

COVID-19 Update From EKA – March 30, 2020

EKA's media, government, public relations and crisis support services teams are tracking the state, local and national government responses to the COVID-19 crisis. This update has been prepared for informational purposes only and is not offered, nor should be construed, as legal advice. Below are some of the significant government-related developments over the last 24 hours. All hyperlinks below are live and will bring you to the information mentioned.

COUNTY OF LOS ANGELES

COVID-19 Dashboards

Los Angeles County is providing a [map-based dashboards](#) page with information regarding COVID-19. From park closures to confirmed cases of COVID-19, these [tools and dashboards](#) map Los Angeles County's response to the COVID-19 pandemic. These data dashboards reflect data compiled from the Los Angeles County Department's of Public Health, Health Services, Parks and Recreation, the Los Angeles County Office of Education and the Office of Emergency Management

Cesar Chavez Day

Due to mandatory coronavirus closures, most government offices, courts, libraries and schools – Los Angeles city and county and state offices are already closed for labor leader César Chávez' birthday holiday today.

Social Distancing

Public Health has issued mandatory [infection control precautions](#) for any essential business (such as grocery stores and warehouse stores) that continue to operate. Owners and managers of these businesses are required to enforce social distancing among patrons, provide access to handwashing facilities, and adhere to recommendations for cleaning and disinfecting, among other requirements.

Mental Health Resources

The County has support available 24/7 to help those with mental health concerns regarding COVID-19. Call the Department of Mental Health at 1-800-854-7771 or visit the [website](#).

CITY OF LOS ANGELES

As detailed in our weekend update, on Friday, the Los Angeles City Council passed a round of emergency measures. A few of the measures are highlighted below.

Sick Leave

The [Sick Pay](#) item passed (15-0) with the following three amendments – please note that all amendments were made verbally, so there is no document available. When the changes are available, we will include them in our update. The City now requires businesses with over 500 employees to provide 80 hours of paid leave that workers can use to recover from COVID-19 or care for their family. The only employees who are exempted are health care providers (as defined by California Government Code section 12945.2) and first responders, which the

ordinance defines to include peace officers, firefighters, paramedics, EMTs, public safety dispatchers or safety telecommunicators, emergency response communication employees, and rescue personnel.

The ordinance requires up to 80 hours of paid sick leave (on top of any existing paid sick leave policies) for Covid-19 reasons up until December 31, 2020, which are defined to include

- time off because a public health official or health provider requires or recommends the Employee isolate or self-quarantine to prevent the spread of COVID-19;
- the employee takes time off because they are at least 65 years old or has a health condition that puts them at higher risk;
- the employee needs to care for a family member who is not sick, but who public health officials or healthcare providers have required or recommended self-quarantine;
- the employee is off work because the employee's business has closed due to a public official's closure recommendation;
- the employee needs to provide care to family member whose senior care provider, school, or childcare provider is closed.

If, after March 4, 2020, the employer has provided paid leave to covered employees for COVID-19 reasons (on top of the employee's accrued paid leave), the company gets a credit for those hours (it reduces the 80-hour bucket required by the ordinance). The paid sick leave pay is calculated using the employee's average two-week pay from February 3, 2020 to March 4, 2020. Part-time employees are entitled to sick leave pay in an amount no greater than their average two-week pay from February 3, 2020 to March 4, 2020. Sick leave pay is capped at \$511 per day, \$5,110 in aggregate (borrowed from the new federal FFCRA, but without the payroll tax break). Employees of joint employers are not allowed to double-dip. Employers may not require a doctor's note or other documentation to use the paid sick leave. The Council larger opted to follow [Congress' example](#) and exempt businesses with 50 employees or less from its paid leave mandate. The exemption was made after small business owners complained to the Council that mandating the sick leave would "bankrupt every restaurant, bar and retail store in Los Angeles and the related businesses that depend on them," according to a [letter](#) from Hunter Hall, a principal at Archetype Hospitality & Development.

Expanded Protection For Renters

The Council also expanded the length of time renters can pay back rent that goes unpaid during the coronavirus outbreak -- from the six months originally proposed by Mayor Eric Garcetti to a year. Commercial tenants will have three months. The Council expanded eviction protections during the outbreak to include tenants who exceed the number of people allowed in a unit. The Council fell short of enacting a complete ban on evictions by one vote. The Council voted not to allow tenants to be evicted if they can show an inability to pay rent due to circumstances related to the COVID-19 and established the ability for tenants and landlords to set up a repayment plan.

The Council prohibited late fees or interest from accruing during the declared emergency and required landlords to provide tenants with written information about these new protections. Several Councilmembers expressed that renters who can keep paying their rents should continue to do so. The Council action still requires tenants to prove their defense against eviction in court. Councilmember Bonin submitted an amendment that "all renters are experiencing economic

uncertainty and therefore any tenant in the City of LA would benefit from a blanket moratorium on evictions. This amendment failed by one vote because Councilmembers Krekorian and Price recused themselves.

Click [here](#) to read the City of LA Ordinance. Based on the Housing + Community Investment Department's (HCIDLA) webpage under the specific section related to the COVID-19 Rental Moratorium, there is an affirmative defense that can be raised if evicted. The has [posted a document](#) that explains how the City will implement the residential eviction moratorium, the affirmative defense and the HCIDLA administrative process

Commercial Properties

The Council approved eviction protections for commercial properties leased by large corporations, multinational or publicly traded companies. The City Attorney's Office and the Housing+Community Investment Department (HCID) will report in the coming days on the recommendations to create a citywide rental assistance fund for tenants that have been adversely impacted by COVID-19. HCIDLA [has posted information](#) on the Moratorium on their website.

LONG BEACH

Shelters

The City opened a new temporary housing shelter at Silverado Park, located at 1545 W. 31st St., to provide additional temporary housing to persons experiencing homelessness in the City during the ongoing COVID-19 pandemic. The Winter Shelter will move from its current location at 1718 Hayes Ave. to a larger facility at the old North Long Beach Library, located at 5571 Orange Ave., to comply with social distancing. The new location will provide shelter to 80 additional people who otherwise would not have shelter during this time.

SACRAMENTO

State Parks

The California Department of Parks and Recreation [announced](#) that it is closing vehicle access to all 280 state parks due to the coronavirus outbreak after many state parks experienced surges of visitors. The Department said the surges made it impossible to implement appropriate social/physical distancing practices which have been ordered by the governor and are in effect statewide.

Reduced signature gathering and fewer ballot propositions

Of most immediate concerns are for the ballot proposals currently needing voter signatures around the state. While there are dozens of proposals currently gathering signatures, only four have passed the threshold so far: Returning to a cash bail system, toughening up misdemeanor classifications, commercial tax changes, and expanded rent control. For many others relying on gathered signatures, the current stay-at-home order and coronavirus fears have largely slowed the gathering rate down.

NATIONAL

Environmental Protection Agency

The Environmental Protection Agency (EPA) is extending the amount of time that [winter gasoline](#) can be sold this year as producers have been facing lower demand due to the

coronavirus. The EPA will allow companies to sell the winter-grade gas through May 20, whereas companies would have previously been required to stop selling it by May 1 to protect air quality.

Department of Labor

The United States Department of Labor published a new notice of employee rights under the Families First Coronavirus Response Act (FFCRA) that all covered employers must post and make available to employees. To access the employee rights notice, [click here](#). The Department also published a series of frequently asked questions concerning the notice, which can be accessed [here](#). As summarized in a previous [alert](#), the FFCRA requires employers of less than 500 employees to provide certain paid leave benefits to employees affected by COVID-19. The FFCRA is effective as of April 1, 2020.

Notice Posting Requirements

Covered employers must **publish the notice** in a conspicuous place on their premises. An employer may satisfy this requirement by emailing or direct mailing this notice to employees or by posting the notice on an internal or external employee information website. Click [here](#) to find a copy of the current notice. The notice must also be provided to new hires, either by email, direct mail or by posting the notice on the premises or on an internal or external employee information website. However, according to the Department of Labor, the notice does not need to be provided to recently laid-off employees nor to job applicants prior to hiring. There is no requirement that the notice be published in languages other than English. The notice must be displayed in a conspicuous place where employees will see it. Employers who are covered by FFCRA should take immediate steps to post this new notice in the workplace in a conspicuous area, distribute it to their employees via email, and/or post it on their employee websites. The most recent version of this notice was issued on March 25, 2020. Check [the Wage and Hour Division's website](#) to remain current with all notice requirements.

Employers And The CARES Act

The [CARES Act](#) is 880 pages long, consisting of several different Divisions and Titles. A few key sections include:

Grants

The CARES Act provides emergency grants, forgivable loans and relief for existing loans to companies with 500 or fewer employees including:

- \$10 billion to grants to cover immediate operating costs. Each grant may be in an amount up to \$10,000.
- \$350 billion dollars for the Small Business Administration to provide loans of up to \$10 million dollars per business. Any portion of that loan that is used for payroll, to keep workers employed or to pay for rent, mortgage and existing debt is eligible for forgiveness, provided workers stay employed through the end of June 2020. (The Act requires the Small Business Administration to issue regulations on the forgiveness provisions within the next 30 days.)
- \$17 billion dollars to cover six months of payments for small businesses that already have Small Business Administration Loans.

What grants are available? Those who apply during the covered period for a Small Business Administration loan through the [Small Business Act's Disaster Loan Program](#) because of COVID-19 may request up to a \$10,000 advance, which **does not** have to be repaid *even if the loan application is later denied*. Advances are to be awarded within three days of making an application.

Who is eligible for a grant? The CARES Act expands the Small Business Act's Disaster Loan Program during the period of January 31, 2020 through December 31, 2020 to include businesses, cooperatives and employee stock ownership plans with 500 or fewer employees; sole proprietorships, with or without employees, and independent contractors; and tribal small business concerns.

What are the permissible uses of grant money? Advances may be used to provide sick leave to employees who are unable to work due to the direct effect of COVID-19, maintaining payroll during business disruptions during slowdowns, meeting increased supply chain results, making rent or mortgage payments, and repaying debts that cannot be paid due to lost revenue. If a business that receives an advance is later approved for a loan under the Business Loan Program, any loan forgiveness will be reduced by the advance.

Disaster Loan Program. For loan applicants, the CARES Act [waives rules related to personal guarantees](#) on advances and loans of \$200,000 or less for all applicants, waives the one year in business prior to the disaster requirement, waives any requirement that the applicant be unable to find credit elsewhere, and allows lenders to approve applicants solely on credit scores or alternative methods to determine an applicant's ability to repay.

Small Business Loans

What's available? For the covered period of February 15, 2020 to June 30, 2020, the CARES Act allows the [Small Business Administration](#) to provide 100% federally backed loans (either directly or in cooperation with the private sector), to eligible businesses to help pay operational costs, including: payroll (wages, commissions, cash), paid leave, severance payments, group health benefits, insurance premiums, retirement benefits, state and local payroll taxes, rent, mortgage, mortgage interest, utilities and interest on other debt obligations. The Act also permits loan proceeds to be used to cover up to \$100,000 in one year for sole proprietors, independent contractors, and commission based compensation.

Who is eligible for a loan? Any business (including Tribal businesses), nonprofit, or veteran organization that employs not more than the greater of:

- 500 employees (whether employed full-time, part-time, or on other bases); or
- the Small Business Act's definition of a qualifying business for that industry.
- Hospitality Businesses are eligible for loans if they have more than one physical location and (i) employ 500 or fewer employees per location; and (ii) are in the "accommodation and food services" sector (Sector 72) under the North American Industry Classification System.
- Certain Small Business Act regulations, such as those that affect the eligibility of hospitality, restaurants and franchises under 13 CFR 121.103, are waived for the covered period.

- Sole proprietors, independent contractors, and self-employed individuals, who meet these definitions in the Families First Coronavirus Response Act, and satisfy the documentation requirements, are eligible to receive loans under this part of the Act.

What's required? An applicant must certify that:

- The loan is necessary to continue operations during the COVID-19 public health emergency;
- The loan will be used to retain workers, maintain payroll and make mortgage, lease, and utility payments;
- The same purpose;
- From February 15, 2020 until December 31, 2020, the applicant does not receive duplicative amounts under the new Business Loan Program.

What size loan can I get? Basically, the maximum loan amount is the lesser of:

- \$10 million;
- 2.5 times the average total monthly payroll costs incurred in the one year period before the loan is made plus the outstanding amount of a loan made under the Small Business Act's Disaster Loan Program between January 31, 2020 and the date on which such loan may be refinanced as part of this new Business Loan Program (if the business is seasonal, the determination is calculated from the average monthly payroll cost for 12 weeks from February 15, 2019, or from March 1, 2019 to June 30, 2019); or
- For businesses that did not exist during February 15, 2019 to June 30, 2019, 2.5 times the average total monthly payroll payments from January 1, 2020 to February 29, 2020, plus the outstanding amount of any loan made under the Small Business Act's Disaster Loan Program between January 31, 2020 and the date on which such loan may be refinanced under this Act.

What amounts are subject to forgiveness? These loans are eligible for forgiveness and excluded from gross income in an amount equal to payroll costs, rent, utilities, and mortgage interest payments incurred and paid during the covered period. If an employer cuts employees or reduces their wages, the forgiveness amounts will be reduced in amounts that are determined by whether the employer reduces wages, permanently terminates employment, rehires employees, and/or has employees who receive tips.

How do I apply for loan forgiveness? Borrowers who want to seek loan forgiveness under this program must submit the following information their lender:

- Documentation verifying full time employees on payroll and their tax rates;
- Documentation of costs/payments (mortgage, rent, utilities);
- Certification from a business representative that the documentation is true and correct and that forgiveness amounts requested were used to retain employees and make other forgiveness-eligible payments; and
- Any other documentation the Small Business Administration or lender may require.

Where do I apply? Lenders authorized to make loans under the Small Business Act's current Business Loan Program are automatically approved to make and approve these loans and the Department of the Treasury may add more private sector lenders.

What are other important terms to know? No collateral or personal guarantee is required for a loan. The interest rate is capped at 4%. There will be no subsidy recoupment fee associated with the loans and no prepayment penalty for any payments made. Additionally, the Small Business Administration has no recourse against any individual, shareholder, member or partner of an eligible loan recipient for non-payment, unless the individual uses the loan proceeds for unauthorized purposes. Loan amounts that are not forgiven will have a maximum maturity date of 10 years from the date the borrower applied for loan forgiveness.

Prior SBA loan amounts may be refinanced under this new loan program: A loan made under the Small Business Act's Disaster Loan Program on or after January 31, 2020, may be refinanced as part of a covered loan under this new Business Loan Program as soon as the new business loans are made available.

Will I qualify to receive this loan? The CARES Act contains guidance to the Small Business Administration intended to ensure that processing and distribution of loans under the new Business Loan Program prioritizes small business concerns, entities underserved and rural markets (including veteran communities), small business concerns owned by socially and economically disadvantaged individuals, women, and businesses that have been operating for fewer than 2 years.

Other CARES Act Benefits to Small Businesses

The CARES Act also contains tax provisions that affect whether loan proceeds are included in gross income for federal income tax purposes; provide employee retention tax credits; and postpone due dates for employer payroll tax deposits and self-employment taxes.

Economic Stabilization

Five hundred billion dollars is apportioned to *non-forgivable* loans for other eligible businesses, who must commit to maintaining at least 90% of their employment levels as of March 24, 2020 through September 20, 2020. Approximately \$39 billion of this apportionment is designated to air carriers and U.S. businesses that haven't yet received adequate economic relief from other loans or loan guarantees (those necessary to national security). The remaining \$454 billion is designated for the Federal Reserve to create facilities that support lending to other eligible businesses. The Act requires the Treasury Secretary to publish procedures and minimum requirements for loans, loan guarantees and other investments within 10 days of the CARES Act's enactment. As soon as the document is published, we will include it in our daily update.

Additional Relief Checks For Coronavirus

According to [The Hill](#), Democrats are looking to include additional direct payments in the next coronavirus response bill, arguing more needs to be done to provide financial stability as the pandemic ravages the economy. A number of Democratic lawmakers have offered proposals for more generous payments than the ones included in the \$2 trillion measure President Trump signed into law Friday. That legislation included one-time cash payments for most Americans of up to \$1,200 per adult and \$500 per child.

ARTICLES OF INTEREST

Inc Magazine has posted a very [interesting video story](#), called, "How Your Business Can Get Its Part of the \$2 Trillion Stimulus Package".

Several media outlets have created "Stimulus Check Calculators" for individuals to determine how much they will receive. One easy one to use that is not behind a paywall is on the [Forbes website](#).

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