

CITY MANAGER'S REPORT

March 4, 2021



AMC THEATER. In effort to remain financially afloat amid the COVID-19 pandemic, AMC Entertainment Holdings Inc. has reportedly raised or signed commitment letters to receive \$917 million of new equity and debt capital. The increased liquidity should enable the company to survive well into 2021 as it waits out business closures due to the COVID-19 pandemic. Of the \$917 million, AMC raised \$506 million of equity from the issuance of new common shares.

AMC also executed commitment letters for \$411 million of incremental debt capital from upsizing and refinancing its European revolving credit facility. The \$917 million capital infusion is on top of \$1 billion of cash that AMC raised between April and November of 2020. AMC is also making progress in talks with theater landlords about the amounts and timing of owed theater lease payments.

The above financial portfolio actions have reportedly reversed AMC's potential for bankruptcy. AMC operates approximately 1,000 theaters and 10,700 screens worldwide.

There is expectation that widespread vaccinations will allow AMC and other businesses to reopen throughout the United States. Locally, Montclair's new AMC Theater at Montclair Place is expected to open with limited capacity when San Bernardino County migrates from the Purple- to Red-Tier as early as late March 2021.

In those California counties in the Red-Tier, movie theaters that have reopened continue to struggle since many patrons are hesitant to return and movie release dates for major productions continue to be delayed. Media outlets also report that films scheduled for release are sometimes moved to streaming services such as HBO Max and Disney+ in addition to theaters, creating competition for the struggling theater industry.

CALIFORNIA FUTURE OF WORK COMMISSION REPORT RELEASED. California should push for a federal jobs guarantee, raise wages, double the amount of workers who have access to benefits, and help workers form unions. Those were among key recommendations in [a report](#) released Tuesday by Governor Newsom's Future of Work Commission, which outlines steps California should take in order to achieve a "new social compact for work and workers" by 2030. The report acknowledges the state's vast economic divide, which has [grown wider amid the pandemic](#).

According to the report, California has the highest poverty rate in the country when the cost of living is taken into account, clocking in at a staggering 17.2%. While home prices have shot up approximately 68% since 2012, wages have only grown an estimated 14%. Furthermore, the state's housing production has decreased each of the past [two years](#).

The report also found that fewer than half of California workers have "quality jobs" — defined as those with a living wage, stable and predictable pay, and access to benefits. Furthermore, the report states that 31% of the state's workforce makes less than \$15 per hour. California's minimum wage [has increased for four years in a row](#) and is set to hit \$15 per hour next year for most employers.

CALIFORNIA HEADING TOWARD DROUGHT CONDITIONS. The Sierra Nevada snowpack that supplies approximately one-third of California's water supply is at 61% of its historical average according to the latest [Snow Pack Conditions - Snow Water Content Chart \(ca.gov\)](#) conducted by the State Department of Water Resources. The lack of a substantial snowpack is the latest indication that California could be heading into another severe drought, according [state water officials](#).

California's two largest reservoirs are also significantly drier than usual, with Lake Shasta holding 68% of the water it normally contains this time of year and Lake Oroville holding 55%. Aside from yesterday's rainfall and a storm expected next week, weather forecasters predict no significant storm events on the horizon, leading to speculation that Californians could soon face their first water restrictions in five years. Some urban water agencies [are already asking customers](#) to conserve water.

Central Valley farmers are now deciding which crops to save and which to sacrifice if the state's rain outlook does not improve. Dry conditions could also exacerbate California's fire season this summer and fall, following [last year's record-breaking season](#).

COVID-19 PANDEMIC BRINGS ECONOMIC TROUBLE TO AMERICAN HOUSEHOLDS. As Congress considers an additional \$1.9 trillion COVID-19 relief plan, a [Kaiser Family Foundation \(KFF\) Health Tracking Poll](#) found that 37% of Americans say that someone in their household has had trouble paying basic living expenses over the past three months; 44% say someone in their household lost a job or income since February 2020; 23% say they have fallen behind on their credit card bills; 17% are having trouble paying for food; 16% have fallen behind on their rent or mortgage; 16% are having trouble affording health care (including paying medical bills); and 16% cannot afford health insurance coverage. Approximately 55% of households with annual incomes of less than \$40,000 report financial struggles, as do 51% and 49% of **all** Black and Hispanic households, respectively.

These financial struggles come more than a year into the pandemic, reflecting its impact on personal incomes. Families directly affected by a family member contracting COVID-19

were hit the hardest, with 61% of households saying they lost a job or income due to the pandemic, compared to 41% of household in which no one tested positive.

The KFF poll finds broad bipartisan agreement (73% of the public) that Congress needs to do more to help people. There is also broad support for two provisions in the House COVID-19 bill aimed at making health coverage more affordable: 69% of Americans support expanding tax credits to people who buy their own health insurance through Affordable Care Act marketplaces, and 76% support providing financial incentives to states to expand their Medicaid programs to cover more low-income adults.

EIGHTEEN CALIFORNIA COUNTIES MIGRATE TO LOWER-RISK TIERS. Statewide, 18 California Counties are now out of the most restrictive Purple Tier including Alpine, Del Norte, El Dorado, Humboldt, Lassen, Marin, Mariposa, Modoc, Napa, Plumas, San Francisco, San Luis Obispo, San Mateo, Santa Clara, Shasta, Sierra, Trinity, and Yolo. Of these, only Alpine and Yolo Counties are in the Orange Tier, and no counties are in the least restrictive Yellow Tier.

For those counties in the Red Tier restaurants may serve diners indoors at up to a quarter of their usual capacity; movie theaters and museums can reopen indoors at 25% capacity, and gyms can allow up to 10% of capacity inside.



At his Tuesday news conference, Governor Newsom hinted that 12 more counties were “likely” to move into less-restrictive stages soon. The case rate in San Bernardino County, however, remains too high to be included in that group. Newsom also said he expects that the looser restrictions will remain in place, pointing to vaccines as the clear path out of the pandemic. Californians are also anxious over the recent decline in the positive daily case rate. Both the state and nation are experiencing a steep decline from the third, and largest, peak of the pandemic.

Nearly every county in the state has reduced its COVID-19 case rate below 14 per 100,000, halfway to the requirement for the Red Tier and the threshold to resume outdoor youth sports.

In addition, California's overall test positivity rate now stands at just 2.3%, according to the California Department of Public Health (CDPH), lower than all but seven other states. By contrast, Texas, which on Tuesday announced it was lifting all health orders, only recently brought its positivity rate below 14% from highs above 20%.

The numbers of COVID patients in hospitals and emergency rooms have each declined by more than 40% over the past two weeks. The number of Californians hospitalized with COVID-19 has fallen to 4,812, as of Monday, after nearly reaching 22,000 on a single day in January.

For the first time since the second week of November, the state on Monday reported approximately 2,000 available intensive-care beds as the tally of ICU patients diminished further to 1,390, according to the state.

These improvements, however, come after a rough start to 2021. At the start of November 2020, about 17,000 Californians had died from COVID-19. Now, California's death toll has grown to approximately 53,200. The state recorded more fatalities from COVID-19 through the first two-plus months of 2021 than it did in the first nine months of the pandemic in 2020. The surge that started in November has only now begun to recede after four months and tens of thousands of deaths.

The growth in daily case rates is also reflective of the challenges that had to be overcome during the third peak of the pandemic. Following the surge last summer, cases fell below 5,000 on the second day of September and remained at that level, plateauing just above 3,000 per day for two months until the first signs of an impending winter wave began to appear at the start of November. During the third peak, the daily case rate rose to 46,062 on December 21, 2020.

Under California's "**Blueprint for a Safer Economy**", every week the state assigns each county to a colored tier, based on the per capita rate of COVID-19 cases, and the positivity rate, in each county. The tier system determines how tightly businesses and other activities will be restricted to limit the spread of the virus

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| <p>WIDESPREAD</p> <p>Most non-essential indoor business operations are closed.</p> | <p>More than 7</p> <p>Daily new cases (per 100k)</p> | <p>More than 8%</p> <p>Positive tests</p> |
| <p>SUBSTANTIAL</p> <p>Some non-essential indoor business operations are closed.</p> | <p>4-7</p> <p>Daily new cases (per 100k)</p> | <p>5-8%</p> <p>Positive tests</p> |
| <p>MODERATE</p> <p>Some business operations are open with modifications.</p> | <p>1-3.9</p> <p>Daily new cases (per 100k)</p> | <p>2-4.9%</p> <p>Positive tests</p> |
| <p>MINIMAL</p> <p>Most business operations are open with modifications.</p> | <p>Less than 1</p> <p>Daily new cases (per 100k)</p> | <p>Less than 2%</p> <p>Positive tests</p> |

In recent days, however, the downturn in COVID-19 cases has lost some of its momentum, suggesting the start of a plateau. Furthermore, cases remain at an all-time high in most regions of the nation.

It is possible that the apparent fall in case numbers is partially due to [plummeting testing rates nationwide](#), making case counts artificially low as fewer people get tested for the virus. It is crucial that Californians maintain the precautions that produced the current decline — social distance, wear facemasks, get tested and, when available, get vaccinated.

While vaccines offer renewed promise to end the pandemic, including [Johnson & Johnson's newly authorized](#) single dose vaccine, COVID-19 remains in every part of the country, and the effect of new variant strains of the virus remains to be seen.

VACCINES OFFER NEW PROMISE FOR RECOVERY. The Biden-Harris Administration is now reporting that the United States will have enough vaccine doses to vaccinate [every adult in the country by the end of May 2021](#), two months sooner than the Administration had previously predicted.

New research released on Tuesday showed how effective vaccinations are at protecting those most vulnerable to COVID-19. The number of new infections and deaths at nursing homes plummeted as vaccinations became available to their residents, according to a report from the American Health Care Association and National Center for Assisted Living. New infections at those facilities fell by 82% nationwide from the peak of the winter wave in late December to early February, compared to a 46% drop among the public.

CALIFORNIA COVID-19 SNAPSHOT. Following is a snapshot of California's COVID-19 status as of March 4, 2021 (<https://www.latimes.com/projects/california-coronavirus-cases-tracking-outbreak/#cases-timeseries>):

- Over the last seven days, the state has averaged 4,707 cases per day, a 39.7% decrease from two weeks ago.
- Roughly, [2.2% of coronavirus tests](#) this past week have come back positive.
- The state has averaged 298.6 daily deaths over the last week, down from the peak.
- Statewide, there are 4,449 people hospitalized with a confirmed case, a 43.7% decrease from two weeks ago.
- 16.9% of the population has received at least one dose of the vaccine. Learn more about the vaccine rollout with [The Los Angeles Times Vaccine Tracker](#).
- 1 out of every 11 people in the state has tested positive. The number statewide is now on pace to double every 655.7 days — a number used to measure [how quickly the virus is spreading](#).
- After adjusting for population, the virus is now categorized as widespread in 40 of the state's 58 counties. Together the 40 counties are home to 86% of California residents.
- Over the past week, the state has averaged 4,707 new cases and 298.6 new deaths per day. Experts say the true number of people infected is unknown and likely much [higher than official tallies](#).
- The coronavirus has been found in all 58 counties, from urban Southern California to the state's rural north.
- There are now 4,449 hospital patients statewide with a confirmed case, a change of -44% from two weeks ago.
- The latest data show that there are 1,995 available ICU beds statewide.
- To date, 9,458,722 shots of have been given out. Over the last seven days, an average of 207,943 doses per day have been given out.
- In the last seven days, about 2.2% of the 1,375,876 tests conducted have returned a positive result.
- While younger adults make up the [majority of positive tests](#), deaths due to the virus have skewed heavily toward the elderly.

- Roughly, 74% of COVID-19 fatalities were 65 or older.
- [California](#) has logged the race of the patient in nearly two-thirds of cases. [Latinos and Blacks](#) have contracted the virus at a higher rate than other races.
- After adjusting for population, Latinos are now 2.6 times more likely to test positive than Whites.
- Among most age groups, and especially younger people, [Blacks and Latinos are dying more often](#) than other races relative to their share of the population.
- [Nursing homes](#) have been a focal point of the outbreak. Residents and staff have accounted for 4% the state's coronavirus cases, but 24% of its deaths.
- To date, the United States has recorded 28,727,225 coronavirus cases and 518,291 deaths. In the last week, the country has averaged 64,361 new cases and 1,832 deaths per day.
- California — America's most populous state — has the nation's top case count. Home to 12% of the country's population, thus far it has accounted for roughly 12% of cases.
- California has accounted for 10% of deaths nationwide.