

COVID-19 Update From EKA – April 21, 2020

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. Please feel free to share our daily email updates.

Stay At Home Order Day 34

Today is day 34 of the [statewide "Stay-at-Home" Order](#). 42 Days ago, the World Health Organization declared COVID-19 a pandemic.

Previous EKA Updates

If you would like to see previous EKA COVID-19 updates, click [here](#).

Save Small Business Fund

The Save Small Business Fund, administered by the [U.S. Chamber of Commerce Foundation](#), has started a grantmaking initiative offering short-term relief for small employers. Funded by corporate philanthropic organizations, the fund is a collective effort to provide \$5,000 grants to as many small employers as possible. To qualify, a business must:

- Employ between 3 and 20 people
- Be located in an economically vulnerable community

The Save Small Business Fund [website](#) has a tool that allows a business owner to see if they qualify. Business owners will be required to enter the zip code associated with their business (as listed on W9 form). Have been harmed financially by the COVID-19 pandemic. The application will take about 10 minutes to complete. All a business owner needs is their W-9 form. Grants will be awarded weekly, but you only need to apply one time to be eligible for funding. For more information, click [here](#).

Independent Contractor Relationships & COVID-19

Layoffs, reduced schedules, sick leave, and telecommuting—these are just a few of the issues that employers are navigating as they quickly adapt to the effects of the global pandemic. While moving full speed seems to be the only way to keep up with the rapidly-evolving landscape, companies should take a moment to ensure that they do not unintentionally convert their independent contractor relationships into employment relationships.

As a reminder, a degree of separation between companies and contractors must be maintained to preserve the independent contractor relationship. Under any standard, an accidental misstep during the COVID-19 crisis could have the unintended consequence of converting a contractor into an employee. Some companies have been distributing company-wide alerts, such as employee travel letters for the "[Critical Infrastructure Workforce](#)" to carry as they travel in the field and commute to/from work. Other companies have provided employees with information and notices regarding the [Families First Coronavirus Response Act](#) (FFCRA), [WARN Act notices](#) unemployment insurance benefit forms. Be mindful of distinguishing between contractors and employees when sending out these notices. EKA suggests that employers who have questions should consult with legal counsel.

LOS ANGELES COUNTY

Number of COVID-19 Infections Far Exceeds Number of Confirmed Cases

USC and the Los Angeles County Department of Public Health (Public Health) today released preliminary results from a collaborative scientific study that suggests infections from the new coronavirus are far more widespread - and the fatality rate much lower – in L.A. County than previously thought. The results are from the first round of an ongoing study by USC researchers and Public Health officials. Preliminary findings from the community prevalence study done in partnership with the University of Southern California and the LRW Group suggests infections from the COVID-19 are far more widespread - and the fatality rate much lower – in L.A. County than previously thought. Eight hundred and sixty-three L.A. County adults were tested between April 10 and April 14 using serology testing.

Based on the results of the first round of testing, the research team estimates that approximately 4.1% of the County's adult population has antibodies to the virus. Adjusting this estimate for the statistical margin of error implies about 2.8% to 5.6% of the County's adult population has antibody to the virus- which translates to approximately 221,000 to 442,000 adults in the County who have had the infection. That estimate is 28 to 55 times higher than the 7,994 confirmed cases of COVID-19 reported to the County by the time of the study in early April. The number of COVID-related deaths in the County has now surpassed 600. They will be conducting antibody testing over time on a series of representative samples of adults to determine the scope and spread of the pandemic across the County. A Q&A with Neeraj Sood on antibody testing can be found [here](#). See the [Los Angeles County's Health Advisory SARS-CoV2 Serology Advisory](#) for clarification on antibody testing.

1,724 Jail Inmates Quarantined as Sheriff Pushes for More Funding

Sheriff Alex Villanueva said nearly 15% of the Los Angeles County jail population is currently in quarantine. Two custody assistants are hospitalized on ventilators, including one reported last week. A total of 51 department employees have tested positive for the coronavirus, and 307 are quarantined. The Sheriff said 543 deputies and non-sworn personnel have returned to work after time off because of coronavirus-related illness.

The Sheriff argued that the Board of Supervisors should release \$143.7 million in funding for supplies he said are needed to keep rescue helicopters in the air and process rape kits. The supervisors transferred the monies out of the department's budget last September, citing a \$63 million budget deficit and escalating overtime. The board asked the Sheriff to come up with a plan to scale back that deficit. Villanueva said he expected the department to show a reduction in overtime of \$11 million for the fiscal year set to end June 30.

Pet's Health During The COVID-19

There is no evidence that pets can spread the virus that causes COVID-19. The County Department of Public Health created a Pet Owners FAQ on this issue. Click [here](#) to view the

County FAQ. The Centers for Disease Control and Prevention also issued a notice regarding animals. To read the CDC notice, click [here](#).

COVID-19 Incident Update

L.A. County Emergency Operation Center's COVID-19 disaster response issued an updated incident report. To read the update, click [here](#).

CITY OF LOS ANGELES

Mayor's Proposed Budget

As we previewed yesterday, a day after telling residents that COVID-19 is "wreaking more financial havoc on Los Angeles than the 2008 recession", Mayor Garcetti released a proposed 2020-21 budget that calls for reducing services and furloughing about 15,000 municipal workers for roughly a month. Prior to the impact of COVID-19, the City was projecting a budget deficit of \$200 million for the upcoming year. The budget proposal Garcetti unveiled covers spending for the next fiscal year, which begins July 1. The budget must be adopted by the City Council by June 30, according to state law. The Mayor stressed that budget-cutting would largely spare critical services, such as police and fire protection and other services.

One of the City's major employee labor unions, [Service Employees International Union Local 721](#), issued a statement saying it will work to "mitigate and reduce the number of furlough days and to address the equity of those members impacted." The union noted that it had already secured a commitment that no workers will be laid off, along with "the preservation of all city services and an agreement to fund all currently agreed upon future salary increases for city employees."

Last year, Los Angeles passed a \$10.6 billion overall spending plan, the largest in its history, and this year the Mayor's proposal is slightly less than that. City officials noted the budget would continue to be revised throughout the next fiscal year to address areas affected by the pandemic. The City expects much of the money it has spent on the response to the coronavirus to be reimbursed by the federal government, although no federal bailout plan for cities has been developed. The Mayor's office said employee furloughs should save the City about \$139 million and the proposal asks the City Council to adopt a budget policy that would ensure furloughs are lifted as soon as possible.

Overall revenue from this fiscal year is still expected to come in 1.97% higher than last year. Still, the amount the City is expected to receive is about \$231 million less than anticipated. The original budget plan was expected to propose \$6.92 billion in general fund spending, but now it's going to be about \$6.68 billion. The budget proposal anticipates sales taxes of about \$557 million, down from the \$635 million projection for this year. One of the most significant declines in revenue the City has experienced is through its airports, which have seen a 95% reduction in air traffic, as well as tourism and entertainment industries, which have been temporarily shuttered. The Port of Los Angeles has also been operating at about 75% to 85%

compared to last year since COVID-19 affected global trade.

As noted in our previous updates, City Controller Ron Galperin estimated last week the City could see a gap in revenue of as much as \$598 million by the end of next fiscal year. He said the shortfalls will strain the City's ability to provide services and will require "some very difficult budgeting decisions" this year and in the future. The Mayor noted that the City has built up formidable reserve funds in recent years, but even with those rainy day funds, the revenue shortfalls caused by widespread business shutdowns, a virtual halt to tourism and spiking unemployment will have repercussions at City Hall. The City is expected to use about \$190 million of its reserves to make up this year's revenue shortfalls. The City had \$410 million in overall reserves last year, 8.5% of the City's budget, but there will be about \$230 million available next year, down to 3.4% of the budget. According to the Mayor's budget proposal, the City's Housing and Community Investment Department is in the process of creating a rental assistance program as part of an eviction defense program, and the City is issuing "no-fee" micro-loans to businesses affected by the coronavirus, between \$5,000 and \$20,000.

To view a summary of the budget, click [here](#). The detailed budget documents can be found [here](#).

Rental Property

Tomorrow at 10 am, the Los Angeles City Council will consider advancing three motions – [agenda items](#) 37, 38, and 39, which may be of interest to property owners.

- [Item 37](#) – would impose a rent increase freeze on all rental units – those subject to the City's Rent Stabilization Ordinance (RSO) and those that are not. The proposal calls for the rent increase freeze to be in effect retroactively from March 4 through 90 days following the end of the local emergency. A rent increase freeze has been in effect in the City of Los Angeles' RSO units since March 30, 2020. This proposal seeks to expand the current rent freeze time frame beyond what was ordered by Mayor Garcetti and would require landlords to roll back any rent increases that were in place as of March 4 and prohibit any new increases until 90 days after the emergency ends. The proposal also seeks to by-pass state law by expanding the scope of the rent increase freeze to rental units not subject to the City's RSO. Click [here](#) to view the Motion.
- [Item 38](#) would re-classify unpaid rent as consumer debt not subject to the unlawful detainer process. The City eviction moratorium ordinance provides renters with twelve (12) months following the expiration of the local emergency to repay any unpaid rent due. This proposal would establish that at the conclusion of the twelve (12) month repayment period, any unpaid deferred rent would be deemed "consumer debt." Landlords would not be able to utilize the eviction process to collect the unpaid deferred rent resulting from the COVID-19 pandemic. Landlords would have to advance a civil action in Small Claims Court, depending on the amount owed. Click [here](#) to view the Motion.

- [Item 39](#) would eliminate nearly all types of eviction proceedings, except where necessary to protect the health and safety of occupants of the property. If an ordinance is adopted, it would be applicable from March 4 through 30 days following the end of the local emergency. This proposal goes beyond what was instituted by the Judicial Council by prohibiting owners from even serving a notice of tenancy termination, which is essential to preserve an owner's rights. Click [here](#) to view the Motion.

To live stream the meeting online, please click [here](#). To listen to the live council meeting, you can call the following numbers. (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) and (310) 547-CITY (San Pedro Area)

Programs Provide Groceries, Small Business Help

Councilman John Lee is working with a local nonprofit called The Change Reaction to create two programs -- one that provides groceries to people in need and another that provides interest-free loans to small businesses within his 12th Council District that have been affected by the coronavirus pandemic. A Helping Hand is a grocery assistance program for individuals in the northeast San Fernando Valley council district who may be facing food insecurity, job loss or reduced work hours and people who may not be receiving other forms of government assistance. The program will provide gift cards to people, specifically for groceries.

The Small Business Angel Fund will provide interest-free loans to small businesses within the district deemed "essential" during the coronavirus pandemic. It will provide loans for assistance in restructuring lease obligations, credit assessments and a review of operational plans, according to Lee's office. Repayment terms will be tailored to the borrower's ability to repay the loans, which will be deposited back into the fund to help more small businesses. Businesses must submit proof of 12 months of timely paid rent through March and have submitted an Economic Injury Disaster Loan Application to the U.S. Small Business Administration. The application for the Small Business Angel Fund can be found [here](#).

LONG BEACH

New COVID-19 Data Dashboard

The City has recently launched a new COVID-19 Data Dashboard to give the public real-time information about the COVID-19 crisis. The Dashboard provides the public with information regarding positive cases, hospitalizations, demographic breakdowns, and more. To visit the Dashboard, click [here](#).

SAN DIEGO

San Diego County Supervisor Jim Desmond met with the Public Health Officials and presented ideas on how to reopen businesses in San Diego and how to keep everyone safe. The Supervisor said the next step is going directly to the County Health Officials with the public's input and asking residents to provide input. To participate, click [here](#).

Riverside County

Golf courses and some outdoor activities may now reopen with restrictions, according to the County. Players have to follow social distancing practices. The County has also clarified that parks and trails will remain open, including parking lots. Social distancing and face coverings must be maintained at all times. Other outdoor activities that are allowed include hiking, biking and equestrian activities and other non-contact outdoor activities such as tennis. A [press release](#) from the County outlines the new Order.

SACRAMENTO

State Funding Actions Related to COVID-19

The California Legislature's Nonpartisan Fiscal and Policy Advisor has updated its post that summarizes recent legislative and administrative action to allocate state funds to respond to COVID-19. To read the current update, click [here](#).

Small Businesses Fines and Penalties Stemming From COVID-19

Assemblywoman Melissa Melendez said she will be introducing a measure that seeks to protect small businesses from unnecessary fines due to the unemployment insurance auditing process in the wake of the coronavirus. Assembly Bill 2457 will be amended when the Legislature returns from the coronavirus recess to accomplish the following: (1) It will prohibit a claimant for unemployment benefits from also suing their employers under the Private Attorneys General Act (PAGA) at the same time, thereby protecting small businesses from double jeopardy; (2) Prohibits the Labor Commissioner and the Employment Development Department from using an employment audit for any other purpose than for the determination of an unemployment claim; and (3) Prohibits the Labor Commissioner from assessing any penalties or fines against a small business under the misclassification provisions of AB 5. To read AB 2457, click [here](#).

COVID-19 Bill to Protect RNs, First Responders, and Health Care Workers

Assemblymember Jim Cooper has introduced Assembly Bill 664 (Cooper) to protect California's nurses, firefighters, police officers, and health care workers by providing presumptive eligibility for workers' compensation during a state of emergency. California is one of many states that have laws that grant some public safety employees, such as police officers and firefighters, "presumptive eligibility" for workers' compensation. However, nurses have no such protections. AB 664 will ensure that nurses, first responders, and health care workers have presumptive eligibility for workers' compensation if they fall ill to COVID-19 or any other communicable disease when a state or local government state of emergency is declared. AB 664 is sponsored by the Los Angeles Police Protective League, Association for Los Angeles Deputy Sheriffs, California Professional Firefighters, and the California Nurses Association. To read AB 664, click [here](#).

NATIONAL

The Centers for Disease Control and Prevention has issued several documents regarding opening the country. The CDC states that to get and keep nation open states, tribes, localities, and territories must be able to quickly identify new cases, break chains of transmission, and protect first responders and health care workers from infection. To review the CDC Situation Summary, click [here](#). To review the other CDC updates, click the hyperlinks below:

- [Helping to Get and Keep American Open](#)
- [Households Living in Close Quarters](#)
- [Caring for Someone Sick at Home or Other Non-healthcare Settings](#)
- [Infection Prevention & Control](#)
- [Surveillance & Data](#)
- [Laboratory Capacity](#)

WHAT WE'RE READING

Wells Fargo, JPMorgan Among Banks Sued Over SBA Virus Loans

Wells Fargo & Co., Bank of America Corp., JPMorgan Chase & Co. and U.S. Bancorp were sued by small businesses that accused the lenders of prioritizing large loans distributed as part of the virus rescue package, shutting out the smallest firms that sought money. Banks earned origination fees of 5% on loans of up to \$350,000; 3% on loans between \$350,000 and \$2 million; and 1% on loans between \$2 million and \$10 million. That means they earned \$17,500 for processing a \$350,000 loan, compared to \$100,000 for a \$10 million loan. To read the entire story, click [here](#).

The Coronavirus Pandemic Will Test the State's Budget Reserves

As it grapples with the COVID-19 pandemic, California faces an uncertain fiscal future. This global crisis has caused a sharp decline in economic activity, [exposing crucial sectors](#) to heightened risk. As discussions continue about when and how to reopen the economy, it is clear that the state will have to respond to significant fiscal challenges. To read the entire story, click [here](#).

Lessons From The 1918 Pandemic: S.F. Dithered; L.A. Acted And Saved Lives

The big, striving City on the south coast moved fairly quickly at the first signs of danger — shutting down bars, pool halls, sporting events and more. The two great cities charted their disparate paths in the months that followed, straining — amid rudimentary science and massive public pressure — to craft the proper response to the greatest infectious disease emergency in modern memory. To read the entire story, click [here](#).

How Trump Let The U.S. Fall Behind The Curve On Coronavirus Threat

The first day President Trump mentioned the coronavirus in public, only one American was known to be infected. He assured the rest of the country it had no reason to worry. Behind the

scenes, however, even some of his close aides thought the virus posed a much greater threat to the nation and to Trump.

To read the entire story, click [here](#).

K Street Is Booming. But There's A Creeping Sense Of Dread

The \$2.2 trillion coronavirus relief bill was just the beginning of a Washington lobbying bonanza — but lobbyists are rushing to get a piece of the action in case it evaporates with a cratering economy. Lobbyists are hustling to influence the rules dictating how the first bundle of stimulus money will be spent, and looking ahead to how to get their clients' priorities into the next mammoth spending package. To read the entire story, click [here](#).

U.S. Oil Prices Crash Below \$0 A Barrel

U.S. oil prices crashed Monday to a record low as the market continues to be roiled by an epic collapse in demand caused by the coronavirus pandemic. Global stocks are mixed as investors brace for more companies to reveal how much the crisis is costing them. To read the entire story, click [here](#).

Gov. Newsom Plans To Distribute Laptops

Gov. Gavin Newsom and first partner Jennifer Siebel Newsom on Monday announced the donation and distribution of tens of thousands of laptops and other technology to help bridge the digital divide as California's students learn online during the coronavirus stay-at-home orders. Companies, including Apple, Amazon, T-Mobile, Verizon, H.P. and Microsoft, have donated 70,000 additional laptops and tablet-type devices, or money towards them, for the state to distribute to students who may not have access to computers at home, building on earlier efforts to support distance learning among the disadvantaged. The Chan-Zuckerberg Initiative, Twitter CEO Jack Dorsey, and venture capitalist John Doerr and his wife Ann have each donated \$1 million to the effort. To read the entire story, click [here](#).