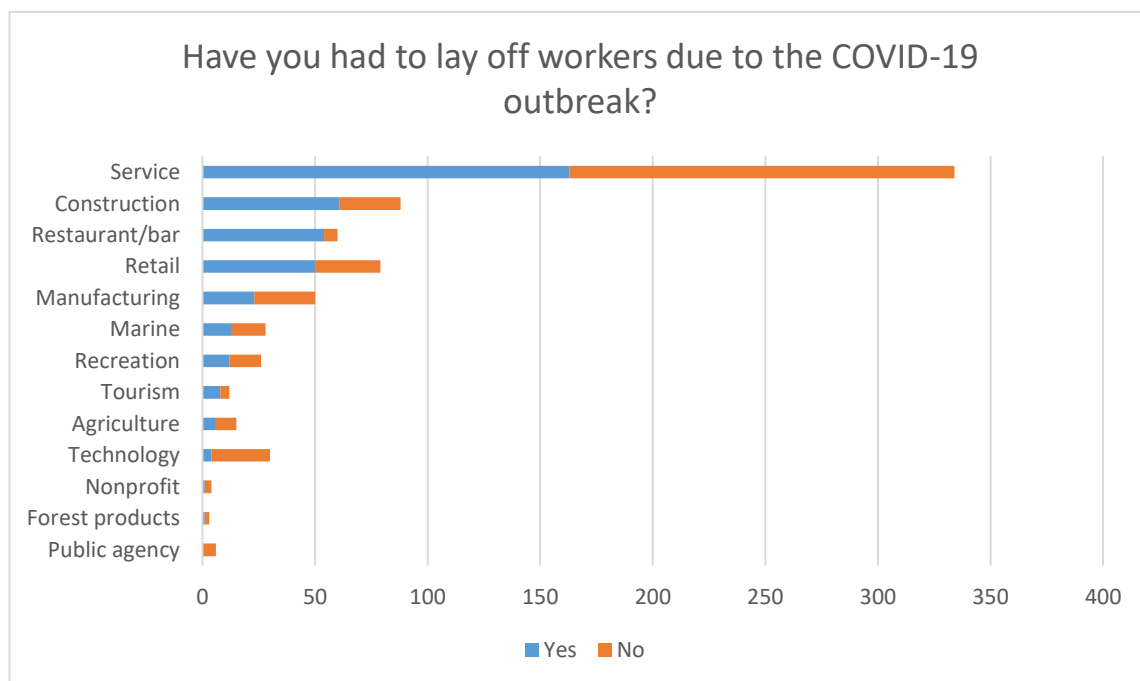


Figure 3: This chart shows a sectoral breakdown of responses to the question "Have you had to lay off workers due to the COVID-19 outbreak?" Yes answers are shown in blue, No in orange.

When observing the layoff data by sector, a slightly more nuanced situation is apparent. **Figure 3** above shows that even within the hardest hit sector – services, just under half of respondents within that category

(163 businesses) reporting that they had already had to lay off employees. 171 businesses in the service sector reported that they had not yet laid anyone off.

Additionally, **Figure 3** above shows that only one sector reported that they had not had to lay off workers prior to April 14, 2020. We suspect that this is due to the fact that the impacts on the public sector are more likely to be more delayed than other sectors because public agencies often rely upon a local tax base, which has yet to be completely collected or finalized. To monitor losses of public agencies, REP is currently coordinating with Whatcom County Treasurer Steve Oliver as well as the cities of Blaine, Bellingham, Everson, Ferndale, Lynden, Nooksack, and Sumas in order to assess projected revenue losses due to COVID-19 for 2020.

f. Impact of Canadian border restrictions

Many of the survey respondents reported that they had not noticed an impact due to the increased restrictions at the Canadian border. Of 765, 530 (69.3%) reported no impacts.

However, for approximately one third to one quarter of respondents, the impact of the increasing restrictions on the US Canada Border has the potential to negatively impact their revenue and operations significantly. 21 companies reported they have employees that commute back and forth to Canada, ten reported they were Canadian-owned, and 26 noted that they have operations in Canada. Of the companies that reported noticeable impacts, 124 businesses (16.2%) said that up to 25% of their revenue comes from Canada and 66 businesses (8.6%) said that over 25% of their revenue comes from Canada. Of those 66 companies, 24 (3.1%) reported that more than 50% of their revenue comes from Canada.

g. Supply chain disruptions

While many businesses reported that there was no noticeable impact from the Canadian border closure, the majority of businesses who responded to the survey did report that they had noticed supply chain disruptions. 467 respondents, or 61%, reported some type of supply chain disruption, whereas only 298, or 39%, reported they had not noticed any.

Specific items they were not able to source or were experiencing delayed timelines included art supplies, office supplies, cleaning supplies, PPE (gloves, hand sanitizer, masks), toilet paper, concrete, elastic, aluminum cans, acupuncture needles, cosmetology products, Chinese herbs and medicine, printer ink, board game products, flour, yeast, jasmine rice, car parts, plants, yarn, webcams, laptops, fireworks, to name but a few. Multiple restaurants and bars reported difficulty in obtaining food and drink supplies as well as PPE and noted that it is making staying open more difficult.

Many businesses, especially those in manufacturing and services, who reported that they rely upon supply chains in China or orders from China noted that they have been experiencing increased delays or reduced orders since at least early February. In the marine industry, multiple fishing businesses reported that they have been unable to sell crabs at a good price because the Chinese market has been closed.

h. Estimated losses if COVID-19 incident is resolved by May 15, 2020

Approximately 450 of 765 (58.8%) respondents provided an estimate of losses incurred if the COVID-19 outbreak is resolved and business is “back to normal” by May 15, 2020. In total, they reported an estimated \$28,400,267 in losses, which averages out to \$63,112 in losses per business that responded to the question. The respondents reported losses as low as \$300 and as high as \$1,700,000. Only nineteen businesses responded that their losses were over \$300,000, with the most common estimate (i.e. the mode) was \$10,000. **Figure 4** below illustrates the estimated losses in current US dollars by sector. Accordingly, the biggest losses as of mid-April 2020 were incurred by the service sector, if we break the data down further and divide the

losses by the number of companies reporting in that sector, a slightly different picture of the situation develops.

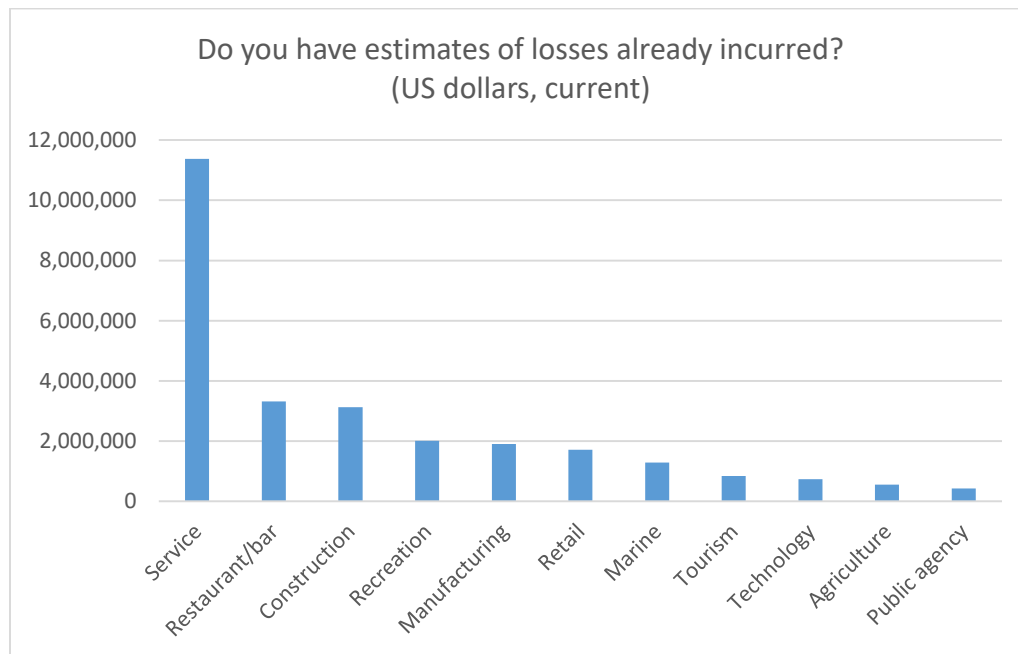


Figure 4: This chart illustrates a sectoral breakdown of the reported estimated losses incurred by businesses.

Figure 5 below shows that recreation, public agencies, tourism, and restaurants and bars are incurring higher average losses per business than other sectors. Businesses in recreation reported an average loss of approximately \$74,000, whereas the average loss for a business in retail was only \$24,000 and a business in services approximately \$34,000.

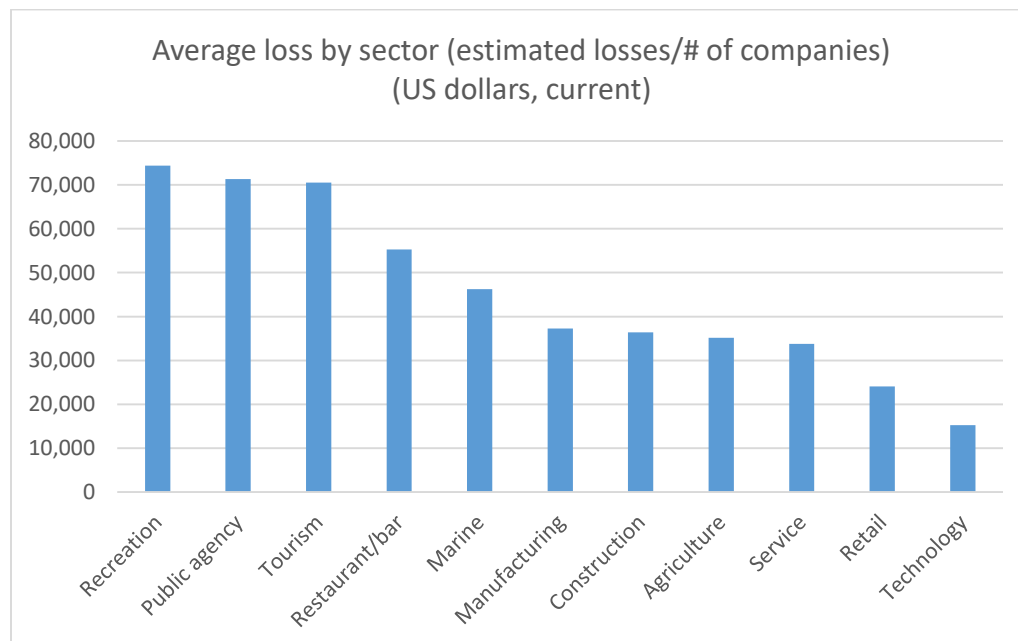


Figure 5: This chart shows the average reported losses by sector, with recreation, public agencies, tourism, and restaurants and bars reporting the highest average losses.

It is important to note some limitations of the data for this particular question. First, many businesses responded to the question with losses in the format that they typically maintain their own financial records. Some businesses reported their projected quarterly losses to date. Others reported their losses from the time their business was impacted by COVID-19 shut downs, which for some was only a week of losses whereas others may have already incurred close to four weeks of losses. Many businesses did not estimate full losses through May 15, 2020. Those in seasonal industries, such as fishing, agriculture, and events, noted that it was too soon for them to know the scope of losses as their major revenue generation period is June-September.

REP therefore interprets these losses as being on the extreme low end of potential losses incurred by Whatcom County businesses. We expect these losses to expand substantially over the upcoming months. This is highly dependent upon relief provided as well as the timing of reopening of Whatcom County's economy.

i. Applied for Business Assistance Economic relief

The majority of respondents had applied for some Business Assistance Economic relief, with 402 stating yes they had applied (52.5%) and 363 saying they had not (47.5%). There are several potential reasons for why more businesses have not applied for some sort of economic assistance or relief. For example, many of the survey respondents are sole proprietors in the service sector and therefore may not be eligible for assistance programs, or may not believe that they are, and thus do not apply. These businesses may also be actively choosing to not participate in some programs because taking on more debt would not be helpful long-term.

j. What do you think the government can do to help your business?

This particular question asked survey respondents to respond to the question "What actions do you believe the government can take to help your business address COVID-19 impacts?" and allowed respondents to select multiple options. As **Figure 6** below illustrates, over 50% of respondents identified three keys tools that could help their businesses: expanding unemployment insurance eligibility, a temporary moratorium or cancellation of B&O taxes, and the expansion and streamlining of small business loan programs. Another 48.5% responded that it would be helpful if the small business loans were for more money.

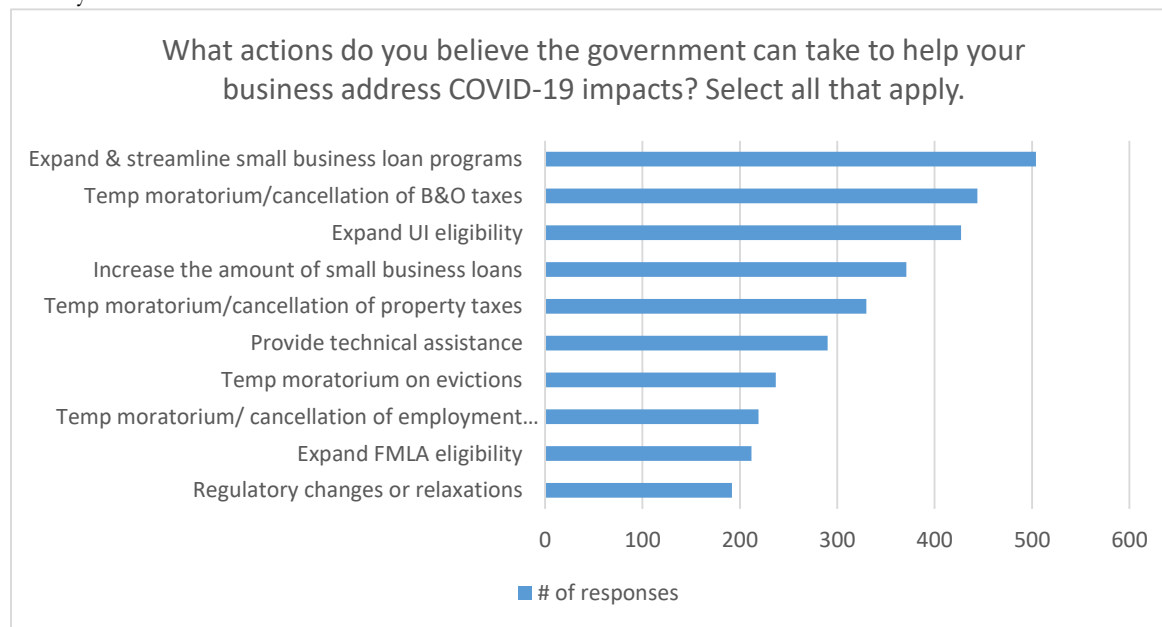


Figure 6: This chart illustrates what respondents believe government entities can do to help them. Respondents were allowed to choose multiple answers. The vast majority responded that small business loan programs need to be simplified and eligibility expanded. Over 400 businesses also said that cancelling B&O taxes and expanding unemployment eligibility would be helpful.

Interestingly, in additional qualitative comments regarding what could be done many businesses mentioned two common factors. The first was that they did not believe that many of the tools that were becoming available were designed with sole proprietors in mind and many respondents reported that they were ineligible for unemployment insurance and other programs. The second was that while many small businesses wanted the loan program to be easier to navigate and for more money, they also reported that taking on more debt was not helpful to them in the long term because many were carrying debt prior to the COVID-19 outbreak. What many of these businesses are therefore ultimately reporting is that the primary tool that will help their businesses stay alive is direct cash transfers and/or grant programs.

k. What local businesses have done to help our community

Local businesses in Whatcom County have generously provided many types of services, cash donations, and in-kind donations to their employees, local response organizations, healthcare facilities and workers, as well as Whatcom Unified Command, even as their own financial security rapidly deteriorates during the COVID-19 outbreak.

Multiple businesses reported that they were providing services to clients in need for free, such as technology and online teaching consultations, providing tutoring and homeschool advice and lessons, Spanish lessons, as well as counseling and medical care. Other businesses confirmed that they provided rent relief to tenants or reduced rent rates. Restaurants that closed reported donating their inventories, either to the Food Bank or directly to laid off employees. Many reported donating to local organizations such as the Food Bank, Whatcom Community Foundation, the Lighthouse Mission, to name but a few. Others have donated their own stocks of masks, gloves, and other PPE to healthcare workers. Some businesses also reported purchasing or producing their own PPE to share as a resource. Other businesses reported non-monetary ways of supporting and helping our community, such as using their social media platforms, websites, and existing online services to either promote or help other businesses in need, as well as direct resources to individuals and families.

Many businesses reported that they were not able to do any philanthropic work because they did not have enough resources for themselves and their employees but would contribute if they had anything to give. The Regional Economic Partnership team applauds Whatcom County's business community for their patience, generosity, and continuing efforts to make our community resilient and strong even in the face of adversity.

l. Survey distribution

The Whatcom County general survey on the economic impacts of COVID-19 was widely distributed across Whatcom County. The following public agencies were notified and asked to share with their communities via their websites, newsletters, and social media: City of Bellingham, City of Blaine, City of Everson, City of Ferndale, City of Lynden, City of Nooksack, City of Sumas, the Port of Bellingham, and Whatcom County. Whatcom Unified Command also posted the survey on its social media and COVID-19 website.

The Bellingham Regional Chamber of Commerce also generously coordinated with all chambers in Whatcom County to distribute the survey to their members, including but not limited to Chambers in Birch Bay, Blaine, Ferndale, Lynden, Nooksack-Everson, and Mt. Baker. The Economic Impact Taskforce also distributed the survey via Team Whatcom partners, who kindly shared the survey via their email lists, including the Bellingham Regional Chamber of Commerce, Downtown Bellingham Partnership, Sustainable Connections, tagNW, Recreation Northwest, the Northwest Innovation Resource Center, Whatcom County Community College Technology Advisory Committee, the Lummi Indian Business Council, and the WWU SBDC. In total we estimate that the survey reached a minimum of 10,000 email subscribers in Whatcom County via our partners.

m. Survey and data limitations

The survey was developed with the goal of obtaining information from Whatcom County businesses regarding the impacts of the COVID-19 outbreak and subsequent Stay at Home orders. REP plans to use this data to inform economic recovery and resiliency strategies, as well as to apprise elected leaders and decision makers about the status of Whatcom County's economic and business situation.

It is important to note that this is not a scientific survey and while surveys do not have to be scientific in order to have valuable information, results should be interpreted within these limitations. The survey sample is not balanced in terms of sector or geography, evidence by the fact that nearly half the responses were from the service sector. Of the businesses that included valid zip codes, approximately 400 were based in Bellingham, 65 in Ferndale, 47 in Lynden, 32 in Blaine and Birch Bay, 16 in Everson, six in Point Roberts, and five in Sumas.

This breakdown does not reflect a few major components of Whatcom County's local economy. First, only 16 respondents identified their business as being in the agriculture sector. Whatcom County has dedicated itself to maintaining 100,000 acres of active farmland and supporting the agriculture sector is a high priority of many local nonprofits and public agencies. In order to address the dearth of agriculture responses, the Economic Impact Taskforce with input from the Food Security Taskforce drafted and developed a survey specific to the farming community in order to assess their needs. The Economic Impact Taskforce reviewed and received feedback on the survey tool with multiple sector experts including Jeff Voltz (Northwest Agriculture Business Center), Dillon Honcoop (Save Family Farms) and Whatcom County Councilor Ben Elenbaas. This survey went live on April 13 and preliminary analysis of the results will start on May 1, 2020.

Only 28 marine-related businesses responded to this survey. As the Port of Bellingham, Blaine Harbor, and the Lummi Nation contribute significantly to the local economy, as well as local fisher people, tenders, and seafood processors, the Economic Impact Taskforce is also working with sector experts including but not limited to Paul Burrill, Port of Bellingham Commissioner Bobby Briscoe, and Working Waterfront Coalition team members Peter and Debbie Granger and Jim Kyle. The survey was distributed on April 22, 2020 and will remain open to responses until May 11, 2020.

Finally, we believe that we did not receive more responses from the manufacturing sector for at least two reasons. The first is that many Whatcom manufacturers are still busy and open, particularly those that are considered critical infrastructure (a Homeland Security designation) or have been deemed an essential business (per the Washington State Stay at Home order). They therefore may have less time to answer a survey or may feel that they do not need to answer the survey because they have been able to maintain operations. The second potential explanation is that the manufacturing community deals with a lot of proprietary information and therefore do not want to share the nature of their current business.

III. Moving Forward: Economic Recovery and Resiliency

As the COVID-19 outbreak and its economic impact are ongoing as of the end of April 2020, the Regional Economic Partnership at the Port of Bellingham continues to coordinate and cooperate with Whatcom Unified Command. Moving forward, REP will continue to participate in, update, and contribute to multiple Unified Command Branches and Taskforces including but not limited to the Health and Human Services branch, the Food Security Taskforce, and the Cross Border Taskforce.

In partnership with Unified Command, Whatcom County, the City of Bellingham, the Small Cities, and Team Whatcom, REP has already starting researching and planning economic recovery and resiliency strategies to help stabilize and move our economy forward. REP will also continue to work with public, private, and nonprofit partners to create sustainable and creative tools to help businesses survive, to aid firms in re-entry when public health authorities deem the situation safe, and to curtail the impacts of COVID-19 on our local economy.