

CITY MANAGER'S REPORT

March 11, 2021



Honorable Mayor and City Council:

San Bernardino County Posed to Migrate to Red Tier. Based on current health metrics released this week by the California Department of Public Health, San Bernardino County may soon be eligible to migrate to the Red Tier of the *Blueprint for a Safer Economy*. San Bernardino County currently has a 6.7 adjusted case rate, 3.2% positivity rate and 4% health equity metric, or positivity rate in socioeconomically disadvantaged communities.

San Bernardino County's acceleration into the Red Tier may come quicker than expected, however. Governor Newsom announced a plan to accelerate migration to lower risk tiers by setting aside 40% (approximately 2 million doses) of all vaccine doses for people who live in California's most vulnerable neighborhoods in an effort to inoculate more low-income residents, essential workers and people of color from the coronavirus.

Once the 2 million doses are administered to residents in the [400 eligible ZIP codes](#) — meaning about a quarter of residents living in those areas are vaccinated — the state will reconfigure its tier system, making it easier for counties to move through the four tiers. Among the cities in San Bernardino County scheduled to get these high-priority vaccinations are San Bernardino, Colton, Rialto, Montclair, parts of Fontana, parts of Ontario, Hesperia, Victorville, Adelanto, Barstow and parts of Apple Valley.

Delivering vaccines in the areas hardest hit by COVID-19 became a priority in recent weeks, as state and local officials noticed vaccine distribution targets for those areas were not being met.

If the goal of targeting vaccines to underserved communities is reached by Friday (March 12), Governor Newsom is prepared to lower the threshold for letting counties move to the less restrictive Red Tier. Based on this revised threshold, Newsom has stated that a county can move from the state's most-restrictive "purple" tier to the second most-restrictive "red" tier if the new daily case rate is under 10 per 100,000 rather than the current 7 per 100,000. Counties under the new case rate benchmark would officially enter the red tier 48 hours after

the state passes the vaccination target, meaning that San Bernardino County could potentially enter the Red Tier on Monday, March 15.

American Rescue Plan Act. On March 10, the House of Representatives passed the Senate version of the ***American Rescue Plan Act***, and President Biden signed the \$1.9 trillion stimulus package today (March 11). The relief package represents the largest injection of federal cash into a growing economy in U.S. history, and follows \$4 trillion already approved for COVID relief. The White House is also proposing a 2 trillion-infrastructure package that Congress will take up later this year.

Overview of the American Rescue Plan Act

The \$1.9 trillion package provides substantial funding for health resources to battle the coronavirus and accelerate distribution of vaccines in an effort to end the pandemic, as well as continued aid to impacted Americans.

The package extends unemployment benefits through September 6, including the \$300 weekly federal add-on, provides \$1,400 checks for many Americans, significantly expands the child tax credit and Earned Income Tax Credit (EITC), and provides additional food aid as well as \$42.5 billion in housing aid to low-income and unemployed families and individuals.

- \$362 billion in direct aid to states and local governments.
- \$123 billion for K-12 schools.
- \$39 billion for childcare.
- \$30.5 billion for transit systems.
- \$53.6 billion in aid to businesses, including almost \$29 billion specifically for restaurants.

State and Local Funding

The bill provides \$362 billion in direct aid to state and local governments to help them cover [multimillion-dollar deficits](#) caused by the pandemic as well as help them respond to the public health emergency and its economic consequences, including by providing premium pay to essential workers and making certain infrastructure investments.

- \$195.3 billion for states.

- \$130.2 billion for cities and other local governments. Montclair anticipates receiving approximately \$7.5 million from the stimulus package, distributed over two years.
- \$10 billion for a new capital infrastructure fund.
- Under the measure, the funds provided state and local governments may be used for the following purposes:
 - Respond to the public health emergency or its economic consequences, including by providing aid to households, small businesses, and nonprofits as well as aid to impacted industries such as tourism, travel, and hospitality.
 - Provide premium pay of up to an additional \$13 an hour to "essential" workers or grants to their employers for such pay. An individual essential worker may receive no more than \$25,000 in such pay.
 - Provide government services to the extent necessary because revenues have declined due to the pandemic.
 - Make necessary investments in water, sewer, or broadband infrastructure.
 - Support private nonprofits that aid the homeless; certain entities (public benefit corporations) involved in the transportation of passengers or cargo; and special purpose units of government such as those that provide water or sewer services or manage local airports.

Funds may not be used to replace revenues lost because the state intentionally cut taxes or provided its citizens with a tax rebate or credit. Funds also may not be used to bolster any pension funds.

Funds provided may remain available through December 31, 2024, and if the funds are not used for their intended purposes, the state or local government may be required to repay the monies to the federal government.

Small Businesses

- \$53.6 billion in aid.
- \$28.6 billion for grants of up to \$10 million to eligible independent restaurants that have lost revenue due to the pandemic.

- \$15 billion for additional Economic Injury Disaster Loan Program (EIDL) grants.
- \$7.25 billion in additional funding for the Paycheck Protection Program (PPP). The bill expands the PPP to cover additional categories of small nonprofits and internet-only news publications that provide local news coverage.

Separately, the package provides \$10 billion for the State Small Business Credit Initiative, which provides funding for state-run small business financing programs, and it extends various tax credits to help employers provide paid sick and family leave and to keep employees on payroll and avoid layoffs.

Direct 'Stimulus' Payments to Individuals

The bill provides one-time direct payments to families of up to \$1,400 for each adult and child.

Adults with adjusted gross incomes (AGI) of up to \$75,000 (\$150,000 for married couples filing jointly) would receive the full \$1,400 payment per person (\$2,800 for a married couple), with the amounts phased out above those levels at \$80,000 and \$160,000, respectively.

An individual with an AGI of \$80,000 (or a couple filing jointly with an AGI of \$160,000) would not receive any payment.

Housing Aid & Homelessness Assistance

The bill provides a total of \$27.5 billion for various rental assistance programs, including direct assistance to help renters with monthly rent and utility bills, as well as a separate \$5 billion for homelessness assistance programs and \$10 billion in aid for homeowners with private and certain federal home loans.

It also provides \$4.5 billion for the Low-Income Home Energy Assistance Program (LIHEAP) to help families afford home heating and cooling costs.

Separately, the bill provides \$5 billion in additional funding for existing Housing and Urban Development (HUD) homelessness assistance and supportive services programs including:

- HUD tenant-based rental assistance.
- Housing counseling and other homelessness prevention services,
- Acquisition of non-congregate shelter units (such as hotel rooms),

- Activities to promote the development of affordable housing.

These funds would be distributed to state and local governments under existing homelessness assistance program formulas, though the measure waives non-federal matching requirements and authorizes HUD to waive other terms and requirements.

Other aid to communities and businesses includes the following:

Education — \$168 billion to support schools and education, including the return to in-class learning, including \$122.8 billion to support statewide and local funding for K-12 schools and public postsecondary institutions (with funding to be used for repairing and enhancing school ventilation systems, reducing class sizes, and implementing social distancing guidelines) and \$39.6 billion for colleges and college students.

Child & Family Services — \$39 billion for grants to states to support childcare, including \$24 billion to help childcare providers respond to the pandemic and \$15 billion to help provide direct child-care aid to low-income families. Separately it provides \$1 billion each for Head Start program and the Temporary Assistance for Needy Families (TANF) program, and \$1.4 billion for programs for seniors including nutrition and support services.

Transit & Transportation — An estimated \$58 billion to support various modes of transportation that have been affected by the decrease in travel due to the pandemic, including \$30.5 billion for public transit, \$1.7 billion for Amtrak, \$8 billion for U.S. airports and airport concessionaires, \$15 billion for payroll support grants to air carriers that don't lay off their employees, and \$3 billion for a similar program to prevent layoffs and furloughs at U.S. aviation manufacturers.

Aid to Farmers — An estimated \$9.8 billion in aid to farmers, ranchers and distributors, about half of which is targeted to support farmers from socially disadvantaged minority groups that have experienced discrimination. Of the total, \$4 billion is for direct pandemic assistance to farmers and ranchers, including direct commodity purchases and grants to food processors and distributors.

Mental Health — Provides \$3.0 billion for HHS's Substance Abuse and Mental Health Services Administration (SAMHSA) for Substance Abuse Prevention and Treatment and Community Mental Health block grant programs. It also provides funding for three separate efforts to help health care professionals and first responders.

Health Coverage — Expands access to health care by providing tax subsidies to a wider range of individuals and families who purchase health insurance on the markets established under the Affordable Care Act; temporarily covers the entire cost of COBRA premiums for individuals who lose their jobs; and incentivizes additional states to expand Medicaid as allowed under the ACA.

Veterans — Eliminates VA copays or cost-sharing for treatment during the pandemic and provides funding for increased VA healthcare expenses during the pandemic, including through the Community Care Program.

State officials believe California's child poverty rate could be slashed in half by the [\\$1.9 trillion relief package](#), marking a potential turning point for California, which has the nation's highest poverty rate when accounting for the cost of living. Roughly two-thirds of California's families with children will receive monthly cash aid for a year with no strings attached. The expanded child tax credit, paired with California's [\\$600 Golden State stimulus payments](#), could help hundreds of thousands of undocumented families — who were shut out of earlier relief efforts — turn a financial corner amid the pandemic.

The federal dollars will buoy California's economic recovery — the Golden State is presently on track to experience near-record growth this year and recover at a faster clip than the U.S. overall, according to [a quarterly forecast UCLA researchers released Wednesday](#).

Paycheck Protection Program. President Biden [announced](#) several [changes](#) to the Paycheck Protection Program (PPP) to reach minority-owned and very small businesses that previously missed out on loans and are struggling to make ends meet due to the financial impact of the pandemic. The changes include a two-week exclusive window starting February 24 through Tuesday, March 9, 2021, for small businesses of fewer than 20 employees to apply for funding. Other changes include:

- A \$1 billion set-aside for self-employed, sole proprietors, and independent contractors as well as revised loan calculation formulas to ensure more relief.
- Loan program availability for small business owners who are non-citizen lawful U.S. residents, like Green Card holders or those here on a visa, by clarifying they can use their Individual Taxpayer Identification Numbers (ITIN).

California Economic Relief Package. I reported last week that the California legislature passed a \$7.6 billion COVID-19 economic relief package. Included in the bill for small businesses are the following:

- Small businesses will receive \$2.1 billion for grants of up to \$25,000 per business;
- \$50 million will be reserved for non-profit cultural institutions; and
- An estimated 59,000 restaurants and bars licensed through the state's Department of Alcoholic and Beverage Control and more than 600,000 barbering and cosmetology individuals and businesses will receive fee relief.

CDC Guidance for vaccinated persons. [The CDC announced guidance on Monday](#) stating fully vaccinated people may visit other vaccinated individuals in small indoor gatherings without masks or social distancing. Vaccinated people may gather with unvaccinated people who are at low risk for severe COVID-19 without wearing masks. Masks and social distancing must continue to be observed at workplaces and in public settings. The CDC cautions that there is still a small risk that vaccinated people could spread COVID-19 and that research is ongoing.

CDC Reports that 2020 is the deadliest in U.S. history. Last year was the deadliest in U.S. history with Covid-19 helping to drive a 15 percent increase in deaths, according to a CDC study. More than 3 million people in the U.S. died in 2020, the largest increase in a single year since 1918, when an estimated 675,000 people died in a flu pandemic and approximately 117,000 fighting in World War I.

The nation's COVID-related death toll (currently approximately 534,000) is so large that the number of American deaths from the virus compare to just two other events in U.S. history: the 1918 Spanish influenza pandemic (675,000 lives lost) and the Civil War (between 618,000 - 750,000 lives lost).

Four out of every five Americans who have died from COVID-19 were 65 or older, effectively killing off an estimated 1% of the nation's senior citizen population.

With such large losses in the past year, many communities throughout the U.S. have been ravaged by the pandemic.

In Jerauld County, South Dakota, one of in every 126 people has reportedly died of COVID-19; one in 139 people in Gove County, Kansas died; and one in 514 in Los Angeles County succumbed to the virus.

Of the 30 largest counties, 15 account for nearly 20% of all the deaths in the U.S. while they comprise just 15% of the country's 328 million residents.

Early in the pandemic, the virus flourished in cities with higher percentages of people of color. However, as the virus spread across the nation in the intervening months, the deaths and infections have more closely mirrored U.S. demographics.

Gaps do remain between white Americans and people of color: When adjusted for age, [Black Americans are hospitalized with COVID-19 at 2.9 times the rate of white Americans](#), and die at 1.9 times the rate, according to CDC data. Latinos are hospitalized at more than three times the rate and die at more than twice the rate of white Americans.

In smaller counties across the U.S., the numbers are not nearly as large, but the impact has been just as significant. The 10 counties with the highest COVID-19 death rates all have populations under 10,000 residents.

These losses have also reduced the nation's life expectancy to levels not seen in 15 years. Data through June show [life expectancy at birth for the total U.S. population fell from 2019 by a year to 77.8 years](#), the lowest since 2006, according to researchers at the CDC and Prevention's National Center for Health Statistics. Life expectancy for the entire year are expected to fall further following the fall and winter surges of COVID-19 deaths.

The outlook for 2021 is improving though. [Throughout February, COVID-19 cases and deaths have declined rapidly](#). In addition, there are now more Americans with a dose of the COVID-19 vaccine in their arms than those who have officially contracted the virus. Since vaccine distribution began in the U.S. on December 14, more than 95.7 million doses have been administered, reaching 18.8% of the total U.S. population, according to federal data collected by the CDC. The U.S. is currently administering over 2.1 million shots a day.

School districts moving toward summer school extension programs. Two of California's largest school districts have unveiled plans for multimillion-dollar summer school programs, signaling this could be one of California's main strategies to address a year of learning loss during the pandemic, and a strategy that will be adopted by other school districts.

- San Francisco Unified [announced a \\$50 million initiative](#) Wednesday to offer in-person classes, summer camps and child care to all 52,000 K-12 public school students free of charge, with online options for those who choose.
- On Tuesday, San Diego Unified approved [a \\$22 million summer school program](#) with in-person and online options, intended to help students improve their grades and increase the number of graduating high school seniors.

Governor Newsom supports the idea of extending the school year or individual school days, citing the \$4.6 billion [included in the state's reopening package](#) pledged for learning loss. California will get another \$15 billion for K-12 school re-openings from [the federal stimulus package](#) President Biden signed today.

California Insurance Commissioner orders new refunds. Last April, as Californians stayed off the roads in response to public health “stay-at-home” orders, California Insurance Commissioner Ricardo Lara ordered auto insurance companies to return a percentage of paid premiums — saving drivers collectively more than \$1.75 billion in 2020. However, after a systematic review of data submitted by insurance companies — the only such review in the country — the Commissioner found that insurance companies continued to overcharge consumers despite drastically reduced risk of accidents and loss due to the ongoing pandemic.

This week, Commissioner Lara directed auto insurance companies to report by April 30 how they will return additional premium back to California policyholders that was over collected in 2020. The Commissioner is also directing commercial insurance companies to provide data about commercial policies held by California businesses, which could lead to additional savings for small businesses that are struggling to survive due to the pandemic.

The Commissioner’s review included the top 10 insurance groups representing 80 percent of the private passenger automobile insurance market. The review found the following:

- Over seven months from March to September, insurance company groups returned on average 9 percent of auto premiums, but the Department’s analysis found they should have refunded nearly double that amount —17 percent — over the seven-month period.
- Bodily injury claims fell by 41.7 percent and property damage liability claims fell by 40.4 percent during March to September 2020, compared to the same period in 2019.
- For April 2020, the first full month of the statewide “stay-at-home” order, the gap between the refund indicated by insurance company group data and the premium they actually returned was approximately 13% — representing about \$220 million in excess premium collected by insurance companies for that month alone.
- All of the top 10 private passenger insurance groups offered premium relief ranging from 10 to 22 percent for the months of March to May. However, by December, only four insurance groups were still offering any partial refunds, despite the continuing pandemic and a multitude of counties still remaining in the purple tier, or “most restrictive” tier.