



Together for LA:
First Report on LA's COVID-19
Small Business Response

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Executive Summary

The COVID-19 pandemic of 2020 has not only been a public health disaster, it has caused massive social and economic fallout throughout the United States and the rest of the world. The importance of small business to Los Angeles has been widely recognized by both the public and private sectors. Combined LA government, businesses, and community foundations have mobilized more than \$204 million dollars toward COVID-19 small business relief efforts to date. **Los Angeles has developed the single largest metropolitan small business relief effort in the United States to date, followed by Chicago, New York, Miami, and Dallas.**

Made possible thanks to the generous support of Wells Fargo Foundation, *Together For LA: First Report on LA's COVID-19 Small Business Response* captures how this response has evolved, identifies key challenges, and provides insights and recommendations from a diverse range of small business owners and leading economic recovery assistance providers in Los Angeles.

Most respondents have identified four major turning points in the COVID-19 response to date as shown in Figure 1 below:

PHASE	TIMELINE	TURNING POINT	RESPONSE
Pre-Crisis	Dec 31-March 10	Anti-Asian Discrimination	<ul style="list-style-type: none"> •Information gathering and monitoring •Support for victims of racism
Crisis	March 11-April 12	WHO & US Pandemic Declarations	<ul style="list-style-type: none"> •Shut-downs •CARES Act (national) •Roll-out of funding, technical assistance programs
Transition to New Conditions	April 13-May 24	Extensions of Existing Closures	<ul style="list-style-type: none"> •Financial assistance and counseling •Planning Efforts to Phase in Recovery
Compound Crisis Management	May 25-Ongoing	Killing of George Floyd	<ul style="list-style-type: none"> •Expansion of Relief Programs •Increased Coordination and Collaboration

Figure 1: Four major turning points in the COVID-19 response to date¹

Executive Summary

Unemployment in LA County reached a high point of 21.1% in May with 716,000 jobs lost to date. As of September 30, the unemployment rate had declined to 15.1 percent, down an impressive 25 percent from the peak, but still historically high. Much more needs to be done. Over 140,000 small businesses have applied for assistance to date.

Public and private sector economic responders have identified multiple challenges that have complicated the response. These have included:

- o Pandemics are not like sudden onset disasters. There can be time to prepare, but the contagion factor, disease vectors, lethality, and recurrence have been and continue to be hard to anticipate,
- o The lack of PPE and testing capabilities in the early days, and the present lack of a vaccine, therapeutics, and rapid testing are currently inhibiting stabilization,
- o Morale, mental health and fatigue challenges are insidious and exacerbate the situation,
- o Small businesses need grants, not loans in shut down scenarios if the community wants them to return to operations when a new normal is reached,
- o Mixed messages about public health safety protocols from different levels of government created confusion and stirred up opposition to various measures,
- o Compound disasters (particularly the George Floyd tragedy and the wildfires and excessive heat) stressed the system even more,
- o Rumors and misinformation (e.g. comments and framing from certain quarters sparked racist anti-API sentiment, particularly at the outset of the pandemic) because of the uncertain future.
- o Mixed messages about public health safety protocols from different levels of government
- o Compound disasters (particularly the George Floyd tragedy and the wildfires and excessive heat)
- o Rumors and misinformation (e.g. comments and framing from certain quarters that sparked anti-API sentiment, particularly at the outset of the pandemic)
- o Lack of pre-existing relationships, trust, and information sharing between and among resource providers and small businesses operating in under-served neighborhoods and communities created barriers to access and difficulties that all sides have worked hard to overcome.

Executive Summary

Recommendations for Next Steps:

- o There needs to be increased recognition and awareness about the scientific process and how widespread recovery cannot begin until the situation has stabilized. This depends on integrating science and technical best practices with public and business behaviors.
- o More real-time data capture and analytics capabilities need to be built to identify service deserts, track minority business access issues and assist entrepreneurs and small businesses with ongoing challenges.
- o Capacity building needs to continue to take place at multiple levels, including working with Business Improvement Districts, neighborhood business groups and other associations and service providers.
- o Capital assets and venture capital for minority, Black, Latino/a/x businesses need to continue to be developed for entrepreneurs and start-ups, micro-enterprises, and small businesses looking to acquire technology and scale.
- o Economic recovery service providers need to continue to work on making the user experience – particularly for small businesses that are very stressed and stretched very thin. These might include developing a common application or making individual applications easier, simpler, and less time consuming.
- o Processes to communicate sensitive issues in ways that do not exacerbate prejudice, discrimination and hate against minority small businesses need to be reinforced and maintained on an ongoing basis.
- o Outreach mechanisms that take into account social distancing challenges need to be developed to engage hard to reach businesses and neighborhoods.

Los Angeles public and private sector economic recovery leaders have developed one of the most innovative small business retention and recovery programs in the country. However, the impacts of the COVID-19 pandemic have been overwhelming and the response will have to continue well into next year, if not longer. It is important to continue to make progress addressing the challenges and build on positive initiatives to help small businesses in LA County. This is an essential strategy for assisting the over-all recovery process from COVID-19.



Figure 2: Map of the regions of Los Angeles Countyⁱⁱ

I. Background

The COVID-19 pandemic has been the worst such event to hit the United State in the past one-hundred years.ⁱⁱⁱ As 2020 comes to an end, this initial report has been prepared to capture lessons learned to date, and to capture and present recommendations for handling the next stage of the response. It is based on interviews with many of the principals involved in responding to the community and economic impacts of the pandemic and reflects a wide range of viewpoints. The report was written for community leaders interested in improving disaster response, recovery, and future resilience processes.

The pandemic has taken a massive toll on the United States. More than 13 million people have been infected, and almost 270,000 people have died as of November 2020.^{iv} In less than a year, COVID-19 has become the third-leading cause of death in the United States after cancer and heart disease.^v

Los Angeles has been hit very hard by the pandemic with over 400,000 cases and 7000 deaths at the time of publication.^{vi} These high case counts and the general public health emergency have devastated economies and communities across Southern California, particularly locales with large elderly populations and communities of color as seen in Figure 3 and 4.^{viii}

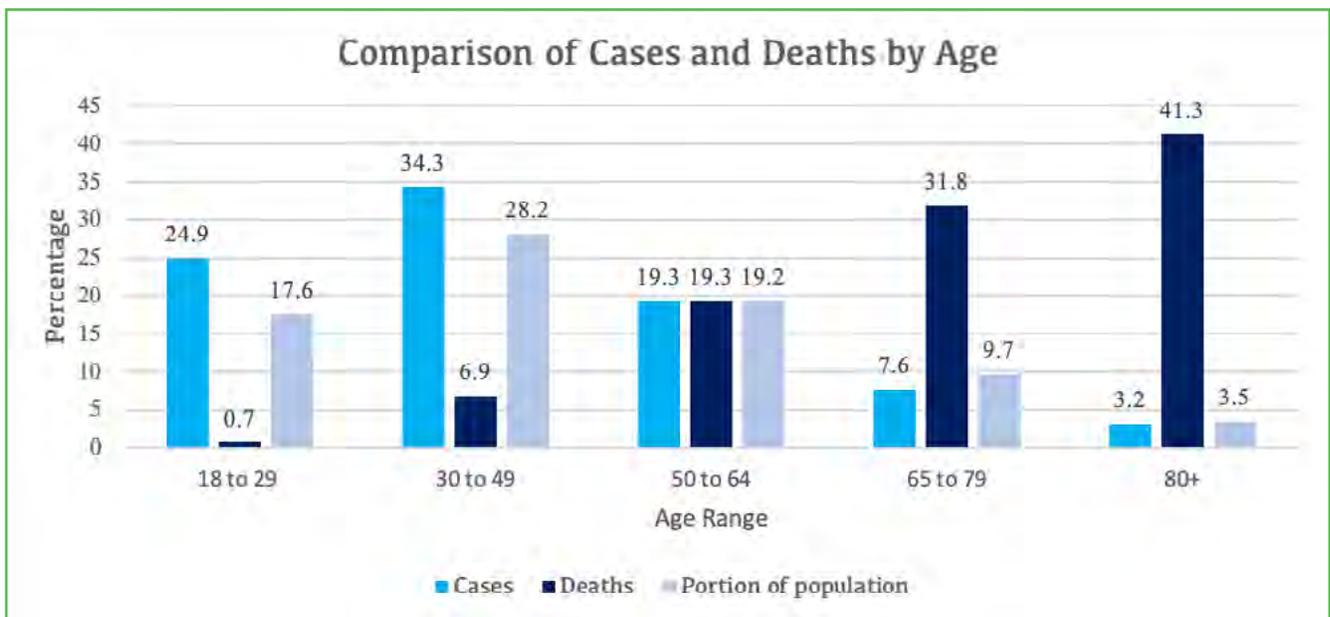


Figure 3: Cases and Deaths by Age

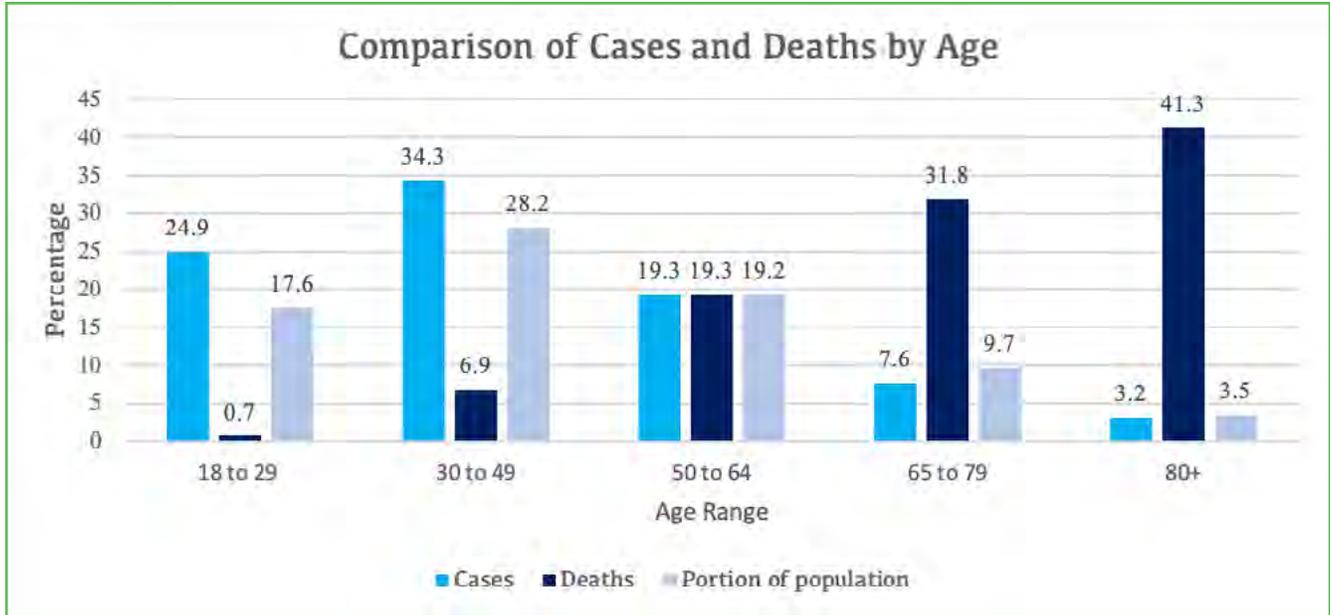


Figure 4: Cases and Deaths by Race/Ethnicity

As outlined in Figure 5, the disaster response process normally is made up of five major phases:

1. Pre-Disaster Preparedness, Resilience, and Normal Operating Conditions
2. Crisis Management
3. Restoration of Services and Stabilization
4. Long-Term Recovery
5. Establishment of the New Normal

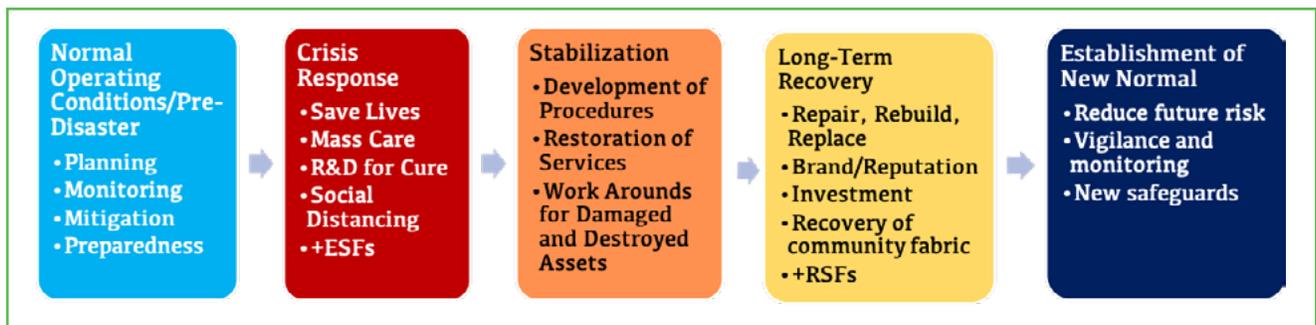


Figure 5: Phases of disaster response process

With most sudden onset disasters, the crisis management stage lasts three months or less. However, at the time of this writing, authorities are still in the midst of stabilizing the current situation. Protocols and procedures have been crafted to guide reopening, but vaccines, therapeutics, and other remedies and solutions are still in the process of being developed. These procedures should facilitate social interactions in a manner that mitigates risks and de-escalates stress levels, but because of the recurrence and sudden spikes of COVID-19, there has been a “stop and start” quality to re-opening that has significantly disrupted the recovery process.

Very early on, disaster responders realized that the disaster was unfolding on multiple tracks. The primary, precipitating crisis was the public health emergency. Emergency responders and public health officials backed by their civic authorities, were on the front lines of this track. Social distancing, limited testing infrastructure, and the novel characteristics of the coronavirus led to mandatory and voluntary closures to protect public health. The pandemic and social health response, while necessary, created cascading social and economic disasters.

716,000 jobs have been lost in Los Angeles County since the start of the pandemic

On March 19, 2020, Governor Gavin Newsom issued Executive Order N-33-20, which directed all facilities to close and residents to stay home, with the exception of essential critical infrastructure sectors and essential workers in those sectors. Essential sectors include healthcare, emergency services, food and agriculture, energy, water, transportation, communications, government and community operations, critical manufacturing, financial services, chemical and hazardous materials, defense industrial base, and industrial, commercial, residential, and sheltering activities and services to stay open.^{viii}

The closure of non-essential facilities, stay-at-home orders and the global sweep of the pandemic brought turmoil to the major regional industry sectors such as hospitality and food service (450,000 jobs in 3Q:2019), retail trade (410,000 jobs), and arts and entertainment (98,000 jobs). In addition, throughput at the ports of

Los Angeles and Long Beach, which combined represent the 9th largest port complex in the world in terms of container traffic, has been severely impacted, as the number of ships coming in from Trans-Pacific trading partners has dropped precipitously and disrupted supply chain across the county.^{ix}

The USC Center for Economic and Social Research found that Southern California's economy was impacted more severely than the nation as a whole. Business losses, foreclosures, and unemployment surge were all higher than the national average. Current estimates suggest that retail sales are expected to decrease by \$264 billion over the next two years. The loss of sales tax will have significant impacts on the budgets and capacities of local governments in upcoming years as well. Restaurant profits are expected to be down 53 to 65 percent over the next two years, resulting in the unemployment of many food service workers. The unemployment rate is expected to remain above normal levels in 2021. As of this writing, approximately 15 percent of jobs were lost; that number is higher for Black people and Latinos, at 21 percent and 18 percent respectively.^x There will also be other ripple effects in the informal economy that will be difficult to quantify by definition.

The importance of small business to the region was widely recognized by both the public and the private sectors and they took a series of steps to mitigate the economic impact of the public health measures. Combined, they have pledged more than \$204 million dollars toward COVID-19 small business relief efforts to date. This is the single largest metropolitan small business relief effort in the United States, followed by Chicago, New York, Miami, and Dallas. Figure 5 provides more detail. Other notable cities include Philadelphia, PA, which pledged \$41.7 million; Atlanta, GA, which pledged \$24.26 million; Houston, TX, which pledged \$24 million; and San Francisco, CA, which pledged \$18 million.

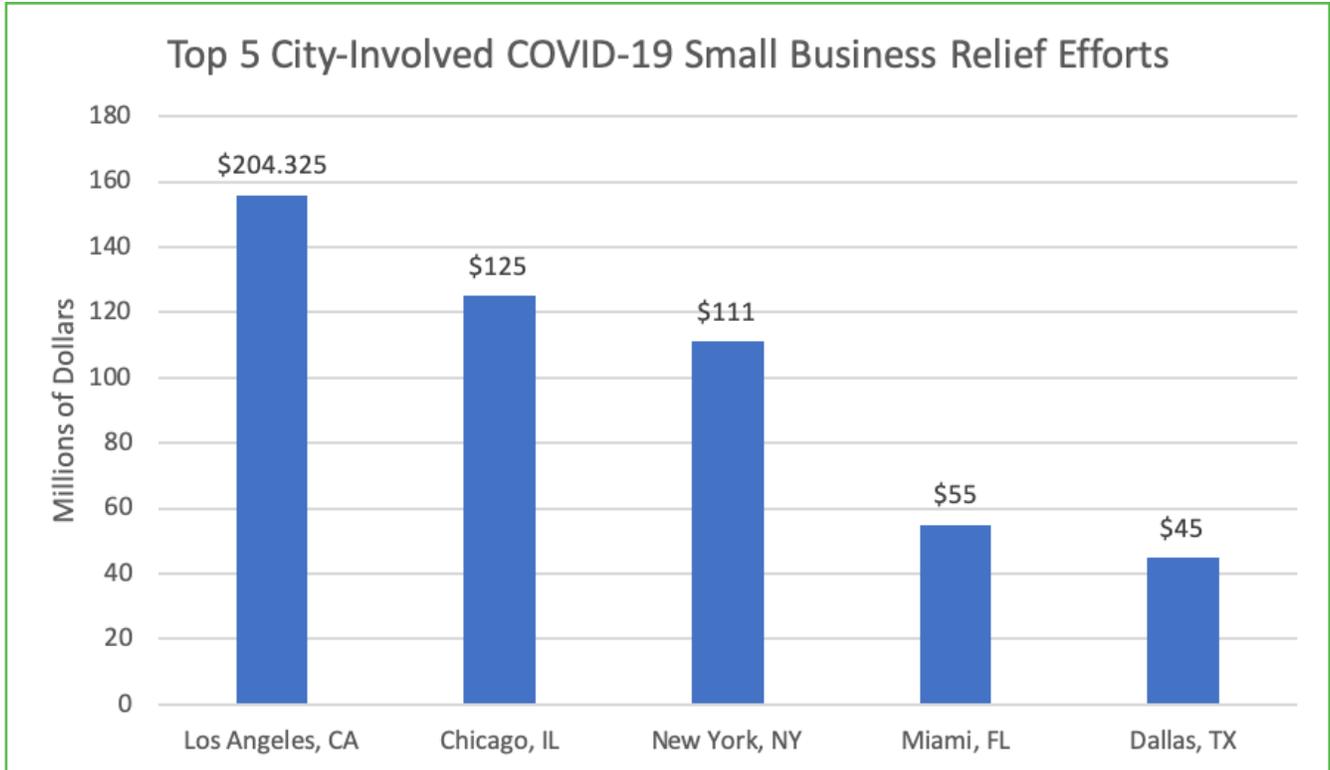


Figure 6: Top 5 City-Involved COVID-19 Small Business Relief Efforts

The mobilization of resources began on April 7th when the Los Angeles County Department of Workforce Development, Aging and Community Service set up an initial \$500,000 program to give out grants of up to \$10,000. The demand was overwhelming. A week later, the County in partnership with Goldman Sachs, Wells Fargo Foundation, Citi, and the Union Bank Foundation set up a \$28 million dollar program that included fully forgivable loans and grants. Meanwhile, communities from Long Beach to Burbank were setting up their own initiatives. This culminated on September 1 when Los Angeles County and Los Angeles City directed \$100 million that they had received in federal CARES Act funding to the Los Angeles Regional COVID-19 Recovery Fund administered by LISC LA. (See Appendix A - page 57, for more detail on these funds. Additional small business resources can be found in Appendix B - page 60.)

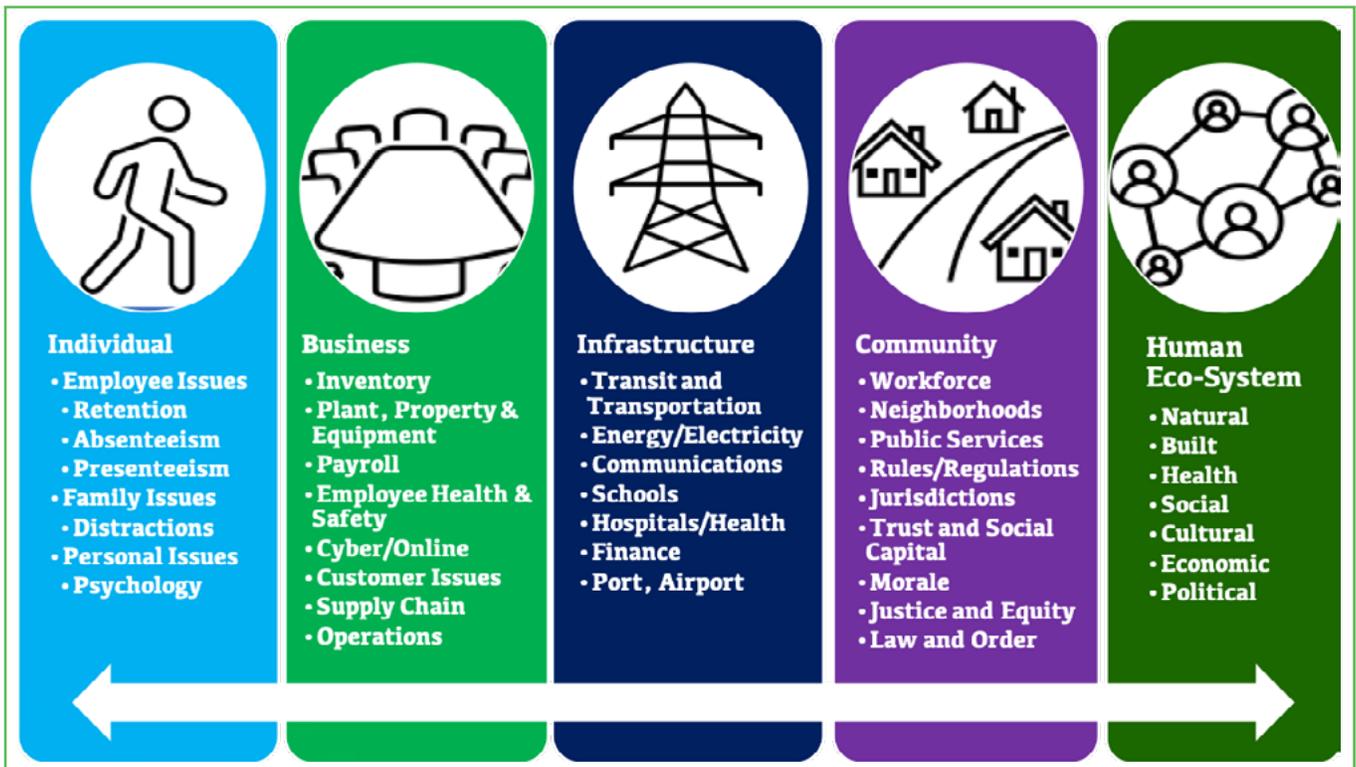


Figure 7: Five areas in which disasters effect businesses and communities

Small businesses also received support from the state and national programs as well. One notable early investor in black small businesses was the BeyGOOD/NAACP Black-Owned Small Business Impact Fund led by Beyonce and accessed through Helloalice.com. In addition to Wells Fargo, LISC teamed up with multiple companies like Verizon and Lowe’s and celebrities like Usher, Alicia Keys, and Janelle Monae to mobilize additional national resources for Los Angeles small businesses.

These resources were vital because small businesses can at once be remarkably resilient and remarkably fragile due to their reliance on many different factors in order to function.

If individuals are displaced or cannot return to work because of their children, their personal health, or the health of their parents, then businesses will be hard pressed to reopen. Small business owners need to cope with their own personal and family health issues – including mental health stresses that are hard to identify and often go untreated. Employees and customers face similar situations. This means that small businesses can be ravaged by absenteeism, or even more insidiously, by “presenteeism.” On a Los Angeles Area Chamber of Commerce (LA Chamber) workshop call, one small business owner said that he had re-opened, but it was hard to focus on the business, because his mind was with his family all the time.

Similarly, if the business does not have adequate safety measures, or its supply chain is disrupted, or customers don't feel safe interacting with it, then it is deeply challenged. Over the last few years, with the support of city, county, and state public support, and the support of organizations like Local Initiatives Support Corporation (LISC) LA, Los Angeles Economic Development Corporation (LAEDC), and the LA Chamber, an increasing number of area small businesses have developed business continuity plans, but there are still significant challenges. If a business is dependent on pedestrian traffic, and does not have an adequate online presence, it can fail. If cash flow is an issue, it can fail. If its public health and safety measures are inadequate, it can fail. This is why technical assistance for small businesses is so important, and so encompassing.

If critical infrastructures like schools, hospitals, the power grid, transit and transportation don't function well, then businesses can't function. Small businesses rely on critical infrastructure systems for energy, communications, water, transportation and shipping, and many other services. One of the reasons authorities cited for mandatory closures was to prevent these systems from being overwhelmed and unable to meet emergency needs. This infrastructure during normal times allows entrepreneurs and small businesses to flourish, but in emergencies when use of critical infrastructures have to be rationed and prioritized, it can lead to significant negative effects, particularly on communities that were already under-served.

At the community level, if law and order break down or prejudice and bigotry tear apart communities, businesses will fail and may not return. This was cited as a significant challenge by Asian business owners during the early stages of the COVID-19 response, particularly in the San Gabriel Valley and Downtown LA.

Finally, at the eco-system level, the natural, built, social, health, culture, economic, and political systems all interact with each other to either create a habitat that allows people to survive and thrive or to decline. In a city and region like Los Angeles and Southern California, small businesses are such an important part of the fabric that they have an outsized impact on community vitality.

Southern California's leaders recognized that the response to COVID-19 would require significant coordination and commitments.



Figure 8: Sample of LAEDC Economic Briefings Notice

Given its experience with natural disasters like wildfires and earthquakes, key organizations mobilized quickly to respond to the pandemic. Public, private, and nonprofit organizations mobilized and developed innovative tools and solutions. At the municipal, county, state, and federal levels, public sector resources also mobilized in unprecedented ways. Financial institutions and Community Development Financial Institutions (CDFIs) like Wells Fargo, LISC, PACE, and Opportunity Fund deployed capital to underserved neighborhoods, as well as minority-owned and women-owned business enterprises.

Multiple small business grant programs were established. LAEDC produced and disseminated research and shared vital information about a range of economic recovery and future development issues.

The LA Chamber introduced new programs and activated existing programs to help small businesses. These included a well-received and wide-ranging webinar series in partnership with Dr. Lucy Jones and the Dr. Lucy Jones Center for Science and Society, counseling through the Bixel Exchange – a partnership with the Small Business Administration (SBA), and the LA Regional Small Business Development Center (SBDC) Network. In fact, a number of these organizations have come together to create an informal coalition to coordinate in a more systemic way.^{xi}

This report is produced in the same spirit of collaboration, with many insights provided by a wide range of these responders. Since we are still in the middle of the disaster response, by necessity, this is an initial report, designed to capture experiences before they fade too far into memory. It is also a forward-looking document, in the sense that it builds on the experiences to date to outline what next steps will be most helpful in the near term and for the future resilience of the Los Angeles area.



Figure 9: One LA Regional Collaborative partner meeting Nov 19, 2020

II. Preliminary Lessons Learned (December 2019-September 2020)

To this point, there seem to have been four distinct stages and turning points. Each stage has caused responders to adapt to new circumstances, modify their engagement, and build out new capabilities. Hindsight is 20/20, and one of the purposes of this report is to help future responders anticipate some of the evolutions that may be required in the course of the response.

(1) Turning Point: Discovery of the novel coronavirus threat on December 31/Stage: Pre-Crisis Period

The period between when the novel coronavirus was first identified at the end of 2019 in Wuhan, China and a pandemic was declared in March by the World Health Organization spanned ten weeks. Los Angeles area decisionmakers monitored the situation from the beginning – several mentioned that they benchmarked it against the SARS, H1N1 and Ebola pandemics of the past 20 years – all issues to be taken seriously, but none of which had caused more than 10,000 cases or 1,000 deaths in the state of California.^{xiii}

Several economic recovery stakeholders discussed how this period was used as an “assessment” phase. There were discussions about the need to reconfigure existing services, impacts on budget, personnel, and other internal issues. Simultaneously, processes needed to be set up to assess small business information, technical, and capital needs. Meanwhile, the federal government took action in the form of a travel ban.

Conflicting messages, rumors, misinformation and uninformed commentary complicated matters significantly during this period. The decision by the Trump Administration to ban travel from China, as well as other references to the disease as the “China Flu” sparked a rise in anti-Asian discrimination and bias in early February.

Merchants and restaurants in the San Gabriel Valley and in Chinatown in downtown LA began to close and higher incidence of hate crimes were reported. Many stakeholders pointed to this as a triggering event for their more active engagement to support small businesses.

This xenophobia caused an early barrier to response - as it was viewed as a "that community" problem instead of an "our community" issue.^{xiv} Those impacted Asian-owned businesses were the first movers in created social distancing/masking practices for patrons that could have been shared with other businesses as the pandemic intensified.



Figure 10: BuzzFeed article from Jan. 28 urging readers to worry about the flu, not the coronavirus

Simultaneously, some stakeholders may have felt a false sense of security. In early February, there was a spate of articles from *Self*, *BuzzFeed*, *the Daily Beast*, the AP, and other outlets that argued that the flu was more serious than the new threat.^{xv} These reports may have served to make some think that existing public health measures would be sufficient for the emerging challenge.

The China travel ban reduced some direct contact with contagious patients but did not help to contain the virus as much as leaders hoped because of how international travel works. The first known COVID-19 patient in the U.S. flew to Mexico one way but returned to China from Mexico with a layover in Los Angeles on the way back. He did not get on his flight back to China and was treated for the virus at Cedars-Sinai Medical Center in Los Angeles. In the initial weeks of the U.S. outbreak, as much as half of the initial contacts originated from Italy.^{xvi}

One of the biggest harbingers of the coming challenge for decisionmakers was the collapse of the stock market. On February 12, the Dow Jones, NASDAQ, and S&P 500 indexes all finished at record highs. Just two weeks later, from February 24-28, the indexes marked their worst losses since the 2008 financial crisis. The health crisis triggered an economic scare, which in turn, amplified concerns about the health crisis.^{xvii}

Multiple key stakeholders interviewed for this study discussed how valuable the public health briefings were for shaping their behavior, but they had the sense the public

health officials did not want to sound too alarmist. “During that period, we were always waiting for the other shoe to drop,” is how one stakeholder put it.

Public health officials became increasingly concerned, but still allowed major events like the LA marathon to take place on March 8 and a Legal Aid Gala a few days later.^{xviii} It became increasingly clear that COVID-19 was not being contained. A few days later, the shift to crisis management began.

Key Issues:

- Uncertainty about severity of threat
- Rumors, conflicting messaging, misinformation, and uninformed commentary
- Anti-Asian discrimination/racism
- Lack of understanding about source of contagion (it was not just from China, sick arrivals came from multiple countries)
- Stock market correction and economic panic
- Dueling priorities between public health requirements and social and economic expectations

Lessons Learned:

- Need to develop early warning system and multi-disciplinary analytical and planning team to devise strategy, messaging, processes, and procedures
- Pandemics are not like sudden onset disasters. There is a window of time to prepare, but the contagion factor, disease vectors, and lethality, are hard to anticipate. In retrospect, social distancing practices, travel restrictions, investments in PPE, and defensive economic measures should have been more universalized and anticipated.
- Travel and hospitality industries need to develop close working relationships with public health officials, particularly with regard to early warning systems and management of ill passengers and customers.
- One of the biggest challenges of pre-crisis management is information management – too often there are conflicting reports, misinformation, missing or incomplete information, compartmentalized information, misunderstandings, “fake news” and difficulty discerning relevant and material information from all of the noise. This in turn affects communications within and between departments, agencies, and municipalities with other private and nonprofit responders, with state and federal officials, and last, but certainly not least, with the general public. Developing trust between and among key internal and external stakeholders, creating message discipline, and developing crisis communications skill sets are vital.

- A particularly important element of crisis communications that needs to be underscored is how to communicate sensitive issues in ways that do not exacerbate prejudice, discrimination, and hate against minorities.

(2) Turning Point: World Health Organization (WHO) Declares COVID-19 pandemic on March 11/Stage: Crisis Response

By the second week of March, it was clear that COVID-19 had developed into the worst global pandemic in 100 years. The WHO declared it a pandemic on March 11,^{xix} and the Trump Administration declared a national emergency on March 13.^{xx} On March 16, Gov. Newsom issued orders to close food and beverage businesses that could contribute to virus transmission.^{xxi} The social fabric and economy of Los Angeles and Southern California were tested like few times in the region’s history.

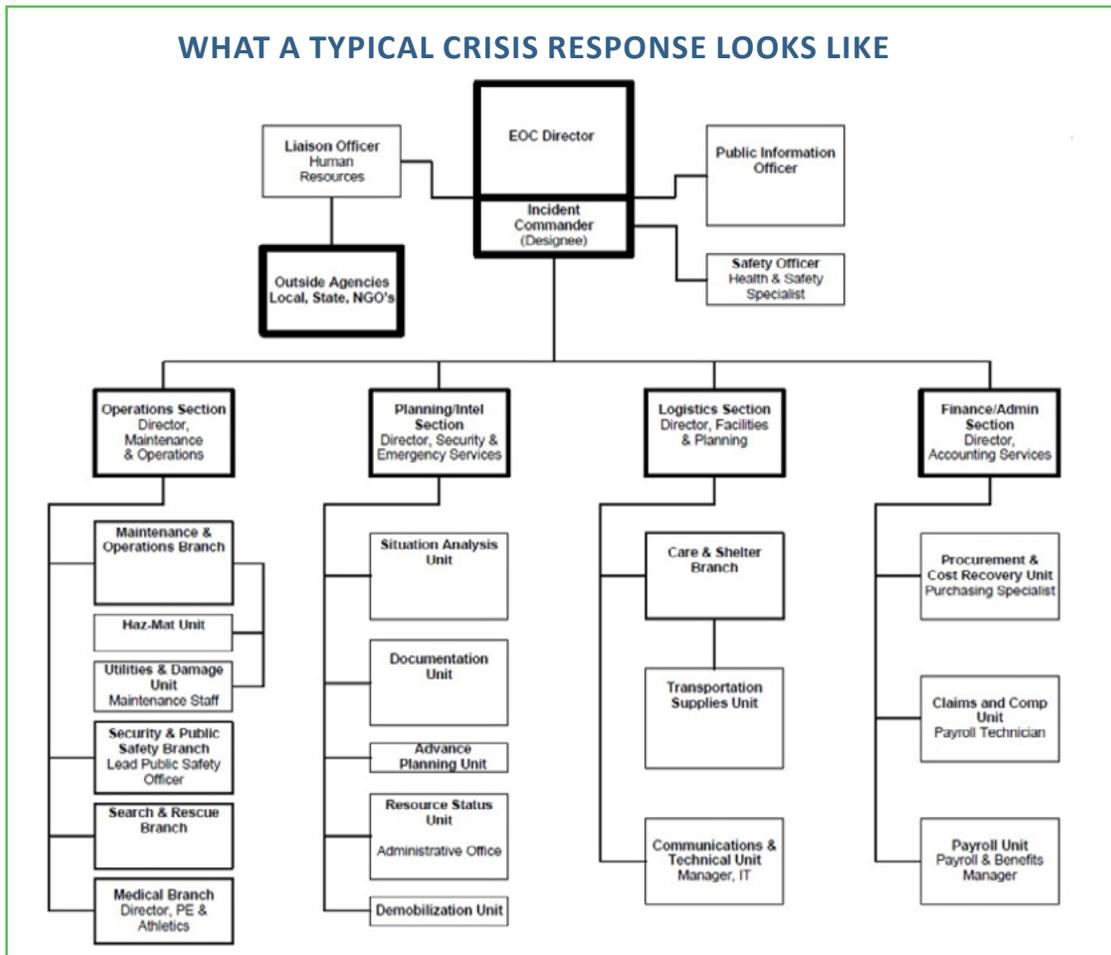


Figure 11: Typical Emergency Operations Center Structure^{xxii}

What did “crisis response” entail? Public officials at the local, state, and federal levels assumed extraordinary powers to protect citizens and enhance public safety. Emergency management operations centers were activated to enhance communication and coordination of emergency responders. Critical infrastructures were re-oriented to enhance the swiftness and efficacy of first responders. Highly skilled specialists were pulled off their normal operations to support crisis management.

The Outsized Importance of Public Health in this Emergency: Compared to an earthquake or wildfire, the public health functions received much more attention and focus. From the beginning, there was overwhelming concern about virus transmission, at-risk populations, disease vectors, possible treatments and PPE, of which there were significant shortages.

Many business organizations and nonprofit organizations throughout the region did not plan for disaster resilience or recovery functions as a major part of their 2020 program of work, but a sizable number converted to become economic relief and recovery responders.

Economic relief and recovery responders were overwhelmed at the beginning of this period with the huge volume of demand from businesses. One shared the following.

“There was a snowball effect from February to March – we could see the problem building in the distance but did not realize how truly enormous it would be until it was right on us.”

In some cases, past experience and the structure of the organization helped. One stakeholder described the urgency of the situation.

“We knew we didn’t have time to build consensus. We had to act and talk simultaneously. We knew we had the backing to do what we had to do because it was in our mission.”

Technical Assistance: A number of major organizations began to undertake similar kinds of training and communications programs. It became very apparent to funders that it was important to align and synchronize different initiatives to help them maximize impact.

The Bixel Exchange increased its normal capacity by a factor of 12. Prior to March, the Bixel Exchange was one of the smaller SBDCs in the area, catering to start-ups and founders in the technology and sustainability space. In response to the massive demand, it broadened its charter to support all small businesses. One of the key factors for its ability to pivot and transition this way, is that it designed surge capacity and tested it in 2019. It also expanded significant bilingual and non-traditional methods for outreach and bonding with its clientele, leveraging Facebook community groups to engage with Latinx founders and entrepreneurs.^{xxiii}

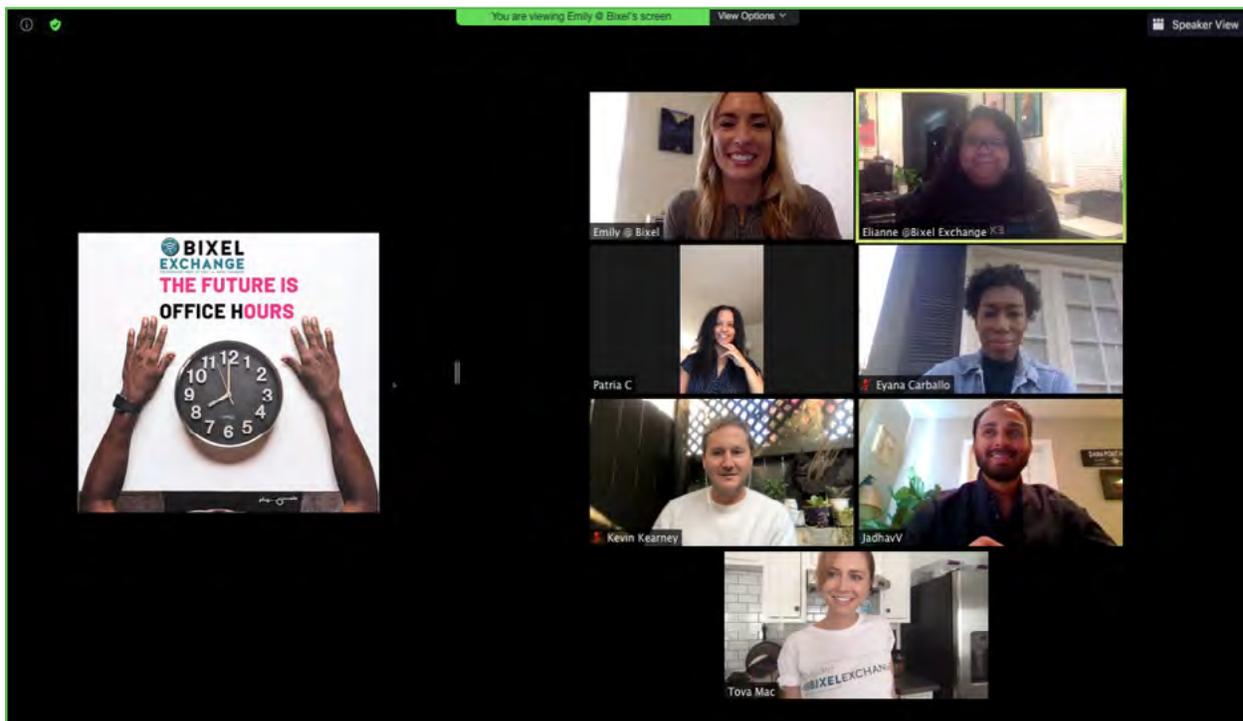


Figure 12: Bixel Exchange office hours with the LA Chamber

The Importance of Mental Health and Empathy: Another key insight that emerged from this period was the importance of mental health and fortitude for businesses deciding whether to close or continue operating. One stakeholder from the Bixel Exchange explained further.

“Minority and disadvantaged businesses were often more likely to be resilient because they were used to coping with disasters and adverse events in their normal operations. Meanwhile, small businesses that had not encountered a lot of adversity prior to the pandemic were less prepared and willing to cope with setbacks.”

Technical assistance providers shared that many of their sessions were not about business issues, they were often about therapy and empathetic confidence building. In this regard, they realized that they also had to monitor their own staff to keep them from burning out. “We had to limit staff to 13 meetings or less per day, or they would start to burst into tears in sympathy with their clients.” The invisible toll of the pandemic was a recurring theme throughout the response.

Emergence of Technology Work Arounds and New Norms: During this stage, new norms and processes had to be developed on the fly. Conference call technologies – Zoom, Microsoft Teams, WebEx, and other systems became critical communication tools. With the generous support of the city, county and private sector partners, the LA Chamber, LAEDC, SBDCs, and other business organizations across the region organized important webinars and training sessions about a wide range of topics that affected small business. These included:

- Health & Safety Procedures and Protocols
- Available Government Programs
- Business Continuity
- Funding Sources
- Financial Management
- Human Resource Management
- Cyber Tools
- Industry Sector Briefings
- Nonprofit, Music, Arts Support

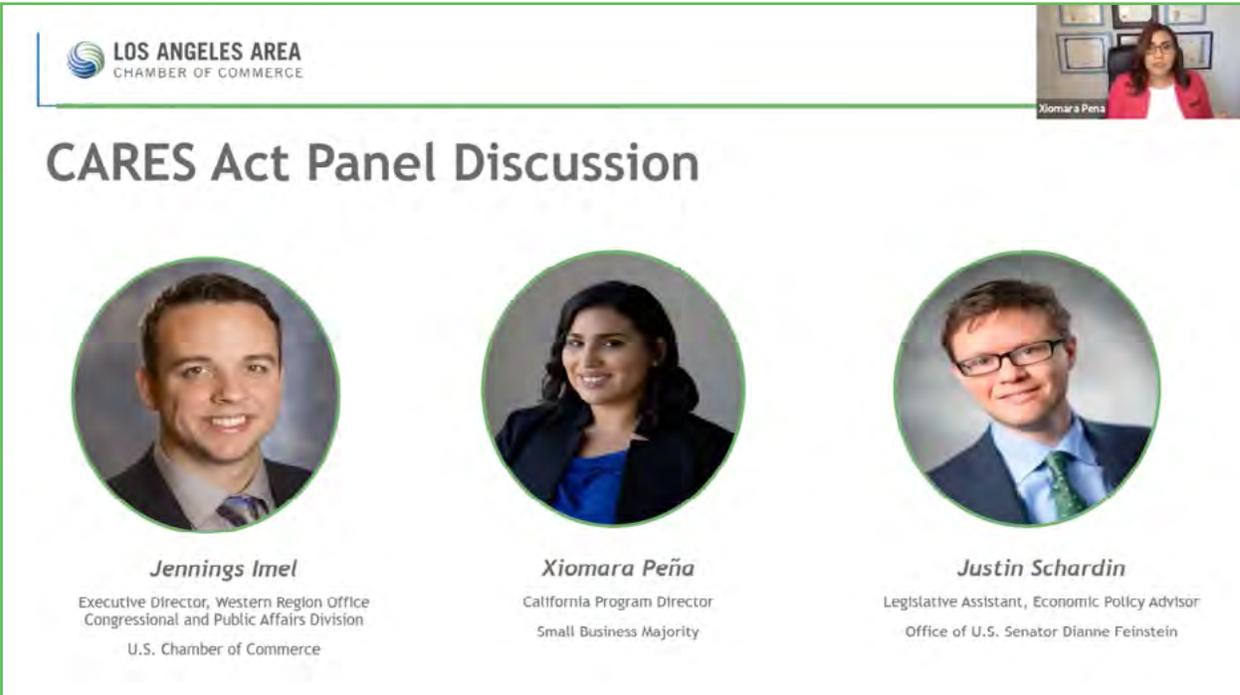


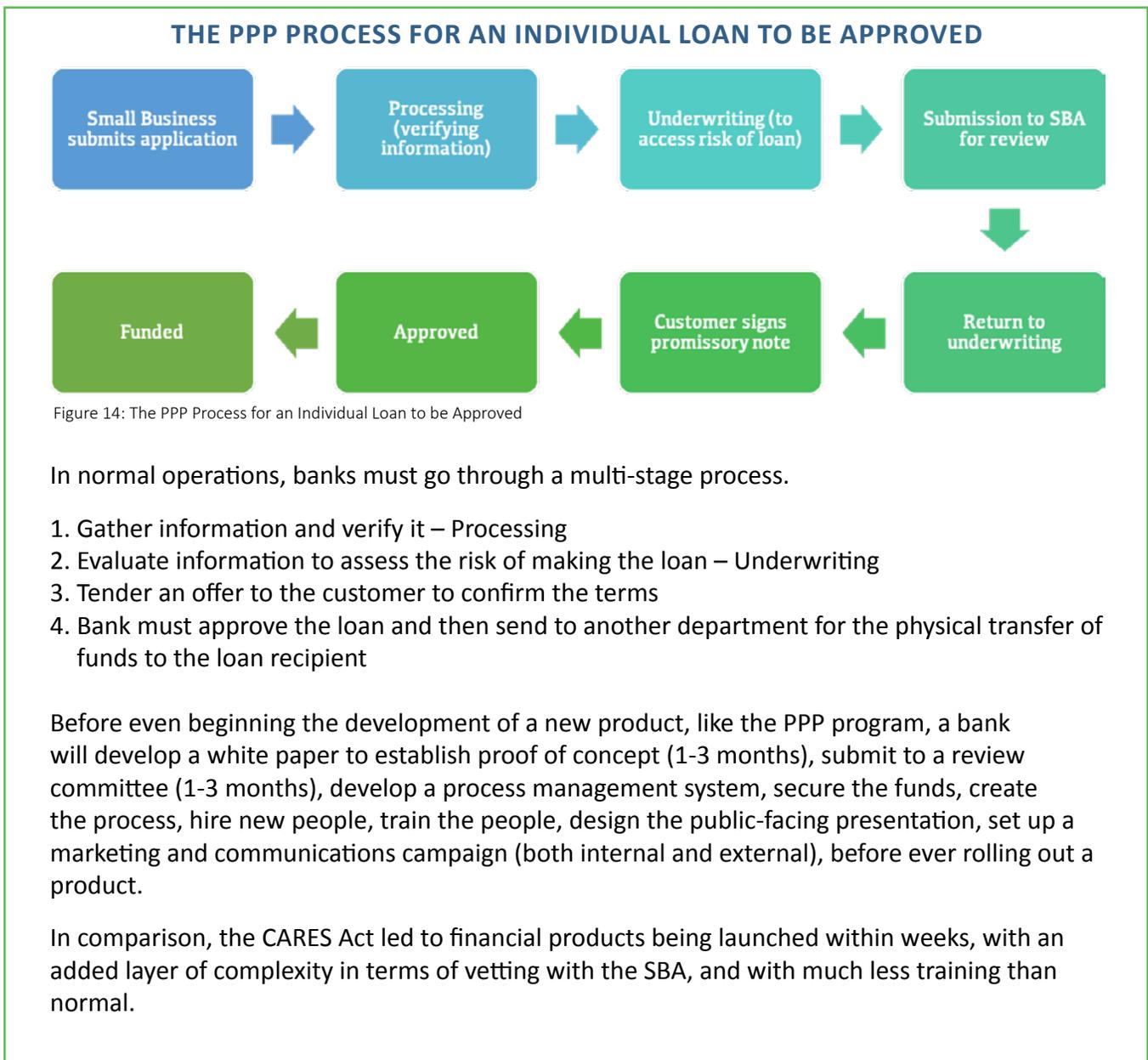
Figure 13: Image capture of LA Chamber webinar on the CARES Act

These trainings took on particular urgency after the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed on March 27, and new SBA programs were announced. The Economic Injury Disaster Loan (EIDL) program and the Paycheck Protection Program (PPP) were both fast-tracked and rolled out much more swiftly than normal, which meant that there were a number of loose threads and issues that needed to be worked out on the fly.

The industry sector briefings were a lifeline to many small businesses and nonprofits, but they also underscored the challenges posed by the digital divide. Some economic recovery responders estimated that as much as 40 percent of small businesses – many of them minority, migrant, or monolingual in a language other than English - in some underserved neighborhoods did not have access to these tools.

The PPP and Other Financial Stabilization Programs: A centerpiece of the effort to stabilize the situation was embedded in the CARES Act – the PPP. Initially funded with over \$350 billion, over 1 million applications were submitted within the first two weeks.^{xxv} Individual financial institutions overhauled new business roll-out processes that normally take as long as two years from conception to launch to just 10 days. The effort was heroic, but the user experience was fraught with difficulty and confusion.

One of the issues that caused frustration among small businesses was the conception that once a loan application was submitted the funds would become available overnight. Customer expectations were not aligned with the reality of bank processes, which were complicated by the fact that banks had to submit information to the SBA and receive it back before making a determination.



The PPP, EIDL, the Federal Reserve's actions, and other programs generated multiple benefits. Before they were even disbursed, they provided reassurance to small businesses that they would be able to gain some much-needed liquidity, and that their customers and vendors would also gain some liquidity. This provided confidence and helped stem the panic and kept some businesses from prematurely closing.

Secondly, the program was geared toward retaining employees. This was vital for maintaining the purchasing power of many households, and since the U.S. is a consumer-driven economy, it bolstered many small businesses that were consumer-dependent.

These programs also helped small businesses apply the training and technology opportunities that were being made available to them to pivot to more online presence and become less dependent on street traffic. They also helped to temper the losses due to continuing shutdowns.

Another key aspect of the acceptance of the loan is that they could be converted into grants if small businesses used them for particular purposes – primarily payroll protection.

Key Issues:

- Have to deal with panic, uncertainty, fear, disappointment about funds being closed
- Lack of in-person access for non-internet/web-based businesses
- Speed of response might lead to mistakes, miscommunication
- Training issues
- Communication issues
- Coordination issues
- Some small businesses – particularly with minority and migrant owners, operators and employees distrusted the process in some cases, felt left out or deliberately excluded, or were frustrated by the process
- Demand far outstripped supply in the first few weeks leading to frustration
- Small businesses were reluctant to take on additional loans due to lack of visibility about how long the public health measures would be in effect
- The window for deployment of the funds were too short and the requirements for loan forgiveness were seen as initially too restrictive were reasons cited by some small business owners regarding their frustration with the process
- Pipeline issues (how to process 12-24x normal volume)
- Mismatched expectations of users and providers

Lessons Learned:

- Crisis communications and expectation-setting are critical. In times of crisis, public education about the realities, limitations, and scope of programs is vital.
- The roll-out of the program was complicated because the underlying legislation was adjusted multiple times. In the future it might be worthwhile to delay opening PPP-type programs until the underlying system is finalized.
- Several tools might be used to help minority and businesses operating in underserved neighborhoods including:
 - a. Simplification of the application process based on the amount of the loan
 - b. Processing assistance for “mom and pops” that don’t have CPAs
 - c. Providing a paper option (not relying solely on a web-based process)

The CDFIs also sprang into action. They saw the need to provide cash access, since most businesses only had 13 days cash on hand.^{xxvi} The CDFIs were concerned about multiple issues including stabilizing the precipitous decline, helping the food-based businesses; and supporting historically culturally important institutions.

LISC saw 3 paths forward:

1. Support the roll-out of the SBA – PPP program by educating clients and small businesses about the rules of the PPP program and the application process. Part of this workstream is making information as accessible as possible, including the creation of a list of every banking institution in the state.
2. Help small businesses continue to raise money; help mobilize funders locally, plus money from LISC national. Identify a list of grants coming up; go into south LA and find the Asian business associations to partner with to provide funding support.
3. Create a webinar series to help small businesses pivot; create interactive process to help folks build websites; pivot ideas – from brick & mortar to curbside or online; help people identify potential grants/loans; support city/county information sharing as well, particularly around re-opening.

Public-Private Coordination: Finally, there were significant experiences coordinating with local, state, federal and global authorities. The Los Angeles area is enormously complex – in addition to the City of Los Angeles, the County encompasses 88 cities, plus unincorporated areas, plus the surrounding counties are very interdependent from an economic, environmental and social perspective.^{xxvii} Simultaneously as LA County was rolling out its Economic Resiliency Task Force, the Governor’s Task Force was also



Figure 15: LISC LA's Keep Our Shops on the Block Program

convening, but there was almost no crosswalk between the two initiatives.^{xxviii} At the same time, the federal government regional offices were trying to stay plugged in with what was going on at the state and local levels, while trying to stay abreast of what was happening in Washington. In retrospect, it is surprising that there were not more breakdowns in communication were minimal. This demonstrated the good will of many of the actors, but the process of reconciling the different bureaucracies and aligning them was difficult, and in some cases non-existent.^{xxix} Simultaneously, from government perspectives, there seemed to be a “thousand flowers blooming” in the private sector, and it wasn’t clear how duplicative they were, what kind of resources were actually behind them, and how reliable and operational they would continue to be. More information flow between and among all sectors was clearly needed.

Key Issues:

- Average small business had access to less than two months cash flow (see Figure 15); and were very vulnerable to the shut down;
- Because small businesses are such an essential part of LA’s economy, developing funding sources and helping businesses conserve cash flow became huge issues.^{xxx}

- Particular industry sectors like hospitality, restaurants, hair salons, sports, entertainment dependent on social interactions were particularly vulnerable.
- Health sector and elder care sectors were vulnerable because of COVID-19 challenges – including the canceling of elective procedures, changes in classification and documentation, and concerns about disease vectors, contagion, and complicating factors due to the age of residents and patients.
- Mental health and morale can be difficult to sustain; the “invisible” impacts compounded other challenges.
- Social distancing creates barriers to cooperation, collaboration, and networking.
- With schools and day care centers closing, the productivity of many employees was dramatically affected.
- Unemployment and underemployment skyrocketed.
- Minority, migrant, non-English fluent, and businesses operating in low income neighborhoods did not have equal access to available information or resources.
- Access to testing, PPE, and other prophylactic health products and services was limited and feared inadequate.

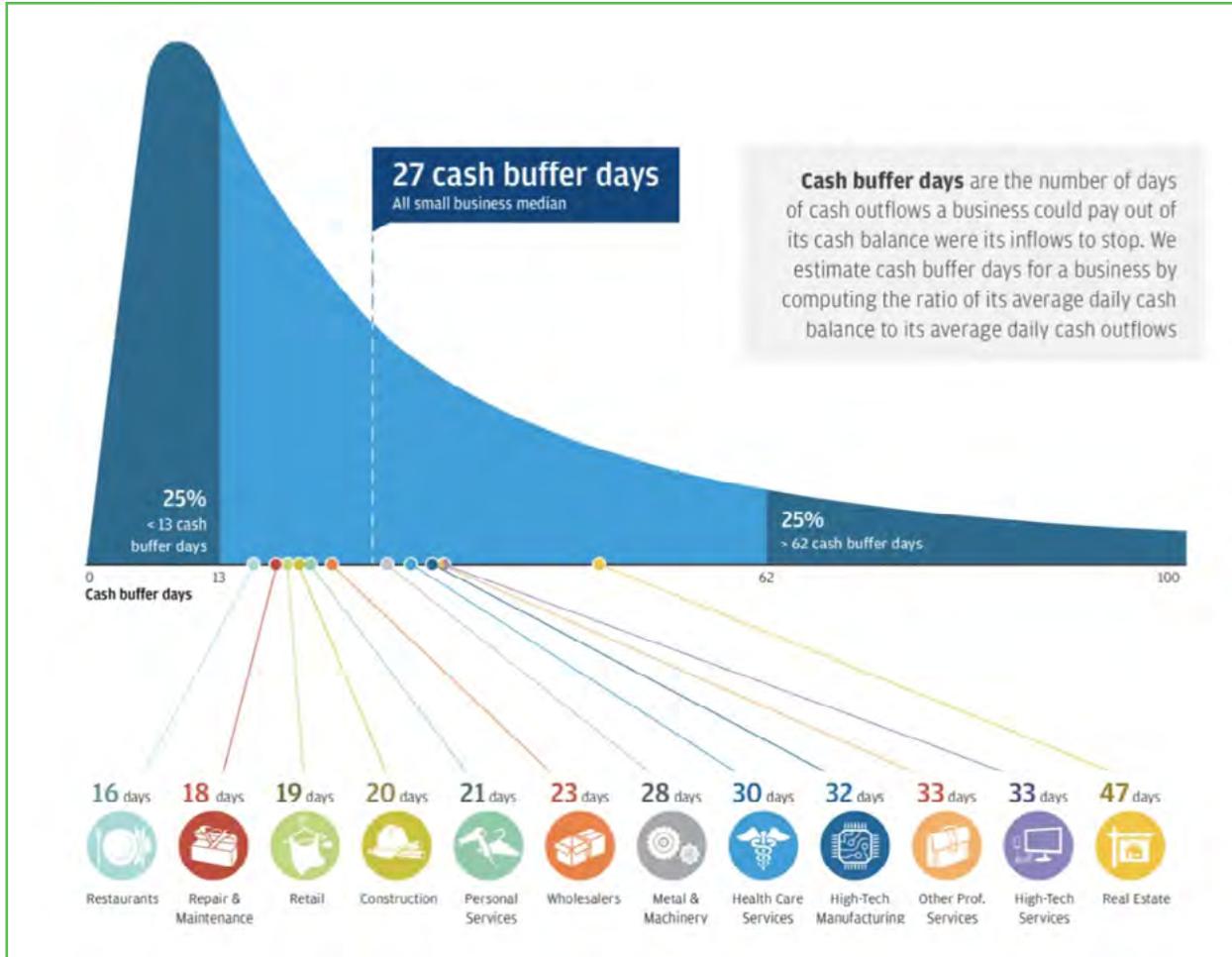


Figure 16: Average number of cash buffer days for businesses by sector (JPMorgan Chase Institute)

Lessons Learned:

- Government coordination across departments and between and among local, state and federal officials in times of crisis needs to become more systematic; the interests of public health, law and order, economics, and other departments all affect each other. There should be reciprocal communications and feedback.
- The average philanthropic and corporate grant-maker receives hundreds, if not thousands of requests for assistance per month. These appeals escalated exponentially during the crisis. Developing pre-established trusted relationships helped many grant-makers move much more swiftly than normal. Emergency managers often say that “the worst time to exchange business cards is the day of the disaster,” and this also holds true for social and economic impact responders.

- In times of crisis, there is huge demand for many different kinds of technical information and assistance that are not part of normal small business operations.
- Small businesses need grants, not loans in shut down scenarios if the community wants them to return to operations when a new normal is reached. Small businesses can get discouraged by multiple requests for information – a common application would be very helpful for efficiency, time management and morale purposes.
- Enhanced outreach mechanisms that take into account social distancing challenges need to be developed to reach hard to reach businesses and neighborhoods.
- When there is a crisis, better communication, coordination, and collaboration mechanisms are needed to help onboard and enhance alignment of businesses and nonprofits that want to help fight the crisis. There also need to be better mechanisms to reduce “clumping” (many organizations rushing to meet the same need) and “gapping” (no one providing service to a given geography or need, because everyone assumes someone else is doing it).

(3) Turning Point: Gov. Newsom Announces Start of Plans to Reopen on April 13/Stage: Transition to Reopening

By the first week of April, the economic contraction had reached levels not seen since the Great Depression.^{xxxii} Despite the lack of a vaccine and continuing public health risks, many small businesses and low-income workers were running out of cash reserves. The PPP program and enhanced unemployment benefits helped to stem the fallout, and commercial activity bottomed out around the second week of April. From this point on, jobs and business activity began to slowly tick upward, but not nearly at the rate experienced before March. Nevertheless, this “swoosh” type recovery of the over-all economy was very heartening compared to preliminary fears of an extended “U” type down-turn.^{xxxiii}

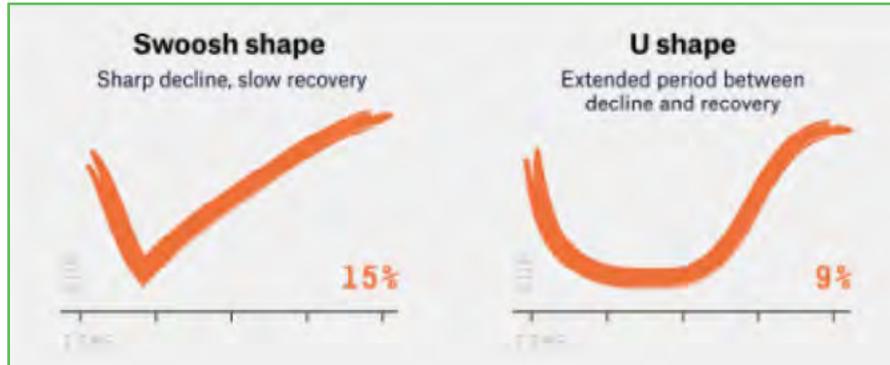


Figure 17: Swoosh economic recovery compared to U-shape recovery ^{xxxii}

However, the differentials between different industry sectors was becoming increasingly apparent. Airlines, entertainment, restaurants, and other travel and hospitality industries would take much longer to return.^{xxxiii} Also, because of the ban on elective procedures, and the perception of nursing homes as very dangerous for contracting COVID-19, hospitals and the health care sector were also significantly damaged economically.^{xxxiv} Another contributing factor to the general downturn in economic productivity was the decision to close the schools and shut down day care centers. The cascade effect of this decision was that many parents had no choice but to stay home to take care of their children.^{xxxv}

Research as a key problem-solving function: Research was hugely important at this stage to inform key stakeholders. LAEDC monitored sectors, occupations, demographics, and projections. It was very important to understand and interpret the numbers. The unemployment high point in LA County reached 21.1 percent in May.^{xxxvi} By making economic data available on a regular basis, this helped policymakers understand sales tax, parking tax, tourism tax implications, and helped identify and allocate attention to different sectors. “We found that data that was a month old, was a month out of date,” one senior leader said. “If you need to identify and solve problems in real time, you need better monitoring and feedback systems.”

Initial goal was reopening: Recovery work during this period still primarily focused on re-opening, not reinvention or adaptation or re-shoring because the hope was that the closures were temporary, and that business would be able to resume swiftly without systemic changes.

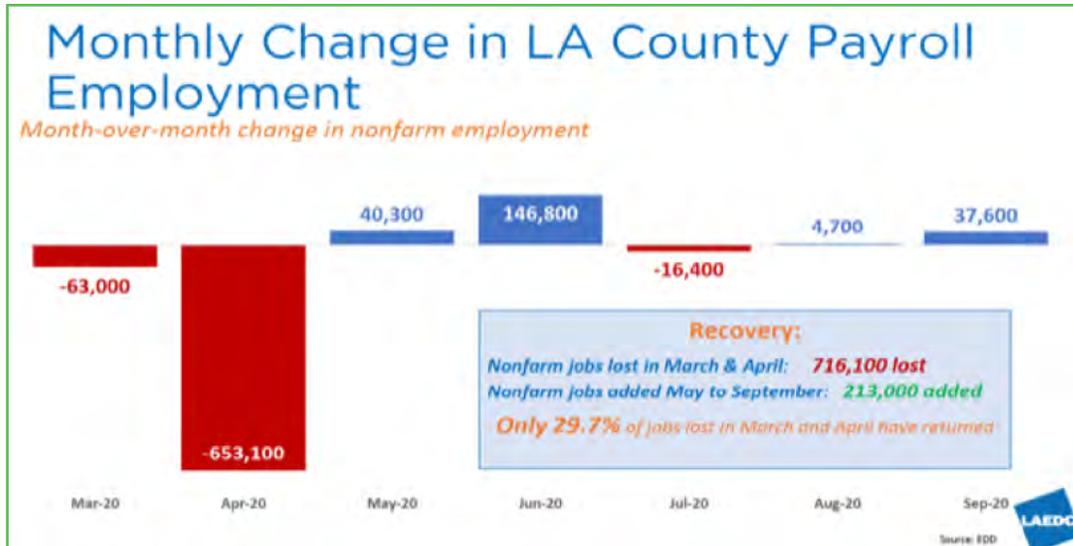


Figure 18: LAEDC Monthly Change in LA County Payroll Employment

The result was that the period from April to the end of May was marked by glimmers of hope. However widespread recognition and resignation that the recovery process was going to take significantly longer than hoped for grew throughout this period. On April 13, there were 990 new daily cases, by May 29, there were over 2,000 daily cases.^{xxxvii} Despite universal desire to reopen the city, county and region, the public health situation was not improving, and concerns about flare-ups and the spread of the contagion required that the closures continue.

Key Issues:

- Enormous pressure to reopen, despite the lack of a vaccine, continuing spread of the virus, and continuing public health challenges
- Definition of essential vs. non-essential businesses and workers
- How to discern between temporary closures and permanent changes to the economy?
- Emergency funds are for 2.5 months, but harm to the economy may last longer (concern about temporarily re-hiring and then having to lay-off people again)
- Changed consumer, customer, supply chain, and employee patterns may convert temporary disruptions to permanent disruptions
- Need to avoid start-stop disruptiveness
- What are the best ways to rebuild public trust in social interaction?

Lessons Learned:

- Need to understand what “stabilization” really entails. Without real stabilization, the economy cannot find its footing. The start-stop dynamic of having to respond to future waves of the disease undermines the capability of businesses to invest, plan, schedule, and manage employees and inventory. Stabilization does not entail finding a cure per se, but it does require the development of processes, procedures, and evaluation tools that enable individuals, small businesses, organizations, sectors, and communities to manage and evaluate ongoing risks. In the words of one stakeholder, it means “demystifying what the virus can do and what individuals need to do to cope with it as they lead their normal lives.”
- Importance of masks, social distancing, and demonstrating care for others safety is important, not just for public health reasons, but for creating processes that help society navigate the challenges of reopening
- Even when there is positive over-all economic progress, policy makers and key stakeholders need to understand there may be “K” effects. The disaster can produce some positive economic impacts (e.g. spike in demand for hand sanitizers, video conference tools, etc.) while masking serious losses in other industries (e.g. restaurants, hospitality, entertainment, etc.) Need to understand differential industry, demographic, and geographic impacts and drill down underneath the surface of over-all trend lines.

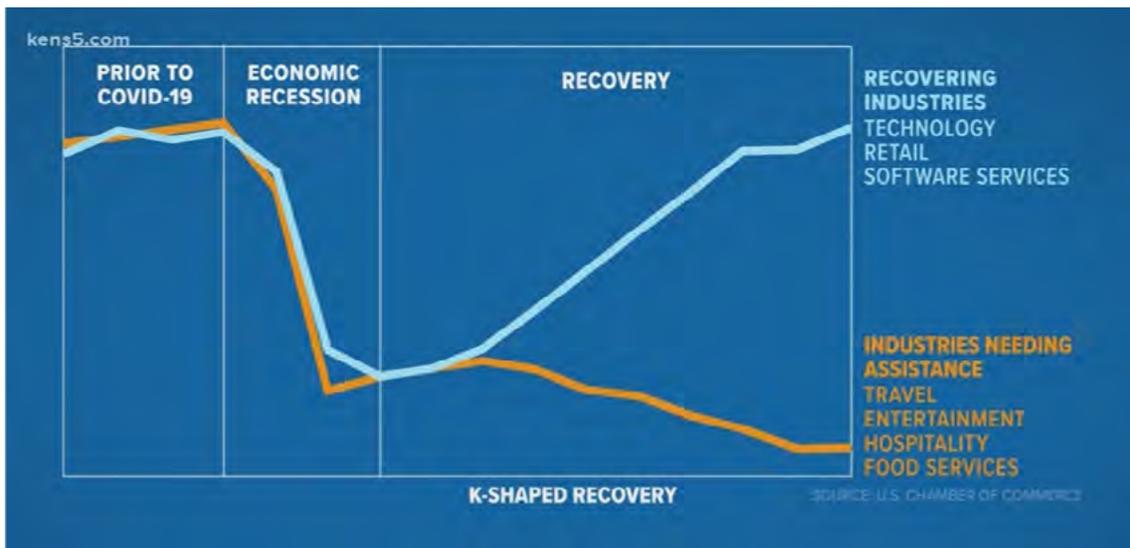


Figure 19: K-Shaped economic recovery^{xxxviii}

(4) Turning Point: George Floyd is killed by police officer in Minneapolis on May 25/Stage: Compound Crisis Management

On May 25, George Floyd was arrested for allegedly passing a counterfeit bill to a store clerk in Minneapolis. He was pinned down to the ground, with police officer Derek Chauvin's knee on his neck for more than 8 minutes, until he lost consciousness and died. This sparked nationwide outrage at continuing police brutality, including in Los Angeles. Condemnation of the injustice was universal and widespread.^{xxxix} The city and county and many private and nonprofit stakeholders mobilized to address the issues – always with the pandemic looming over the response in the background.

Los Angeles police chief Michel Moore said that the COVID-19 pandemic helped drive gun violence and increase killings “by spurring economic despair and interpersonal dramas while undercutting efforts to interrupt cycles of retaliation.”^{xi}

Still another layer of complexity was added with the start of the state's fire season in May. To date, almost 8,000 fires have broken out across the state, including the Apple, El Dorado and Bobcat fires that have burned over 85,000 acres in Los Angeles and Riverside. Climate change precipitated record heat in August, and air pollution skyrocketed.^{xi} One of the ongoing concerns of many economic responders had been the disparity in access to economic support tools throughout the region. From the beginning of the crisis, many economic responders had been concerned about disparate impacts on minority groups. In this regard, the George Floyd killing amplified and sharpened pre-existing efforts to strengthen outreach to these groups.

In another way, the compound crises of the summer also reinforced a growing sense of the need for enhanced coordination, communication, and collaboration between economic responders amongst themselves, and with key stakeholders across the disaster response spectrum. In past disasters, because of the size of the city and county, there was often compartmentalization and siloes. This has been an ongoing concern of Los Angeles County emergency managers from a crisis management standpoint, and it has increasingly become more important from an economic recovery management standpoint.



Figure 20: Maria S. Salinas at a press conference at the LA Area Chamber on Seismic Resiliency. Also at the press event was Fiona Ma, California State Treasurer, LAEDC, BizFed, California Earthquake Authority, Optimum Seismic, the City of LA, and U.S. Resiliency Council. An example of planning for compound crises.

The key factors driving this push include:

- The need to leverage existing resources. During an economic shock existing resources need to be stretched as much as possible. Particularly in the crisis phase, small business funds were over-subscribed, and technical assistance providers were overwhelmed.
- The need to provide coverage. With a pandemic, the needs are universal. A zone approach to grant-making, technical assistance, and troubleshooting is more efficient, but this pre-supposes that service providers know about each other's coverage area.
- Coordination of messaging and services. Business and nonprofit service providers may not know about impending city or county initiatives and undertake to fill perceived gaps that are scheduled to be taken up by local officials.
- Better mechanisms to troubleshoot challenges. A non-judgmental forum where economic recovery providers can share challenges and identify potential solutions would be very helpful.

In response, a number of economic recovery leaders, including the city and County of Los Angeles, LAEDC, the LA Chamber, LISC, Wells Fargo Foundation, the Dr. Lucy Jones Center for Science and Society, and others, created a Long-Term Recovery Group dialogue to share information and compare notes on a bi-weekly basis.

During this period, California continued reopening and on June 12, higher risk businesses such as movie theaters and gyms opened. Unfortunately, cases in Southern California rose exponentially after this happened. The result has been a “stop and start” quality to reopening to date, due to the complex dynamics of a disease for which there is no cure, combined with changed patterns in social and economic interactions. All of the counties in Southern California have reverted at least once since June 12 to more closures.

Key Issues:

- Social justice, equal protection under the law
- Did isolation, social distancing and psychological effects related to these practices exacerbate tensions?
- Ability of disaster responders to handle multiple crises

Lessons Learned:

- Have to ensure broad engagement across the wide-ranging geographic and demographic diversity of Los Angeles
- Disaster responders have to acknowledge and engage with equity and justice issues
- Community sustainability and resilience depend on the capacity of key stakeholders to be able to manage multiple complex issues simultaneously
- Past inequities in community development can metastasize and fester and need to be addressed on an ongoing basis

III. Review and Analysis

Because this initial report is being produced during the ongoing pandemic, perspectives on the current response system and the development of future disaster response systems are highly likely to change. The purpose of this section of the report is simply to provide an opportunity for community disaster response leaders to capture some of their initial assessments before they blur from too much time elapsed.

For future disaster response leaders reading this report, several key themes emerged repeatedly among a wide range of stakeholders that in some cases may seem contradictory. These included:

- The importance of previous experience with pandemics was invaluable, but do not rely on previous pandemics to shape the response for each new one that occurs because the intrinsic qualities of virality, lethality, and novelty/ uniqueness may be different.
- The importance of coordinating between local, state, and federal authorities is vital, but it should not be done in such a way that hampers local judgment of conditions.
- The importance of coherent, frequent messaging and communication needs to be balanced by awareness and caution regarding missing or incomplete information, changing fact patterns, and making sure diverse perspectives are included.

Taking Stock of the Situation Now: COVID-19 and the concurrent wildfire and equity disasters has accelerated the development of an emergent new framework for disaster preparedness and resiliency.

In previous, smaller incidents, the stages of disaster response are clearly phased:

1. Incident occurs.
2. Federal Emergency Management Agency (FEMA), California Governor's Office of Emergency Services (CALOES), Governor's Office, SBA, locally impacted emergency responders are activated.
3. Incident ends.
4. SBDC, chambers, trade organizations, small business associations are activated to help businesses/community revert to normalcy.

In the new normal:

1. Multiple incidents happen at the same time or are staggered over a single period.
 - COVID-19 and George Floyd civil protests
 - Wildfire season and power shutoffs, etc.
2. Response and recovery are occurring at the same time in different neighborhoods and communities.
3. Response and recovery start and stop intermittently because of new challenges or the return of old challenges in different forms (e.g. mutating viruses).
4. Communities become interconnected in ways that are not easily visible or understood. E.g. a fire occurs in one city and the businesses in another, distant community are negatively impacted because the workforce for that community lives in the fire impacted area and are therefore unable to work. Or a business district like Santa Cruz is crushed because LA tourists are sheltering in place. With a pandemic like COVID-19, this becomes national in scale. Global supply chains are impacted. National business and workforce are impacted.

The traditional approach to emergency management is that the local community leads on emergency resource needs assessment. The city informs the county, the county informs the state, and finally the state informs the federal government and action is taken. In a mega region, or clustered networks of cities- such as Los Angeles, or multi-incident event, this process becomes complicated. In the new normal, determining who makes the call on what resources are needed when multiple cities/communities are impacted should be addressed much more clearly.

In the existing system, disasters have been seen as aberrations. Community leaders focused on the important challenges that come from normal operating conditions. When a disaster would happen, they would react, and the response would follow a sequence. Economic and social impact responders would wait until the crisis management phase was over.

In the crisis management phase, emergency managers convened liaisons from all of the emergency support functions to assure close coordination and collaboration between critical infrastructures, emergency responders, and public officials, but this did not translate to integration between local, state, or national responders, nor did it truly integrate private and nonprofit actors. There was an understanding that the different functions were interdependent, but they were not truly connected or leveraged (at least from the private and nonprofit perspectives). Because of lack of bandwidth and other reasons, there was a tendency for disaster managers to take a reactive response to community needs as well. Systems worked well for those small businesses and organizations that came forward to ask for help.

Clearly, the existing system has multiple shortcomings. Prior to COVID-19, disaster costs escalated over the past four decades nationwide.^{xliii} It is well-established that investing \$1 in resilience can save \$6 in disaster response costs^{xliv} and a proactive approach to resilience on an ongoing basis would be more cost-effective than the current piecemeal approach. In the old model, public sector command and control functions were more than adequate for managing individual events. Private and nonprofit stakeholders did not want to be involved in disaster response and “would rather let the pros do it.”

Because of the nature of COVID-19 and the ongoing escalation in disaster costs, these non-governmental stakeholders increasingly feel they have no choice but to get involved as a way to reduce their own enterprise risks. In turn, public sector leaders are welcoming these allies because it enhances coverage and adds capabilities and competencies to the response effort. However, the new model requires enhanced communication and coordination and an understanding of different cultures and mind-sets.

“I have to keep reminding myself, I can’t tell these folks what to do, I have to ask them. They are like volunteers and we don’t know how much we can rely on them,” as one official put it.

“We want to support and help the government do its job, but we have to remember they have to deal with bureaucracies and requirements that we don’t have, and that can be frustrating sometimes.”

Figure 21 helps to summarize the differences between the current system and the emergent system that is developing.

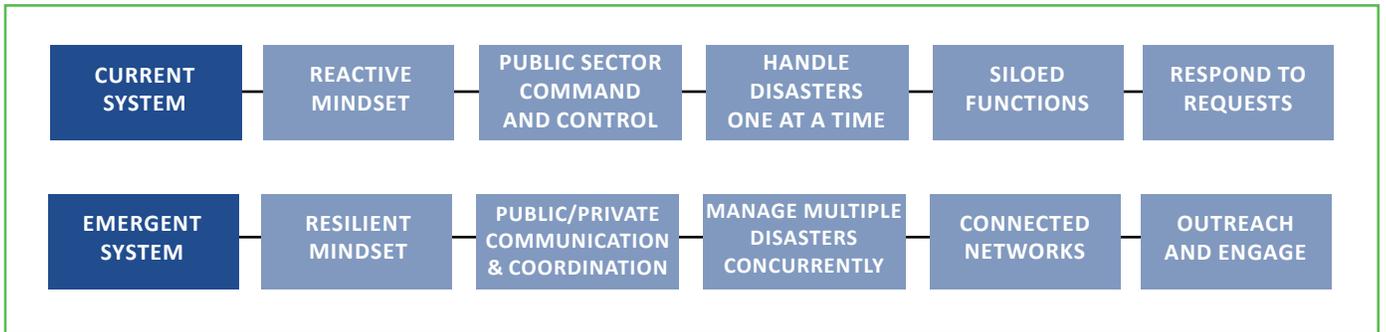


Figure 21: Emergent system in disaster response/resilience cycle

Many stakeholders, both public and private cited the multiple disasters affecting the region as changing their thinking about how to approach disaster response.

“We have some people and communities that never properly healed from problems dating back to Rodney King in the 90s, and maybe not even before that, maybe going all the way back to the 60s.”

“We have to understand how not dealing with recovery issues from before added fuel to the challenges we face today. We have to put just as much emphasis on getting the recovery phase right as we do on emergency response, otherwise it’s like when the soldiers say when they win the war but lose the peace.”

One of the biggest challenges is overcoming the culture of isolation.

“You have to bear in mind that Los Angeles is huge and getting around can be a pain. People don’t want to come downtown from East of Glendale.”

“Getting stuck in traffic is no fun.”

“Everyone has their fiefdom and there are a lot of turf issues.”

In this regard, the pandemic has been helpful in changing mind-sets.

“Our ability to have a bird’s eye view and compare notes has been eye-opening.”

“Sometimes we have to go our own way, we have to be accountable to our funders, but it is great to have a feeling that there are others on the same team, working on the same goals that we are.”

Another aspect that has troubled many responders about the old system was that it seemed to leave out a lot of people.

“‘First come, first serve’ may not be the best way to think about serving small businesses, particularly if we want to be sure to reach at-risk communities that need their local businesses to stay in business to avoid having food deserts or service deserts.”

“The way it works now is that we are overloaded with the people coming to us. We don’t have time to go out to the street, but we need to do it, particularly for micro-enterprises.”

“I know this is the era of COVID, and social distancing and all that, but you can’t assume everyone has broadband or internet access. I don’t see any way around it, but we need to be able to go out to the street and see people where they are.”

“We can’t just sit back and wait for people to come to us; we have to lean in and go to them.”

Taking this beyond Los Angeles, this emergent system also involves creating a new, statewide regional program. The program would include economic resiliency officers and teams designated for each major region at the state-level to help coordinate business recovery efforts and interplay between local stakeholders and federal partners.

State and federal officials should work together to fund this new regional effort that involves establishing regional business resiliency centers across the U.S. For example, a disaster specific SBDC, or a system of Business Resilience Centers (BRCs) and Community Resilience Centers (CRCs). These regional hubs should be connected nationally so that when a city on the east coast experiences the first wave of a pandemic virus, those key lessons on how to mitigate the issue are quickly conveyed to other regions across the country.

Taking stock as 2020 draws to a close, unemployment and business closures are not as bad as the original March and April projections, but the reopening is not as far along as expected either. At the end of July, the unemployment rate in Los Angeles County was 18.5 percent.^{xlv} By August, 60 percent of the business closures were considered permanent (see Figure 22).^{xlvi}

IV. Next Steps for the Disaster Response

To combat these issues, a number of workstreams have been identified. These include:

Continuing Financial Assistance: LISC LA, and the city and County of Los Angeles established a \$100 million fund to create a much-needed new wave of relief and recovery tools for small businesses, nonprofits providing essential services, immigrant-owned enterprises and the most vulnerable Angelenos impacted by COVID-19.^{xlvii} Due to the nature of the pandemic, this financial assistance package has been designed to help finance continuing business operations at least through the end of 2020 and the beginning of 2021. The initial strategy has been to deploy proven models and tools at a large enough scale to provide coverage across the region.

Other elements of this program include promoting financial literacy and working with the unbanked to help them gain access to more financial tools.

Technical Assistance: SBDCs like Bixel Exchange, CDFIs, chambers of commerce, government agencies, economic development organizations and a wide range of other economic recovery stakeholders will continue to provide important technical assistance to founders, entrepreneurs, start-ups, and existing businesses.

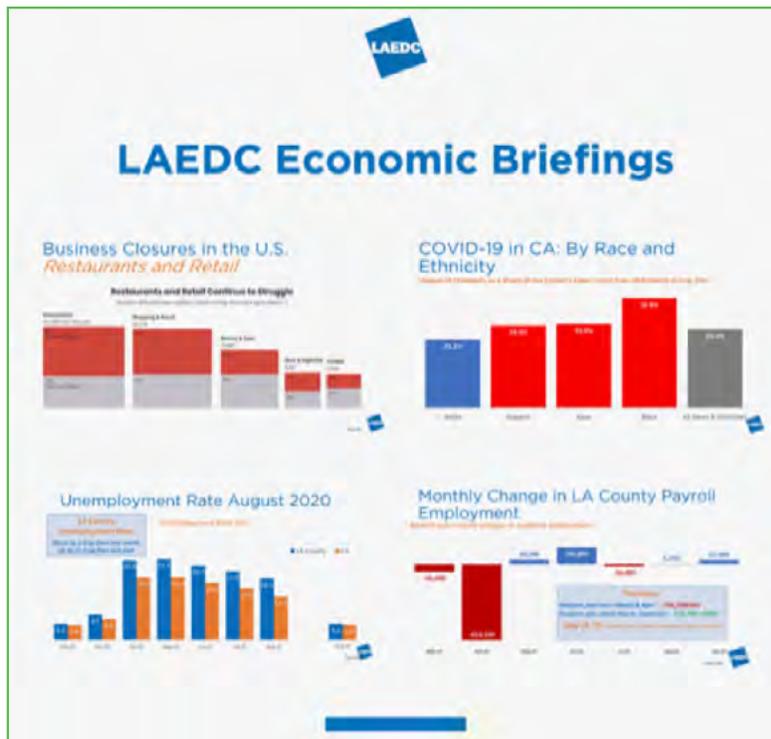


Figure 22: LAEDC August Economic Briefing



Figure 23: Screenshot of a LISC LA Webinar on the LA COVID-19 Regional Recovery Fund

To date, this technical assistance has focused on small businesses established before the pandemic, targeted at helping them to hunker down and stay in operations until re-opening. For example, in the restaurant industry, some restaurants are waiting for on-site dining to come back fully in order for them to get back to normal operating conditions. Others are pivoting to carry-out, delivery, catering, and other strategies.

As more closures become permanent, several economic recovery stakeholders say that they anticipate having to help more entrepreneurs consider new business models, innovations, and start-ups.

Technical assistance activities include:

- Health and safety protocols and procedures
- Financing
- Employee Benefits and HR Issues
- Psychology, Mental Health and Emotional Counseling
- Supply Chain management
- Regulatory Issues
- Tax Issues
- Marketing
- Industry-Sector Specific Issues
- Operations
- Risk Management
- Technology Acquisition, Incorporation, Upgrades

Shared Services: Micro-enterprises may not have the bandwidth to fill out multiple applications, the cash flow to buy certain kinds of insurance, or the access to certain kinds of legal or accounting services. Share services can help support these micro-enterprises. By bundling these services, stakeholders are able to bring the costs down for each individual business.

Legal Assistance and Protection: Housing is a critical issue. While foreclosures and evictions have been postponed multiple times, legal and arbitration challenges have been steadily rising. Organizations like the Legal Aid Foundation of Los Angeles are working on the following subject categories (each category is hyperlinked to additional information):

- Eviction Defense / Housing
- Tenant Protections - Frequently Asked Questions (organized by area /city)
- Commercial Tenants
- Employment
- Government Benefits
- Stimulus Payments
- Domestic Violence
- Immigration
- Student Loans
- College Students (Suspended Classes, Closing Schools)
- Consumer Rights

For the city and county, the economic recovery has to include protecting employees and consumers from bad business management decisions such as arbitrary layoffs, hoarding, evictions, and unsafe practices. This includes developing a “Safer at Home” campaign to encourage people to continue to work from home and not congregate in large crowds.

Planning and Coordination: The public has realized that hundreds of thousands of people are not going back to their pre-COVID lives. There is a need for industry sector convenings and the development of intermediate/longer-term recovery for manufacturing, retail, and restaurants.

Workforce Development and Training: Community college adjustments will be required for re-training. One of the key challenges will be to drive awareness of workforce development and training opportunities deeper into under-served neighborhoods and communities, and create mechanisms and partnerships with community groups to help equip and empower more people to pursue skills training and education.

Research and Data Gathering: This is a foundational work-stream for troubleshooting, monitoring and evaluation purposes. This includes monitoring unemployment, transit, transportation, location quotients, business start-ups, business closures, service and food deserts, and industry-specific issues. A second category of information is market intelligence – helping businesses in the area to identify trends and issues that may help them develop their business. In addition to capturing analytical data, it is important to include storytelling and case studies.

Outreach: For many years, organizations like the Red Cross and libraries across the country have developed mobile outreach units to bring their services to residents in underserved communities. Similarly, the Los Angeles Chamber proposes to develop a mobile unit capability to deploy technical assistance and capacity building providers around the region. Instead of a “bloodmobile” or a “bookmobile,” the self-styled “bizmobiles” will set up in parking lots and neighborhood centers to provide counseling and raise awareness about helpful programs. Others have talked about the need for Community Ambassadors and mechanisms to reach non-English speakers. Stakeholders flagged this as vital.

“The Spanish-speaking community is significantly under-represented in the PPP and other small business programs – they constitute about 50 percent of the businesses at risk, but only 17 percent of the applicants – we need to address some very complicated issues because these businesses are a very important part of our economy.”

“Getting to the smallest and most vulnerable businesses that are not in Dun & Bradstreet is vital; a lot of them don’t have internet access. LAEDC started mailing postcards to get calls and other methods. Is there a way to register them with the City of LA, some other data to be able to reach them? We need to bridge the digital divide.”



Figure 24: LA Chamber Team

Development of Los Angeles Area Recovery and Resilience Collaborative and Coordination Center: A core group of public and private economic recovery stakeholders began to come together unofficially early in the pandemic response process to coordinate and communicate, with a desire to continue to build on this cooperative public-private partnership model. The concept is that each organization retains their own autonomy and scope of work, but they agree to coordinate to achieve goals. Figure 25 illustrates how these stakeholders seek to work together to help provide technical assistance for minority, migrant and underserved businesses operating in low and moderate-income neighborhoods and communities in the Los Angeles area.

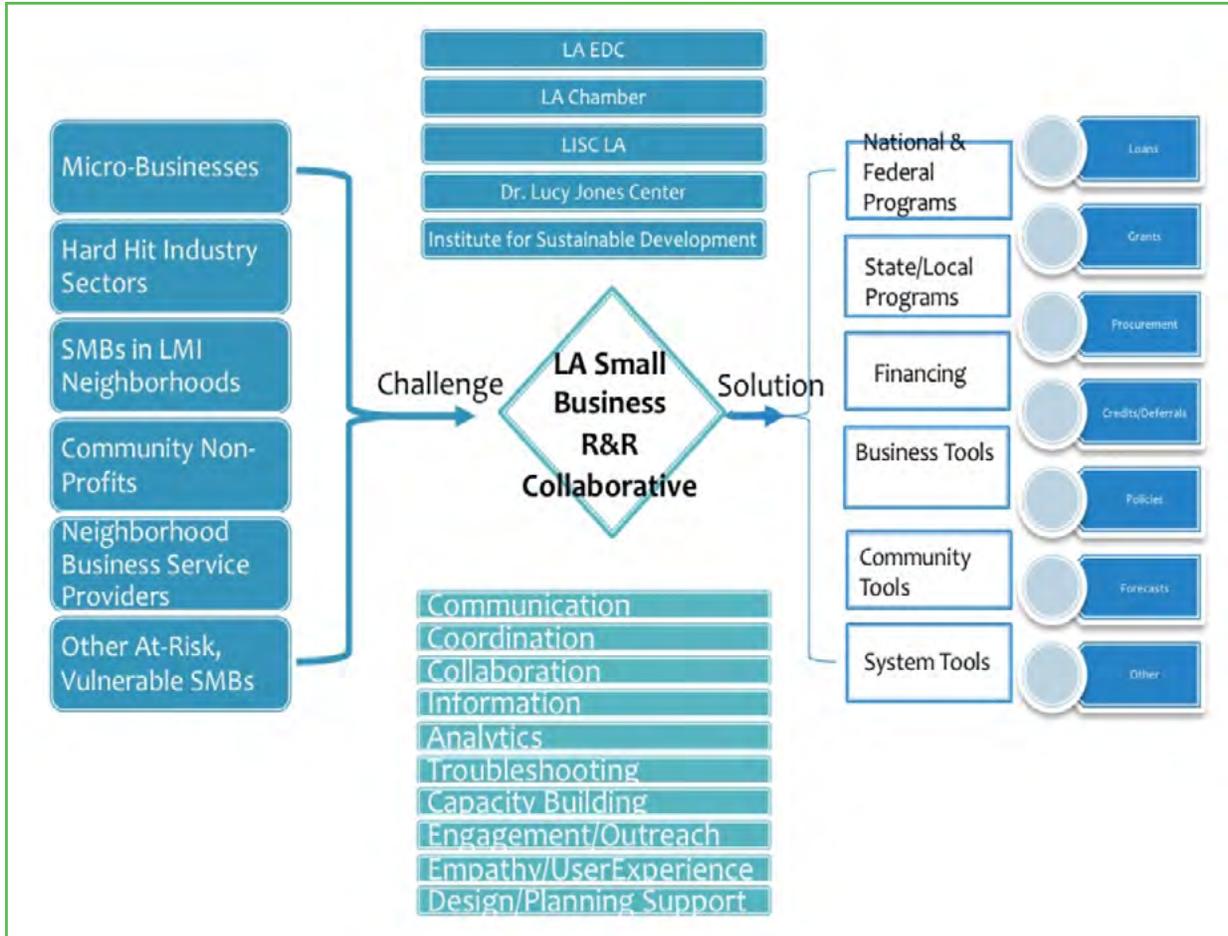


Figure 25: Model for Small Business R&R Collaborative

The idea is to strengthen outreach to small businesses that either did not access existing recovery support systems, entered these systems, but became discouraged, or are currently in the system, but frustrated with the process. Simultaneously, the group plans to heighten real-time information collection to pinpoint hard hit neighborhoods and business sectors in order to mobilize more effective support to them, and to coordinate so that they are able to provide more coverage to more areas in the community.

There are multiple visions and benefits associated with this initiative.

“We need to centralize public and private resources to strengthen communication, coordination, and collaboration. Creating a recovery hub will help 70 percent of the businesses be able to identify the right service providers for their needs.”

One way to look at it is as a counterpart to the Emergency Operations Centers that the city and county have developed (the LA City EOC is pictured in Figure 26). This entity does not have to have a physical location to begin with, but it would represent a concerted effort by key economic recovery stakeholders to work together. Instead of supporting emergency support functions like Mass Care, Fire, EMTs, police, search and rescue that the EOC coordinates, a Resilience Hub would focus on the recovery and resilience support functions as illustrated in Figure 27.



Figure 26: City of Los Angeles Emergency Operations Center^{xix}

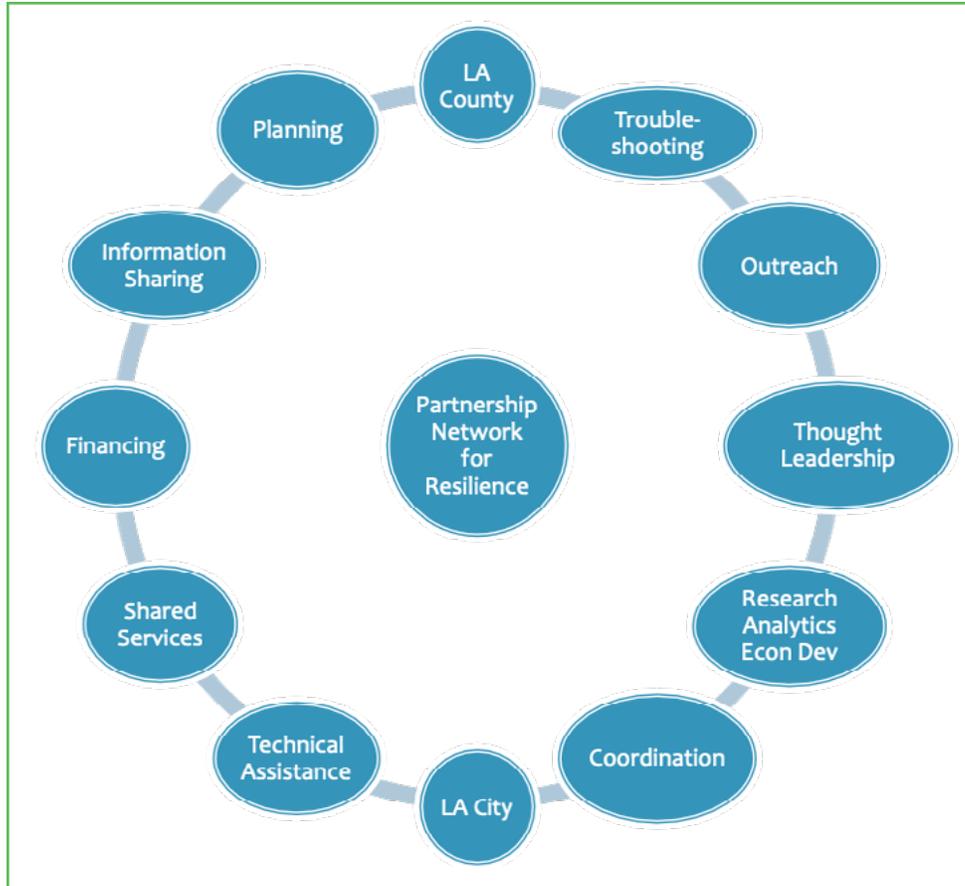


Figure 27: Partnership network for resilience, otherwise known as resilience hub

Different organizations would contribute their skillsets and the network would increase the overall effectiveness of each individual partner, by helping them to understand and leverage what other partners are doing.

This undertaking is a natural extension and implementation tool of the emerging model discussed above.

The desired results include the following:

- Enhanced effectiveness of existing programs
- Better coverage of minority, immigrant, and underserved communities and businesses so that they feel better served and more included in existing programs
- Cost-savings and enhanced efficiency
- Better communication, coordination, and collaboration
- Better troubleshooting of challenges and problems that emerge
- More real-time information and enhanced decision-making support
- A reduction or mitigation of the social and economic impacts of COVID-19
- An acceleration in recovery and development of a new “normal” for the region

At this point economic recovery stakeholders are prepared for a long road.

“This is not over – we knew first efforts weren’t going to be the end – you need to be prepared for this to go on for longer than you would like, but we’re here to stay.”

V. Resilience Agenda for the Future (to be fleshed out in the Together for LA Second Report)

Recommendations for recovery and resilience providers include the following:

- Continue to strengthen trust-building, information sharing, communication, coordination, and division of labor among Los Angeles area economic recovery and resilience providers.
- Be intentional about targeted outreach, engagement, and trust-building with and for un-banked, un-served discouraged and frustrated BIPOC businesses operating in LMI neighborhoods and communities in the region
- Small business recovery and resilience service providers need to be sensitive about the user experience in working with them. Tools that simplify and reduce frustration with the process like transparent process communications and the development of a common application that can be used by multiple organizations would be very helpful.
- Capacity-building needs to take place at multiple levels, including working with “grass-tops” organizations working with minority business associations, Business Improvement Districts, and other neighborhood business groups.
- Increase information sharing between and among public and private stakeholders regarding planning, capacity building, funding, and technical assistance challenges and opportunities.
- Continue to embed innovation and continuous learning to improve future resilience and recovery.
- Increase opportunities to develop capital assets and venture capital for minority, Black, and women-owned enterprises and for Latinx businesses – not just in terms of helping entrepreneurs and start-ups, but also helping small businesses to scale.
- Increase capacity to support recovery and resilience geographically and in terms of place-based investment.
- Develop more real-time data capture and analytics capabilities to identify service deserts, track disequilibriums in business access to recovery and resilience services and assist entrepreneurs and minority small businesses to identify potential opportunities for enhanced provision of services in LMI neighborhoods.
- The region’s small business support system needs capacity building, combined with a vision for resilience, innovation, and sustainability that inspires people and empowers them by providing support services that enable them to reach their potential.

Acknowledgements

This *Together for LA: First Report on LA's COVID-19 Small Business Response* is being produced in the midst of the pandemic with rapidly changing conditions and many complicating factors. No doubt some of the insights and recommendations will be overtaken by events. However, because the COVID-19 pandemic is the largest, longest-lasting disaster crisis of modern times, there are many issues that need to be captured before memory fades, so that if there is a future disaster, future economic recovery and resilience decision-makers have a record of these experiences and may glean useful insights for coping with challenges that may arise.

This report is the product of a wide range of stakeholders including a number of diverse small business owners who shared their experiences, insights, and time freely. In order to assure candor and not prejudice any ongoing applications, interviews were conducted under the Chatham House Rule allowing for the sharing of information, but identity and affiliation have been protected other than in the most general terms, unless specifically permitted.

Many thanks are due to Wells Fargo Foundation for their generous support for this report and their ongoing commitment to assist the small business relief and recovery process.

The research team is also very grateful to the leaders of the City and County of Los Angeles and their incredibly dedicated employees who worked tirelessly under exceptional circumstances: Rafael Carbajal, Joe Nichitta and Azusena Favela (County of Los Angeles), Carolyn Hull (City of Los Angeles; and many of their colleagues. Kevin McGowan, Leslie Luke, and Bennett Cummings at the Los Angeles County Office of Emergency Management were also helpful in providing insights about how the County viewed the role of public-private partnerships and the disaster response process in preliminary conversations in 2019 that helped to inform important sections of this report. In a similar manner, thanks are also due Abby Browning at the California Office of Emergency Services and other state representatives and Michael Cummings, Private Sector Liaison for FEMA Region IX, for providing similar state and federal context.

The able and committed members of Los Angeles' business, economic, and non-profit organizations have provided exceptional leadership and contributed many valuable insights for this report as thought partners and collaborators. These include: Maria S. Salinas, Andrea Nunn, Jesse Torres, Elianne Rodriguez, Kat Yalung, at the Los Angeles Area Chamber of Commerce and their teams; Bill Allen, Lawren Markle, Stephen Cheung, and their colleagues at Los Angeles Economic Development Corporation (LAEDC); Tunua Thrash-NTuk, Miranda Rodriguez, and others at LISC LA; Dr. Lucy Jones and John Bwarie and their team at the Dr. Lucy Jones Center for Science and Society.

For the Institute for Sustainable Development, Stephen Jordan led the project as principal writer and editor. Christine Guinessey managed the research team which included Becky Chung, Flor Rizo, Aaron Chung and Patrizia Pelingon. Gil Gonzales, Bill Morley, and Lynn Knight provided additional insights and technical expertise. Shelly Edenhart provided graphic design.

This report is dedicated to the small businesses of Los Angeles.

Timeline of Events

STAGE 1 Pre-Crisis

- Dec 31** The World Health organization says a mysterious pneumonia is sickening dozens in Wuhan, China
- Jan 11** China reports its first death from coronavirus, a 61-year-old man in Wuhan
- Jan 28** First patient with COVID-19 in CA flies through LAX; is hospitalized
- Jan 30** The World Health Organization declares a "public health emergency of international concern" for only the sixth time in its history
- Jan 31** U.S. Health and Human Services secretary Alex Azar declares a national public health emergency.
- Feb 2** U.S. implements mandatory 14-day quarantine for all American travelers from China.
- Feb 5** The Diamond Princess cruise ship anchors off the coast of Yokohama, Japan. Nearly 200 American citizens evacuated from Wuhan, China arrive at Travis Air Force Base for a two-week quarantine.
- Feb 6** A 57-year-old woman in Santa Clara County dies. It is not until April 22 that her cause of death is revealed as coronavirus, making her the first death in the United States.
- Feb 11** The Grand Princess cruise ship departs San Francisco for a 10-day cruise to Mexico. Multiple passengers from this cruise will later test positive for coronavirus. The World Health Organization formally renames the novel coronavirus COVID-19. "Co" stands for coronavirus, "Vi" is for virus and "D" is for disease.
- Feb 21** The Grand Princess cruise ship returns from a 10-day cruise to Mexico. It departs the same day for a 14-day cruise to Hawaii. Some passengers stay on the ship for the second cruise. Multiple people from both voyages will later test positive for coronavirus.
- Mar 4** Governor Gavin Newsom declares a state of emergency in California. The first coronavirus death in California is announced.

Timeline of Events

STAGE 2 Crisis Response

- Mar 11** The World Health Organization declares coronavirus a pandemic, meaning the disease is having a global impact.
- Mar 13** The COVID-19 LA County Respond Fund is launched.
- Mar 15** Gov. Newsom orders all bars, nightclubs, wineries, and brewpubs to close, tells adults age 65 and over and those with chronic health conditions to stay home, allows restaurants to stay open but to reduce capacity so customers are socially distanced.
- Mar 16** The Pasadena Community Foundation (PCF) COVID-19 Response Fund is launched.
- Mar 18** The Long Beach Coronavirus Fund is launched.
- Mar 19** Gov. Newsom announces a statewide order to shelter at home, affecting 40 million Californians. The order restricts all non-essential travel and activities outside the home.
- Mar 25** Gov. Newsom announces financial help for Californians, including a 90-day waiver of mortgage payments by Wells Fargo, U.S. Bank, Citigroup, JPMorgan Chase, and roughly 200 smaller banks and credit unions. Bank of America agrees to a 30-day waiver.
- Mar 27** The \$2.2 Trillion Coronavirus Aid, Relief and Economic Security (CARES) Act signed into law. Gov. Newsom issues a statewide moratorium on the eviction of renters.
- Apr 1** Gov. Newsom officially announced that public schools will be closed for the rest of the academic year.
- Apr 4** Gov. Newsom announces the creation of a Coronavirus Task Force in partnership with UC Davis and UC San Diego to improve the state's testing capacity.
- Apr 8** The \$500K Employer Assistance Fund is launched.
- Apr 9** In California, more unemployment claims have been processed in the last month than in all of 2019
- Apr 10** Los Angeles requires both workers and customers at essential businesses to wear masks. Businesses can refuse service to customers who do not have a face covering.

Timeline of Events

STAGE 3 Transition to New Conditions

- Apr 13** Gov. Newsom announces that a gradual plan to lift shelter in place orders in California will be revealed tomorrow, in a coordinated effort with the governors of Oregon and Washington state.
- Apr 14** A public-private partnership is launched between Los Angeles County and partners Goldman Sachs, Wells Fargo Foundation, Citi Bank, and Union Bank. Together, the investment totaled \$28.125 million dollars that went toward fully forgivable bridge loans.
- Apr 15** Gov. Newsom announces new initiatives to help unemployed Californians, including \$125 million in assistance for undocumented immigrants. Newsom also signed an executive order creating the Pandemic Unemployment Assistance (PUA) program.
- Apr 17** Gov. Newsom announces the creation of the Governor's Task Force on Business and Jobs Recovery. Members include four former governors as well as 80 business leaders.
- Apr 24** The Congressional District 12 (CD12) Small Business Relief Fund is launched.
- Apr 28** Gov. Newsom lays out a four-stage plan of lifting restrictions in California and reopening business.
- May 4** Gov. Newsom announces California will begin Phase 2 of lifting its shelter in place by May 8.
- May 12** California State University announces almost all classes will be held remotely in the fall. California has conducted more than 1 million coronavirus tests with 69,382 coming back positive.

Timeline of Events

Stage 4 The Crisis Compounds: The Killing of George Floyd

- May 25** George Floyd is killed in Minneapolis. California allows churches to reopen and all stores to reopen for in-person shopping (with restrictions). 11 counties out of 58 in California have not filed paperwork with the state to move deeper into phase 2
- May 26** Gov. Newsom announces California is moving into stage three which allows hair salons/barbershops to reopen. 47 counties are allowed to move into phase three. Trading floor of New York Stock Exchange reopens for first time since March.
- May 29** Major protests break out over police brutality in reaction to the death of George Floyd in Minneapolis.
- Jun 12** Statewide, movie theaters, restaurants, wineries, bars, zoos, museums, gyms, hotels, campgrounds, are allowed to reopen.
- Jun 18** Gov. Newsom requires masks or face coverings to be worn in public statewide.
- Jun 23** Wells Fargo pledges \$9 million toward coronavirus relief efforts in LA County.
- Jun 26** The Pasadena COVID-19 Disaster Small Business Relief Fund is launched.
- Jun 29** Los Angeles County becomes first county in U.S. to report more than 100,000 diagnosed COVID-19 cases. All beaches in LA County will be closed for 4th of July weekend.
- Jul 6** The LA Regional COVID Fund is launched.
- Jul 13** Gov. Newsom announces new restrictions to curb spread of coronavirus. Statewide all bars close and indoor dining has to close
- Jul 17** The city of Los Angeles pledges an additional \$10 million to the LA Regional COVID-19 Recovery Program.
- Jul 22** With 413,576 cases California officially passes New York for the state with most cases in the U.S.
- Aug 18** Only 4,700 new cases reported in the state, California's lowest number since mid-June
- Sept 1** The County (\$60M) and city (\$40M) of Los Angeles pledge \$100 million to small business COVID-19 relief efforts
- Sept 21** The LA Arts COVID-19 Relief and Recovery Fund is launched.
- Sept 22** U.S. passes 200,000 COVID-19 deaths
- Oct 3** California passes 16,000 COVID-19 deaths
- Oct 25** California passes 900,000 total confirmed COVID-19 cases

Los Angeles Small Business COVID-19 Relief Funds

NAME OF FUND	LAUNCH DATE	TOTAL AMOUNT (\$) OFFERED	FOR MORE INFORMATION
<u>COVID-19 LA COUNTY RESPONSE FUND</u>	<u>March 13, 2020</u>	<u>\$73 million</u>	<u>Response Fund FAQs</u>
<u>PCF COVID-19 RESPONSE FUND</u>	<u>March 16, 2020</u>	> \$650,000	<u>Home Page and Donation Information</u>
<u>LONG BEACH CORONAVIRUS FUND</u>	March 18, 2020	<u>≥ \$1 million</u>	<u>Donation Information</u>
<u>\$500K EMPLOYER ASSISTANCE FUND</u>	April 8, 2020	\$500,000	<u>LA County Workforce Development</u>
<u>LA COUNTY PARTNERS</u>	April 14, 2020	\$28.125 million	<u>LA County Disaster Help Center</u>
<u>CD12 SMALL BUSINESS RELIEF FUND</u>	<u>April 24, 2020</u>	<u>\$1 million</u>	<u>Application Form</u>

Los Angeles Small Business COVID-19 Relief Funds

NAME OF FUND	LAUNCH DATE	TOTAL AMOUNT (\$) OFFERED	MORE INFORMATION
<u>KIVA ACCELERATOR FUND</u>	<u>April 28, 2020</u>	\$150,000	<u>Kiva Fund Home Page</u>
<u>WELLS FARGO PLEDGE</u>	June 23, 2020	\$9 million	<u>Wells Fargo Community Giving Page</u>
<u>PASADENA COVID-19 DISASTER SMALL BUSINESS RELIEF FUND</u>	June 26, 2020	<u>\$2 million</u>	<u>Home Page and Donation Information</u>
<u>LA REGIONAL COVID FUND</u>	July 6, 2020	<u>\$3.2 million</u>	<u>Regional Fund FAQs</u>
<u>LA CITY'S PLEDGE TO REGIONAL COVID FUND</u>	July 17, 2020	\$10 million	<u>Regional Fund FAQs</u>
<u>LA CITY'S AND COUNTY'S ADDITIONAL PLEDGE TO REGIONAL FUND</u>	September 2, 2020	\$100 million	<u>Regional Fund FAQs</u>

Los Angeles Small Business COVID-19 Relief Funds

NAME OF FUND	LAUNCH DATE	TOTAL AMOUNT (\$) OFFERED	MORE INFORMATION
<u>LA ARTS COVID-19 RELIEF AND RECOVERY FUND</u>	<u>September 21, 2020</u>	\$10 million	<u>Donation Information</u>



LOS ANGELES SMALL BUSINESS COVID-19 RESOURCES

OPEN FUNDS

- Congressional District 12 (CD12) Small Business Relief Fund - [Application Form](#)

GENERAL RESOURCES

- [Downtown LA Community](#)
- [Los Angeles Chamber of Commerce Foundation](#)
- [Small Business Development Center](#)
- [Small Business Finance Center](#)
- [Small Business Administration Los Angeles District Office](#)
- [LA County Disaster Help Center](#)
- [Los Angeles County Consumer & Business Affairs](#)
- [Los Angeles County Economic Development Association](#)
- [Los Angeles Area Chamber of Commerce](#)
- [LISC \(Local Initiatives Support Corporation\) LA](#)
- [Dr. Lucy Jones Center for Science and Society](#)
- [Institute for Sustainable Development](#)

ASIAN PACIFIC ISLANDER-OWNED BUSINESSES

- [Asian Pacific Islander Small Business Program](#)
- [Asian Pacific Community Fund](#)
- [Asian Business Association](#)
- [Chinese Chamber of Commerce of Los Angeles](#)

BLACK-OWNED BUSINESSES

- [Black Owned in LA](#)
- [Greater Los Angeles African American Chamber of Commerce](#)
- [Black Business Association](#)

LATINX-OWNED BUSINESSES

- [Los Angeles Latino Chamber of Commerce](#)
- [Los Angeles Metro Hispanic Chamber of Commerce](#)
- [National Latina Business Women Association – Los Angeles](#)

NATIVE AMERICAN-OWNED BUSINESSES

- [Small Business Administration Resources for Native American-owned Businesses](#)
- [American Indian Chamber of Commerce of California](#)

LGBTQ+-OWNED BUSINESSES

- [Los Angeles LGBTQ Chamber of Commerce](#)
- [StartOut Los Angeles](#)

DISABLED VETERAN-OWNED BUSINESSES

- [Los Angeles County Disabled Veterans Enterprise](#)

WOMEN-OWNED BUSINESSES

- [National Association of Women Business Owners – Los Angeles](#)
- [Women’s Center for Creative Work](#)

Updated December 7, 2020
by the [Institute for Sustainable Development](#)

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