

## COVID-19 Update From EKA – April 17, 2020

Because things are changing by the minute, the entire EKA team continues to monitor COVID-19 government issues. We will continue to use our COVID-19 updates to provide you with the most up-to-date and accurate information available. If you have any questions or if we can be of any assistance, please reach out to EKA, and we will be happy to assist you. Several people have asked if they can share our email updates with their friends and colleagues, and the answer is yes. If you would like to view previous EKA COVID-19 updates, click [here](#).

### Stay At Home Order Day 30

On March 19, Governor Newsom issued [a statewide "Stay-at-Home" Order](#). The Order was similar to Orders issued around the State, including the one [issued in L.A. County](#).

### Pandemic Day 38

This is Day 38 since the World Health Organization on March 11 declared the novel coronavirus (COVID-19) outbreak a [global pandemic](#).

### Paycheck Protection Program Out Of Money

Over the last 24 hours, we have read numerous media stories that the Paycheck Protection Program (PPP) is out of money due to the overwhelming crush of applications. The U.S. Small Business Administration officially announced that it had approved 1.4 million loans worth \$305 billion out of the total \$349 billion Congress set aside for the initiative. When EKA went to the SBA [website](#), it now states that it is "unable to accept new applications for the Paycheck Protection Program based on available appropriations funding.

Treasury Secretary Steven Mnuchin formally requested last week that Congress infuse the PPP with an additional \$250 billion. In theory, that shouldn't be much of a problem: the program is very popular and enjoys support from both parties. But in practice, it's proving to be a surprisingly heavy lift. Democratic leaders are eager to approve the funding request. Still, they want to include in the bill additional funding for struggling states and municipalities, financially strapped hospitals, and families relying on food stamps. Republican leaders, meanwhile, want a bill that focuses exclusively on the PPP, pushing off other priorities for a future package. Media reports suggest that Democrats have expressed a willingness to negotiate, but for the last two weeks, GOP leaders have said they will not sit down for talks. It's why there's been no progress -- and why the Paycheck Protection Program has run through its \$349 billion budget.

EKA's recommendation is that companies affected by the COVID-19 pandemic should continue to apply since it is widely expected that Congress will authorize more funding to the PPP in the coming days. If you have already applied for a PPP loan through your lender, your loan application may already have a place in the SBA's approval queue. Some lenders are still accepting applications or are at least collecting information from prospective borrowers, so it's a good idea to get a place in the queue before additional funding is approved, and the SBA restarts processing PPP applications. We will update the PPP as soon as we learn more.

## LOS ANGELES COUNTY

### **Newspapers Folding**

The Glendale News-Press and Burbank Leader will publish their final editions Saturday and La Canada Valley Sun Thursday, victims of the coronavirus outbreak. "A challenging business environment, including a decline in advertising revenue and the increasing cost of printing, has made it difficult to continue to support these publications," Chris Argentieri, the President and chief operating officer of California Times and Los Angeles Times executive editor Norman Pearlstine wrote in a letter sent to employees yesterday.

### **COVID-19 Incident Update**

The following report is a high-level summary of the L.A. County Emergency Operation Center's COVID-19 disaster response. To read the update, click [here](#).

### **Ride-Hailing Drivers**

Drivers of ride-hailing services in Los Angeles County are demanding their employers provide them with protective equipment to reduce their risk of contracting the coronavirus. Representatives from the Mobile Workers Alliance cited the Safer at Home Orders, which direct employers to provide cloth face coverings, necessary sanitizing products and access to sanitary restrooms for employees of businesses deemed essential during the pandemic.

## CITY OF LOS ANGELES

### **LAX Businesses Receive Relaxed Time Frame to Pay Rent**

Airlines, car rental companies and concession businesses will have a bit of leeway for paying rent at Los Angeles airports due to COVID-19. The Los Angeles Board of Airport Commissioners approved a temporary rent adjustment deferral for the businesses, which will give them some time to recoup their projected losses due to the pandemic. Los Angeles World Airports, said airlines and concession businesses will pay a rent based on their current revenue, instead of their contracted minimum guarantee. The board also provided relief to the taxicab industry and a restructured payment agreement, he said.

Lessees at the airports will have to pay back the rent they owed during the pandemic measures starting in July. LAX is slated to receive \$323 million dollars from the federal Coronavirus Aid, Relief, and Economic Security Act. Airlines and their contractors are also receiving funds, with the condition they retain almost all employees through September 30.

### **Angeleno Card**

445,000 applications were filed by yesterday's deadline for the Angeleno Card -- prepaid debit cards worth \$700, \$1,100 or \$1,500 depending on household need. Garcetti said he's hoping for more donations to come into the Mayor's Fund of Los Angeles, which will be funding the cards.

### **Budget Cuts**

The Mayor was asked today about potential budget cuts in the coming fiscal year due to the coronavirus pandemic, Garcetti -- who is scheduled to release his budget proposal next week -- said "every department will be expected to make cuts," but the police and fire departments will be largely exempt when it comes to personnel. The Fire Chief suggested that the fire department may have to eliminate some academy classes and "delay the hiring of new firefighters, but the Mayor said "I can guarantee you we'll have some classes next year.

### **Surge Hospital Now Open**

In an effort to relieve pressure on overflowing local hospitals, the former St. Vincent's Hospital has opened its doors again as the Los Angeles Surge Hospital (LASH), the LASH has the ability to accommodate 266 COVID-19 only patients. The LASH is located on 201 S. Alvarado, just south of the 101 freeway, just a few blocks from Staples Center. The hospital is a partnership between the State of California, Los Angeles County, and Dignity Health and Kaiser Permanente, two of the State's largest nonprofit healthcare systems. They will oversee day-to-day operations and management of the surge hospital.

### **Supplemental Paid Sick Leave Order**

Several readers of our COVID-19 updates have asked questions about Los Angeles Mayor Eric Garcetti emergency order that immediately required certain employers to provide supplemental paid sick leave (SPSL) during the COVID-19 public health emergency, superseding the ordinance passed by the Los Angeles City Council. The [Los Angeles Office of Wage Standards](#) issued rules implementing the Order. To read the 17-page rules document, click [here](#). Below is a general overview of the rules based on questions we have been asked. Again, we are not offering legal advice and if you need assistance implementing the SPSL, we suggest that you consult with knowledgeable employment counsel.

- **Calculating Business Size:** The Order applies to employers with either 500 or more employees in Los Angeles or with 2,000 or more employees in the United States. The rules indicate that the previous calendar year's average employee numbers determine business size, which include full- and part-time employees, temporary and seasonal employees, and staffing-company-supplied employees. The rules also note that, if a company meets the 2,000 or more U.S. employee standard, the Order applies to its Los Angeles employees (*e.g.*, if 20 of 3,000 U.S. employees work in Los Angeles, the Order applies to the L.A. employees only).
- **Exemptions:** The Order potentially exempts from coverage numerous employers. The rules confirm these exemptions are for employers, not employees, *e.g.*, the law does not cover hospital receptionists because they are employees of an employer providing health care services. The rules address which paid time off benefits qualify for purposes of the exemption for employers that annually provide at least 160 paid leave hours. Covered benefits include paid vacation time, compensated time off (or CTO), and paid sick leave, but would not include benefits such as paid holidays and paid bereavement leave. Under the Order, businesses are exempt and do not have to provide SPSL if they: (1) were closed or not operating for a period of 14 or more days after March 4, 2020,

due to a city official's emergency order because of the COVID-19 pandemic; or (2) provided at least 14 days of leave.

- **Covered Employees:** The rules are similar to recent changes to California law on classifying employees and independent contractors, noting that there is a rebuttable presumption that workers are employees and that they will follow California law on the issue. The Order applies to non-Los Angeles-based employees who perform services in Los Angeles. The rules use as an example, an employee making monthly deliveries in Los Angeles, but who is unable now to do so or perform other work for the company. The rules do not, however, provide guidance as to whether a single prior delivery to Los Angeles would be sufficient to make the worker a covered employee. The Order covers employees who perform any work in L.A.'s geographic boundaries for a covered, non-exempted employer if employed with the same employer from February 3, 2020 through March 4, 2020. The rules also discuss whether and how the Order applies to telecommuting employees. If an employee normally works outside Los Angeles, but is telecommuting inside Los Angeles, the law applies, as it does to employees who normally work inside Los Angeles but are telecommuting from outside Los Angeles. However, if an employee both normally works, and is telecommuting from, outside Los Angeles, the Order does not apply.
- **Amount of SPSL for Non-Full-Time Employees:** Under the Order, employees who work fewer than 40 hours per week and are not classified by the employer as full-time receive an amount of SPSL no greater than the employee's average two-week pay over the period of February 3, 2020 through March 4, 2020. The rules provide that employers determine the SPSL amount by adding the number of hours worked in four consecutive weeks during this period, and dividing that total by 2.
- **Intermittent Use:** According to the rules, employees can choose to use SPSL "periodically" until, overall, they use whatever amount of SPSL the Order requires employers to provide. The rules do not provide the employer with discretion.
- **Verifying SPSL Use:** Although the Order does not allow employers to require employees to provide a doctor's note or other documentation to support an SPSL absence, they can require employees to verbally or in writing provide the reason for taking leave, *e.g.*, childcare, quarantine, vulnerable medical condition, caring for a family member. Employers cannot inquire into or require employees to describe or explain the illness or condition necessitating leave. The rules explain that an employer's policy should not be so difficult that it deters employees from legitimately using SPSL.
- **SPSL Pay Rate:** The Order did not address the rate of pay when employees use SPSL; instead, it simply refers to the employee's average rate of pay. The rules clarify that, to calculate the pay rate, employers use the employee's average two-week pay between February 3 and March 4, 2020. Additionally, the rules clarify that employers may exclude overtime premium pay from the calculation, but otherwise include the pay they receive when working overtime hours. For example, if an employee normally earns \$15.00 per hour and works overtime, employers include the \$15.00 but exclude any amount of additional pay (*i.e.*, the overtime premium) the employee receives for working overtime (which can vary in California).

- **Recordkeeping:** Under the rules, employers must keep documentation demonstrating their compliance, *e.g.*, documentation showing they provide SPSL, and employee requests for SPSL, which should include the employee's name, date(s) the employee requests leave, the leave category, and whether the employer approves or denies a request and, if the latter, the reason for the denial. Additionally, the rules direct employers to keep documentation that substantiates any claimed exemption.
- **Retaliation:** In addition to the numerous anti-retaliation protections the law provides, the rules note that additional forms of retaliation include, but are not limited to, reducing hours, demotions, less desirable reassignments, work locations or schedules, and denying or reducing other benefits.

## **SACRAMENTO**

### **New Executive Order**

Governor Newsom signed a new Executive Order. The Order is aimed at supporting workers from large employers in the food sector industry impacted by the COVID-19 with two weeks of paid sick leave, filling a gap he felt was left by federal relief that had provided similar paid leave benefits for employers with fewer than 500 workers.

The Order impacts workers in the food sector, including farmworkers, agricultural workers, and those working in grocery stores and fast-food chains, and as delivery drivers, are part of the State's essential infrastructure workforce. The Executive Order provides health and safety standards to increase worker and customer protection by permitting workers at food facilities to wash their hands every 30 minutes, or as needed, to increase proper sanitation measures.

As we have noted in our daily updates, Sacramento has taken several actions regarding worker protection issues, including recently [issued guidance by Cal/OSHA for the grocery industry](#) on best practices on physical distancing, disinfecting, and the use of reusable bags. The Governor [released \\$100 million to support child care](#) for essential infrastructure workers, including grocery workers last week. A copy of the Governor's Executive Order can be found [here](#) , and text can be found [here](#).

### **Eviction Moratorium**

[Assembly Bill 828](#), proposed in response to the COVID-19 pandemic, would force every rental property owner in California to reduce rents by 25% for 12-months. This bill will, if passed, force California's landlords to subsidize the rents of their tenants. The proposed bill severely restricts evictions for non-payment, illegal sub-let or assignment or to enforce written notice by tenant to terminate tenancy, while the COVID-19 State of emergency declaration is in effect by prohibiting a state court, county sheriff, or any party to an unlawful detainer (eviction) case from commencing or proceeding with an unlawful detainer action. Assembly Bill 828 goes way beyond the current temporary State or various local eviction moratoriums. If passed, AB 828 would:

- Allow courts to set rents and interfere with rental agreements already in place.

- Assume every tenant is facing a COVID-19 hardship and must be compensated for it with a 25% discount.
- Protect nuisance tenants (e.g., crime, destruction of property, etc.) by not requiring tenants to answer unlawful detainer complaints.
- Mandate that rental property owners demonstrate economic hardship to collect contracted rent.

### **California Department of Public Health**

The California Department of Public Health reported that African Americans who make up 6 percent of the State's population represent 12 percent of those who have died from COVID-10. The agency has statistics on race and ethnicity for 87 percent of deaths and 65 percent of cases of COVID-19, the respiratory disease caused by the coronavirus. California has 24,424 confirmed cases of the respiratory illness and 821 deaths as of Tuesday, according to CDPH. The statistics paint a bleak picture for African Americans since it appears that their illnesses are being diagnosed at a rate matching their representation in the population, but are dying at disproportionate rates. To read the report, click [here](#).

## **NATIONAL**

### **President's Plan For Reopening America**

According to various media reports, President Trump spoke with the nation's governors outlining his administration's plans for a phased approach to lifting stay-home orders and allowing more people to return to work. As noted in previous updates, Gavin Newsom has coordinated with the governors of Washington and Oregon on reopening along the West Coast and outlined six indicators California was looking to see before the State's stay-home order could be eased. The White House plan is not framed as a mandate, but rather offers "Guidelines for Opening Up America Again," with "proposed state or regional" criteria. It says the phases of reopening are "implementable on statewide or county-by-county basis at governors' discretion." It also notes that "state and local officials may need to tailor the application of these criteria to local circumstances." It also says that "where appropriate, governors should work on a regional basis," as many are already doing. To read the President's guidelines for opening up the country, click [here](#).

### **Stimulus Check Glitches**

We have seen several media reports that millions of people who filed their taxes via H&R Block, TurboTax, and other popular services were unable to get their payments. Some parents reported they didn't get the \$500 promised for their dependent children. IRS and Treasury officials said they are aware of these issues and are working to fix them. A Treasury spokeswoman noted the IRS processed nearly 80 million payments in less than three weeks. That's just over half the 150 million payments expected to go out under the Economic Impact Payment program. As we reported in previous updates, the IRS launched a "[Get My Payment](#)" tool for people to track the status of their payment and enter direct deposit information, but many who used it said they received a message saying "Payment Status Not Available," a frustration that left them without answers.

## **US Centers for Disease Control and Prevention**

The US Centers for Disease Control and Prevention is now counting "probable" cases of coronavirus among its tabulations, according to [the agency's website](#). The inclusion of such cases will add thousands to the total number of patients and deaths by including people who didn't have a positive test but showed signs of having the virus. It comes after the [Council of State and Territorial Epidemiologists suggested](#) the CDC and state health departments add probable cases. Previously, the CDC was only counting cases that had been confirmed by them or cases where the agency had yet to confirm a test done by a local or private entity. A probable case or death is defined as one that meets clinical criteria such as symptoms and evidence of the disease with no lab test confirming COVID-19. It can also be classified as a probable case if there are death or other vital records listing coronavirus as a cause. A third way to classify it is through presumptive laboratory evidence and either clinical criteria or evidence of the disease. In addition, the CDC issued several new bulletins:

- [Information for People who are at Higher Risk for Severe Illness](#)
- [Information for Healthcare Professionals](#)
- [Caring for Someone at Home](#)
- [Testing for COVID-19](#)

## **National Multifamily Housing Council**

The National Multifamily Housing Council sent a [letter](#) to Congress outlining the multifamily industry's critical needs in any phase four relief package. They also joined other real estate partners in sending another [letter](#) to Congressional leaders as part of a broad coalition of housing stakeholders. The real estate stakeholders have launched a coalition Call to Action campaign to educate Congress about the need for additional relief for both renters and housing operators in future COVID-19 stimulus and recovery packages. To view the call to action, click [here](#).

## **WHAT WE'RE READING**

### **Sports, Recreation Fans Faced With Refund Confusion Amid COVID-19**

The refund issue is now raging in the worlds of sports and recreation. Some companies are handling it better than others. Many of those refusing to refund rely on the idea that the events are postponed rather than canceled. None exemplifies this more than Major League Baseball, especially for those with season tickets. To read the entire article, click [here](#).

### **In Harm's Way**

In just one month, the coronavirus disease (COVID-19) has spread from infecting a few, distant countries to become a global pandemic, bringing large parts of California's economy to a standstill. Public health directives for consumers to stay at home and nonessential businesses to close for an indeterminate amount of time are causing a profoundly disruptive economic shock. We are seeing the economic fabric of workers earning wages from employers and employers receiving revenue from customers disintegrate as workers lose jobs and are unable

to pay for basic needs such as housing, and employers lose customers and are unable to pay basic operating costs for preserving their businesses. To read the entire report, click [here](#).

### **San Francisco's new contact tracing program**

San Francisco is enlisting a cadre of outreach workers and a software company to track and trace Bay Area residents who have been exposed to the coronavirus as California enters the next phase of managing the pandemic. The pilot program announced could serve as a model for California and possibly the country as state leaders grapple with how to ease the stay-at-home orders that have hamstrung the economy. Gov. Gavin Newsom this week specifically said tracing the spread of Covid-19 will be crucial in allowing people to increase their movements. To read the entire article, click [here](#).

### **Record 22 million have sought U.S. jobless aid since virus**

A record 22 million Americans have filed for unemployment benefits over the past month, erasing a decade of job gains as the nation grapples with the unprecedented shutdown of the U.S. economy to contain the coronavirus. About 5.2 million people filed for unemployment benefits last week, the Labor Department said Thursday. Jobless claims provide the best measure of layoffs across the country. Economists surveyed by Bloomberg had estimated that 5.5 million Americans would file initial applications for unemployment insurance last week. To read the entire article, click [here](#).

### **Millions of Americans could lose stimulus payments to debt collectors**

Millions of people received their stimulus payments from the federal government this week, but some are at risk of immediately losing the money if they owe credit card, medical, or private student loan debts. A loophole in the law could mean some of those who are most in need of the emergency aid don't get the money. About a third of Americans -- some 71 million adults -- have debt in collections and could be impacted, according to the National Consumer Law Center. To read the entire article, click [here](#). To read the entire article, click here.

## **HELPFUL COVID-19 SOCIAL MEDIA SITES**

Click [Here](#) to see the NPR Health News Tweets.

Click [Here](#) to see the IRS Website for daily news releases.

Click [Here](#) to see the World Health Organization (WHO) Tweets.

Click [Here](#) to see the Dignity Health Website for Public Health Guidance Tips.

Click [Here](#) to see the Office of the California Surgeon General Tweets.

Click [Here](#) to see the Los Angeles County Tweets.

Click [Here](#) to see the City of Los Angeles Tweets.

Click [Here](#) to see the City of Pasadena Tweets.

Click [Here](#) to see the Office of the Governor of California Tweets.

Click [Here](#) to see the Facebook Account for the World Health Organization.

Click [Here](#) to see the L.A. Public Health Tweets.

Click [Here](#) to see the L.A. County Fire Department Tweets.

Click [Here](#) to see the Mayor of L.A.'s Tweets.

Click [Here](#) to see the L.A. City Emergency Management Department Tweets.

Click [Here](#) to see the L.A. County Department of Consumer and Business Affairs.

Click [Here](#) to see the L.A. County Business and Worker Disaster Help Center

Click [Here](#) to see the Orange County Register Tweets.

Click [Here](#) to see the L.A. Times Health Tweets.

#### **NEXT UPDATE**

Unless news breaks over the weekend, our next update will be on April 20.

**Note:** *This update has been prepared for informational purposes and is compiled from publicly available sources and is not intended to be legal or tax advice. All hyperlinks below are live and will bring you to the information mentioned.*

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