

COVID-19 Update From EKA – April 7, 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 Pandemic. 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.

COUNTY OF LOS ANGELES

LA County Giving \$10,000 To Businesses

Los Angeles County is launching a \$500,000 fund to provide grants of up to \$10,000 each to local businesses in need. Business owners should act fast, as applications **will be processed on a first-come, first-served basis** and closed once 150 applications are received. The Department of Workforce Development, Aging and Community Services joined together to create the fund. The Department of Workforce Development, Aging and Community Services will host a webinar at 1:30 p.m. today to guide business owners on how to apply. The application site will open Wednesday at 8 a.m. at <https://workforce.lacounty.gov>. About 25% of awards will be reserved for social enterprises that demonstrate a need and ability to serve vulnerable populations. Priority will also be given to businesses in unincorporated areas of the County.

Protecting Workers of L.A. County

Last week, the L.A. County Board of Supervisors meeting, a motion was introduced by Supervisors Hahn and Solis entitled – Protecting Workers of L.A. County. The Board is expected to discuss the motion at the Tuesday, April 14 meeting. The motion addresses paid sick leave, right of recall for employees laid off amid the COVID-19 outbreak, and worker retention. The motion directs specific L.A. County Departments to consult with labor representatives to assess the feasibility of implementing employee protections. This motion only applies to unincorporated areas of the County and may be expanded to require consultation with business and other relevant stakeholders. The motion also addresses training and worker resources needs. We invite you to notify EKA if you would like to submit written comments to the Board. We would be glad to facilitate getting your letter to the Board offices.

County Emergency Operation Center

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

Los Angeles Surge Hospital

Governor Newsom announced the establishment of the Los Angeles Surge Hospital, a temporary facility in Los Angeles that will expand access to additional beds and expand ICU capacity for patients who contract COVID-19. Dignity Health and Kaiser Permanente will partner with the State of California and the County of Los Angeles to open the facility, which will be located on the campus of the former St. Vincent Medical Center in central Los Angeles. The hospital will create additional inpatient capacity in the community to treat the expected surge of patients with COVID-19 in the coming weeks. The facility will operate as a dedicated referral hospital and will not have an emergency room or accept walk-in patients. The Los Angeles Surge Hospital is expected to open April 13. It will open in phases, ramping up to accept more patients as

physicians and staff are hired and supplies and equipment are secured, up to a projected capacity of 266 beds when fully operational. The State will fund the hospital and its operations and will be responsible for obtaining all federal and State permits, licenses, and waivers to operate. The State is also responsible for procuring critical equipment and supplies, such as personal protective equipment and ventilators.

Face Coverings

LA County and the Centers for Disease Control and Prevention and Public Health are recommending that the general public wear non-medical [cloth face coverings](#) when interacting with others while obtaining essential supplies and services. Wearing a cloth face-covering does not eliminate the need to physically distance yourself from others and to wash your hands frequently. The County says that the general public should use a clean face-covering anytime you will be in contact with other people who are not household members in public or private spaces. They advise wearing a cloth face covering over your nose and mouth when you must be in public for essential activities, such as shopping at the grocery store.

Advisement to Stay Inside This Week

LA County expects to see a significant increase in cases over the next few weeks, and they have asked that everyone avoid leaving their homes for anything except the most urgent matters. At a press conference yesterday afternoon, county health officials told residents that they should try not to leave their homes this week, even for groceries and medication as Los Angeles enters a "critical week" in slowing the spread of COVID-19. Instead, County health officials urged residents to use delivery services to get goods. The Health Department advises that when people leave, that they cover their mouth and nose with a cloth face covering if you will be around others, maintain a distance of at least 6 feet from everyone else, and frequently wash your hands. If you are ill, they want people to self-isolate and if you are a close contact of someone who is positive or presumed to be positive for COVID-19, please self-quarantine for 14 days.

Public Health has issued the following guidance for people with mild illness during this time of increased spread: If you are mildly sick, stay home for at least seven days and until 72 hours after being fever and symptom-free. Call your doctor if you are concerned and/or your symptoms worsen. Individuals who are elderly, have underlying health conditions or are pregnant may be at higher risk of serious illness and should contact their doctor early if they are sick.

LOS ANGELES

Free COVID-19 Testing

The City will expand free COVID-19 testing through partnerships with Los Angeles County and the nonprofit emergency response organization Community Organized Relief Effort (CORE). The [online portal](#) used to schedule appointments will now enable any L.A. County resident with symptoms to schedule a test, with priority still given to symptomatic people with underlying health conditions and residents age 65 and over. Health care professionals and first responders also receive priority and should inquire at their affiliated hospital, medical center or department for information about how to register for testing—those who are experiencing COVID-19 symptoms and would like to schedule an appointment for testing by clicking [here](#).

Senior Shopping

Many Southern California supermarkets have already designating shopping hours exclusively for senior citizens. The City of Los Angeles released the final Ordinance mandating that senior citizens and the disabled community have early access to grocery stores. To review the Ordinance, click [here](#).

LONG BEACH

Rapid Assessment Clinic

The City of Long Beach launched a Rapid Assessment Clinic to provide medical assistance to people who might otherwise feel compelled to visit an emergency room for their medical conditions. Services will include health screenings and prescription assistance. The no-cost clinic, located at the Long Beach City College Pacific Coast Campus, will operate from 10:00 a.m. to 6:00 p.m., seven days a week, until further notice.

Drive-Through COVID-19 Testing

Starting today, a by appointment only drive-through COVID-19 testing center is available for those who need it, in an area adjacent to the Rapid Assessment Clinic. Interested individuals should click [here](#). Testing will continue to be prioritized for symptomatic individuals, those who have underlying health conditions or are 65 years or older. Test results take approximately 48 hours to process. Long Beach Health Department case investigators will call individuals whose test results are positive.

SACRAMENTO

90-Day Extension For Tax Returns And Payments For Businesses Filing A Return For Less Than \$1 Million In Taxes

An [excellent article](#) by Chris Miceli details the Governor's Executive Order's impacting State tax obligations. As we reported previously, Governor Newsom signed an executive order that provides tax, regulatory and licensing extensions for businesses. The executive order allows the California Department of Tax and Fee Administration (CDTFA) to offer a 90-day extension for tax returns and tax payments for all businesses filing a return for less than \$1 million in taxes. That means small businesses will have until the end of July to file their first-quarter returns. Additionally, the order extends the statute of limitations to file a claim for refund by 60 days to accommodate tax and fee payers. A copy of the Governor's executive order can be found [here](#), and the text of the Order can be found [here](#).

Property Tax Penalty Waiver

The California Business Properties Association has asked counties to waive property tax penalties. So far, San Francisco is the only County to provide some relief, and the organization representing counties is not encouraging members to help. The group believes that charging late fees is a windfall profit for counties and penalizes property owners that are struggling due to the COVID-19 orders. To read the first CBPA letter regarding property taxes/COVID-19, click [here](#). To read the April 3rd coalition letter regarding property taxes/COVID-19, click [here](#). To read the

S.F. Treasurer statement regarding delaying payments for three weeks and waiving penalties, click [here](#). To read the CSACT/CACTTC release that states the current law is the policy and encouraging members not to waive windfall penalties, click [here](#).

Attorney General Guidance to Tenants

California Attorney General Xavier Becerra issued guidance to California tenants, urging them to act fast if they are not able to pay their full rent as a result of the COVID-19 Pandemic. The alert follows Governor Gavin Newsom's executive order issued at the end of March that allows tenants affected by COVID-19 to delay their eviction process. Attorney General Becerra urges tenants to act quickly if they want to preserve their rights under the new executive order. The Attorney General alerts all tenants of the following aspects of the Governor's executive order:

- Tenants still owe rent; and the A.G. guidance says that if they can afford to pay rent, they should.
- If tenants cannot pay all of their rent, they must notify their landlord in writing right away and no later than seven days after the rent is due.
- Tenants should gather and keep documentation showing their inability to pay your rent.
- Local measures may offer additional protection since they remain in effect following the Governor's order.
- The Governor's order does not stop landlords from filing eviction cases. Until May 31, 2020, the executive order delays those eviction cases for tenants who cannot pay rent due to reasons related to COVID-19 if the tenants also take action to assert their rights. While the order is in effect, qualifying tenants who take the actions specified below may be able to obtain a 60-day extension of their time to respond to an eviction, and are protected against lockout by the sheriff.

Actions Tenants Must Take to Obtain the Protections of the Governor's Order

- First, tenants who will not be able to pay must notify their landlords in writing as soon as possible, and no later than seven days after the rent is due. The notice must be in writing and should say that the tenant is unable to pay the full rent due to reasons related to COVID-19. Tenants can find a printable form notice to send their landlords [here](#).
- Second, tenants should gather all documentation that shows their inability to pay, so that they can prove they are entitled to the protections of the Governor's order. That documentation can include notices of layoffs or reductions in hours, pay stubs, bank statements, medical bills, or signed letters from the tenant's employer or supervisor explaining the situation.

A more comprehensive guide to the Governor's executive order is [here](#).

California to Send 500 State-Owned Ventilators to the National Stockpile

Recognizing that states like New York are experiencing immediate supply shortages as a result of COVID-19, Governor Newsom said California would help by loaning 500 state-owned ventilators to the Strategic National Stockpile inventory. California continues to [prepare](#) for a possible COVID-19 surge. The State is securing thousands of beds in alternate care facilities, [protecting the homeless](#), purchasing critical [medical equipment](#) and launching new programs like the [Health Corps](#) to recruit health care professionals.

NATIONAL

DOL Publishes New/Additional Guidance on FFCRA

I know, these headlines are starting to sound repetitive, and it is a challenge to keep up with and determine how to comply with the evolving guidance. Hopefully, it will all get more clearly sorted out before the end of the grace period on DOL enforcement of the FFCRA, which expires April 17. In the meantime, employers should do their best to try to comply, in good faith, with the paid leave provision of the Act based on current guidance. To that end, the DOL published some additional FAQ guidance this weekend. The "final" rule implementing the FFCRA regulations was also published [here](#), but the "final" rule is not materially different from the "temporary" version that was published last Thursday.

In terms of the additional FAQ, these provide new guidance on several areas, including the applicability of shelter at home orders, leave to care for a child whose school/childcare is closed; seasonal employees; and staffing companies. These new FAQ are questions 60-79. The DOL also appears to have revised its FAQ on substitution of paid leave during expanded family leave (school closure leave) at questions 31 and 33. The complete FAQ covering 79 questions is available [here](#). We know that there are still several unanswered questions and as we learn more, we will include it in the EKA update.

Centers for Disease Control and Prevention

The CDC said that COVID-19 Outbreak is a rapidly evolving situation and information is updated on the [COVID-19 Situation Summary](#) as it becomes available. The CID has also created new links:

- [CDC Launches New Weekly COVID-19 Surveillance Report](#)
- [Cloth Face Coverings: Questions and Answers](#)
- [Resources for Community- and Faith-Based Leaders](#)

CA Review of Federal Assistance for Businesses Affected by COVID-19

The Legislative Analyst's Office, which is the California Legislature's nonpartisan fiscal and policy advisor, has issued several [COVID-19 reports](#). The [latest report](#) outlines recent federal actions to provide financial assistance to businesses—the most significant being H.R. 748, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed by the President on March 27, 2020.

CARES Act Includes \$909 Billion for Financial Assistance to Businesses. [H.R. 748](#) provides \$377 billion for financial assistance to small businesses—this generally includes businesses and nonprofits with fewer than 500 employees—and \$532 billion for financial assistance to air carriers and other large businesses. Figure 1 summarizes the major provisions, which we describe in more detail in the rest of this post. While this post reflects our best understanding of the high-level content and implications of the federal actions to assist businesses to date, we will update this post as new information and clarifications become available.

Financial Assistance to Small Businesses

Small Business Administration (SBA) Generally Helps Businesses Get Loans. The federal SBA provides financial assistance, and other services, to small businesses. The SBA defines a small business using either revenue or employee [headcount standards](#) that vary by industry. The primary SBA program is a loan guarantee program. The SBA promises to repay a portion of the amount borrowed by qualified businesses in cases where the borrower cannot. Loan guarantees reduce the risk to the lender, which allows the small business to get more favorable terms—meaning that they may borrow the money for a longer period of time at a lower interest rate. The SBA also directly makes low-interest loans to businesses and nonprofit organizations following declared disasters. A disaster loan may be for either covering repairs and replacement of physical assets damaged in a disaster or covering small business operating expenses after a disaster.

\$349 Billion for Forgivable Small Business Loans. H.R. 748 provides \$349 billion to create a new [forgivable loan program](#). This new program—called the Payroll Protection Program—is intended to subsidize small businesses so that they continue paying employee salaries and other bills while their revenues are reduced by the current public health efforts to reduce the transmission of COVID-19. Unlike a typical loan program, however, businesses will not be required to repay these loans if the money is used to pay employee wages and benefits, mortgage or rent, and utility bills. Instead, the loans will be forgiven after 8 weeks. However, the business is required to provide documentation showing that they used the proceeds to continue paying their workforce and other bills during this time. The amount forgiven will decline if the business reduces their workforce. The SBA cannot forgive amounts without documentation and cannot forgive amounts that are used for other purposes, such as to buy inventory or equipment. (Businesses may use the loan for other purposes but, in such cases, the loan is treated as a regular loan at a 4 percent interest rate that borrowers must repay following a six-month deferment.)

- **Which Employers Are Eligible for Assistance?** All businesses and nonprofit organizations with fewer than 500 employees are eligible for financial assistance under this program. (In addition, businesses in industries with SBA headcount-based standards above 500 employees will continue to be eligible for SBA loans.) Sole-proprietors and self-employed people are also eligible for relief. Loans will be made available on a first-come, first-served basis.
- **How Much Money Can a Small Business Get?** Small businesses may receive 2.5 times their average monthly payroll, up to \$10 million. Businesses do not have to show that they can repay the loan. Instead, borrowers must only show that they were in business before February 15, 2020. Eligible businesses apply for these loans from a participating bank.
- **Is \$349 Billion Enough?** According to the U.S. Census Bureau, the total annual payroll for firms with fewer than 500 employees was \$2.7 trillion in 2017 (the most recent available statistics). This works out to \$225 billion per month. The program, therefore, probably has inadequate funding to provide all eligible employers forgivable loans for 2.5 months of payroll.

\$17 Billion to Small Businesses with Existing SBA Loans.

[H.R. 748](#) provides \$17 billion to pay—generally to private lenders—six months of principal and interest payments on existing SBA loans. This is available to all businesses with existing loans guaranteed by SBA. Many banks are allowing borrowers to defer payments on existing loans for

six months to one year because of COVID-19. If a borrower has requested a deferment from their bank, SBA will provide six months of payments following the end of the deferment.

\$10 Billion for Disaster Loans and Emergency Grants of \$10,000 Per Small Business.

On March 16, SBA approved an Economic Injury [Disaster Loan assistance declaration for California](#), allowing businesses to apply for economic injury loans directly from SBA. (This declaration has since been expanded to the entire U.S.) At that time, there was about \$7 billion available for SBA disaster loans. H.R. 748 provides an additional \$10 billion to the emergency disaster loan program in SBA and provides for new emergency grants of \$10,000 to small businesses that apply for a disaster loan. Eligibility for these economic injury disaster loans is similar to the Payment Protection Program described above. However, the purpose is to provide loans for other operational expenses beyond payroll, mortgage or rent, and utilities. Any small business that applies for an economic injury disaster loan receives an advance of \$10,000 regardless of whether they eventually are approved for the loan. The SBA must provide the [\\$10,000 advance within three days of receiving a loan application](#). Moreover, businesses do not have to repay the \$10,000 advance. Businesses may borrow up to \$2 million at low rates—3.75 percent for small businesses and 2.75 percent for nonprofit organizations. Repayment terms vary depending on the individual circumstances of the borrower. Eligible small businesses must apply for an economic injury disaster loan directly from the SBA [Click here to apply](#). Given that there likely will be significant interest in this program, businesses could face delays in receiving assistance, as has been the case during past disasters. For example, the SBA received 340,000 disaster loan applications following several devastating hurricanes in 2017 and encountered challenges quickly hiring new staff to review and process these loan applications. The SBA required about 70 days to provide funds to the businesses after receiving their applications.

\$265 Million for Business Development Services to Small Business Owners

[Small Business Development Centers](#) (SBDCs) provide small businesses and entrepreneurs with consulting, mentoring, and training services at no cost to the business owner. Women's Business Centers provide similar business development services as SBDCs, but specifically focus on assisting female entrepreneurs, on addressing economic justice issues related to gender. There are several dozen SBDCs and 13 [Women's Business Centers in California](#). H.R. 748 provides \$240 million for grants to SBDCs and Women's Business Centers. (An additional \$25 million is available for other related federal programs.) Typically, such grants require the centers to match the grants with funds from other sources, but H.R. 748 waived the matching funds requirement for these grants.

Financial Assistance for Businesses Not Covered by SBA Programs

The COVID-19 outbreak is expected to have severe economic effects across the entire economy. Just over half of all U.S. jobs are at businesses with more than 500 employees. Many of these larger businesses will be ineligible for the SBA programs described above. H.R. 748 also assists these large employers as described below.

Federal Reserve (Fed) Lending to Corporations

- H.R. 748 allows the Fed to make loans and loan guarantees to businesses not covered by other programs, as well as to state and local governments. Like the SBA programs described above, the intent of these loans is to provide money to businesses so that they

may continue paying employee salaries and other bills while revenues are reduced by the current public health efforts to reduce the transmission of COVID-19. Unlike those programs, however, the Fed cannot forgive these loans and borrowers must repay them. Consequently, private companies must be able to provide adequate assurances that they would be able to repay these loans. The Department of Treasury estimates that funds provided in H.R. 748 would enable the Fed to lend up to \$4 trillion.

ARTICLES OF INTEREST

Wells Fargo Stops Taking Applications For Paycheck Protection Program Loans

Wells Fargo is bowing out of a new federal program aimed at helping small businesses retain workers and pay bills during the coronavirus pandemic. The bank [announced](#) that it would no longer accept new loan applications under the government's Paycheck Protection Program, which launched last week as part of Washington's \$2.2 trillion economic relief package. Wells also said it planned to lend a maximum of \$10 billion through the program and that it has already received more than enough applications to reach that threshold. Any requests for loans submitted after April 5 will not be considered, according to the bank. Since the program launched on Friday, most U.S. banks are processing loans only for existing clients. Wells Fargo's exit could shut out some of its small business customers that have not yet applied for a loan. That's especially significant because Wells Fargo arranged more small business loans than any other lender in the country last year. To read more, click [here](#).

School Districts Reportedly Ban Zoom Over Security Issues

School districts are apparently banning their teachers from using Zoom to teach remotely in the midst of the coronavirus outbreak, citing security and privacy issues surrounding the videoconferencing app. New York City's Department of Education urged schools to switch to Microsoft Teams as soon as possible. Nevada's Clark County Public Schools disabled Zoom access, while schools in Utah and Washington state are reassessing its use. To read more, click [here](#).

Request for Minimum-Wage Increase Delay

Many business leaders are asking the Governor to delay California's scheduled minimum-wage increase to allow companies to recover economically from the coronavirus crisis, the state restaurant association said March 27. The California hourly minimum wage is scheduled to rise on January 1, 2021, to \$13 from \$12 for employers with up to 25 employees and to \$14 from \$13 for employers with at least 26 employees, the Department of Industrial Relations said on its [website](#). To read Los Angeles Times story piece on minimum wage hike, click [here](#).

Sonora Stay At Home Fines

The City of Sonora is considering adopting an urgency Ordinance that would allow law enforcement to issue fines to groups, like non-essential businesses, that disobey the directive. The City would first issue a warning, then a \$250 fine, a \$500 fine and then a \$1,000 fine. To read the story, click [here](#).

How California Lawmakers Are Governing From Home

An article in Cal Matters details how lawmakers are governing from home. To read the story, click [here](#).

Grocery Workers Are Beginning To Die

Grocery workers, who have been among the most-exposed employees in the outbreak, are starting to die of COVID-19. At least four people — who had worked at Walmart, Trader Joe's and Giant have passed away in recent days. To read the Washington Post story, click [here](#).

N.Y. Ventilators

A 2006 pandemic plan warned that New York City could be short as many as 9,500 ventilators. But the City only acquired a few hundred, which were ultimately scrapped because it could not afford to maintain them. To read "How New York City's Emergency Ventilator Stockpile Ended Up on the Auction Block," click [here](#).

European countries prepare to ease lockdowns

Several European countries badly hit by coronavirus are preparing to ease their lockdowns as death rates begin to decline. As Austria announced it will [reduce social restrictions from next week](#), public officials in Italy, Spain and France suggested that the declining numbers could mean other countries followed suit.

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