

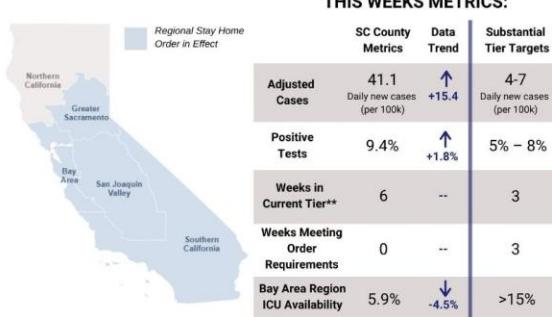
City Manager's Weekly Update

January 8, 2021

Economic Development

Regional Stay at Home Order Remains in Effect

BAY AREA REGIONAL STAY HOME ORDER IN EFFECT CURRENT STATUS AS OF 01/05/21



**These orders will remain in effect for at least 3 weeks. After that period, they will be lifted when a region's projected ICU capacity meets or exceeds 15%. This will be assessed on a weekly basis after the initial 3 week period.

BUSINESS OPERATIONS UNDER THE STAY AT HOME ORDER

Temporary Closures

- Indoor recreational facilities
- Hair salons/barbershops
- Personal care services & Limited services
- Museums, zoos, and aquariums
- Movie theaters

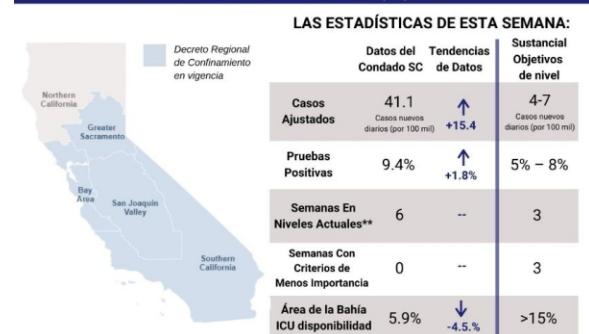
Open With Modifications and 100% Masking

- Critical infrastructure
- Outdoor playgrounds
- Shopping centers at 20% Capacity
- Offices for critical infrastructure when remote work not possible
- Childcare, pre-K, schools
- Non-urgent medical and dental care

For Full Details Visit: bit.ly/regional-sho

LEARN MORE ABOUT THE BLUEPRINT FOR A SAFER ECONOMY AT COVID19.CA.GOV
Produced and Distributed by the Economic Recovery Council of Santa Cruz County

ORDEN REGIONAL DE PERMANENCIA EN EL HOGAR DEL ÁREA DE LA BAHÍA EN EFECTO ESTADO ACTUAL A PARTIR DEL 05/01/21



**Estas órdenes permanecerán en vigor al menos 3 semanas. Despues de ese periodo, se levantarán cuando la capacidad proyectada de las ICU de una región alcance o exceda el 15%. Esta será periódicamente después del periodo inicial de 3 semanas.

CAMBIOS EN EL DECRETO DE CONFINAMIENTO Cierres temporales

- Instalaciones recreativas interiores
- Bares, vinotecas, cervecerías
- Peluquerías/barberías
- Centros de Entretenimiento Familiar
- Salas de cartas y apuestas por satélite
- Deportes de audiencia en vivo
- Parques de atracciones

Abierto con modificaciones

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Para más detalles visite: bit.ly/regional-sho

MÁS INFORMACIÓN SOBRE EL PLAN PARA UNA ECONOMÍA MÁS SEGURA EN COVID19.CA.GOV
Producido y distribuido por el Consejo de Recuperación Económica del Condado de Santa Cruz

The County remains under the Bay Area Region Stay Home Order as the region's ICU capacity continues to fall and new cases continue to rise in the county.

This week's COVID-19 status report shows ICU availability at just 5.9% for the region, while Santa Cruz County's ICU availability fell to zero with a record high of 86 COVID-19 hospitalized patients with 18 of those patients in the ICU. We are seeing cases continue rise with a large spike this week to 41.1 adjusted daily cases per 100 thousand residents and a seven-day average test positivity rate of 9.4%.

We continue to encourage the community to safely support our local businesses by ordering takeout and delivery, shopping from local businesses online, or calling ahead for curbside pick-up and purchasing gift cards. It's on all of us to slow the spread of COVID-19 in our community. For more information about the State's Regional Stay Home Order visit www.covid19.ca.gov. For information about vaccine distribution, [visit the County's website here](http://County's website here).

Small Business COVID-19 Relief Grant Application Deadline Extended to 1/13

California Relief Grant Program

ADMINISTERED BY
lendistry



The Governor announced the creation of a \$500 million COVID Relief Grant for small businesses that have been impacted by COVID and the health and safety restrictions on Dec. 4. Details about the program are now available, and the first round of applications will be accepted until Jan. 13 at careliefgrant.com.

Funds will be awarded in amounts up to \$25,000 to underserved micro and small businesses throughout the state by early 2021. For a full list of eligibility requirements and application materials, visit the [program website](#).

For one-on-one assistance with the application, contact our local Santa Cruz Small Business Development Center at www.santacruzsbdc.org or (831) 479-6136.

The Small Business Development Center is hosting a series of free webinars at 11 a.m. to cover the program details and what you need to apply for the grant. [Register for Webinars Here](#).

Webinars Cover:

- The Grant Program
- Eligibility Requirements
- What the funding can be used for
- The Application
- Required Documents
- Who to Contact for Assistance

Webinars Occur at 11 a.m. Daily:

- Jan 8, 2021 11 a.m.
- Jan 11, 2021 11 a.m.
- Jan 12, 2021 11 a.m.
- Jan 13, 2021 11 a.m.

Congress Revives and Revises PPP Program with Additional Funding

The following summary of changes to the PPP program is provided by the Journal of Accountancy:

<https://www.journalofaccountancy.com/news/2021/jan/sba-treasury-issue-ppp2-guidance.html>

Congress revived the PPP as part of the \$900 billion [COVID-19 relief bill](#) signed into law on Dec. 27. The original PPP provided [\\$525 billion in forgivable loans](#) over five months before it stopped accepting applications in August. The Economic Aid Act rebooted the PPP with many of the same parameters as the first program and several important differences. The new PPP is authorized to operate through March 31. New PPP application forms have not yet been released but are expected in the next few days. The SBA has not announced when it will start accepting new PPP applications but stated that the first few days of the new round applications would only be accepted through CDFI's (community development financial institutions).

Second-draw PPP loans

One of the biggest changes with the new PPP is that Congress made funding available to businesses that had previously received a PPP loan. Borrowers are eligible for a second-draw PPP loan of up to \$2 million, provided they have:

- 300 or fewer employees.
- Used or will use the full amount of their first PPP loan on or before the expected date for the second PPP loan is disbursed to the borrower. The IFR also clarifies that the borrower must have spent the full amount of the first PPP loan on eligible expenses.
- Experienced a revenue reduction of 25% or more in all or part of 2020 compared with all or part of 2019. This is calculated by comparing gross receipts in any 2020 quarter with an applicable quarter in 2019. Alternately, through a provision added in the IFR, a borrower in operation for all four quarters of 2019 can submit copies of its annual tax forms that show a reduction in annual receipts of 25% or greater in 2020 compared to 2019.

The Economic Aid Act did not provide a general definition of gross receipts for determining a borrower's revenue reduction, so the new guidance is consistent with the definition of receipts in 13 C.F.R. Section 121.104 of SBA's size regulations. Specifically, the IFR defines gross receipts to include all revenue in whatever form received or accrued (following the entity's accounting method) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. Forgiven first-draw PPP loans are not included in the 2020 gross receipts.

First-draw PPP loans

The Economic Aid Act makes first-draw PPP loans available to borrowers that were in operation on Feb. 15, 2020, and come from one of the following groups:

- Businesses with 500 or fewer employees that are eligible for other SBA 7(a) loans.
- Sole proprietors, independent contractors, and eligible self-employed individuals.
- Not-for-profits, including churches.
- Accommodation and food services operations (those with North American Industry Classification System (NAICS) codes starting with 72) with fewer than 500 employees per physical location.
- Sec. 501(c)(6) business leagues, such as chambers of commerce, visitors' bureaus, etc., and "destination marketing organizations" that have 300 or fewer employees and do not receive more than 15% of receipts from lobbying. The lobbying activities must comprise no more than 15% of the organization's total activities and have cost no more than \$1 million during the most recent tax year that ended prior to Feb. 15, 2020. Sports leagues are not eligible.
- News organizations that are majority-owned or controlled by an NAICS code 511110 or 5151 business or not-for-profit public broadcasting entities with a trade or business under NAICS code 511110 or 5151. The size limit for this category is no more than 500 employees per location.

In a change from the original PPP, publicly-traded companies and businesses controlled, either directly or indirectly, by the president, vice president, head of executive departments, and members of Congress (or their spouses as defined by applicable common law) are not eligible for PPP loans.

PPP applicants must submit documentation sufficient to establish eligibility and to demonstrate the qualifying payroll amount, which may include, as applicable, payroll records; payroll tax filings; Form 1099-

MISC, *Miscellaneous Income*; Form 1040, Schedule C, *Profit or Loss From Business*, or Schedule F, *Profit or Loss From Farming*; income and expenses from a sole proprietorship; or bank records.

PPP loan maximum amounts

In general, first-time PPP borrowers may receive a loan amount of up to 2.5 times their average monthly payroll costs (not counting employees who make more than \$100,000 annualized) in the year prior to the loan or the calendar year. PPP borrowers with NAICS codes starting with 72 (hotels and restaurants) can receive up to 3.5 times their average monthly payroll costs.

The maximum for a first-draw PPP loan is \$10 million, the same as in the original PPP. Applicants must provide a Form 941, *Employer's Quarterly Federal Tax Return*, (or other forms with similar information) and state quarterly wage unemployment insurance tax reporting forms from each quarter in 2019 or 2020 (whichever is used to calculate the loan amount), or equivalent payroll processor records, along with evidence of any retirement and health insurance contributions.

Eligible costs

PPP borrowers can have their first- and second-draw loans forgiven if the funds are used on eligible costs. As with the first round of the PPP, the costs eligible for loan forgiveness in the revised PPP include payroll, rent, covered mortgage interest, and utilities. In addition, the following costs are now eligible:

- Covered worker protection and facility modification expenditures, including personal protective equipment, to comply with COVID-19 federal health and safety guidelines.
- Covered property damage costs related to property damage and vandalism or looting due to public disturbances in 2020 that were not covered by insurance or other compensation.
- Expenditures to suppliers that are essential at the time of purchase to the recipient's current operations.
- Covered operating expenditures, which refer to payments for any business software or cloud computing service that facilitates business operations; product or service delivery; the processing, payment, or tracking of payroll expenses; human resources; sales and billing functions; or accounting or tracking of supplies, inventory, records, and expenses.

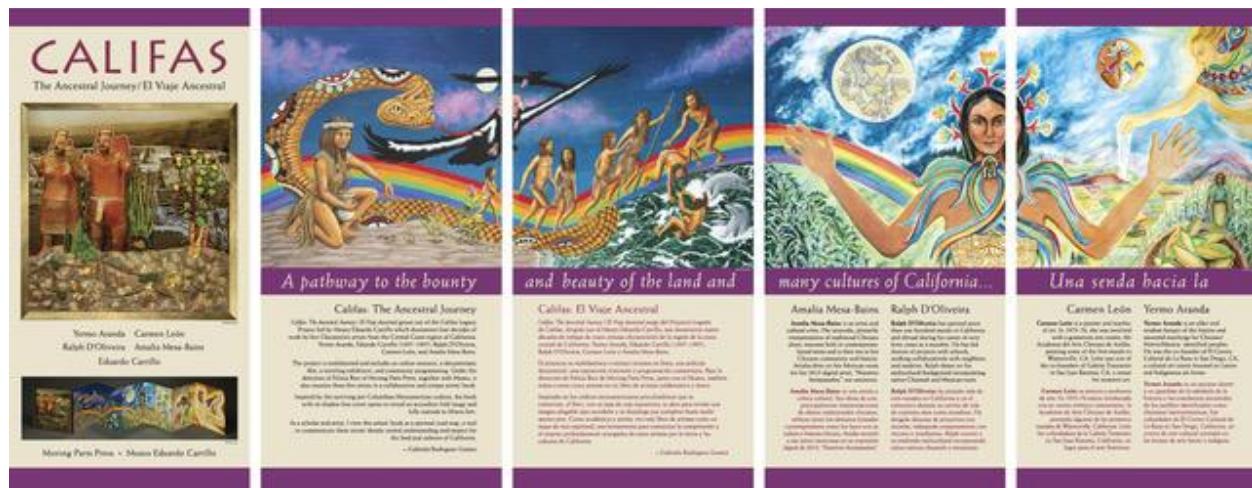
To be eligible for full loan forgiveness, PPP borrowers will have to spend no less than 60% of the funds on payroll over a covered period between eight or 24 weeks.

Simplified forgiveness

Borrowers that receive a PPP loan of \$150,000 or less shall receive forgiveness if the borrower signs and submits to the lender a certification that is not more than one page in length, includes a description of the number of employees the borrower was able to retain because of the loan, the estimated total amount of the loan spent on payroll costs, and the total loan amount. The SBA has yet to create the simplified application form but must do so by Jan. 20. The form may not require additional materials unless necessary to substantiate revenue loss requirements or satisfy relevant statutory or regulatory requirements. Borrowers are required to retain relevant records related to employment for four years and other records for three years, as the SBA may review and audit these loans to check for fraud.

Library

Califas: The Ancestral Journey/El Viaje Ancestral



The Santa Cruz Public Libraries joins a host of local arts organizations in the Califas Legacy Project, an online retrospective of Califas Legacy artists with video vignettes and the book, *Califas The Ancestral Journey/ El Viaje Ancestral*. Starting January 8 and remaining through April, Califas: The Ancestral Journey/El Viaje Ancestral Series of banners will be displayed in street facing windows at the corner of Locust and Center streets.

Copies of the book will also be displayed and made available throughout the community through county Libraries. Additional virtual programs are in the works- so keep checking the calendar. Visit museoeduardocarrillo.org/califas-legacy/ for more information.

Partners include:

- Monterey Museum of Art
- Museo Eduardo Carrillo
- Santa Cruz Art League
- Santa Cruz Public Libraries
- Watsonville Public Library
- UCSC Mary Porter Sesnon Art Gallery
- UCSC Institute of Arts and Sciences and UCSC Library Special Collections & Archives, with Moving Parts Press

The Califas Legacy Project has unified the Monterey Bay Crescent through public retrospective and multi-generational exhibitions, zoomed in opportunities, streetside art viewing, portable murals, documentary videos, panel discussions, and a Latinx-based symposium.

For more information about this project and events visit: <https://www.santacruzpl.org/news/post/1174/>

Public Works

Resource Recovery

The annual Refuse & Recycling newsletter arrived in residential mail boxes last week. Food waste awareness is spotlighted on the front page and one less piece of paper was utilized by making one of the coupons “Clip Out” as opposed to loose and separate. The mailer can be read online [here](#).



Wastewater Treatment Facility

A tree and vegetation removal project was completed by the facility's perimeter fencing along the Trickling Filters. This project removed dead trees and overgrown underbrush that had become a fire-hazard, as evidenced by a small brush fire that was extinguished by the SC Fire Department a couple months ago. Prior to this project this entire landscape area was so congested no one could walk through it. Now there is room for healthier growth of the remaining trees and better control of the ivy and blackberry vines.



Water

Greetings and Happy New Year from the Water Department!

There is no “easing” into 2021 for us – we are full steam ahead, all hands on deck, headed into a very busy winter and spring. The New Year began with a Water Commission meeting Monday night, with presentations on our latest water loss study and the updated Water Shortage Contingency Plan. We also bid farewell to Commissioner Linda Wilshusen, who has been a dedicated commissioner for the past eight years.

Project updates:

The CEQA Notice of Preparation for the Newell Creek Pipeline EIR will be going out next week. In addition to the normal news-paper ads, we will be placing signs along the pipeline alignment.

The Newell Creek Dam Inlet/Outlet dredging work is ongoing and will continue through the end of the month. Work to replace the flocculators at Graham Hill Water Treatment Plant resumed this week. The very deep pits that were painstakingly dug for the Coast Pump Station pipeline replacement project are now nearly back-filled; the contractor is removing the sheet piles from the pits and the final lift of slurry backfill is being poured at the jacking pit. Final pile shoring will be removed when the slurry has set. There’s a little more pipe to install and then a final tie-in to the system proposed for mid-February.



Receiving pit being backfilled to grade

The first phase of our meter box field inventory is complete; visiting and recording valuable information on nearly every one of the roughly 27,000 meter boxes in our system. We are now doing meter box dig-outs and a 2” meter survey, in preparation for our meter replacement project.