

Staff Report 44

PROPOSED ACTION:

Consider adopting a resolution in support of directing funding from the American Rescue Plan Act to California ports to mitigate negative economic impacts resulting from the COVID-19 pandemic and allow them to sustain the essential services and critical infrastructure California and the region need to protect jobs and recover economically.

DISCUSSION:

The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package, is a \$1.9 trillion economic stimulus bill signed into law in March 2021 to accelerate the United States' recovery from the economic and health effects of the pandemic. The Act builds on measures in the March 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and in the Consolidation Appropriations Act from December 2020. The CARES Act did not include financial relief for ports. The American Rescue Plan, the first financial relief tool available to public seaports in California, provides \$195.3 billion to states, with California expected to receive as much as \$26 billion. The American Rescue Plan Act includes specific transfer authority enabling the State to direct funding to ports to carry out their public mission.

The Commission oversees the management of sovereign Public Trust lands and resources granted in trust by the California Legislature to approximately 70 local jurisdictions, including the ports of Los Angeles, Long Beach, San Francisco, San Diego, and Oakland. The Commission has residual oversight authority over these lands to ensure that Ports and other trustees comply with the Public Trust Doctrine and terms of their grants.

At the Commission's February 2021 meeting, these ports briefed the Commission on their contributions to the statewide COVID response, the challenges the ports face given the related economic impacts, and opportunities for partnerships. The ports also spoke to the Commission about their significant contributions to their local and regional communities in response to the pandemic, including the logistics involved with securing and providing personal protective equipment, facilitating, and

assisting with providing services to those experiencing homelessness, food security, emergency response, and economic recovery.

Since Governor Newsom declared a statewide emergency last March, California's ports have remained open and fully operational, providing essential services and critical infrastructure to benefit the state and the nation. At the same time, certain California ports have experienced unprecedented hardship and had their revenues plummet because of the pandemic. Some ports have lost over 50 percent of their revenue compared to the previous year. Recreationally oriented ports, such as San Diego and San Francisco, have had especially high losses because the visitor and business related tourism, travel, and hospitality operations that underpin them came to a virtual halt.

Early on in the pandemic, California's ports were deemed essential. They have remained open and fully operational the entire time, ensuring that essential goods reached consumers while incurring abrupt and dramatic revenue shortfalls. California's ports have also been on the frontlines since the early days of the pandemic. Examples include distributing personal protective equipment, housing individuals experiencing homelessness, berthing the USNS Mercy in Los Angeles, assisting the disembarkation and repatriation of Grand Princess cruise passengers at the Port of Oakland and Oakland International Airport, and providing rent deferrals to commercial tenants.

The financial impacts to California ports from the pandemic have been immense. This past year, travel, tourism, and hospitality services, such as cruises, hotels, restaurants, tourist attractions, and conventions came to a standstill. Since the shelter-in-place order, the Port of San Francisco's revenues have fallen to 50 percent of their pre-pandemic levels, equating to a \$60 million loss this year. The Port of San Francisco estimates an \$80 million loss over the next 2 years and a \$100 million loss over the next 5 years. This is in the context of a \$110 million budget. The Port of San Diego, whose annual budget is typically around \$200 million, forecasts a \$98 million loss in operating revenues from the pandemic. The Port of Oakland has lost \$4 million in planned revenue from its commercial real estate operations. Despite these major losses owing to the pandemic, ports have not received any state or federal aid. It is also important to note that these ports are self-supporting and provide many of the same services as a city but without collecting any property taxes or assessments.

RESOLUTION:

The resolution, attached as Exhibit A, supports directing funding from the American Rescue Plan Act to California ports to mitigate negative economic impacts resulting from the COVID-19 pandemic and allow them to sustain the essential services and critical infrastructure California and the region need to protect jobs and recover economically.

Over one million California jobs are connected to trade through California's ports. California ports lag behind other American ports in receiving stimulus funding to address pandemic losses. Ports can play a key role in California's recovery, but they would be more equipped to do that if they received financial assistance through the American Rescue Plan Act.

California's ports have requested \$250 million in American Rescue Plan Act funding, which is less than one percent of the State's relief package. This relief will help ensure that ports can maintain basic operations and services while building new long-term revenue streams and placing ports on stable financial footing to carry out its mission.

RECOMMENDED ACTION:

It is recommended that the Commission:

Adopt a resolution in support of allocating funding from the American Rescue Plan Act to California ports to mitigate negative economic impacts resulting from the COVID-19 pandemic and allow them to sustain the essential services and critical infrastructure California and the region need to protect jobs and recover economically.

EXHIBIT:

A. Resolution

CALIFORNIA STATE LANDS COMMISSION

ELENI KOUNALAKIS, *Lieutenant Governor*
 BETTY T. YEE, *Controller*
 KEELY BOSLER, *Director of Finance*



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RESOLUTION BY THE CALIFORNIA STATE LANDS COMMISSION IN SUPPORT OF DIRECTING FUNDING FROM THE AMERICAN RESCUE PLAN ACT TO CALIFORNIA PORTS TO MITIGATE NEGATIVE ECONOMIC IMPACTS RESULTING FROM THE COVID-19 PANDEMIC AND ALLOW THEM TO SUSTAIN THE ESSENTIAL SERVICES AND CRITICAL INFRASTRUCTURE OUR STATE AND REGION NEED TO PROTECT JOBS AND RECOVER ECONOMICALLY

WHEREAS, The American Rescue Plan of 2021, the first financial relief tool available to public seaports in California, provides \$195.3 billion to states to accelerate the United States' recovery from the economic and health effects of the pandemic, with California expected to receive as much as \$26 billion; and

WHEREAS, The California State Lands Commission oversees the management of sovereign Public Trust lands and resources granted in trust by the California Legislature to approximately 70 local jurisdictions, including the ports of Los Angeles, Long Beach, San Francisco, San Diego, and Oakland; and

WHEREAS, At the Commission's February 2021 meeting, these ports briefed the Commission on their contributions to the statewide COVID response, the challenges the ports face given the related economic impacts, and opportunities for partnerships; they also spoke to the Commission about their significant contributions to their local and regional communities in response to the pandemic, including the logistics involved with securing and providing personal protective equipment, facilitating and assisting with providing services to those experiencing homelessness, food security, emergency response, and economic recovery; and

WHEREAS, Since Governor Newsom declared a statewide emergency last March, California's ports have remained open and fully operational, providing essential services and critical infrastructure to benefit the state and the nation; and

WHEREAS, The financial impacts to California ports from the COVID-19 pandemic have been immense, particularly for recreationally-oriented ports that depend on visitor and business related travel, tourism, and hospitality services, such as cruises, hotels, restaurants, tourist attractions, and conventions, all of which came to a standstill last year; and

WHEREAS, Since California's shelter in place order was issued, the Port of San Francisco's revenues have fallen to fifty percent of their pre-pandemic levels, equating to a \$60

million loss this year, an estimated \$80 million loss over the next two years, and a \$100 million loss over the next five years; and

WHEREAS, The Port of San Diego, which supports the tourism sector with the San Diego Convention Center, 17 major hotels and resorts, 75 restaurants, two cruise terminals, 20 marinas and related facilities, and has one of the largest sport-fishing and recreational boating fleets in the country, forecasts a \$98 million loss in operating revenues from the COVID-19 pandemic; and

WHEREAS, Despite major financial losses owing to the COVID-19 pandemic, ports have been excluded from previous federal COVID-19 relief—until President Biden signed the American Rescue Plan, allocating \$26 billion in critical recovery funds to California; and

WHEREAS, Over one million California jobs are connected to trade through California's ports, and California ports lag behind other American ports in receiving stimulus funding to address pandemic losses; and

WHEREAS, California ports have grappled with millions of dollars in financial losses as a result of the COVID-19 pandemic, and as California recovers from this global health and economic crisis, our seaports must be part of economic recovery plans; now, therefore, be it

RESOLVED, that the California State Lands Commission supports allocating funding from the American Rescue Plan Act to California ports to mitigate negative economic impacts resulting from the COVID-19 pandemic and allow them to sustain the essential services and critical infrastructure our state and region need to protect jobs and recover economically; and be it further

RESOLVED, that the California State Lands Commission's Executive Officer transmits copies of this resolution to the Governor of California, President Pro Tempore of the California State Senate, Speaker of the California State Assembly, members of the Assembly Select Committee on Ports and Goods Movement, and members of the Senate Select Committee on Ports and Goods Movement.

Adopted by the California State Lands Commission on April 27, 2021