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Monterey County's Vaccine Distribution Disadvantage

Apparent struggles of the State of California so far this year to distribute COVID-19 vaccines quickly and efficiently have stirred up significant criticism throughout the state. Public frustration with an admittedly difficult task has turned sharply political, as signatures accumulate for a recall election targeted at Governor Gavin Newsom. People are looking for someone or something to blame.

Monterey County shares the same frustrations as the rest of the state. And the County has some special situations that may put it at a disadvantage to most other counties. Here's an explanation of the difficulties in the early period of vaccine distribution and the actions of your Salinas Valley Chamber of Commerce in trying to overcome those difficulties.

The State's Murky System of Distribution

In December 2020, the California Department of Public Health (CDPH) adopted a system to "Vaccinate All 58" by allocating and distributing vaccines to the state's 58 counties in two ways. The first way was set up through "multi-county entities," or MCEs. These are health care systems that operate hospitals in three or more counties.

MCEs familiar to residents of Northern California include Kaiser Permanente, Sutter Health, Dignity Health, Adventist Health, and University of California (UC) Health. The California Department of Public Health also included the health systems of the

California Department of Corrections and Rehabilitation and the California Department of State Hospitals in the list of multi-county entities.

Obviously the state's major metropolitan areas are served by multi-county entities. It wasn't long before urbanized counties such as Santa Clara County were demanding that MCEs such as Kaiser Permanente and Sutter Health produce and provide detailed, written plans and timelines for administration of the COVID-19 vaccine (coordinated with the county) and their contingency plans if something went wrong in the process.

For health care providers that were not multi-county entities, the California Department of Public Health established a second way to distribute vaccines. Local health departments (such as the Monterey County Health Department) would determine the allocations to ➡

CalChamber Urges Pull Back of Emergency COVID Rules

by Robert Moutrie, CalChamber

The California Chamber of Commerce recently urged the California Legislature to correct a series of costly COVID-19 workplace mandates imposed through an emergency regulation order.

The regulation, issued by the California Division of Occupational Safety and Health (Cal/OSHA) late in 2020, requires employers to take a number of extraordinary steps that include providing costly unlimited paid time off for workers. It further creates an overly broad testing scheme that ignores the realities of current testing availability.

In the letter sent to legislators on February 1, the CalChamber argues that while safety practices in the workplace have had to change as a result of the COVID-19 pandemic, many of the new safety restrictions are not feasible for employers—especially small businesses struggling in the midst of a pandemic that has threatened to bankrupt them.

"California's solution to COVID-19 cannot simply be to shift the costs of its social safety net to California's employers," said CalChamber Policy Advocate Robert Moutrie.

During the emergency rulemaking process, Cal/OSHA failed to adequately consider the feasibility of many of the provisions of the emergency mandate and, as such, created policies that are not only expensive, but unworkable, the CalChamber pointed out in the letter.

Specifically, the CalChamber is asking that the following provisions of the emergency regulation be addressed:

- Limit the uncapped time off provision such that employers are not forced to provide potentially months of pay to excluded employees who are not sick while simultaneously paying a second workforce to take their places or completely shut down; and
- Correct testing requirements that are overly complicated and punish well-intentioned employers who are at the mercy of medical logistics over which they have no control.

Unlimited Time Off

The emergency regulations require employers to exclude anyone who was a "close contact" of a COVID-19 case from the workplace for 10-14 days, during which time the employer must "maintain" their earnings.

This means that an entire working group or unit may need to be excluded for a 10-14 day period with paid time off if they work in a relatively proximate workspace. And such exposures may occur more than once, the CalChamber explains. ➡



Rank: Population of Counties Without MCEs <small>(includes counties where only MCE is State prison system)</small>		
Rank	County	Population
1	Monterey*	441,143
2	Butte	210,291
3	El Dorado	193,227
4	Imperial*	188,777
5	Madera*	158,147
6	San Benito	62,353
7	Glenn	29,400
8	Lassen*	28,833
9	Colusa	21,902
10	Inyo	18,584
11	Plumas	18,260
12	Mariposa	18,067
13	Trinity	13,548
14	Mono	13,464
15	Modoc	9,570
16	Sierra	3,201
17	Alpine	1,142
	TOTAL	988,766

* Appears to be classified by California Department of Public Health as an MCE county because of presence of state prison system.

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The Changing Nature of Collaboration

by Kristy Santiago, Board Chair



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so another reporter could get the other side of the story and finish it.

While there are many challenges brought about with working remotely, we must also point out that the Salinas Valley Chamber has found some positives in it. We co-lead the creation of the Monterey County Business Alliance, which is a coalition of associations throughout the County. We all are working together much more closely than before to solve the challenges brought by COVID-19 and more. Also, we have been able to strengthen our relationship with our sister Chambers and governments in South County. Not having to drive to every meeting removes geographical boundaries and enables closer collaborations and we're certainly taking advantage of that.

We have to recognize that it is still going to be a while before we can all sit in a room together and collaborate like we used to. Therefore, we need to find ways to work with each other that better emulate the atmosphere we used to take for granted. If we have widespread respect for each other, it will be easier for us to accomplish this goal. Too often I see in Monterey County, people going after each other in public with no sensitivity to how their actions affect the mission, instead of collaborating inside their organization to do what is right.

Collaboration is not easy - remember to listen, don't focus on yourself and practice empathy.

Can you imagine the good we could accomplish if we all collaborated every day with one goal, to make Monterey County a better place for all of us to live and work? ■

Kristy Santiago

COLLABORATION: it seems like a straightforward word and something all businesses and governments can accomplish easily. Businesses and governments have tried over the years to restructure the workplace to encourage more collaboration with open area offices, making it a goal for the staff and setting up work groups with this focus.

With the pandemic and so many of our workers at home, collaboration has become even more difficult. Conducting business is just not the same on a phone or Zoom call. Even our Salinas Valley Chamber board meetings have become more challenging. Before the pandemic, our meetings had lively debates on what is the right thing to do for our membership. Since the pandemic started, our meeting conversations have become shorter and much more fact-based.

At KION TV and KMUV TV, our staffs engage in lively debates to determine the best news to cover each day. We have had to figure out how to listen to each other's opinions and figure out how to accomplish simple stories in a whole new world. I remember an instance recently where we had one reporter conduct the interview from her home in Spanish and English with kids running around. Then she had to record it and load it to a server



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those providers.

At the time of this writing, the state has indicated an intention to contract out management of vaccine allotment and use Blue Shield as a third-party administrator. Blue Shield states it will “select and manage the network of providers including hospitals, community clinics, pharmacies, mass vaccination sites, mobile clinics and others that will inoculate the population.”

Monterey County’s Special Situation

Monterey County has faced some of the same challenges on vaccine distribution experienced by the other 57 California counties, although perhaps more acutely. Here are some questions that seem to be universal concerns:

- How long will it take for local health care systems and clinics to get an adequate supply of vaccines?
- How will distribution dovetail with the federally-coordinated vaccine administration at certain CVS and Walgreens pharmacies?
- How will vaccines be distributed to people who don’t have a regular healthcare provider, such as migrant farmworkers?
- How will the vaccines be distributed fairly, so that people at highest risk (such as older people, low-income and transient households, and people with pre-existing conditions) get priority, while also preventing people at lower risk from finding ways to circumvent the rules to get vaccinated?

But Monterey County has a special situation. It is - by far - the most populous county in California without a multi-county entity health care system for the public.

Natividad Medical Center, Salinas Valley Memorial Healthcare System, Community Hospital of the Monterey Peninsula, and Mee Memorial are not defined as multi-county entities.

As Californians in other counties started getting their shots from multi-county entities, health care systems in Monterey County continued to wait for their allotment of vaccines. Some influential business, community, and political leaders in Monterey County observed a seemingly exceptional difficulty for Monterey County to get state vaccine allotments and concluded the lack of a multi-county entity was a possible reason.

To complicate matters, the California Department of Public Health classified Monterey County as a multi-county entity. Why? Because Monterey County is the home of the state’s Correctional Training Facility (CTF) and Salinas Valley State Prison (SVSP). These two facilities of the California Department of Corrections and Rehabilitation are located adjacent to each other in Soledad. And the California Department of Public Health regards the state prison health care system as a multi-county entity.

Business Works with Government Toward Solutions

Several weeks ago, CVS announced their locations for administering vaccinations in Monterey County would be in Monterey and Carmel. The County Supervisors wrote a letter to the CEO of CVS, asking that they reconsider and add locations to better serve our South County residents (where Coronavirus incident rates are higher and access to healthcare is lower). Numerous business associations that comprise the

Monterey County Business Alliance, including the Salinas Valley Chamber of Commerce, wrote and signed our own joint letter to CVS, in support of the Supervisors request. We accomplished this within 24 hours of learning of the concern. Also, business associations in agriculture and hospitality teamed up with labor unions representing workers in those industries to seek more vaccines for agricultural workers in Monterey County.

The Government Affairs Liaison for the Salinas Valley Chamber of Commerce decided to take an analytical and strategic approach to getting more vaccine allotments for Monterey County. He identified which counties did not have any multi-county health care systems. He also researched hospital affiliations with health care systems and identified additional counties that lack multi-county health care systems if the state prison system gets excluded.

He also listed the populations of those counties and ranked them by population from highest to lowest. By creating this list, Monterey County leaders would be able to reach out to other counties with the same disadvantage and build a lobbying coalition to petition the administration of Governor Newsom for changes to the vaccine distribution system.

On the cover page, readers can see, the list of counties in the disadvantageous situation that Monterey County is in.

Notice that Monterey County is the county with the highest population, by a wide margin. And the disadvantage for Monterey County may be even worse than this list indicates. For example, El Dorado County

and Madera County residents may be enrolled in Kaiser even though Kaiser does not have a hospital within the jurisdiction of their county. Their county status is a matter of geographic boundaries rather than proximity to hospitals affiliated with large health care systems. Lassen County has one hospital in a large multi-state health care system, but that one hospital is the system’s only hospital located in California. These are peculiar situations.

Perhaps the county with a vaccine situation closest to Monterey County is Imperial County. Agriculture is a major economic activity in Imperial County, as it is in much of Monterey County. It has a significant percentage of residents who have been infected by COVID-19 and also do not have a regular healthcare provider. The region is remote enough from major metropolitan areas (in this case, San Diego and the Inland Empire) that it doesn’t get served by multi-county health care systems. And the county has a relatively small population, so its political clout is overshadowed by the urbanized counties that get the attention of the state’s politicians and news media.

How can Monterey County get an allotment of vaccines that allows quick and efficient distribution, to save lives and allow the county to pull out of restrictive public health orders that constrain commerce, public education, and community activities? The Salinas Valley Chamber of Commerce will continue to work with other organizations and partners in the Monterey County Business Alliance to help our county political leaders overcome our disadvantages in vaccine distribution. ■

By way of example: if social spread creates one COVID case in a workplace per month—even with no actual spread in the workplace—the employer will be forced to remove all workers who were close contacts of the positive case from the workplace for 10–14 days. In that time period, the employer must:

- Provide paid time off to the excluded employees; and
- Hire (and potentially train) temporary help to fill those roles and pay their wages, pay current employees overtime wages to make up that labor shortage, or shut down their business.

Moreover, under these regulations, a COVID-19 case in the workplace is not limited to employees. Accordingly, an employer could literally be paying multiple groups of employees to stay off work for being “exposed” simply because an asymptomatic

customer came to their location.

Unlike other leaves of absence, there is absolutely no limit in the emergency regulation on how many hours an employer must pay an employee due to exposure. Because the regulations may be in effect until early 2022, this means California employers—including the smallest rural family businesses—may end up paying for months of paid time off to employees who never catch COVID-19—all while simultaneously paying their replacements. And this paid leave will exist entirely outside of California’s existing framework of paid and unpaid sick leave.

Testing Requirements

The emergency regulations also require employers to provide (or ensure employees have access to) testing to employees at no cost and on paid time in a variety of circumstances. If an employee is a close contact of a

COVID-19 case, then they must be excluded (as discussed above) and receive testing at no cost. Alternatively, if three cases occur in an exposed workplace area over a 14-day period then it is considered an “outbreak,” and all employees in that area must be tested on a weekly basis.

The outbreak provisions are triggered regardless of whether the cases are among employees or customers, and are triggered regardless of whether the cases were a result of social spread (such as three employees living together and all catching it socially) or workplace spread. The regulation contains a similar “Major Outbreak” provision which requires twice weekly testing for all employees in the “exposed workplace” area.

These requirements ignore the realities of testing availability, the CalChamber explains. First, tests may not be publicly available in certain rural areas and may be a serious

expense for smaller employers. Second, even if tests are available, employers cannot compel medical facilities to prioritize testing of cases showing no symptoms.

For example: if an employee is instructed to get tested because they were potentially exposed, and calls their doctor/local medical provider, the provider will commonly tell them: (a) that no testing is available in the timeline required by the regulation, and (b) that the medical provider does not recommend testing given no symptoms and the need to prioritize tests to higher risk individuals.

These complications mean that even well-intentioned employers are at the mercy of medical logistics over which they have no control—unless they can hire their own testing company, which many will not be able to do. As a result, good employers will fail to meet the requirements of the regulation despite doing what they can. ■

Zero-Emissions Vehicles Mandate

by Loren Kaye, CalChamber

ZEV Mandate Should Spur Policy Talks on New Revenues for Transportation

It's full steam ahead for the Newsom administration's zero-emission vehicle (ZEV) strategy. But this enthusiasm for a new generation of automobile technology may degrade the very roads they drive upon.

The Governor kicked his clean car initiative into high gear last September with an executive order requiring all new cars and passenger trucks sold in California be zero-emission by 2035.

He went further in January by earmarking nearly \$1.5 billion of one-time and future revenues to increase the pace and scale of new electric vehicle charging and hydrogen fueling stations, and provide subsidies for new and used ZEVs and equipment.

Bad News for Mobility

These carrot-and-stick policies may substantially advance the sales and use of ZEVs. But for every gasoline- or diesel-powered vehicle retired and not replaced, California's enormous transportation network will get a little grittier.

The ambition to replace combustion engine vehicles with ZEVs should be shelved as long as the erosion of fuel tax revenues for transportation system support remains unaddressed. The Legislature should evaluate the wisdom of mandating a new fuel supply for the vehicle fleet that undermines the basis for funding the state and local transportation system.

This is but one of several issues collateral to the ZEV mandate that affect mobility for residents, and that so far state leaders have not come to terms with.

Growing Disconnect

California policy makers have long known that improved efficiencies of combustion engines and the introduction

of vehicles that do not use gasoline or diesel erode transportation revenues. Even without the Governor's directive, gas taxes will be inadequate to meet future system repairs and improvement because gasoline use is becoming disconnected from road use.

In a triumph of technology and market forces, cars have become far more fuel efficient, driving down revenues from the gas tax. Legislators recognized this in 2017 when, as part of the comprehensive transportation tax and revenue bill, they included a first-ever \$100 fee on zero-emission vehicles to ensure ZEV users help pay for the roads.

But this modest fee was not designed to offset the anticipated transition from gasoline and diesel to electricity and hydrogen.

Eroding Tax Base

A recent study by the Mineta Transportation Institute at San Jose State University took a careful look at economics, travel behavior, vehicle fleet trends, and policy choices to develop six transportation revenue scenarios.

In five of the six scenarios, researchers found revenues from gasoline and diesel sales would decrease from \$2 billion to \$4 billion in inflation-adjusted revenues by 2040.

This tax erosion from gasoline and diesel taxes that today account for nearly three-quarters of state revenues for the upkeep and improvement of transportation systems would in most cases not be made up from new taxes on vehicle sales and ZEVs.

Road Users Fee

The solution to this revenue mismatch is to stop depending on a diminishing revenue source. Instead, the Newsom administration and Legislature should reinvigorate a flagging effort to research and introduce a road users charge—in effect trading taxes

on fuels for a fee on miles traveled.

This is not a new idea. Since 2017, state policy makers have had before them a road map to test and implement the next generation in transportation finance—a fee based on the actual use of the state transportation network that puts a premium on user choice and personal privacy protection.

In the spirit of a true user charge, the proposal envisions a broad application of the mileage fee, with no exemptions and no rate differentials—at least in the testing phase. The fee would replace, not add to, the existing gas tax.

Commission Recommendation

Just last year the state's own California Transportation Commission declared, "the gas tax clearly will not be a sustainable financing mechanism for transportation in the coming decade and therefore work needs to accelerate to implement a per mile road charge as an alternative." The Commission recommended the Legislature authorize a pilot program to test actual revenue collection for a select group of vehicles.

The timing of this couldn't be better. President Biden's choice for Transportation Secretary, Pete Buttigieg, is a proponent of road user charges, floating the idea of such a fee to enhance the federal highway trust fund—likely in recognition of the new administration's commitment to raise automobile fuel efficiency standards.

For more than half a century, Californians have invested heavily in a state transportation network that serves commerce, the workforce and social cohesion, connecting Californians to each other and the world. Policy makers should maintain our historic commitment to this important asset even as they embark on the difficult task of reducing vehicle carbon emissions. ■

Chamber Advocacy Update

1. In less than 24 hours, your Salinas Valley Chamber of Commerce prepared and coordinated a coalition letter from the Monterey County Business Alliance to CVS Health urging the corporation to operate a federal vaccination distribution program at locations in the Salinas Valley as well as their announced locations on the Monterey Peninsula. The Monterey County Board of Supervisors led this campaign and CVS agreed to administer vaccines at a location in the City of Salinas. We continue to appeal to CVS for a location in the South Valley, where rates of infection are high.

2. Your Salinas Valley Chamber of Commerce supported multiple economic proposals before the Salinas City Council to assist with small business relief and recovery. The city council approved these measures unanimously. Contact the Chamber office if your business is struggling and needs assistance.

If you would like to see either or both of these letters, please email the Chamber CEO at President@SalinasChamber.com



This house at 304 Lorimer Street (on the corner of Lorimer and West Alisal) is several blocks away from Downtown Salinas. It is close to Hartnell College and across the street from a row of grand old houses. It's a shame to drive by it going in and out of Downtown on West Alisal.

Finally, the city has reached the point at which it can pursue receivership under the city's Blight Accountability Ordinance.

EEOC Guidelines on Mandatory Vaccinations

by Sharilyn Payne, Fenton & Keller

EEOC Guidelines on Mandatory COVID-19 Vaccinations in the Workplace

As COVID-19 vaccinations become available, employers are asking whether they can require employees to get the COVID-19 vaccination. On December 16, 2020, the Equal Employment Opportunity Commission (EEOC) issued guidance on workplace COVID-19 vaccinations and confirmed that employers can require employees to get vaccinated. Federal, state, and local laws obligate employers to provide a safe and healthy workplace for its employees and customers, including COVID-19 protections. However, employers wanting to mandate vaccinations must comply with the protections afforded to employees under federal, state, and local law.

Under the EEOC's guidelines an employer cannot obligate an employee to get vaccinated if the employee has a disability protected by the federal Americans with Disabilities Act (ADA) that prevents the employee from getting vaccinated, or has a sincerely held religious belief, practice, or observance protected by Title VII of the Civil Rights Act of 1964 that prohibits vaccinations. The California Fair Employment and Housing Act (FEHA) also protects individuals based on religion and disability. If an employee refuses to get vaccinated, the employer must conduct an individualized assessment to determine if the refusal is protected under the ADA, Title VII, or FEHA, and whether a reasonable accommodation for the employee can be made, such as having the employee work remotely or placing the employee on an unpaid leave of absence.

For refusals based on a disability, the employer must determine whether the employee would pose a direct threat due to a "significant risk of substantial harm to the health or safety of the individual or others that cannot be eliminated or reduced by reasonable accommodation" by analyzing four factors: the duration of the risk; the nature and severity of the potential

harm; the likelihood that the potential harm will occur; and the imminence of the potential harm. If the employer finds that a direct threat exists, it cannot discharge the employee for refusing to get the vaccination without first determining whether a reasonable accommodation is available that would not impose an undue hardship on the employer.

For refusals based on sincerely held religious beliefs, employers must also reasonably accommodate employees unless doing so would pose an undue hardship. Because the definition of religion is broad and protects beliefs, practices, and observances with which the employer may be unfamiliar, the EEOC advises employers to assume that an employee's stated religious belief is sincere unless the employer has an objective basis for questioning the sincerity of the religious belief, practice, or observance, in which case the employer can request supporting evidence.

In deciding whether to require employees to get vaccinated, employers should assess the direct threat to the workplace. For instance, an employer may not want to mandate vaccinations in an office setting with little to no customer contact or where employees work remotely. On the other hand, if a business has a high volume of customer traffic, including a high-risk customer base, or cannot assign employees to work remotely, or already had work-related COVID-19 exposures, then mandating the vaccination may be a prudent way to provide a safe and healthy work environment.

If an employer decides to require vaccinations, it should prepare a written policy. The EEOC's guidance can be found at the following link: <https://bit.ly/3brrXvg> ■

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



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Congratulations to the Salinas Valley Chamber of Commerce's Award Winners!

Small Business of the Year:
Pizza Factory

Large Business of the Year:
Aera Energy

Businesswoman of the Year:
Patricia Rodriguez
(The Outdoor Market)

Citizen of the Year:
Clare Munteer
(Monterey County Rape Crisis Center)

Ag Leadership Award:
Norm Groot
(Farm Bureau Monterey)

Spirit of the Community:
Mariela Medina
(Jacob's Heart)



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Pros and Cons of Target Date Funds

by Bill Hastie, MBA



Pros of TDFs

Perhaps the single greatest benefit to using TDFs is to “set it and forget it.” Theoretically, the investor can select the TDF that best aligns with their assumed retirement date and let the fund and fund manager do the rest. This may work especially well for the novice investor because it makes investing very easy – line up an assumed retirement date (or date of birth) with a particular TDF and they are done. TDFs work particularly well inside 401k plans.

There are other considerations as well, namely whether to use passive (index) or actively managed TDFs and what glide path is best to use. In 401k plans, the plan trustee or ERISA 3(38) Investment Manager will typically make those decisions.

Cons of TDFs

The primary drawback to TDFs is that no investor input, aside from age, goes into the decision of what TDF to use. Investors typically at least want to take into consideration investment risk tolerance and experience when making investment allocation decisions. Almost uniformly, TDFs are designed to be most aggressive at younger ages, and progressively get more conservative the older the investor gets.

The biggest challenge is that this may be exactly backwards to how the person would otherwise invest. Very often, younger people choose to be more conservative given their lack of experience in investing, while older people may feel more comfortable with a higher level of risk based on their experience. ■

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



Fenton & Keller Congratulates the Salinas Valley Chamber of Commerce 2020 Honorees:

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Santa Cruz County Bank Expands

17 years strong, and expanding in Monterey County

Seventeen years ago, Salinas Valley Chamber member Santa Cruz County Bank (SCCB) first opened its doors with one branch location in Santa Cruz County. Today, SCCB has expanded to 8 full-service branches across a tri-county area, serving clients from the Central Coast to Silicon Valley. The Bank's significant growth — especially over the past two years — was accelerated by a merger with Lighthouse Bank in 2019, along with the recent opening of their full-service branch in Monterey.



SCCB Monterey Team (pictured left to right): Angelica Arroyo, Chris Illig, Rich Aiello, Charissa Sopoaga and Pyong Lewis.

Having served the Monterey region and contiguous market area clients for many years, Santa Cruz County Bank hired Rich Aiello, SVP, Relationship Manager in 2019, to lead the Bank's expansion effort. The Bank's new Monterey branch, which opened in January 2021, has been beautifully remodeled inside and out. SCCB's team of well-known, highly-experienced bankers support long-standing clients in Salinas, Monterey, Carmel and contiguous communities, and are developing new relationships within the region's diverse marketplace.

Rich Aiello remarked, "Our Monterey team has a long history of serving clients in the greater Monterey Bay region, as well as serving the community at large. We look forward to welcoming new relationships and serving the community. We are well-positioned to help lead and support the community in the economic recovery of businesses impacted by the pandemic."

In February 2021, Santa Cruz County Bank celebrated its seventeenth anniversary since its founding in 2004. SCCB is a top-rated, locally-owned and operated, full-service community bank headquartered in Santa Cruz, California, with eight branches: Aptos, Capitola, Cupertino, Monterey, Santa Cruz (2), Scotts Valley, and Watsonville. Santa Cruz County Bank is distinguished from "big banks" by its relationship-based service, problem-solving focus, and direct access to decision makers. The Bank is a leading SBA lender in Santa Cruz County and Silicon Valley. True to its community roots, SCCB supports regional well-being by actively participating in and donating to local nonprofit organizations.



Sabrina Mulvey, Rich Aiello, and Pyong Lewis cut the ribbon for the new location.

Santa Cruz County Bank, 584 Munras Avenue, Monterey CA 93940
831.242.8361 – Rich Aiello and the Monterey Team's direct line
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Structure a Workplace Testing Program

by Spenser Smith, Lab Director, ARCpoint Labs of Monterey Bay

As businesses inch back towards reopening from the pandemic, COVID-19 testing has become routine for employers around the peninsula. While the vaccine and lessening case numbers have provided the light at the end of the shutdown tunnel, Cal/OSHA guidelines, persistent community transmission, and public concern about the virus ensure that vigilance is necessary to maintain sustainable reopenings.

I am Spenser Smith, one of the owners of ARCpoint Labs of Monterey Bay. My focus in today's article will be a very high-level overview of how to structure a workplace testing program that is affordable and effective, as well as best practices to improve the odds of receiving reimbursement from insurance providers for employee testing.

Employer testing typically falls into one of three categories: diagnostic, return-to-work, or surveillance. Depending on the reason for the test, different methodologies will be most effective.

Diagnostic testing is done because of credible concern that an employee may be infected with COVID-19. This may be due to exposure to another positive individual at work or home, or an employee may be exhibiting symptoms. Rapid COVID antigen testing is often suitable for screening symptomatic employees due to lower costs and fast turnaround. Some laboratories (including ARCpoint Labs) offer respiratory disease panels that can test for other diseases like influenza or strep simultaneously with COVID-19. A diagnosis of flu instead of COVID may not be good news exactly, but can be invaluable in assuaging the concerns of employees and properly gauging the risks of staying open.

By contrast, return-to-work testing has a different set of needs. Once an employee tests positive, the CDC does not require a negative test after the recommended 10-day quarantine. Still, some businesses may opt to go this route for reassurance or if they serve vulnerable populations. For these circumstances, lab-based PCR testing provides the highest sensitivity, ensuring that anyone returning after a positive COVID diagnosis is not bringing the virus back to work with them.

Surveillance testing uses periodic tests, even in the absence of symptoms, to detect possible outbreaks early. While rapid antigen testing offers a low cost, high throughput option, concerns about false results with these tests means that other technologies like rapid NAAT testing or PCR should be used to verify questionable positive or negative



Spenser Smith, Lab Director,
ARCpoint Labs of Monterey Bay

results in these settings. This hybrid technology approach allows for early detection and isolation of COVID cases while offering low costs compared to traditional PCR-only testing regimens.

Insurance will often cover COVID testing in part or in full. Diagnostic testing is the most likely to be reimbursed, especially when Cal/OSHA requirements under the emergency declaration are met, and properly documenting such incidents is key to achieving successful outcomes. There are some key steps to take when submitting a medical testing bill to an insurer (whether medical insurance or disability) to help them process and potentially reimburse a claim. Address and contact information about the facility where the test was performed is essential, including the lab's CLIA number (government registration as a lab facility) and tax ID number (EIN). Insurers will need to know the test code (CPT) for the COVID test, which the lab can provide. Most labs will provide an itemized invoice where this information can be found upon request. Diagnostic codes (ICD10) may also be very helpful in these transactions and can be obtained from any physician who orders a test for diagnostic purposes.

While COVID shutdowns are hopefully on their way out, COVID concerns and testing will be with us for a while. With careful planning, Cal/OSHA testing requirements can be met economically and in a way that promotes employee health and productivity as well as public confidence. If you have questions about

testing, contact me at spenser@arcpointlabs.com for a free consult. Learn more at www.LabTestMonterey.com or www.LabTestSalinas.com. ■

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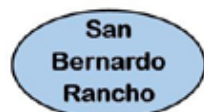
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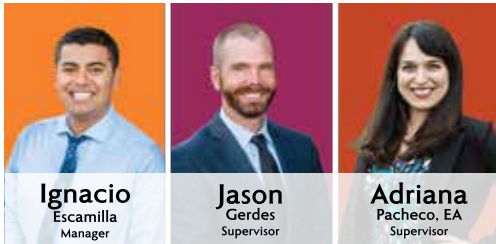
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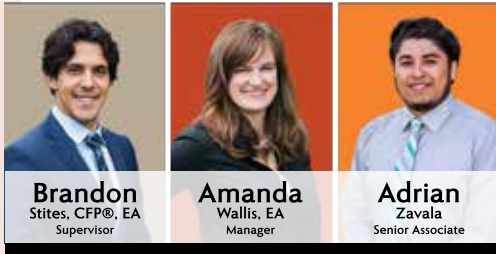
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Consumer Price Comparisons

Source: Center for Jobs & The Economy

Gasoline per Gallon - Jan 2021

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Electricity Price Residential - Nov 2020

California	Texas	Utah	Florida
20.4¢	10.6¢	11.9¢	11.6¢

Prop. 19 Changes Property Tax Reassessments

by Gina Cochetti, CPA, Partner at Hayashi Wayland



Step up in basis?

What is this and will it affect me?

With the passage of Proposition 19 and the change of administration in the White House, there is a lot of confusion about real property transfers, capital gain and estate taxes. With an estate exemption of \$11.7M per individual under current law most people think estate taxes won't affect them and in most cases they are correct. Many people are also thinking that since their parents' estates are relatively small Proposition 19 and a change in the step up in basis will not affect them either, but they just might be surprised!

Proposition 19 went into effect on February 16, 2021. In California it changed the favorable property tax



reassessment rules for real property transfers between parents and children.

Under prior law, a transfer of ownership would generally result in a reassessment for property tax purposes, with two major exceptions:

Principal Residence Exclusion - This exclusion allows the transfer of a principal residence/ family farm of unlimited value between parents and children.

- **\$1 Million Lifetime Non - Principal Residence Exclusion** - This exclusion allows the transfer between a parent and children of up to \$1 million of assessed value of all other types of property, for example second homes or rental properties.

Under Proposition 19 - for transfers on or after February 16, 2021:

- **Principal Residence/Family Farm Exclusion** - this exclusion has been modified in two ways:
 - A child must occupy the principal residence or home within one year. On the other hand, a family farm does not need to be a principal residence.
 - Only the first \$1 million of increased assessed value is excluded from reassessment.
- **The \$1 Million Lifetime Non -Principal Residence Exclusion** has been eliminated.

For example: Mom, a widow, owns a home she bought in 1970 for \$30,000. Mom dies after Proposition 19 goes into effect. The kids inherit the house and would like to rent it to earn some income. The value of the house is now \$650,000. The current assessed value is \$100,000. Under the old law, they could have kept the house as a rental and paid property taxes on the \$100,000 assessed value, which would be around \$1,200 per year. Under the new law, the property will be reassessed to the current value of \$650,000, so, the new property taxes would be around \$6,700 per year. An increase of \$5,500 per year in property taxes. But it is not all bad news. The increase in the real estate tax and depreciation deductions would decrease rental income thus lower income taxes. This could mitigate much of the increased real estate taxes.

However, if a child, in the above example, chose to occupy the inherited residence within one year of Mom's passing there would be no reassessment.

Instead of keeping the house, the kids could decide to sell it. Under current law, Mom's house will get a step up in basis to its fair market value at her death. This does not apply if the house is gifted prior to death, in which case, the child would take Mom's carryover basis.

If Mom were to sell the house right before her death, she would realize a capital gain of \$620,000 (\$650,000 value less the \$30,000 basis). Because Mom sold her principal residence, she could exclude up to \$250,000 of the capital gain. If we assume a combined federal and state capital gains tax rate of 25%, her taxes would be \$92,500 and her net proceeds would be \$557,500. If the kids were to inherit the house and sell it for \$650,000 shortly after Mom's death, they would have no gain and no tax.

We expect that there will be more changes to the income, gift, and estate tax laws in 2021. These changes could have an unexpected impact on property you own. It is important to become educated on real property transfer tax laws and how they may impact your inheritance and the legacy your parents have worked hard to build and pass on. ■

For questions regarding Proposition 19, please contact Gina Cochetti at Hayashi Wayland ginac@hw-cpa.com or call 831-759-6300.



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Unemployment Claims Surpass 20M

Claims for unemployment benefits continue to increase well above record numbers in the midst of the COVID-19 pandemic – now surpassing 20 million claims processed by the California Employment Development Department (EDD) in support of impacted workers and their families.

Total benefits paid in nearly 11 months of the pandemic now equals \$120 billion with more than \$62 billion of that in regular state Unemployment Insurance (UI) benefits— six times as much paid in regular UI than in the worst year of the Great Recession.

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Business Escrows

by Patrick Casey



Any person that is either selling or buying a business may want to do so with a business escrow. The parties can choose to have a business escrow and in certain circumstances, they are required to sell a business. A business escrow is when a third party (the escrow holder) holds the funds and takes certain actions to ensure that all business debts are paid and that the buyer gets clear title to the business assets. Business escrows provide a level of certainty to the parties that all funds will be properly accounted for and that certain procedures are followed in order to assure an orderly transfer of the business.

California law requires that the parties conduct a business escrow if the seller's principal business is the sale of inventory from stock, including those that manufacture what they sell, or the sale of a restaurant. There are certain exceptions to this rule, and anyone involved in such a transaction should check with an attorney to see if an exception applies. In addition, the sale of any business that includes a liquor license (such as a restaurant, bar, winery or liquor store) must have a business escrow. There are no exceptions to this requirement. In addition, the parties may voluntarily choose to have a business escrow.

If there is a business escrow, then the purchase and sale agreement

must state that there will be a business escrow and should appoint a third party to act as the escrow holder. The escrow holder may be an individual, a company or a law firm that specialize in handling business escrows. The parties will sign standard escrow instructions that detail the specific actions to be taken by the escrow holder.

As a general matter, the escrow holder will do the following: publish a Notice of Intended Bulk Transfer; conduct a state and county lien search on the seller and the business; notify any lien holders of the proposed sale; address any creditor claims for payment that are submitted to the escrow holder; request tax clearance certificates from the Franchise Tax Board, the Employment Development Department and the California Department of Tax and Fee Administration; hold the purchase price deposited by the seller; and once all conditions to closing have been satisfied, pay all creditor claims and transfer the remaining purchase price to the seller. If a liquor license is to be transferred, the buyer must apply to the Department of Alcoholic Beverage Control ("ABC") and meet all the ABC requirements to have a liquor license. Once all closing conditions are satisfied, the escrow holder will inform the ABC that the escrow is ready to close.

Conducting a business escrow ensures that all creditor claims of the business are paid, any and all liens on the business assets are released and that the buyer gets clear title to the assets at closing. ■

This article is written by Patrick Casey, who is a business attorney with the JRG Attorneys At Law firm in Monterey. You may reach the author at (831) 269-7114 or at patrick@jrgattorneys.com.



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Member News

Russo Named CEO for VNA

The Central Coast VNA & Hospice, Inc. has announced Jane Russo as its new CEO. A graduate of The University of Denver, Jane has over 25 years' experience in health-care. Since 2011, Jane has served in a variety of positions with the VNA, including Chief Strategic Officer. She resides in Monterey with her family.

In its 70th year, VNA is dedicated to providing the highest quality health care to residents of the Central Coast by meeting their individual needs in a caring, effective, honorable, and accessible manner.

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Jane Russo

Eason at Pacific Valley Bank

Pacific Valley Bank has appointed Sandi Eason as Executive Vice President/Chief Operating Officer. Sandi Eason is a senior banking executive with more than 40 years of experience in banking, financial services and lending, with broad knowledge in developing strategies that leverage relationships, community service and economic development to achieve growth and profitability through unparalleled passion for service. Most recently, she served as Regional Senior Vice President, Commercial Banking Group Wells Fargo Bank and is the former President and CEO of Coast Commercial Bank.

Eason is a 4th generation Monterey County resident and her family, to include her children and grandchildren represent six generations that call Monterey County their home.



Sandi Eason

Santa Cruz County Bank's New CEO

Santa Cruz County Bank recently announced the appointment of Krista Snelling as its President and CEO. Ms. Snelling graduated from the University of the Pacific with a Bachelor's degree with a double major in Mathematics and Economics, as well as a Master's degree in Economics from UC Davis. Krista was recognized by the Sacramento Business Journal among the CFOs of the Year in 2019 and as a Sacramento Business Journal Woman Who Means Business in 2020. Also a licensed CPA, Krista and her husband, Edmund, are relocating to the Santa Cruz area along with their two children.



Krista Snelling

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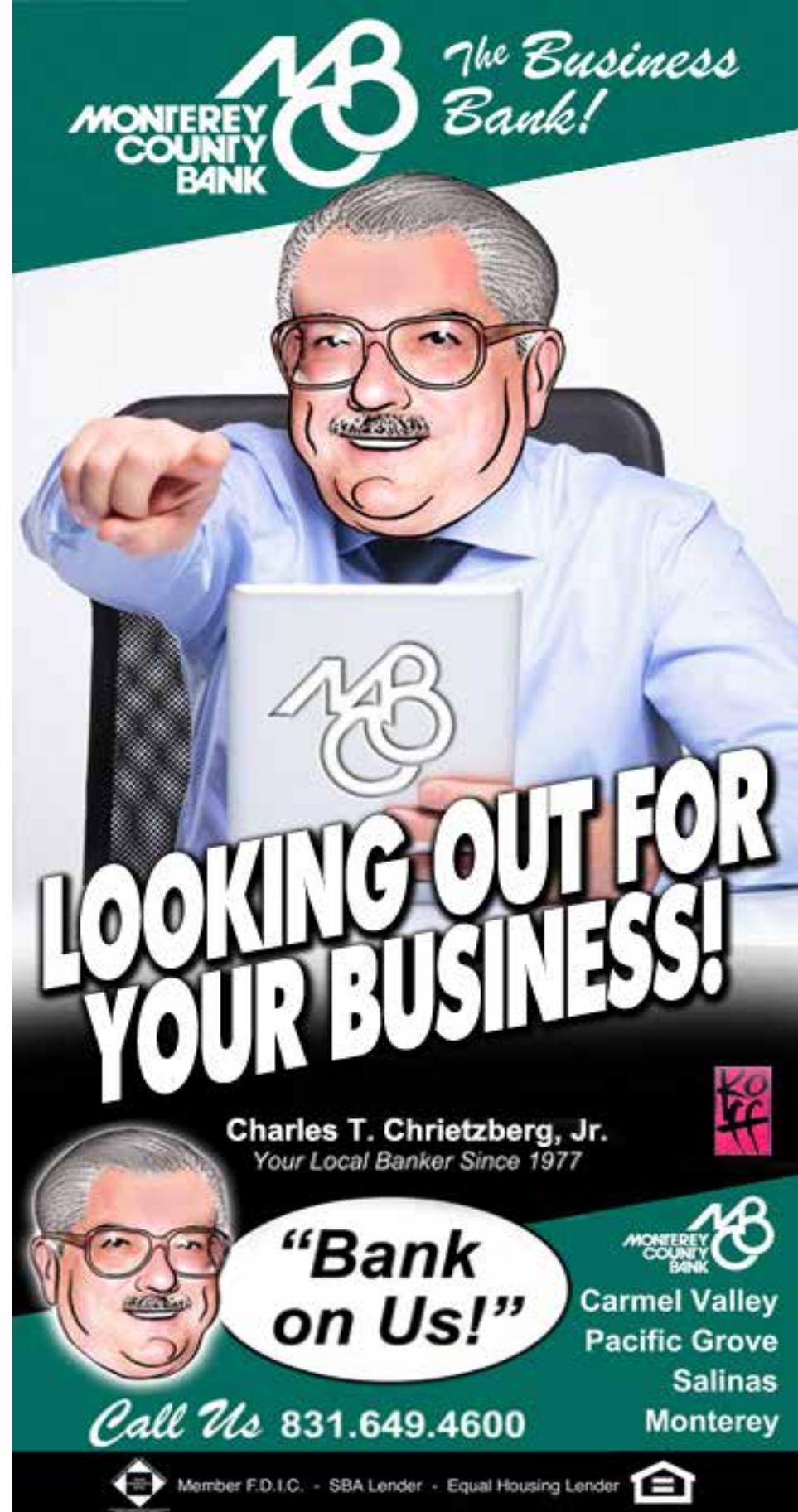
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Virtual Member Mixer



Join us Tuesday, March 30th at 5:00pm for a fun mixer with trivia, prizes, and the opportunity to get to know your fellow chamber members.

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