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Different Rules May Be Coming for California Businesses

California Governor Gavin Newsom sent a letter to Nancy Pelosi, Speaker of the U.S. House of Representatives, dated April 8, 2020. This letter did not get much news media attention, but it deserves serious attention from California business owners.

In the letter, Governor Newsom requested \$1 trillion in federal funding for the State of California and requested "bold federal action in five specific areas." But in its conclusion, the letter also announced the Governor's vision to use public policy to change the state:

Business owners who believe they can survive the coronavirus crisis and its aftermath need to regard this letter as an early warning. The Governor and California legislature intend to enact many new laws that may require implementation of a new business model.

A Task Force Seeking to Achieve a Just Future

Governor Newsom also provided some clues about his long-term vision for the future of California in his April 17 press release announcing his new "Task Force on Business and Jobs Recovery." This task force is intended to "craft ideas for short, medium, and long-term solutions that reflect communities across the state."

Throughout the press release, emphasis is placed on social justice and environmental transformation. The task force is intended to "shape a fair, green, and prosperous future" in the context of economic recovery. It will "provide a model for just economic development for our country," "emphasize a fair and equitable recovery," and "support a cleaner, more equitable and prosperous future."

A Green New Deal Could Become Reality in California

What does this mean in practice? It's likely this Task Force will call for an economic recovery in California based on what is known nationally as the "Green New Deal."

It's probably significant that the co-chair selected by the Governor for this Task Force is Tom Steyer, who unabashedly describes himself as an activist. On his personal website, Mr. Steyer states that he is "committed to combating climate change, fighting for racial justice and putting people, and not corporations, in charge of our democracy."

His ideas about using centralized government power for "combating" and "fighting" corporate entities match the militaristic terminology of the Congressional resolution to establish the Green New Deal. This program is described in the resolution as a ➡



"I am also developing a broader set of proposals that will help create a more just and equitable future for Americans in the wake of this crisis. This emergency has exposed how intertwined our society is and how little economic security people truly have."

— Governor Gavin Newsom

RULES - Continued on page 7

Farmworker Pay Amid the Crisis

by CalMatters

Trump is considering cutting farmworker pay during the crisis. Don't do it, California growers say

The Trump administration is considering cutting the pay of guest visa farmworkers during the coronavirus pandemic to help the farm industry. But California growers aren't thrilled: They say it won't help them much with their financial crisis. And they worry that it might even hurt them by creating uncertainty for their essential employees, prompting them to look elsewhere for work once the pandemic ends.

Unions and other worker advocates also worry that reducing farmworkers' wages would cause hardships for people already living on the edge of poverty, and may end up lowering the pay of domestic farmworkers, too.

Hugo Marcos has an H-2A visa, which allows growers to temporarily employ guest workers from other countries when there is a shortage of U.S. workers willing to take the jobs. He spends his days cutting hearts of romaine lettuce for Foothill Packing, Inc., and returns around 6 p.m. to the motel where he will stay for months.

Marcos just arrived in Salinas, but this is his fourth year working U.S. fields on an H-2A visa. He has earned enough to build a two-bedroom home in the Mexican state of Michoacan, and take care of his wife and two children.

"Trabajar de campo es complicado y especializado," he said. In English: "Farmwork is complicated and specialized."

It took Marcos a long time to learn the skills he has: cutting the lettuce in a perfectly flat swipe to maintain a uniform look and size, then removing excess leaves and handing the heart off to be packaged right there in the field.

More than 257,000 people worked in the U.S. on an H-2A visa in 2017. These workers have been deemed essential during the coronavirus pandemic by county, state and federal government regulations.

In California, H-2A workers earn \$14.77 an hour this year, or about \$118.16 for an eight-hour day, one of the highest in the country for these workers. The average wage of an H-2A farmworker, known as the "adverse effect wage rate," or AEWR, is based on a survey of growers and farm labor contractors, and the AEWR varies state to state.

For the same labor in Mexico, Marcos said, he would earn 70 pesos an hour, ➡

FARMWORKER - Continued on page 6





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Take the Time Now to Plan

by Andrea Bailey, Board Chair

After weeks of social distancing, limited business operations, and a slew of other restrictions in place in California during the COVID-19 pandemic, there may be some light at the end of the tunnel. While things aren't going back to normal, restrictions may be lessened, and Governor Gavin Newsom has put a framework in place to begin getting the state of California up and running again. Loosening restrictions is dependent on six factors including expanding testing, pursuing therapies for the virus, and most importantly for business owners, continuing to practice social distancing in the workplace once reopened.

For the many businesses that are members of the Salinas Valley Chamber of Commerce, opening back up to the public is crucial, especially for those nonessential businesses that haven't been allowed to operate during the crisis. But what does practicing social distancing look like in the workplace? In Newsom's six-point framework, he only specifies that to reopen the economy, businesses, schools and childcare facilities would need to be able to support physical distancing but does not give guidelines for what that looks like. This means it's up to each business to assess the best protocols for continuing safe practices.

For any business, it's important to consider whether all or a portion of employees can continue to work from home. Having as few people in a business space as possible—whether customers or employees - is crucial.

In his framework for reopening the California economy, Newsom gave the example of how restaurants might operate



when they reopen: with waiters wearing masks and gloves with disposable menus in venues with half as many tables as they would normally have. Other establishments like clothing stores and boutiques might only allow a certain number of customers into the area at a time to prevent too many people in one space at once.

It's important for business owners to come up with a plan for social distancing now so you are prepared when your business is allowed to reopen. Here are some ideas to consider when creating that plan:

- Set limitations on the number of people inside of your business at any given time
- Spread employees' shifts out over longer periods of time, which will allow fewer and shorter interactions.
- If possible, return to work in phases.
- Ditch co-working spaces and open offices that encourage longer periods of close interactions.
- Close common areas where personnel are likely to congregate and interact.
- Create incentives for remote working.
- Continue to encourage telework, whenever possible or feasible with business operations.

Whether your business is large or small, planning and resources will be key in order to survive the economic impacts of this pandemic. ■

Sincerely,

Andrea Bailey



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IN MEMORIAM: Shirley Lavorato

Shirley Lavorato, one of our community's most beloved and impactful supporters, passed away on Friday, April 24th. She was the wife of Sam Lavorato, and the mother of Sam Jr., John, and Chris.

Born and raised in South Monterey County, Shirley was one of eleven children.

Her mother and father immigrated to the United States from Portugal and embraced America and were extremely proud that all six of their sons served in either World War II or the Korean War.

Shirley was recognized by the Salinas Valley Chamber of Commerce as our Citizen of the Year in 2005 and she was honored as the focus of our Community Leaders Roast in 2016.

Shirley supported myriad local organizations and was an engaged and long-time member of Palma's Board of Directors. She was also very active with the Salinas Valley Memorial Healthcare System Foundation. Jeff Wardwell, Chief Philanthropy Officer of SVMHS had these words to share:

"Shirley Lavorato was a true gift to humanity. [Shirley], your work on this earth may be done, but your impact will last for generations."



Support for Small Businesses Facing COVID-19

by Steve McShane,
Salinas City Councilmember



Like so many reading this, COVID-19 has broken the back of my small business. We shut our doors under the County Order March 17th and I've had (6) employees on unemployment ever since. I continue to show up to work in an effort to keep customers engaged and address our expenses outpacing our revenue. We need assistance and real solutions immediately.

As one of the few small business owner / elected leaders in our community, I want to report on both the City of Salinas business community response and my own actions as a small business owner. Thank you to the Salinas Valley Chamber of Commerce for providing this opportunity.

With the help of City Councilwoman, Christie Cromeenes, and Mayor Joe Gunter, the City launched a website featuring state, federal & business assistance at www.cityofsalinas.org/node/6044. Within days, the City Manager appointed a team to sponsor informational sessions on emergency loans. With the help of City Councilwoman Cromeenes and the Salinas Valley Chamber, we began to draft COVID-19 small business assistance legislation.

At the April 14th meeting of the City Council we passed small business assistance legislation. This included a vote to defer business license payments due during April and May. We also affirmed additional resources to the Monterey County Business Council, the El Pájaro Community Development Corporation (CDC) and Cal Coast Small Business Development Corporation (SBDC) for training, counseling and assistance with business support services.

More must be done to protect local small business in the wake of COVID-19. I am working closely with the Mayor to expand emergency loan guarantees to save small business. We believe this can be made possible utilizing special federal funds we have been assigned. I have also been in touch with the Police Chief to look after property crimes, scams, hoarding and price gouging.

On April 8th, I hosted an insightful ZOOM Call on small business facing COVID-19 that can be viewed on Youtube here: <https://bit.ly/3cDUUmF>. The call featured Supervisor Chris Lopez, representatives from the Monterey Peninsula and Salinas Valley Chambers of Commerce, Monterey County Business Council and several impacted businesses. Here are the (5) take aways from that call:

1. We need the County to grow and engage the Small Business Recovery Loan Fund.
2. We need a way ultimately to vet workers who have recovered from COVID-19 so they can return to work without risk.
3. Cut expenses quickly. Many businesses have found that vendors / fixed expenses can be put on hold, renegotiated or addressed with terms for payment.
4. Do not bury your head in the sand! Stay engaged in your business and job. Lessons like this were learned in the great recession and those that were first to jump on resources and ideas to get through this, survived.
5. Look out for scams in all of this. There are lending scams and there will be scams to set you back even further than COVID-19.

Now more than ever it's important to shop small and shop local. Consider take-out from your favorite local restaurant and ordering gift cards wherever possible. For help, look at the Salinas Valley Chamber of Commerce restaurant guide and the City of Salinas Small Business Support guide which can be found from links on the homepage of the Chamber's website www.SalinasChamber.com.

Local government is also here to help local business. It is important we hear from you and we work together. The City of Salinas contact for economic development is Andy Myrick and he can be reached at andym@ci.salinas.ca.us or (831) 758-7362. I'd love to hear from you at steve@mcshaneslandscape.com or (831) 970-4141 ■



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The \$600 Unemployment Booster Shot

by Ella Koe, The New York Times

Before the coronavirus, people receiving unemployment benefits in most states got, on average, less than half their weekly salaries.

Now, as millions file claims, many are poised to receive more money than they would have typically earned in their jobs, thanks to the additional \$600 a week set aside in the federal stimulus package for the unemployed.

That calculation is based on an analysis of the so-called replacement rate, which is the share of a worker's wages that is replaced by unemployment benefits.

Replacement rates for each state are determined by dividing the average unemployment payment by the average 40-hour-a-week salary of those who receive unemployment benefits. Ernie Tedeschi, a former Treasury Department official and an economist at Evercore ISI Research, combined the new stimulus relief with each state's average unemployment payment at the end of 2019 to estimate how much their replacement rates would increase.

The Massachusetts replacement rate will increase the smallest amount, he found, though it still doubles. Mississippi will have an 88 percentage-point jump, meaning workers there earning an average wage will make roughly \$130 more in benefits.

These estimates, which reflect what tens of thousands of people around the country may now receive, come with caveats.

As large portions of the economy remain closed because of the outbreak, rendering more than 26 million people without jobs in a matter of weeks, no one knows for sure how wages and benefits for those receiving unemployment might change as more people enter the ranks.

A provision of the stimulus package, for example, allows part-time and self-employed workers who would normally not qualify for unemployment to receive benefits. That will alter the makeup of the typical pool of people filing claims, not to mention the average benefit paid out.

The ultimate depth of the economic fallout from the virus remains unclear, as is the question of how long the government will be able to provide extra money to help workers who lost their jobs. And just because someone qualifies for unemployment doesn't mean they will receive it quickly.

Why \$600 a week?

When you add \$600 to the national average unemployment payment — \$371.88 a week at the end of 2019 — the replacement rate goes from 38 percent to almost exactly 100 percent. In other words, that amount is what it would take for Congress to replace what the average American worker receiving unemployment would have earned.

"I would never two months ago have ever thought of advocating for 100 percent income replacement," said Michele Evermore, a senior policy analyst at the National Employment Law Project. "But then when the pandemic hit, it was very different. We needed a policy mechanism to do something that unemployment insurance doesn't usually do, and that's keep people home."

Unemployment benefits are typically meant to keep people afloat but stay low enough to incentivize them to find a job. Now, when seeking work may be both fruitless and dangerous, the incentives have nearly reversed. ➡

UNEMPLOYMENT
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something like \$23.28 a day. A drop in pay would reduce his children's quality of life, he said.

Yet the Trump administration's Department of Agriculture is exploring cutting H-2A worker pay, according to an NPR report. NPR found that "new White House Chief of Staff Mark Meadows is working with Agriculture Secretary Sonny Perdue to see how to reduce wage rates for foreign guest workers on American farms."

The USDA declined comment on whether it is considering such a change, or how it would be accomplished. The administration could announce a temporary rule change, order a new rulemaking or issue an executive order.

"During these difficult times, President Trump and Secretary Perdue are doing everything to ensure farmers have the tools to carry out the vital work of feeding the American people," a USDA spokesman told The Californian.

By cutting worker pay, the administration hopes to keep farmers afloat through the pandemic.

Without the wage cut, researchers expect to see up to a \$688.7 million decline in sales, leading to a payroll decline of up to \$103.3 million between March and May of 2020.

The pandemic has shut down restaurants, schools, cafes and other regular buyers of wholesale goods, leaving farmers hauling larger loads to food banks when they can afford to, and letting food rot in fields when they can't.

As the administration contemplates cutting pay to workers on the frontlines, farmers also may be on the verge of receiving a \$16 billion bailout to keep their operations going.

But agricultural industry representatives and workers' advocates alike say the move to cut worker pay won't solve the food-supply-chain crisis.

"To see wages being depressed would be reason for concern and evaluation," said Chris Valadez, president of the Grower-Shipper Association of Central California, which represents more than 300 companies. "We are one of the few industries still essential, still open for business.

"Longer term, it should cause us to reevaluate the AEWR system and what goes into it, but right now, I just think it would create more uncertainty in the mind of the employees," Valadez said.

Union officials say a pay cut for the temporary visa workers may reduce the pay of domestic workers, too, because the H-2A pay rate is considered the average pay for all farmworkers.

"To reduce their wages at any time would be of deep concern, given that many farmworkers are struggling to feed their own families," said Gieve Kashkooli, the political and legislative director with the United Farm Workers, a union that serves domestic and foreign farm laborers. "It would be an even deeper concern to do that during this COVID crisis while the federal government has declared farmworkers essential. And it's a total insult to them."

Workers already underpaid, report says

According to the Economic Policy Institute (EPI), a nonpartisan think tank, H-2A workers are already underpaid compared to other workers.

"In 2019, the average wage of all nonsupervisory

farmworkers was \$13.99 per hour, according to USDA, while the average wage for all workers in 2019 was \$26.53 per hour, meaning the farmworker wage was just 53% of the average for all workers," read an EPI post. "And the average wage for production and nonsupervisory nonfarm workers—the most logical cohort for workers outside of agriculture to compare with farmworkers—was \$23.51.

"In other words, farmworkers earned 60%—just three-fifths—of what production and nonsupervisory workers outside of agriculture earned."

Anne Lopez, director of the Center for Farmworker Families, called it "un-American" to consider cutting wages during a health and economic crisis.

"They're already impoverished," said Lopez. "They live on the edge of survival, they have no guarantees. Right now they're going through one of the worst periods I've ever seen...and to make things worse for them by cutting their pay? It's obvious our president doesn't consider these people as human beings.

"I think a lot of it's racist, it's classist, it's to keep them where they're at so they can't progress. That's why I say it's un-American."

Casey Creamer, president of the California Citrus Mutual, which represents 2,500 family citrus growers, said that although he had not seen a proposal from either the USDA or the Trump administration to cut H-2A wages, his group does not support cutting salaries of pickers.

"It's not a political reality, it's not supportive of our employees that we have in place. It's just not a thing that we do," he said.

'Not the most significant tool'

Some industry representatives say the move to cut wages is detracting from the ultimate problem: a sudden drop in demand.

In the Ventura-Santa Barbara area, citrus growers are leaving lemons on trees, Creamer said. Unlike other produce, which can be disked straight back into the ground and used to fertilize the soil, citrus must be harvested or it will endanger next years' crop.

"We can hold for a little bit longer and hope that restaurants open back up," said Creamer. "Growers will have to pay to come back in and harvest to drop food back to the ground. We're buying some time right now but it can't go on much longer."

Valadez said that if the administration wants to help growers, it should "put enough money in the system so employers can pay workers."

"I know if the food service market is down, it's down, and there's nothing we can magically do to change that," he said. "However, where federal stimulus is focusing on direct payments, we also need to focus on purchasing power to get that food into the hands of people that need it.

"Lowering the AEWR is a tool but I don't think it's the most significant tool right now," he said.

Valadez suggested an injection of funds into purchasers still buying food, particularly ones seeing a real upswing in customers, such as food banks.

Hunger is a problem across California, and Monterey



County has one of the highest rates of food insecurity in the state. A 2016 report by the Monterey County Health Department placed the percentage of food-insecure people in the county at 34%.

At the Monterey County Food Bank, which typically serves 20% of the county's adult population and 25% of its children, the number of people standing in line at the food bank has basically doubled, said the nonprofit's executive director, Melissa Kendrick.

Many of those who take advantage of food banks are farmworkers themselves.

A food crisis

Some industry experts say without significant intervention, the farming landscape will be forever changed.

"We're in a different world right now," said Valadez.

"As we move forward we might see a lower demand. That is extremely impactful to the industry and to the backbone of the industry: the workers."

"Does going back to AEWR save the day?" asked Valadez. "I don't know. Before COVID, I probably had an interesting quip to give you, but during this crisis I think there are other things that are more in-demand in the moment. Businesses need buyers for their product.

"We have to keep the system moving. Afterwards, we can have our debates and our cuts. But we have to keep the system moving."

Some H-2A workers said they would still participate in the program even if wages went down, as they would make far more in the U.S. program than they would doing the same work in Mexico. Still, they said, it would be a blow to their finances and their plans.

Marcos has worked cutting romaine hearts for two years for Salinas-based Taylor Farms and two for Castroville-based Ocean Mist.

As Marcos washed up for dinner at a plastic washstand in the motel parking lot, pumping the water in bursts with his foot and lathering up with industrial green handsoap, he talked about his sons, the oldest, 8 years old, named for him.

They're getting older, he said in Spanish, and he and his wife want to add a bedroom onto their blue-and-white home in Mexico so they could have their own rooms.

If his salary were to drop, Marcos said, it would hit his family hard. They would have to put construction plans on hold, probably for years.

"Suerte, pues, gracias a dios nos da la oportunidad venir por acá y lo aprovechamos después," said Marcos.

"It was luck. Thank God I had the opportunity to come here. I made the most of it." ■

"national, social, industrial, and economic mobilization" that will ensure "the use of democratic and participatory processes that are inclusive of and led by frontline and vulnerable communities." It will "counteract systemic injustices" and "promote justice and equity."

The Congressional resolution also states that "Green New Deal mobilization creates high-quality union jobs," which may explain why California's Task Force on Business and Jobs Recovery includes fourteen labor union officials.

Will Your Business Thrive Under the Green New Deal?

As an employer in California, you may end up required by law to pay a lot more in taxes, pay higher wages and more extensive benefits to your employees and their households, enroll your employees in occupational training programs, and overhaul your operations to reduce greenhouse gas emissions and waste products. These mandates will result in new financial and administrative obligations for your business.

How you interact with your workforce may be quite different. Obtaining

government funding or working on government contracts may be conditioned on union representation of your employees and the employees of the companies you hire as contractors. And independent contractors will be a phenomenon of the past.

You may regard these changes as positive developments that may improve the lives of many Californians who struggle with financial insecurity. But under these policies, small businesses that manage to survive the coronavirus crisis may have difficulty making a profit. Non-profits may discover they can no longer balance their budgets.

These businesses and non-profit organizations will need to adopt a new model to adjust to these new requirements. It's likely that many small independent providers of services will consider going out of business or relocating to other states.

At least you'll have one advocate. Your Salinas Valley Chamber of Commerce stands ready to help you adjust to the new government-led economic model, if it becomes reality. In the meantime, we will warn elected and appointed officials that new government mandates usually mean increased costs for businesses. ■

Steyer's Role May Be Cause for Concern

by Carla Marinucci, Politico

Tom Steyer emerges as Newsom economic point person — and business groups are concerned

He's signed up millions of voters in an effort to impeach President Donald Trump and run for the White House as a crusader against fossil fuels, all in the last year.

But can billionaire Tom Steyer now put California businesses back on track during the coronavirus crisis?

That's one question as Gov. Gavin Newsom's blue-ribbon economic recovery commission has kicked off amid worries about the state's considerable challenges — and his choice to tap the partisan Steyer as co-chair.

Newsom's 80-member Task Force on Business and Jobs Recovery includes all four living former California governors as honorary members, in addition to industry and tech stars such as Apple CEO Tim Cook, Disney Chairman Robert Iger and Salesforce founder and CEO Marc Benioff. Labor leaders, restaurateurs and health care officials are also on board.

But it was the appointment of Steyer that sparked concern among political insiders and corporate leaders, many of whom previously praised Newsom for his bipartisan approach in handling California's response to the Covid-19 pandemic.

Steyer, a Democrat who made his fortune as founder of the hedge fund Farallon Capital, spent more than \$250 million on his 2020 run for president. Before that, he founded NextGen America, a powerhouse political action group credited with registering millions of young voters while gathering more than 9 million supporters for his anti-Trump NeedtoImpeach.com movement — which grew in prominence through frequent television ads.

But critics note that Steyer has not silenced his long-running, high-profile advocacy on climate change, even after his appointment to the business task force. Earlier this week, he tweeted: "Oil is in total free-fall because it is a bad investment that won't create sustained jobs or prosperity. We need to look to the future and transition to cleaner, safer energy sources that protect public health."

"The question is, are we gonna get Tom Steyer, the competent businessman ... or are we going to get Tom Steyer, political activist who in the last three election cycles spent hundreds of millions of dollars [proposing] a host of green economy and economic reform issues?" said attorney Sean Walsh, who served on the White House staff of presidents George H.W. Bush and Ronald Reagan and was an adviser to Govs. Pete Wilson and Arnold Schwarzenegger.

Walsh notes that "at this juncture...the barn is on fire, and we're calling everybody to grab buckets to put it out." So business leaders, he said, have reason to worry that Steyer "is going to try and use the economy to put proposals forward that may be interesting — but certainly are not about rushing to get people back to work."

As his tweet indicated, Steyer will lead Newsom's task force just as the oil industry is suffering massive losses amid a growing glut of supply. Rob Lapsley, who heads the California

Business Roundtable, said that his organization is ready to work with the task force and governor — but that many business leaders are worried that Steyer "has had a very clear agenda" that calls for "the elimination of fossil fuels — which represent some of the best paying middle-class jobs in this state."

Lapsley argued that business leaders are haunted by the inevitability of "a whole other round of layoffs" ahead — white-collar jobs, middle-class jobs included — on top of the 2.8 million already on the unemployment line in California.

"To be able to get the state up and running, and it's going to take every sector, every single job," he argues. "We can't be in a position of wanting to eliminate fossil fuels and replacing them with green jobs, when the numbers don't justify that."

But Democratic Lt. Gov. Eleni Kounalakis, the highest ranking elected official on the council — and a former housing developer — said, "I've known Tom Steyer for a long time. He does not waste his time on window dressing. He is action-oriented. He understands the mission. The mission is to minimize economic damage while keeping our people healthy — and not sacrificing our values."

"I think we can get there — and I say that as a businesswoman myself," Kounalakis said. "I think he is the right person to lead this. ... He has a mission that he has been given by the governor; he has a task force of really capable, experienced people to help him execute it."

In a statement late Tuesday, Steyer touted the bipartisan nature of the committee and said, "The only way to rebuild California is to do it together, and I am 100 percent committed to that goal."

Newsom's surprise decision to roll out his task force with Steyer as co-chair came as the governor faced intense pressure to staunch the bleeding from California's economic shutdown as unemployment rolls swelled and small business owners called for help.

It also came days after his administration's respected point man on business and economic issues, Lenny Mendonca, abruptly resigned for personal reasons. Steyer was tapped not only to lead Newsom's task force, but also to serve as chief adviser to the governor on business and jobs recovery — effectively filling Mendonca's shoes.

"When you have somebody who is in that critical role who just basically bails on you — you have to plug that hole pretty quickly," said longtime Democratic strategist Garry South, who was a senior adviser to former Gov. Gray Davis. "There aren't that many people who are willing to take on a job like that."

Steyer is "a well-known business person," South said. "And if you're looking for someone who understands business and the economy — and who's pretty high profile — to replace Mendonca, you have limited options." ➡



STEYER - Continued on page 19

Unintended Consequences with PPP

by Greg Iacurci, CNBC

She got a forgivable loan. Her employees hate her for it.

Jamie Black-Lewis felt like she won the lottery after getting two forgivable loans through the Paycheck Protection Program.

Black-Lewis saw the \$177,000 and \$43,800 loans, one for each of the spas she owns in Washington state, as a lifeline she could use for payroll and other business expenses.

the federal government, can fully forgive the loans under certain conditions.

Among them, the bulk of funds must go toward payroll, salaries must remain intact and employee head count must not decrease. Businesses have until June 30 to rehire laid-off or furloughed workers.

Black-Lewis was trying to meet these rules, especially after her bank

reiterated she must continue to pay workers for loan forgiveness.

The anger came from employees who'd determined they'd make more money by collecting unemployment benefits than their normal paychecks. "They were pissed I'd take this opportunity away from them to make more for

my own selfish greed to pay rent," she said.

Unemployment benefits

The coronavirus relief law increased weekly jobless benefits for recipients, boosted the duration of benefits and extended pay to previously ineligible groups of workers like the self-employed.

Specifically, the new law adds a flat \$600 a week to the typical weekly benefits paid by one's state.

Those traditional benefits, which vary widely between states, replaced about 40% of one's prior wages, according to a national average cited by the House Ways and Means Committee.

The measure's improved \$600-a-week payments, which run through July, aim to boost that wage replacement rate to 100% for the average worker. ■



She'd halted pay for the 35 employees — including herself — at Oasis Medspa & Salon, in Woodinville, and Amai Day Spa, in Bothell, in mid-March, when nonessential businesses in Washington closed due to the coronavirus pandemic.

When Black-Lewis convened a virtual employee meeting to explain her good fortune, she expected jubilation and relief that paychecks would resume in full even though the staff — primarily hourly employees — couldn't work.

She got a different reaction. "It was a firestorm of hatred about the situation," Black-Lewis said.

The animosity is an unintended consequence of the \$2.2 trillion coronavirus relief package enacted last month. The law, the CARES Act, offered \$349 billion in loans for small businesses struggling as a result of Covid-19. Banks, backstopped by



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Coronavirus/COVID-19 Timeline

WITH YOUR CHAMBER'S ACTIONS IN YELLOW

**Dec.
31**

First publicly confirmed case in Wuhan, China.

**Jan.
31**

First confirmed case in Northern California (in Santa Clara County) - a traveler who had returned from Wuhan, China.

**Feb.
6**

First known death in USA and California (not announced until April 21).

**Mar.
2**

Ominously, Monterey County restaurants and hotels report to the Chamber that business had been noticeably down over the weekend.

**Mar.
12**

Salinas Valley Chamber of Commerce (SVCC) sends bulletin to members about coronavirus response and adds link on Chamber's home page to "Coronavirus Resources for Business."

**Mar.
16**

Monterey County schools & libraries closed temporarily, but school closures will end up permanent.

**Mar.
17**

City of Salinas proclaims emergency; Monterey County issues Shelter-in-Place Order starting on March 18.

**Mar.
17**

SVCC cancels all scheduled upcoming in-person gatherings, converts leadership meetings to virtual format, and shifts focus to serving as an advocate for members and conduit of information to members and the public about response and recovery. In less than three weeks, many years of economic growth and prosperity abruptly ends.

**Mar.
18**

SVCC begins disseminating information about applying for federal disaster relief assistance to businesses.

**Mar.
18**

SVCC proposes to City of Salinas to create a business resources page on city website. Chamber provides city staff with recommendations for content. City creates a Business Resources webpage and a Small Business Support flyer.

**Mar.
18**

SVCC compiles and posts a guide to restaurants providing delivery and take-out options.

**Mar.
19**

Governor issues Stay-at-Home order.

**Mar.
21**

First known death in Monterey County.

**Mar.
29**

SVCC provides local elected officials with ideas and material to develop a local business relief and recovery program.

**Mar.
31**

SVCC begins extensive promotion of local educational webinars for small businesses, particularly (MCBC/SBDC webinars).

**Apr.
2**

40th California International Airshow (scheduled for June 5-7 in Salinas) is cancelled.

**Apr.
3**

Monterey County Health Officer reissues Shelter in Place Order with additional restrictions.

**Apr.
6**

SVCC is partner in Salinas/North Monterey County Virtual Town Hall featuring government, public health, and business leaders.

**Apr.
14**

Salinas City Council approves a COVID-19 Local Business Relief Assistance package that includes items proposed by SVCC

**Apr.
21**

SVCC works with other Monterey County Chambers to develop a unified strategy to prepare for eventual future reopening of businesses.

**Apr.
22**

SVCC Board of Directors approves 30-day plan for outreach and advocacy on behalf of members and the community.

Adjusting to the New Normal

by Sharilyn Payne, Fenton & Keller

Businesses must keep up-to-date with the onslaught of new COVID-19 related laws and regulations. Following are tips and information:

Paid Leave

Federal Families First Coronavirus Response Act ("FFCRA") (effective 04/01/20): Employers with fewer than 500 employees (at the time of the request for leave) must provide

- **Emergency Paid Sick Leave** ("EPSL") to all eligible employees, and
- **Expanded Family and Medical Leave** ("EFML") to eligible employees employed for at least 30 days.

Employees are eligible for EPSL and EFML if the employer has work for the employee to perform, but the employee cannot work due to one of the reasons listed below.

EPSL

- Two weeks of leave
 - at the employee's regular rate of pay
 - if the employee is self-quarantined due to a federal, state or local order or health care provider's advice related to COVID-19; or
 - the employee has symptoms of COVID-19 and is seeking a medical diagnosis.
 - at 2/3 the employee's regular rate of pay if the employee has a bona fide need to care for
 - an individual (not necessarily a family member) self-quarantined due to a federal, state or local order or health care provider's advice related to COVID-19, or
 - a child whose school or childcare provider is closed or unavailable for COVID-19 related reasons, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services.

EFML

- Ten additional weeks of leave
 - at 2/3 the employee's regular rate of pay
 - due to the employee's bona fide need to care for a child whose school or childcare provider is closed or unavailable for COVID-related reasons.

These leaves are in addition to any other paid leave the employer provides like Healthy Workplaces, Healthy Families paid sick leave, vacation or paid time off.

Employers must post in the workplace the information found at the following link: <https://bit.ly/2Y1WE5d>

Businesses will be able to take advantage of tax credits to offset costs associated with these leaves. More information is available at: <https://bit.ly/2Sg11Gn>

Employers with fewer than 50 employees may be exempt from providing these paid leaves if the viability of the business would be jeopardized by paying these leaves. These employers must document the reasons why.

Shelter in Place

The County of Monterey Shelter in Place Order requires individuals to stay home unless they are engaging in essential activities, including if they work for an "essential business" as defined in the Order, or, for non-essential businesses, if they are performing "minimum basic operations" as defined in the Order. The Order, updated on April 3, 2020, can be found at <https://bit.ly/3asKhBF> and is currently extended to 11:59 pm on May 3, 2020.

Social Distancing

Essential businesses that remain open must complete, post at their entrance, and distribute to their employees social distancing protocols that can be found at <https://bit.ly/34WEhQE>

Lay-Offs vs. Furloughs

The EPSL and EFML do not apply to employees who have been laid off. If an employee is on EPSL or EFML and the employer then lays off employees, including that individual, that employee's EPSL or EFML benefits cease.

Laying off employees, even if the employer intends to return them to work at a later date, is interpreted by the California Labor Commissioner as a termination. If an employer instead furloughs its employees, that is also interpreted as a termination by the Labor Commissioner unless the employer informs the employees that their return-to-work date will be within the same pay period. At the time of termination, all wages, including vacation or paid time off, must be paid. ■

Sharilyn Payne is a lawyer with the Fenton & Keller law firm in Monterey. This article is intended to address topics of general interest, and should not be construed as legal advice. For more information, please visit www.fentonkeller.com

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svmh.com/coronavirus



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EMPLOYEE RIGHTS

PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

► PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at ⅓ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

► ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.*

► QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

- | | |
|---|---|
| <ol style="list-style-type: none">1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;2. has been advised by a health care provider to self-quarantine related to COVID-19;3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2); | <ol style="list-style-type: none">5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services. |
|---|---|

► ENFORCEMENT

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.



WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

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dol.gov/agencies/whd



WH1422 REV 03/20



Non-Profits E-P

The Salinas Valley Chamber has over 100 non-profit members

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Foundation for Monterey County Free Libraries
(831) 424-3564

Gateway Center
(831) 372-8002

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(831) 633-4877

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(831) 772-0882

Go Kids, Inc.
(831) 757-5437

Goodwill Central Coast
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Harmony At Home
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Hartnell College Foundation
(831) 755-6810

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Mexican American Opportunity Foundation
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Monterey Bay Economic Partnership
(831) 915-2806

Monterey County Business Council
(831) 216-3000

Monterey County Pops!
(831) 484-5511

Monterey County Office of Education
(831) 755-0301

Monterey County Sheriff's Advisory Council
(831) 422-6261

Monterey County Soccer League
(831) 905-9899

Monterey Jazz Festival
(831) 373-3366

Monterey Museum of Art
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Monterey Zoo & Vision Quest
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National Steinbeck Center
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Natividad Medical Foundation
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Planned Parenthood
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| AMOUNT | |
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| TERMS | |
| 1% on unforgiven portion 2 year fixed income | 3.75% small businesses 2.75% non-profits 30 year fixed note |
| DEFERMENT | |
| no payments for first 6 months | no payments for first 12 months |
| ELIGIBLE ENTITIES | |
| <ul style="list-style-type: none">• all for-profits• Sole proprietors & Independent contractor• private non-profits | <ul style="list-style-type: none">• Small business with 500 or fewer employees• Sole proprietors & Independent contractor• small agriculture coops & aquaculture• private non-profits |
| APPLY | |
| SBA APPROVED LENDER   | covid19relief.sba.gov  |

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Revisiting Active vs. Passive Investment Management

by Bill Hastie, MBA



Bill Hastie

It seems as though the age old controversy of active vs. passive investment management has once again become very relevant for investors. For background, active investment management involves some level of analysis (primarily fundamental analysis) searching for investments that the current market is mispricing from its "real" value. The active manager buys stocks, for example, in hope that the market will soon adjust to its "real" price and therefore make a gain. Passive management involves no such analysis, simply purchases a certain group of investments and continues to hold them regardless of current market conditions. These are commonly referred to as "index" investments.

The two primary factors cited most often are differences in performance and price. It is true that many studies have shown that in the long run, index investments have outperformed actively managed investments. To add to the difference, index investments are almost always cheaper than their actively managed counterparts who have to pay a manager or management team and their analysts. So if index investments are cheaper and perform better, why would anyone ever use actively managed investments? There are good reasons for the resurgence of actively managed investments in the current market environment.

Note that the description of index investments stated that their individual investment holdings are held no matter the current market conditions, i.e., unmanaged. In a year like 2017 when the Dow returned almost 28% with very little volatility, index investments worked their best – the market going straight up and no need for "tweaking" their

portfolio seeking improved results.

Now enter 2020 when the market goes from all-time highs to a severe bear market (loss of 20% or more) in the matter of a few weeks, and in the middle of it all, gains more than 21% in the three days from March 24 – 26. That is volatility we have not seen in years. So how does the index investment

handle the volatility, especially the downside volatility? By having something akin to a Thelma and Louise moment and goes right off the cliff. By their prospectus, most index

investments must remain fully invested at all times in the individual investments that make up their particular index.

The actively managed investment offers no guarantee whatsoever of outperforming the index investment during periods of extreme volatility, but offers the possibility that through prudent management it may better navigate the rough waters. And this seems to be the case recently with several managers, JP Morgan and Fidelity to name two doing a great job absorbing the volatility and being in the right place at the right time. The proof is in the numbers. The old saying, "you get what you pay for," seems to be true since the market has experienced the effects of the coronavirus and some managers have certainly earned their pay.

For many portfolio managers, it is not a matter of using either passive or active investments, rather it is using both at the same time seeking to achieve the desired results. ■

Bill Hastie, MBA is the Founder of locally-owned Hastie Financial Group. If you would like to discuss your personal or company's investment needs, please contact Bill at william.hastie@hastiefg.com



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- ◇ Local and National lenders who are accepting applications
- ◇ The County of Monterey's microloan program
- ◇ Local cities' small business relief fund programs

*Thank you to the City of Salinas and the County of Monterey
for their continued partnership in assisting small businesses:*



Hospitals Partner with GSA To Offer In-Field Medical Outreach

Mee Memorial Hospital, Natividad, Salinas Valley Memorial Healthcare System and Community Hospital of the Monterey Peninsula have partnered with the Grower-Shipper Association of Central California to offer in-field coronavirus education by medical professionals.

Registered nurses from all hospitals and doctors from Natividad's Family Medicine Residency Program are visiting fields, packing sheds and processing facilities to ensure agricultural workers receive expert guidance on COVID-19 protective measures. Research indicates that people are very likely to follow recommendations to prevent the spread of coronavirus if they receive messages from trusted sources like a doctor or a nurse.

Email Tonnie Reyes at Grower-Shipper Association with the following information:

- How many workers you'd like trained
- What their general locations are (i.e. city)

- How many employees will be in attendance per location
- Primary contact at your company to coordinate the scheduling of these visits
- The Grower-Shipper Association will coordinate scheduling between agricultural operations and participating hospitals.

"We are thrilled to be able to bring together all four area hospitals to work jointly on this important project," said Abby Taylor-Silva, VP, Policy and Communications. "We know that businesses are taking precautions such as social distancing, facial coverings, and safe hygiene practices to reduce COVID-19 risks to agricultural employees. We strongly encourage every agricultural operation to reserve time with these front-line health care professionals to help address employee concerns and to learn about precautions at home to stay safe and healthy." ■



Progressives' Priorities Face Economic Challenges

by Alexei Koseff, *SF Chronicle*

Coronavirus puts Gavin Newsom in tough spot on California progressives' biggest priorities

A soaring economy gave Gov. Gavin Newsom wide latitude during his first year in office to set California on a path to the sweeping liberal agenda he outlined during his campaign.

Now, as the coronavirus pandemic plays havoc with the state budget, Newsom suddenly faces tough and unexpected choices that may require him to temporarily abandon key policy goals and disappoint allies.

Advocates are pushing to expand social services just as tax revenue is drying up. Industries teetering on the edge are seeking regulatory relief from laws revered by organized labor. And all are hoping their needs won't be forgotten as Newsom charts a course out of his statewide stay-at-home order.

"No one is fighting for something that they feel can be pushed off," said Sarah Dar, director of health and public benefits policy at the California Immigrant Policy Center.

The organization recently shifted online its years-long campaign to open the state health care program and tax credit for the working poor to people who are living in the country illegally. Dar acknowledged the challenge of asking for that aid while Newsom is "staring down the barrel of cuts."

"There will be people at the end of this who see some promises as broken. It's a difficult position to be in," she said.

With record numbers of Californians now applying for unemployment insurance and consumer spending shriveling, the state appears to be hurtling into a severe recession. The legislative analyst warned last week that the pandemic could blow a \$35 billion hole in next year's budget, with additional losses of \$85 billion in the years that follow.

Newsom has scrapped his \$222 billion January budget proposal and plans to continue the state's current spending levels into the 2020-21 fiscal year, with the expectation that further adjustments, including potential cuts, will come in the months ahead. Legislative leaders have said there is unlikely to be time or money to focus on anything other than the coronavirus response, wildfire prevention and homelessness.

"The world is radically changed since the January budget was proposed," Newsom told reporters this month. "So everything is on the table. That's an honest and sober reflection of that reality."

That includes an expansive health care plan meant to get California closer to Newsom's goal of providing universal coverage. One of his central proposals was making Medi-Cal, the state's health insurance for the poor, available to all income-eligible seniors, regardless of their immigration status. The governor and lawmakers extended the program last year to undocumented young adults.

Newsom's administration projected the new plan would add 27,000 people to Medi-Cal, eventually costing taxpayers about \$320 million annually. Newsom said in January that it was not only "the right thing to do morally and ethically," but would also save money in the long run by reducing emergency medical expenses.

Anthony Wright, executive director of the consumer advocacy group Health Access California, said expanding Medi-Cal, as well as state subsidies for other insurance options, would be more important than ever during the coronavirus pandemic, when people are losing health coverage they had through their employers.

Recently, Newsom unveiled his plan for lifting restrictions on public life in California, which he said could not happen until there is widespread testing that would allow the state to isolate people exposed to the virus and trace people with whom they have come in contact.

"We want to make sure that people can get the testing and treatment they need without fear," Wright said. "This is a public health emergency and will require some public health investment to get out of."

The legislative caucuses representing Latino and Asian Pacific Islander members have written to the governor urging him to treat health care for all undocumented adults as a priority in the coronavirus response. Advocates note seniors are most at risk of severe



health problems from the virus.

But requests for new spending or taxes are drawing opposition from business groups, which say they are looking for signals that Newsom is mindful of their challenges during what they expect will be a slow and fragile recovery.

"If they expand spending now, that would be singularly the most irresponsible thing they could do," said Rob Lapsley, president of the California Business Roundtable. "Who pays for it? It's business."

Lapsley's group and other businesses organizations are asking the governor for breaks such as freezing the workers' compensation rate and suspending the ability to sue over certain labor code violations. Doing that, they say, would give them a more solid financial footing and allow them to start hiring people back sooner.

John Kabatek, state director of the National Federation of Independent Business in California, said Newsom should pause enforcement of several major laws that took effect this year, including AB5, which makes it harder for companies to label workers as independent contractors, and the Consumer Privacy Act, which gave customers additional control over their personal information online.

"To impose laws right now that have new costs, new regulations, is asking a lot of already fragile businesses," Kabatek said.

A minimum wage hike scheduled for 2021, to \$14 an hour for large employers and \$13 an hour for small businesses, could be the biggest fight.

A 2016 law that put California on track to eventually reach a \$15 hourly minimum included an off-ramp in case of an economic downturn. If the state finance director determines by July 28 that employment and sales tax revenue are down or that raising the minimum wage would push the state into a budget deficit, the governor can suspend the increase for a year. He would have to make a final decision by Sept. 1.

"We'll make a determination in real time," Newsom said this month.

The California Restaurant Association sent a letter to the governor last month asking for a delay. President and CEO Jot Condie said in an interview that the conditions Newsom has suggested restaurants will have to adopt to return would mean fewer customers. With profit margins already thin, he said, some restaurant owners may decide not to reopen at all without the certainty that labor costs, their biggest expense, won't rise again within a few months.

Pausing the minimum wage, however, would mean crossing California's labor unions, which are among the biggest sources of money and volunteers for Democratic campaigns in the state.

Tia Orr, director of government affairs for SEIU California, said the off-ramp is not an option. The union, which represents about 700,000 workers, was at the forefront of the minimum wage fight and helped bring a reluctant then-Gov. Jerry Brown to the negotiating table by pursuing a ballot measure to raise the hourly rate. It was pulled after he signed the 2016 law.

Orr said the coronavirus recovery plan must invest in those at the bottom of the economic ladder. Many of the essential employees still going to work during the crisis, like child care providers and janitors, are among the lowest paid.

"The most important thing we can do for families right now is to get more money in their pockets, so they can get back on their feet," Orr said.

Guadalupe Sanchez, 53, prepares and cooks food at a McDonald's in San Leandro. She earns \$14.50 an hour, 50 cents more than the city's minimum wage, but hours have been cut by as much as half in recent weeks. She was able to spare only \$100 from her last paycheck for her parents in Mexico, a third of what she usually sends them, and she worries about making her \$600 rent next month for the Hayward home she shares with four people.

Sanchez, an activist with the Fight for \$15 movement, said workers like her are counting on the minimum wage increase.

"Bills don't wait. We have to pay the rent. We have to eat," she said in Spanish. "I don't think we can survive like this." ■

NO PETS ALLOWED: Tenants & Support Animals

by Anne Secker and Jeff Tuttle
Noland, Hamerly, Etienne & Hoss

What To Do When Your Tenant Requests A Support Animal

Many landlords have a "No Pet" policy. Does that mean that a landlord can rely on that policy if a tenant requests to have a "service animal" or a "support animal"? How does a landlord determine if the tenant's need for the service or support animal is real or just a scam to get around the "No Pet" policy?

Until now, the controlling laws (Fair Housing Act (FHA) and the Americans with Disabilities Act (ADA)) have provided Landlords with little guidance on how to respond to Tenant requests for assistance animals. Recent guidelines issued by the U.S. Department of Housing and Urban Development (HUD), FHEO-2020-01, now help Landlords in analyzing and responding to Tenant requests to keep animals in their units. Before discussing HUD's new guidelines, let's define some terms:

Assistance Animals – Service vs. Support

Assistance Animals "do work, perform tasks, assist, and/or provide therapeutic emotional support for individuals with disabilities." They can be either **Service Animals** or **Support Animals**. **Service Animals** have been specially trained to do a task the person cannot do, such as seeing-eye dogs. **Support Animals** have no special training, but can provide emotional support for persons with disabilities.

i. Service Animals

Only a dog qualifies as a Service Animal. Sometimes the need for a service animal is readily apparent, such as when the Tenant is blind. Some disability-related service is less apparent, such as alerting people to allergens in the air. If the need for service is not immediately observable, a Landlord may ask their Tenant for supporting documentation and ask two questions:

- (1) "Is the animal required because of a disability?" and
- (2) "What work or task has the animal been trained to perform?"

If the answer to (1) is yes and the Tenant

identifies at least one disability-assisting action the dog is trained to perform other than emotional support, then the dog qualifies as a Service Animal. An animal providing purely emotional support does not qualify as a Service Animal, but can be considered a Support Animal, which must be reasonably accommodated under the FHA.

ii. Support Animals

Support Animals can be any animal that is commonly kept in households, including a cat, a hamster, and even a goldfish, and their assistance

can include emotional support. When the disability requiring a Support Animal is non-obvious and the assistance is not readily apparent, a Landlord may request supporting documentation and ask the two questions mentioned above.

Supporting Documentation

When a Tenant's need for assistance is non-obvious, a landlord may request supporting documentation, such as a note from a licensed health care professional, including a physician or psychologist, establishing a connection between an individual's disability and the need for an Assistance Animal.

HUD advises that documentation from the internet, such as an "emotional support certification," is typically not sufficient by itself to reliably establish an individual's need for an Assistance Animal. In many cases, a lack of reliable documentation constitutes reasonable grounds for denying a Tenant's accommodation request.

Landlords should follow these new guidelines in order to assess reasonable accommodation requests effectively. The full text of FHEO-2020-01, including further guidance to Landlords, can be found at <https://bit.ly/3cReA71> ■

Anne Secker is a shareholder in Noland, Hamerly, Etienne & Hoss and has practiced law in Monterey County since 1980. She specializes in commercial law, contracts, business dispute resolution, real estate and construction law, and creditors' rights. NHEH intern Jeff Tuttle assisted with this article.

This article is intended to address topics of general interest and should not be construed as legal advice. © 2020 Noland, Hamerly, Etienne & Hoss



Member News

Aera & Chevron Offer Support

Aera Energy was the first major company to step forward with a \$50,000 donation for the Community Foundation for Monterey County's COVID-19 relief fund. Aera has also offered direct support to the Food Bank for Monterey County.

Melissa Kendrick, Executive Director of our community's Food Bank explained that they are

serving more people than ever, due to growing needs related to COVID-19.

Chevron has also stepped up by committing \$100,000 to the Food Bank for Monterey County. The funds will be directed toward vulnerable residents in Monterey County, including elderly, homeless, students, and low-income families.

As the expanded need will continue, the Food Bank can help more families with your support: <https://FoodBankForMontereyCounty.org/Donate>.



Castillon-Mendoza Joins NHEH



Anthony Elias
Castillon-Mendoza

Attorney Anthony Elias Castillon-Mendoza has joined the litigation practice group of Noland, Hamerly, Etienne & Hoss. His practice focuses on general civil litigation. Mr. Castillon-Mendoza's J.D. is from King Hall of Law at U.C. Davis, and his B.A. is from University of Notre Dame. At King Hall, Anthony was a member of the Order of the Barristers, an honor reserved for those who excel in courtroom advocacy. Anthony also volunteers as a mock trial coach at Pajaro Valley High School.

Santa Cruz County Bank Accolades

Santa Cruz County Bank, with assets over \$1 billion, is a top-rated community bank. For the year ending 2019, it ranked as 4th in the S&P Global Market ranking of 100 Top Performing Community Banks in the U.S. under \$3 billion in assets and as the top (#1) bank in California. This is the fourth consecutive year Santa Cruz County Bank has ranked in the Top 100 Community Banks in the United States.

David Heald, President and CEO remarked, "We are thrilled with our 4th place ranking among 4,391 community banks under \$3 billion across the nation. To place first in California is another amazing milestone for Santa Cruz County Bank."



A Coronavirus Side Effect: Lots Of Lawsuits

Carnival Corp. is facing lawsuits from several passengers who claim they weren't warned of the high risk of being infected with the novel coronavirus on the company's cruise ships.

Wells Fargo,, Bank of America, JPMorgan Chase and US Bancorp



have been sued by small businesses that missed out on coronavirus rescue loans because, the small firms contend, the banks first processed big loans that generated big fees rather than on a first-come-first-served basis.

Six Flags Magic Mountain is being sued by a theme park fan who objects to the park collecting monthly payments for his membership pass while the park is closed due to the pandemic.

Crisis and calamities spark finger pointing and demands for compensation, and the coronavirus outbreak is no different. Like the pandemic, coronavirus-related legal disputes are likely to be widespread and drag on for years. ■

California Cities Project 2-Year Losses Of \$6.7 Billion

California's 482 cities say they will collectively lose \$6.7 billion over the next two years because of the coronavirus pandemic, prompting layoffs and furloughs for public workers and potential cuts to basic services such as sanitation, public safety and housing.

But that estimate, compiled by the League of California Cities, assumes the stay-at-home order lifts by June 1 — an unlikely scenario in a state where Gov. Gavin Newsom and public health officials have said bans on large gatherings and unnecessary travel will likely extend well into summer.

California Entrepreneurs Buck Trend, Keep Forming Businesses

California, with a diversified economy heavy on agriculture, technology and entertainment, may prove more resilient than much of the country at weathering fallout from the coronavirus pandemic.

It's the only state to report an increase so far this year in the number of new business applications compared with the same period of 2019, according to U.S. Census Bureau business formation data.

The hardest hit was Rhode Island, with a nearly 30% plunge in the year to date, while Wyoming, Washington, Florida, Georgia, South Carolina, Minnesota and Ohio were all down less than 5%. Applications nationwide tumbled 21% to 58,900 for the week ending April 11 compared with the same week last year, Census Bureau data show.



**Fenton & Keller continues to provide legal services to
you during this unprecedented time.**

We continue to work our normal schedule and are available to assist you with your legal issues, including employer obligations under the Families First Coronavirus Response Act and assisting businesses with aspects of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The well-being of our employees, clients, business partners and community remains our constant priority. We value our relationship with you and are committed to staying connected and helping you through this extraordinary time.

*We are monitoring legislative developments and will continue to provide newsletter updates
to you as new developments unfold.*

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➡ **UNEMPLOYMENT** – Continued from page 5

But if the goal is to replace everyone's wages, why not do it in a manner similar to how other countries are paying large percentages of worker salaries to prevent layoffs? While state unemployment systems are revealing their lack of preparedness for a crisis of this scale, the United States didn't have many options that already existed to quickly get money to the people who will need it, according to Ms. Evermore. "The unemployment insurance system is the system we have," she said.

And a \$600 flat amount, rather than one relative to each person's income, on top of a state's usual benefits, is perhaps the simplest possible policy to enact. "State programs are already crashing just under the weight of new claims," Ms. Evermore said. "To have them have to reprogram their computers to recalculate how benefits are paid would be completely disastrous."

The extra money will provide an uneven benefit

While an extra \$600 a week is enough to replace 100 percent of the average national income, the added benefit will differ depending on where people are and what they typically earn. Ms. Evermore described it as "swinging an ax to hit an ant."

A person who earns close to the average weekly wage will roughly get their salary replaced on unemployment, but low-wage workers who lose their jobs are more likely to end up making greater amounts than they were before.

These workers, many of whom work in hard-hit industries like restaurants and retailing, are also those who are more likely to be in urgent need of cash to pay for necessities. However, because minimum and maximum amounts of unemployment benefits vary by state, the proportion of people whose benefits could exceed their normal salaries will be vastly different by state.

Just over half of workers in Arizona, which had a relatively high minimum benefit of \$172 before the crisis, are estimated to make more on unemployment than if they were still working, according to Noah Williams, the director of Center for Research on the Wisconsin Economy at the University of Wisconsin-Madison.

Smaller shares of workers stand to gain as much from unemployment benefits in other states, he found. Other factors, like the cost of living, will affect how far an extra \$600 a week will stretch.

Despite the additional benefits, many people who qualify for unemployment have been stuck waiting to receive money as state systems struggle to process the sheer number of new claims. And as of now, the \$600 weekly additional payments will expire at the end of July. Congress may opt to extend the deadline in a further stimulus bill if it seems that the economy is still struggling badly, though the cost of extending will add to the already high price tag of the policy.

States are paying their usual benefits while the funds for the \$600 payments, as well as other unemployment benefits in the stimulus including expanding who will qualify and extending the duration by 13 weeks through the end of 2020, are provided by the federal government. As millions of people apply, the cost for both states and the federal government is enormous.

But Mr. Tedeschi said the \$600-a-week policy, along with other relief measures that put cash directly in Americans' pockets, like \$1,200 payments for individuals and loans for businesses to keep staff on payroll, demonstrated a real commitment by the federal government to try to keep Americans afloat.

"Not only is it bold," he said, "but in principle — we can argue about implementation — but in principle it's actually bolder than what a lot of other advanced economies have done." ■

➡ **STEYER** – Continued from page 7

Steyer will lead the task force with Newsom's chief of staff, Ann O'Leary. The group is expected to meet twice monthly, sources said.

Already, the light schedule has alarmed some business leaders who say the current crisis requires a far more intense effort. Other critics said that not all major industries and employers are forcefully represented — including law enforcement and agriculture — and that the effort appeared to be hastily assembled.

Sources said Newsom's task force members have already been personally surveyed to gauge their chief concerns and priorities — and that they will be broken up into smaller task forces to more efficiently tackle problems. New members are being added this week, to round out the experience and input of California's diverse employers.

The business community has been pushing the governor to suspend a range of regulations "not urgently needed to protect public health, for all state agencies and commissions for at least six months," as California Chamber of Commerce head Allan Zaremberg stated in an April 15 letter on behalf of dozens of industry groups. That ask, especially on various environmental fronts, could clash with Steyer's views.

Cathy Reheis-Boyd, Western States Petroleum Association president, said that California's economic recovery "will require leadership that brings together — not divides — the interests of our environment, our sense of social equality and the need for safe, affordable and reliable energy that powers economic prosperity."

"If Mr. Steyer chooses a collaborative approach," she added, "this recovery effort could be a real opportunity for us to build a better future together."

South, who advised Davis during the 2001 energy crisis, says that while he's heard the concerns about Steyer, and the business task force rollout, "I do think the criticism and the fears are a bit overblown."

"In a crisis, everyone has to rise to the occasion," says South. "Gavin Newsom also picked the four living ex-governors to be on the task force...and I don't think any of them will go into it with some partisan slant on how to push their own interests." ■

Chamber Events On Hold

On this page, we normally share our upcoming in-person events. Please see the Chamber website for our updated calendar, which may include online events.

Are you cancelling an event or meeting?

Consider hosting your event or meeting virtually using the free version of:

- Zoom
- GoToMeeting
- Join.Me
- Skype

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