



City Council Weekly Information Packet

Friday, October 23, 2020

Includes the following documents/information:

- 1) City Council Events Schedule
- 2) State and Federal Update & Grant Opportunities
- 3) Community Services Department Update
- 4) Engineering and Transportation Department Update



City Council Events Schedule

October 30, 2020 thru November 05, 2020

The Mayor and City Council have been invited to attend various community meetings and public and private events at which a quorum of the City Council may be present. The Council will not be conducting city business, nor will any legal action be taken. This is an event only and not a public meeting. A list of the community meetings and public and private events along with the schedules, dates, times, and locations is attached. Organizers may require a rsvp or fee.

DAY	DATE	TIME	EVENT
Fri	Oct 30	8:00-9:30 a.m.	22nd Annual State of the City Address with Mayor Corey Woods Interactive Live Broadcast https://tempechamber.org/signature-events/2020-state-city-address
Thu	Nov 05	3:00-3:30 p.m.	Virtual Ribbon Cutting for Comfort Suites Phoenix Airport Zoom Link (registration): https://us02web.zoom.us/meeting/register

MEMORANDUM



TO: Mayor and City Council
THROUGH: Andrew Ching, City Manager
FROM: Marge Zylla, Government Relations Officer
DATE: October 23, 2020
SUBJECT: State and Federal Update & Grant Opportunities

Below are summaries of recent actions and announcements at the state and federal level:

- USCM Federal Update
- Senate Republican COVID-19 Stimulus Proposal
- State Expenditures of COVID Relief Update
- Governor Executive Orders
- Department of Health Services Guidance Update

Please let me know if there are follow-up questions for Tempe's federal lobbyist. Also, please let me know if Tempe staff members are pursuing federal grants so we can arrange for letters of support from our Congressional delegation.

USCM Federal Update

Via US Conference of Mayors Staff, 10/23/20

[Divided Senate Republicans Criticize Treasury Secretary Mnuchin, Pelosi Holds Firm](#)

Today's press reports indicate that some Republican Senators are frustrated and quite upset with the way that Treasury Secretary Steve Mnuchin has been negotiating with House Speaker Nancy Pelosi. Today's Washington Post contains anonymous quotes from Republican Senators and their aides openly expressing anger. They think he is giving the Speaker too much and he's harder on them in the negotiations than he is with her. One aide is quoted as saying that some Republican Senators were, "reaching a boiling point with him [Mnuchin]" as he "gives and gives and gets nothing in return."

There is no movement coming from Senate Majority Leader Mitch McConnell. The last thing we heard is that he's telling the White House not to agree to a stimulus until after the November 3rd election.

In last night's final Presidential debate, President Donald Trump continues to be against, as he puts it, bailing out poorly run states and cities run by Democratic governors and mayors. Biden countered that the fiscal crisis is not a partisan issue and that if he is elected, he will be a president of all states and cities, even to the people who didn't support him. Biden also continues to express his frustration that frontline workers are hurting and that we need leadership inside the Trump Administration and the Senate to pass the stimulus bill that passed the house months ago.

While Speaker Pelosi is holding firm, she says she is powerless to get a consensus in the Republican leadership of both the White House and the Senate. She says, "I can't answer for the other side. It's up to him [Trump] to deliver on the Senate side."

As I reported yesterday, 13 Republican Senators are needed.

These negotiations are all private, however, it is increasingly clear as leaks continue that the money we are trying to get sent to you – all cities – is being opposed by an increasing number of Republicans in the House and Senate, all elected by the people that live in our cities. But with the leader of the Senate, Majority Leader McConnell of Kentucky against money for our cities and frontline workers, chances are slim. President Trump on one day is gung-ho about a deal and then on the next day backs off. He is wrong in thinking that many Republican governors, county officials, mayors, and city councilmembers do not support emergency fiscal relief to mitigate their budget shortfalls. The clock ticks toward election day and with two weekends and one week left before Americans vote, one would think the disarray could be dissolved to ease the economic pain of many Americans who last received assistance from Washington in April.

Via US Conference of Mayors Staff, 10/22/20

[13 Republican Senators are Needed to Join Pelosi and Mnuchin on Stimulus Deal](#)

It's another day here where key leaders indicate there is still a limited chance to pass a stimulus bill before the election.

Our reports indicate that House Speaker Nancy Pelosi and Treasury Secretary Steve Mnuchin had another negotiation by phone just yesterday. This conversation follows approximately 90 days of regular conversations between the two, one leading on the House position and the other leading on the White House position. Without interference from other White House personnel, many people think Pelosi and Mnuchin could have reached a compromise. Recently appointed White House Chief of Staff Mark Meadows' involvement in the negotiations has made the picture of a compromise somewhat murkier. Just yesterday, as Pelosi and Mnuchin began to talk, Majority Leader Mitch McConnell hastened Chief of Staff Meadows to the prestigious Republican Senators Luncheon. Meadows was quoted following the lunch as saying that there are still a number of Senators "that have concerns over the amounts we are spending."

There was speculation that maybe Meadows was taking a “deal” to the Senate luncheon but apparently that wasn’t the case.

Senator McConnell put forth again his alternative slimmed-down bill that did not provide a penny to state and local governments or stimulus checks to individuals, the latter supported by President Trump.

As to state and local aid, President Donald Trump wrote on Twitter last night about Speaker Pelosi and Senate Democratic Leader Chuck Schumer, “their primary focus is BAILING OUT poorly run (and high crime) Democratic cities and states.”

With all due respect to the President’s tweet, he is wrong if he thinks only Democratic state, county, and city officials are asking for COVID-19 federal aid. The truth is this is a strong bipartisan issue. Republican mayors and county officials have been just as active as Democrats in requests to the federal government for emergency fiscal assistance as their local tax revenues have been largely diminished.

The question remains today whether or not out of the 53 Republicans in the United States Senate, could there be a compromise coming from Pelosi and Mnuchin that would be accepted by 13 of the 53. That’s what’s needed – all Democratic senators plus 13 Republicans to pass a new stimulus bill.

Speaker Pelosi said yesterday in an interview that she believes President Trump could push McConnell to round up the 13 votes needed. In normal times, with the economic pain in the nation facing a president up for reelection, it would seem it would be in the President’s favor to get a deal done. But this is 2020 and this year is breaking with history and breaking records on political surprises and unanswered questions.

Still, Pelosi says she has hope and refuses to put the final nail in the coffin and bury any chances of a stimulus package before election day, now just a few days away.

You’ve got to hand it to Mnuchin. He continues to hang in there as a negotiator. And sometimes you wonder if he’s standing alone. In today’s Washington Post, Paul Kane says that Mnuchin’s tenacity over the past three months reminds us of one of former Speaker John Boehner’s favorite sayings he gave during a “Tonight Show” appearance in 2014, “A leader without followers is simply a man taking a walk.”

Reports indicate the Secretary and Speaker have had more than a dozen somewhat lengthy telephone calls this month alone. The President’s tweets whipsawing as they have been, tell Secretary Mnuchin on some days, he is not alone, but then the atmosphere changes.

Let’s face it, the two other main characters during this dramatic turn of events in recent weeks are President Donald Trump and the Senate Majority Leader from Kentucky, Mitch McConnell. The President is distracted with COVID-19, himself, and his reelection - and Senator McConnell seems to have one thing on his mind as he focuses on getting the Supreme Court Nominee Amy Coney Barrett confirmed with a Senate vote ASAP.

So it goes, back-and-forth with the players here. But there are things that are steady. One is COVID-19 in America. It continues to kill and infect. The other is the economic pain of the people in our states, counties, and cities of the nation. Both worsen as Washington is confused and somewhat paralyzed by the crises before us.

Senate Republican COVID-19 Stimulus Proposal

Via Van Scoyoc Associates, 10/20/20

Information in addition to what was sent yesterday on the status of the COVID relief legislation.

Today and tomorrow, the Senate will take votes on two variations of its scaled-down COVID bill. The legislation includes the following main provisions:

- \$258 billion for the Paycheck Protection Program and other small business aid
- \$105 billion for Education Stabilization Fund to help schools adapt to COVID (either remote or in-person)
- \$47 billion for COVID testing, diagnostics, vaccines, PPE, and contact tracing.
- \$15 billion for federal programs to provide child care services, including Child Care Development Block Grant
- Unemployment benefits enhanced by \$300 per week
- Liability protections for businesses, health care providers, schools, and other entities against COVID-related personal injury claims.
- \$10 billion in Postal Service aid
- Tax benefits for charitable giving, schooling, and child care services.
- Improvements to the Strategic National Stockpile of medical supplies and equipment
- Nine-month extension of the deadline for state and local government aid under the Coronavirus Relief Fund

Today's vote will be the PPP sections only. Tomorrow's bill be the entire package. The outcome of the votes is not clear. However, most signs suggest the bills will not achieve the 60 votes necessary to pass the Senate. Democratic Leader Chuck Schumer of New York says the bill has too many poison pills and is intended to fail.

Meanwhile, in a parallel track, Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin continue to talk daily about a possible deal. According to the Speaker's office, the two are "narrowing their differences" and continue to talk. The two sides continue to work on the top line number, somewhere between \$1.8 trillion (Republican offer) and \$2.2 trillion (Democratic offer). But in addition to the dollar amounts, policy provisions are another hold-up, according to Energy and Commerce Committee Chairman Frank Pallone (D-NJ), who has been closely working with Pelosi on Phase 4 health provisions. The Senate Republicans still have expressed consternation about a potential multi-trillion dollar deal that Mnuchin and Pelosi may negotiate. Many Republicans would not support it and don't trust Mnuchin to advocate conservative principles. Complicating the matter further, President Trump is saying he wants to pass a bill bigger than even Pelosi proposed.

How does the President hold to the \$1.8 trillion figure as he instructed Mnuchin, and simultaneously push to go higher than Pelosi? How do Senate Republicans react to a big Mnuchin/Pelosi deal? Can the Mnuchin/Pelosi discussions wrap up in the coming days to meet Pelosi's self-imposed deadline to pass before the elections? These questions, and the ticking clock, demonstrate why many experts are skeptical a deal can be reached before the election.

Via Van Scoyoc Associates, 10/19/20

As an update on Senate Majority Leader Mitch McConnell's plans for the Senate to vote this week on a COVID-19 stimulus package, we are sending the attached summaries [attached to this memo] of Senate Majority Leader McConnell's \$500 billion stimulus proposal. The "Senate GOP Target Relief Package Summary" provides a quick 3 ½ page review that is helpful to see what is included in the proposal and the additional documents are included in case you want to go deeper on any of the topics. The bill does not include additional local government assistance, but does include:

- A second round of Paycheck Protection Program loans equal to 2.5X average monthly payroll costs, with a maximum loan value of \$2 million;
- An extension of unemployment insurance benefits through December 27, 2020;
- An extension of use for already appropriated Coronavirus Relief Fund money to September 30, 2021;
- Liability protections;
- Postal Service assistance; and
- Authorizes short-term assistance for child care providers.

Furthermore, at this time, we do not expect Democratic support for the proposal which minimizes the chances for the bill to advance. Regarding a larger package, Speaker Pelosi and Treasury Secretary Mnuchin continue to negotiate, but major differences remain.

State Expenditures of COVID Relief Update

The Governor's Office announced additional allocations from the AZ Coronavirus Relief Fund, which was established as part of the Arizona Together initiative. The allocation, which totals \$715,000, went to the following organizations: Salvation Army, Southwest Human Development, Jewish Family & Children's Services (Phoenix and Tucson), International Rescue Committee (Phoenix and Tucson), Helping Hands for Freedom, Phoenix Indian Center, Native American Connections, Phoenix Children's Hardship Fund, Green Valley Assistance, River Fund, Short Creek Dream Center, Greater Phoenix Urban League, Saving Amy, Diana Gregory Outreach Services, Payson Senior Center, Andre House, Homeward Bound, and Christian Family Care Agency. Press release at [this link](#).

Governor Executive Orders

The Governor has issued a number of Executive Orders in the past months. They can be found at [this link](#). No Executive Orders were issued this month.

Department of Health Services Guidance Update

This week, the Arizona Department of Health Services released guidance on bar activities including games, karaoke, and ax-throwing. The new guidance is available at [this link](#). The earlier iteration of the guidance from 8/10/20 is at [this link](#) for comparison.

Senate GOP Targeted Relief Package

TITLE I—OFFSETS

- *13.3 Rescission (\$204 billion)* – The provision would reduce from \$500 billion to \$296 billion in Section 4003(a) and from \$454 billion to \$250 billion in Section 4003(b)(4) of the CARES Act for making loans, loan guarantees, or other investments in programs and facilities for the Federal Reserve to provide liquidity to the financial system to support lending to eligible businesses, States, and municipalities. To date, approximately \$259 billion remains unallocated.
- *Claw Back Proposal* - The provision would terminate the emergency authority and claw back any unused money beginning next year.
- *Redirects unobligated CARES funding* - Repurposes \$146 billion in unspent CARES small business funding. .

TITLE II—CORONAVIRUS LIABILITY RELIEF

- The SAFE TO WORK Act promotes reopening the economy and schools, and helps fight the coronavirus.
- It includes liability limitations for COVID-related personal injury claims against businesses, COVID-related medical malpractice claims, expansion of PREP Act to cover additional countermeasures, and protections from liability under labor and employment laws for businesses that help fight COVID.
- It creates federal causes of action for personal injury and medical malpractice laws and preempts conflicting state laws. Doing so promotes uniformity and precludes trial lawyers from gaming the system.
- The protections of the bill apply to hospitals healthcare workers, small and large businesses, schools, colleges and universities, religious, philanthropic and other nonprofit institutions, and local government agencies.

TITLE III—ASSISTANCE FOR AMERICAN FAMILIES [UI]

- This provision gives states the option to continue providing \$300/week in extra, federally funded unemployment benefits to those who qualified under the CARES Act through December 27. It also extends the authorization for railroad unemployment benefits through December 27.

TITLE IV—SMALL BUSINESS PROGRAMS

- Creates a 2nd round of PPP with reforms to require new applications show revenue loss and maintain loan documents consistent with IRS requirements. Provides additional resources for audits.

- Allow small businesses (including self-employed individuals, sole-proprietors, and independent contractors) that (1) meet the SBA's revenue size standard, if applicable; (2) have 300 or fewer employees; and (3) demonstrate at least a 35 percent reduction in gross revenue in a 2020 quarter relative to the same 2019 quarter to receive a second PPP loan.
- Second PPP loans will be equal to 2.5X average monthly payroll costs, with a maximum loan value of \$2 million. The uses of these loans will be subject to existing regulations implemented by the SBA and Treasury, with eligible uses expanded to cover certain worker protective, supplier, and operational expenses.
- Simplifies the forgiveness application process for current and future PPP borrowers receiving loans of under \$150,000 or less. Includes reforms to require new applications show revenue loss and retain business documents. Provides \$50 million in additional resources for audits using existing PPP funding.
- ***Estimated cost: \$257.7 billion***

TITLE V —POSTAL SERVICE ASSISTANCE

- The provision would forgive the USPS \$10 billion Treasury loan authorized in CARES. The loan is accessible only if the USPS cash balance drops to \$8 billion and includes a report to Congress on how COVID has increased expenses. This provision mirrors the offer made to Democrats by the administration.

TITLE VI – EDUCATIONAL SUPPORT AND CHILDCARE

- *Educational Support*: Authorizes one-time, emergency appropriations funding for scholarship-granting organizations (SGOs) in each state. States subgrant funds to SGOs that administer scholarships for students to use toward qualified educational expenses (as determined by the state), such as private school tuition and home-schooling expenses.
- The provision provides two years of tax credits for contributions to scholarship-granting organizations based on legislation introduced by Senators Scott, Alexander, and Cruz (School Choice Now Act/S. 4284)
- *529 Account Enhancements* - The provision would allow parents of K-12 student at public, private, or religious schools to use 529 plan funds for expenses like books, online materials, licensed tutoring, that students may need to deal with the current circumstances and that are not provided by the school. It would also allow parents who home school to use 529 plan funds for educational expenses. The provision mirrors the Student Empower Act (S. 157), except it expires after two years.
- *Childcare*: Authorizes short-term assistance to help child care providers reopen and stay open so that parents have a safe place to send their children when they return to work.

TITLE VII— PANDEMIC PREPARATION AND STRATEGIC STOCKPILES

- Authorizes improvements and supports for sustained on-shore manufacturing surge capacity and capabilities to produce needed medical countermeasures, such as vaccines and therapeutics, to respond to public health threats like COVID-19.
- Authorizes grants for the establishment of state stockpiles of medical products and supplies needed during a public health emergency.
- Makes improvements to the Strategic National Stockpile by encouraging partnerships with those in the medical product supply chain to increase manufacturing and stockpiling capacity.

TITLE VIII —CORONAVIRUS RELIEF FUNDS EXTENSION

- Extends the deadline to Sept 30, 2021 for spending already appropriated money. No additional flexibility or funding.

TITLE IX—CHARITABLE GIVING

- The CARES Act included a new \$300 above-the-line deduction for charitable contributions that taxpayers can claim for 2020. The provision increases the amount to \$600 for individuals and \$1,200 for those filing a joint return.

TITLE X—CRITICAL MINERALS

- The Senate ENR committee bipartisan proposal to make us less dependent on China and other unstable, unreliable and hostile regimes for critical minerals

TITLE XI—MISCELLANEOUS

- Correction to Emergency Designation

DIVISION B – ADDITIONAL EMERGENCY APPROPRIATIONS FOR CORONAVIRUS HEALTH RESPONSE

- Provides \$105 billion through an Education Stabilization Fund to help get students back to school and provide for the continued learning of all students in elementary and secondary education and higher education.
- Provides \$16 billion for testing, contact tracing and surveillance in states. Requires additional reporting by states to improve accountability over these federal funds.

- Provides \$31 billion for vaccine, therapeutic and diagnostic development; vaccine distribution; the Strategic National Stockpile and grants for the establishment of state stockpiles.
- Provides \$20 billion of additional farm assistance. Emulates the successful approach in the CARES Act, giving the Secretary of Agriculture broad authority to address COVID-related impacts on our farmers, ranchers, growers and processors.
- Provides \$500 million to direct federal assistance to all manner of fishers, fishery participants, and communities that have been affected by the coronavirus.
- Provides \$5 billion for the Child Care and Development Block Grant, including direct support for child care providers to help ensure working parents have access to child care so they can work or return to work. Provides \$10 billion for Back to Work Child Care Grants, as authorized in Title VI.

Changes to Small Business Title: Targeted HEALS Act to Second-Degree Amendment One-Pager

1. **Expands the definition of covered supplier cost:** In section 1106 of the CARES Act as amended by section 4001(d)(2) of the amendment, the amendment expands the definition of covered supplier costs to include orders and purchase orders, in addition to contracts, and extends the date by which contracts, orders, and purchase orders must be in force in order to be eligible from February 15, 2020 to October 1, 2020.
2. **Extends the date by which guidance may affect the definition of covered worker protection expenditures:** In section 1106 of the CARES Act as amended by section 4001(d)(2) of the amendment, the amendment extends the date by which the HHS, CDC, or OSHA guidance may define certain worker protection expenditures.
3. **Updates length of loan forgiveness covered period:** In section 1106 of the CARES Act as amended by section 4001(f)(1) of the amendment, the amendment extends the maximum length of the loan forgiveness covered period that a borrower may elect from December 31, 2020 to the date that is 24 weeks after the origination of the loan.
4. **Includes third quarter of 2020 in the calculation of revenue loss:** In section 7(a)(37)(A)(v)(I)(cc) of the Small Business Act as amended by section 4001(i) of the amendment, the amendment expands the eligible 2020 quarters a borrower may use to calculate its revenue decline to include the third quarter of 2020.
5. **Makes a technical change to revenue decline threshold:** In section 7(a)(37)(A)(v)(I)(cc) of the Small Business Act as amended by section 4001(i) of the amendment, the amendment clarifies that the 35 percent change in revenue between comparison quarters must be a reduction from the 2019 quarter to the 2020 quarter.
6. **Clarifies the ineligibility of FARA registrants:** In section 7(a)(37)(A)(v)(III)(ee) of the Small Business Act as amended by section 4001(i) of the amendment, the amendment clarifies that persons required to register as agents of a foreign principal under the Foreign Agents Registration Act (FARA) are ineligible for a Paycheck Protection Program Second Draw loan.
7. **Modifies the definition of gross receipts for nonprofits:** In section 7(a)(37)(G) of the Small Business Act as amended by section 4001(i) of the amendment, the amendment modifies the definition of gross receipts for nonprofit and veterans organizations to include revenue from program services and exclude any loan proceeds from the Paycheck Protection Program.
8. **Modified Commitment Authority and Appropriations:** In section 4001(u) of the amendment, the amendment changes the commitment authority for the Paycheck Protection Program to be \$779.64 billion, which is equivalent to the sum of loans already made under previous authority (\$520 billion) and the amount of additional funds made available by the amendment (\$259.64 billion).

Continuing Paycheck Protection Program Act

The **Continuing Paycheck Protection Program Act** would provide additional assistance to the hardest-hit small businesses that are struggling to recover from the impacts of the COVID-19 pandemic. The bill has two main components:

Paycheck Protection Program Second Draw Loans:

- Provides \$257.64 billion in funds to support PPP and PPP Second Draw Loans.
- Defines eligibility for PPP Second Draw loans as small businesses that meet the applicable SBA revenue size standard, have no more than 300 employees, and demonstrate at least a 35 percent reduction in gross revenues between comparison quarters in 2019 and 2020.
- Includes a \$25 billion set-aside for entities with 10 or fewer employees and a \$10 billion set-aside for loans made by community lenders.
- The maximum loan size would equal 2.5 times average total monthly payroll costs, up to \$2 million. Businesses that received a PPP loan may not receive another PPP loan that aggregates to more than \$10 million.
- The 60/40 cost allocation for payroll and non-payroll costs to receive full PPP forgiveness would continue to apply.

Paycheck Protection Program Improvements:

- Expands forgivable expenses to include covered supplier costs, covered worker protection expenditures, and covered operations expenditures.
- Provides for an expanded lender safe harbor.
- Allows borrowers to select a loan forgiveness covered period between 8 weeks and 24 weeks during which to spend loan proceeds on forgivable costs.
- Simplifies the forgiveness application process for smaller loans while increasing SBA's ability to audit and review forgiven loans. Appropriates \$50 million to support this audit authority.
- Establishes a specific PPP loan calculation for farmers and ranchers.
- Provides Farm Credit System Institutions with greater certainty and equity in PPP lending participation.
- Expands PPP eligibility to include certain 501(c)(6) organizations, with 300 or fewer employees, excluding professional sports, political campaigns, and lobbying expenses.
- Prohibits the use of PPP loan proceeds for lobbying activities.
- Clearly defines "seasonal employer."
- Establishes a procedure in the bankruptcy process if the Administrator determines certain companies in Chapter 11 are eligible for PPP loans.

AMENDMENT XXX
CONTINUING PAYCHECK PROTECTION PROGRAM ACT
SECTION-BY-SECTION

Short Title; Definitions.

Additional Eligible Expenses. This section would make the following expenses allowable and forgivable uses for Paycheck Protection Program funds:

- Covered operations expenditures. Payment for any software, cloud computing, and other human resources and accounting needs.
- Property damage costs. Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
- Covered supplier costs. Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to October 1, 2020 that are essential to the recipient's current operations.
- Covered worker protection expenditure. Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.

Lender Safe Harbor. This section would provide that no enforcement action could be taken against a lender who in good faith relied on a certification or documentation submitted by a borrower of a covered loan.

Selection of Covered Period for Forgiveness. This section allows the borrower to elect a covered period ending at the point of the borrower's choosing between 8 and 24 weeks after origination.

Simplified Application. This section creates a simplified application process such that:

- For loans under \$150,000. Borrowers are not required to submit to the lender documentation required by section 1106(e) of the CARES Act, but must sign and submit to the lender a one-page form, attest to a good faith effort to comply with Paycheck Protection Program loan requirements, and report the total amount of the loan spent on both payroll costs and covered non-payroll costs. SBA must establish this form within 7 days of enactment. Additionally, borrowers are required to retain relevant records related to employment for four years and other records for three years. Borrowers may complete and submit demographic information. The Administrator may review and audit these loans to ensure against fraud.
- For loans between \$150,000 and \$2 million. Borrowers are not required to submit to the lender documentation required by section 1106(e) of the CARES Act, but must complete the certification required by that section, retain relevant employment records for four years, retain relevant records and worksheets for three years, and may complete and submit demographic information. After lenders review the application for completeness, they must submit the application to the Administrator. The Administrator may review and audit these loans for fraud.

- The SBA must submit to the Senate and House Small Business Committees a report 30 days after enactment detailing their review and audit plan to mitigate risk of fraud and provide monthly reviews and audit updates thereafter.

Group Insurance Payments as Payroll Costs. This section clarifies that other employer-provided group insurance benefits are included in payroll costs.

Paycheck Protection Program Second Draw Loans. This section creates a second loan from the Paycheck Protection Program for eligible businesses and businesses qualifying originally under this eligibility.

- Eligibility. In order to receive a Paycheck Protection Program loan under this section, eligible entities must:
 1. meet the SBA's revenue size standard, if applicable;
 2. employ not more than 300 or fewer employees; and
 3. demonstrate at least a 35 percent reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter.
- Eligible entities must be businesses, certain non-profit entities including certain 501(c)(6) entities, veterans' organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, or small agricultural co-operatives.
- Ineligible entities include: publicly-traded businesses; entities listed in 13 C.F.R. 120.110 except for entities from that regulation which have otherwise been made eligible by statute or guidance; businesses in financial services which received a Paycheck Protection Program loan in the first round of funding; entities affiliated with entities in the People's Republic of China; and registrants under the Foreign Agents Registration Act.
- Loan terms. In general, borrowers may receive a loan amount of up to 2.5x the average total monthly payroll costs in the one year prior to the loan or the calendar year 2019, up to \$2 million.
 - Seasonal employers may calculate their maximum loan amount based on a 12-week period beginning February 15, 2019 or March 1, 2019, and ending June 30, 2019, or any consecutive 12-week period between May 1, 2019 and September 15, 2019.
 - New entities may calculate loans by taking 2.5x the sum of total monthly payments divided by the total number of months in which payments were made.
 - Firms with multiple locations may not receive a loan greater than \$2 million in total.
 - An eligible entity may only receive one covered loan.
 - Businesses who have received a Paycheck Protection Program loan may not receive another SBA loan that aggregates to an excess of \$10 million.
- Churches and religion organizations. Expresses the sense of Congress that the Administrator's guidance clarifying the eligibility of churches and religious organizations was proper and prohibits the application of regulations otherwise rendering ineligible businesses principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs.
- Loan forgiveness. Borrowers of a Paycheck Protection Program Second Draw would be eligible for loan forgiveness equal to the sum of their payroll costs, covered mortgage,

rent, utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred before January 1, 2021. The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness will continue to apply.

- Lender compensation. The Administrator is authorized to reimburse a lender for three percent of the principal amount of the loan up to \$350,000 and one percent of the principal thereafter.
- Set-aside for small entities. \$25 billion in funds is set aside for entities employing 10 or fewer employees.
- Set-aside for Community Lenders. \$10 billion in funds is set aside to be made by community financial institutions; insured depository institutions with consolidated assets of less than \$10 billion; credit unions with consolidated assets of less than \$10 billion; and farm credit system institutions with assets of less than \$10 billion.
- Guidance to prioritize underserved communities. Directs the Administrator to issue guidance addressing barriers to access to capital for underserved communities.
- Standard Procedures. Directs the SBA to allow lenders to approve loans made under this paragraph utilizing existing program guidance and standard operating procedure, to the maximum extent possible, as the standard SBA 7(a) program.
- Prohibition on use of proceeds for lobbying. Prohibits any eligible entity from using proceeds of the covered loan for lobbying activities, as defined by the Lobbying Disclosure Act, lobbying state or local campaigns, and expenditures to influence legislation, appropriations, or regulations.

Continued Access to the Paycheck Protection Program. This section reduces the maximum amount borrowers may receive under the first round of Paycheck Protection Program funding from \$10 million to \$2 million.

Increased Ability for Paycheck Protection Program Borrowers to Request an Increase in Loan Amount due to Updated Regulations. This section allows borrowers whose loan calculations have increased due to changes in interim final rules to work with lenders to alter their loan value regardless of whether the loan has been fully disbursed, or if Form 1502 has already been submitted.

Calculation of Maximum Loan Amount for Farmers and Ranchers under the Paycheck Protection Program. This section establishes a specific loan calculation for the first round of Paycheck Protection Program loans for farmers and ranchers who operate as a sole proprietor, independent contractor, self-employed individual, who report income and expenses on a Schedule F, and was in business during on February 15, 2019 through June 30, 2019. These entities may utilize their gross income in 2019 as reported on a Schedule F. Lenders may recalculate loans that have been previously approved to these entities if they would result in a larger loan.

Farm Credit System Institutions. This section allows Farm Credit System Institutions to be eligible to make loans under the Paycheck Protection Program. It also allows for a zero risk weight for Paycheck Protection Program loans and aligns eased requirements for Farm Credit

System Institutions with those of other Paycheck Protection Program lenders. Further, it ensures these smaller asset institutions have access to set-asides.

Definition of a Seasonal Employer. This section defines a seasonal employer to be an eligible recipient which: (1) operates for no more than seven months in a year, or (2) earned no more than 1/3 of its receipts in any six months in the prior calendar year.

Eligibility of 501(c)(6) Organizations for Loan Under the Paycheck Protection Program. This section would expand eligibility to receive a Paycheck Protection Program loan to include the following organizations:

1. 501(c)(6) organizations if:
 - a. the organization does not receive more than 10 percent of receipts from lobbying;
 - b. the lobbying activities do not comprise more than 10 percent of activities; and
 - c. the organization has 150 or fewer employees.
 - i. Professional sports leagues or organizations with the purpose of promoting or participating in a political campaign or other political activities are not eligible under this section.
2. Destination Marketing Organizations if:
 - a. the organization does not receive more than 10 percent of receipts from lobbying;
 - b. the lobbying activities do not comprise more than 10 percent of activities;
 - c. the organization has 150 or fewer employees; and
 - d. that destination marketing organization is registered as a 501(c)(6) organization, a quasi-government entity, or a political subdivision of a state or local government.

Prohibition on Use of Loan Proceeds for Lobbying Activities. This section prohibits any eligible entity from using proceeds of the covered loan for lobbying activities, as defined by the Lobbying Disclosure Act, lobbying expenditures related to state or local campaigns, and expenditures to influence the enactment of legislation, appropriations, or regulations.

Effective Date; Applicability. Amendments made by this bill shall apply to Paycheck Protection Program loans as if included in the CARES Act.

Bankruptcy Provisions. This section would establish a special procedure in the bankruptcy process if the Administrator determines certain small business debtors are eligible for Paycheck Protection Program loans. It requires court approval for Paycheck Protection Program loans to these debtors and requires any such loan be given a superpriority claim in the bankruptcy process, providing additional protection to taxpayers and participating banks. The provisions in this section would take effect only upon a written determination by the Administrator that certain small business debtors are eligible for Paycheck Protection Program loans and would sunset two years from the date of enactment.

Oversight. This section would require the SBA to comply with GAO requests no later than 30 days, and require the Secretary of the Treasury and SBA Administrator to testify every quarter to the Senate and House Small Business Committees for two years.

Conflicts of Interest. This section would require the President, Vice President, the head of an Executive department, or a Member of Congress as well as their spouse, child, son-in-law, or daughter-in-law to disclose this status when receiving Paycheck Protection Program, Paycheck Protection Program Second Draw, and Recovery Sector loans.

Commitment Authority and Appropriations.

- Commitment Authority. This allows the Administrator to make commitments for loans made under the Paycheck Protection Program and Second Draw Loans beginning on February 15, 2020 through December 31, 2020 at \$779.64 billion. It also separates SBA's traditional 7(a) loan program authorization from the Paycheck Protection Program and Second Draw.
- Direct Appropriations. This would appropriate \$257.64 billion in funds for the Paycheck Protection Program and Second Draw Loans, \$50 million for the SBA to carry out reviews and audits of covered loans, and \$10 million for the Minority Business Development Agency. It would also provide no year money for the SBA Office of Inspector General for the funds issued in the CARES Act.
- Rescission: This rescinds \$137 billion in previously appropriated PPP funds.
- Emergency Designation. This language designates the funds appropriated in this section as an emergency requirement and exempts them from Pay-As-You-Go Act requirements.

COMMUNITY SERVICES UPDATE

October 23, 2020

IRONMAN® 70.3 Recap

Tempe hosted IRONMAN® 70.3 on Sunday, October 18. In total, 684 athletes began the race; 625 officially completed the course. 40% of the participating athletes were from Arizona; the remaining 60% traveled from out-of-state for the 1.2-mile swim that launched from the west end of Tempe Town Lake, followed by a three-loop (56 miles) bike course and a two-loop (13.1-mile) run.

The breakdown of official finishers is as follows:

- 444 Male;
- 164 Female;
- 17 Relay.

An IRONMAN® 70.3, also known as a Half IRONMAN®, is one of a series of long-distance triathlon races organized by the World Triathlon Corporation. Each distance of the swim, bike and run segments is half the distance of that segment in an IRONMAN® Triathlon. IRONMAN® 70.3 series culminates each year with a World Championship Competition; competitors qualify during the 70.3 series in the 12 months prior to the championship race.



Credit:

Meg Potter / The Arizona Republic

Credit:

Meg Potter / The Arizona Republic



IRONMAN® ARIZONA

Tempe is scheduled to host IRONMAN® Arizona on Sunday, November 22. The event, known as the darling of the southwest, promises to deliver a flat, fast, safe and spectator-friendly course that brings urban charms and desert vistas together. The City of Tempe Special Events Task Force is scheduled to meet and review the event application and supporting plans on Thursday, October 29.

This year's event will be slightly different due to construction that is occurring on a portion of the bike route located on the Salt River Pima Maricopa Indian Community. There will be a four-loop bike course totaling 74 miles instead of the typical 112-mile ride. While the distance has changed, qualifying slots for the 2021 IRONMAN® World Championships will still be offered.



Transit Shelter Design and Tempe Transit Advertising Program Potential



At the August 20th Issue Review Session, Council directed Staff to research the pros and cons of paid advertising at transit shelters, and whether the new transit shelter design could be modified to accommodate advertising. Staff is gathering this information and is also looking at other advertising revenue possibilities in our transit system, including bus wraps, Streetcar wraps, naming rights for the Streetcar system, and any other options that may generate revenues for the Tempe transit program and fund. Staff is sharing some of the preliminary information in this memo and will be prepared to

present more information at the December 3rd City Council IRS on Transit Fund and Service Changes Update.

REVENUE IMPACT (Transit Shelters, Train/Streetcar Wraps, Fixed Route Bus Wraps, Naming Rights)

At the December 3rd IRS staff will share more information on revenue potential for all the above identified advertising options. It is important to note that it is somewhat difficult to estimate potential revenue that could be generated from paid advertising at transit shelters without issuing a Request for Information (RFI) or Request for Proposals (RFP) to the market, which may be a course of action the Council will recommend. Tempe has over 800 bus stops and nearly 400 shelters; the shelters would be the locations for advertising.



Current revenues from the regional light rail advertising program (train wraps) generates more than \$1 million annually for the region, and Tempe receives a portion of that, roughly 30%, which offsets transit costs locally. The six new Streetcar vehicles could also be included in the regions advertising program.

Tempe owns 124 buses of which 46 are Orbit buses. It is recommended that Orbit buses be excluded from consideration for possible advertising (due to the fact that Orbit buses are primarily in neighborhoods and have a



specific branding package on smaller buses). There are multiple size options for exterior bus advertising available and cost variations based on curbside versus non-curbside exposure.

Finally, corporate naming rights for the regional light rail is something that has been pursued for many years, but has yet to be realized. Council has the opportunity to advise on whether this type of pursuit is appropriate for the Tempe Streetcar, at the December IRS.

DESIGN CONSIDERATIONS FOR TRANSIT SHELTERS

The new shelter designs will include four sizes; micro, small, medium and large. Only the large and medium sizes would be able to accommodate advertising, which would likely be about half (400) of the shelter inventory once the system is fully installed. These medium and large shelters are being designed to have the capability for static advertising panels and, in limited cases, for possible digital advertising.

Static Advertising

Multiple vertical panel types will be designed, and a side panel could be replaced with an advertising insert. It is important to note that the panels have been designed to allow for bus driver and passenger visibility, safety and ventilation. Placement of advertising would be limited due to this design criteria. However, a separate kiosk (2 or 3 panel structure) adjacent to the shelter would be an option in certain areas. It may also be possible to do a 'shelter wrap' on the mesh panel.



Digital Advertising

Scrolling digital text could be added to the design; and size and placement could be addressed in development of the design. However, digital screens can deteriorate in high heat or direct sun, becoming illegible. Research into life cycle costs and maintenance would be needed, as well as management of messaging and data input. The Mill Avenue IKE-like digital interface requires a 50-amp service, internal air conditioning unit, and solar power would need to be replaced with electricity. These screens would add additional weight and would require a more substantial structure, or a stand-alone design. Digital advertising is possible with significant investment and should be limited to only high volume and high visibility locations.

LEGAL CONSIDERATIONS AND CODE REVISIONS

The Tempe Zoning and Development Code and Tempe City Code would require modifications to accommodate advertising on transit assets, and guidelines would need to be developed. Below are two areas within the codes that would need revision, and revising City Code requires two public hearings.

- Tempe Zoning and Development Code, Section 4-902 – General Sign Standards
- Tempe City Code, Chapter 3 – Advertising and Signs, Article II, Sections 3-16 through 3-23

Please also refer to the confidential memo from the City Attorney's Office sent on September 18th.

The regional rail wraps would be the only asset that does not require code changes. Any advertising pursuit by the City will involve some City Code modifications and development of a narrow and careful legal definition specifying what assets would have advertising.

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