

MOTION BY SUPERVISOR HOLLY J. MITCHELL

January 14, 2025

Expediting Economic and Worker Relief Efforts in Response to Los Angeles County Fires Through an Equity Lens

The Los Angeles County (County) Board of Supervisors (Board) recognizes the devastating economic, social, and environmental impact of the ongoing fire disaster, including the Palisades, Eaton, Hurst, Kenneth, Sunset, Sunswept and Lidia fires (hereinafter “Fires”). The economic repercussions are staggering, with losses estimated between \$52 and \$57 billion.¹ These Fires have ravaged communities, displacing tens of thousands of residents and severely disrupting local economies. Businesses, particularly small enterprises, have suffered property damage or had to close because of other fire-related impacts, including mandatory evacuation, unhealthy air quality, and more, leading to substantial revenue losses.

However, not all businesses may be equally affected. A 2022 study by Liberty Street Economics, featuring insight and analysis from Federal Reserve Bank of New York economists, found that small businesses owned by people of color sustained “greater losses from natural disasters” compared to other small businesses, and that these losses make up a larger portion of their total revenues.² Further, there are disparities in the length

¹ https://www.marketwatch.com/story/la-wildfires-have-caused-more-than-50-billion-of-economic-loss-and-counting-f57662eb?utm_source=chatgpt.com

² <https://libtystreeteconomics.newyorkfed.org/2022/09/how-do-natural-disasters-affect-u-s-small-business-owners/>

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of business closure, with greater percentages of Black-owned and Hispanic-owned businesses shutting down for more than three months compared to White-owned and Asian-owned small businesses.³ It is imperative that the County work with the Anti-Racism, Diversity and Inclusion Initiative, to use learnings from other large-scale disasters, including the COVID-19 pandemic and wildfire events, to implement economic relief through an equity lens that will meet the needs of our most impacted communities.

In addition to direct businesses that have been lost, several workers have also lost their place of employment or temporarily lost employment due to business closures as a result of the Fires. Employees who lose their place of work lose life sustaining wages while evacuation notices are in effect. The most vulnerable workers are those who do not qualify for Unemployment Insurance or Disaster Unemployment Insurance, including those who receive payment of wages in cash, or who work without qualifying documentation status.

According to a study by the Department of Labor, workers are most impacted by job loss in the immediate aftermath of a large fire, negatively affecting nearly 5% of the workforce in studies of large fires between 2003 and 2021.⁴ Similar fire disasters, such as in Lahaina, Maui saw an 11% increase in those filing unemployment claims⁵ within the first month after the fire. However, not everyone will qualify for national and State unemployment insurance and the most immediate impacts are in the first weeks post-disaster, therefore, there is an urgent need to stand up funding as quickly as possible within the immediate aftermath and ongoing fires across the County.

A centralized approach, led by the Department of Economic Opportunity (DEO), is essential to effectively coordinate relief efforts. Leveraging partnerships with philanthropic organizations who will serve as fiscal agents will facilitate the swift and efficient distribution of funds to those in need. By consolidating relief initiatives under DEO and granting authority to collaborate directly with philanthropic organizations, the County can expedite the establishment of critical support funds. This approach will facilitate prompt

³ <https://libertystreeteconomics.newyorkfed.org/2022/09/small-business-recovery-after-natural-disasters/>

⁴ <https://www.bls.gov/opub/mlr/2023/article/labor-market-impacts-of-destructive-california-wildfires.htm#:~:text=Following%20large%20wildfires%2C%20the%20number,within%20the%20first%2018%20months.>

⁵ <https://uhero.hawaii.edu/jobless-claims-reveal-staggering-employment-cost-of-maui-wildfires/>

assistance to affected businesses and workers, aiding in the stabilization and recovery of our local economy. Given our knowledge about the disproportionate impacts on business owners of color and vulnerable workers, the County must take an equity-based approach to ensure that recovery efforts contribute to rebuilding an inclusive, equitable economy.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Director of the Department of Economic Opportunity (DEO), in collaboration with the Chief Executive Officer (CEO), and to the extent feasible, the City of Los Angeles, to lead the coordination of all economic and workforce relief initiatives related to recovery from the ongoing Los Angeles County (County) fires. This includes directing all County departments to collaborate with DEO on matters related to economic recovery from the Fires to ensure streamlined delivery of grants, loans, and relief services to affected businesses and workers.
2. Direct the Director of DEO, in coordination with the CEO, including its Anti-Racism, Diversity, and Inclusion (ARDI) Initiative, the Director of the Department of Consumer and Business Affairs (DCBA), and the City of Los Angeles Economic and Workforce Development Department, to establish two dedicated funds that will be available to receive and collect outside funding: (1) a Business Interruption Fund to provide financial assistance to businesses experiencing significant operational disruptions due to the Fires and; (2) a Worker Recovery Fund to support workers who may not be eligible for unemployment benefits, which includes those who are self-employed or/and independent contractors facing employment challenges as a result of the Fires. The funds should establish equity-focused criteria for disbursing funds to affected workers and businesses using the ARDI equity explorer, as well as incorporate need, impact, and consideration of other sources of federal, State and local funding that may cover the cost of the harm or loss experienced. DEO should immediately identify a third-party intermediary, report back to the Board in writing in 15 days on funding criteria, and begin disbursing funds through the third-party intermediary within 30 days of adoption of this motion.

3. Delegate authority to the Director, or designee, of DEO to execute agreements with philanthropic organizations to act as fiscal agents for the aforementioned funds, ensuring efficient and timely distribution of resources to impacted parties with an equity lens. Waive the requirements of Board Policy 5.100 so that this can proceed on the necessary expedited timeline but require that DEO complete the sole source checklist, including review by CEO.
4. Direct the Director of DEO, in partnership with relevant County departments and the County's Emergency Operations Center, and leveraging their network of America's Job Centers of California and Community Based Organizations, to increase awareness of and increase access to existing Unemployment Insurance and Disaster Unemployment Assistance and other critical resources for workers that have lost wages due to the Fire disaster and its impacts, prioritizing workers with the highest socioeconomic need.
5. Direct the Directors of DEO and DCBA to coordinate with the CEO, relevant County Departments and State agencies, the federal Small Business Administration, Office of Immigrant Affairs, regional business associations, local chambers of commerce, labor and community organizations that work with, but not limited to, small business employers, retail and service workers, day laborers, domestic workers and care workers, to conduct a culturally competent and linguistically appropriate education and outreach campaign to all those in the County affected by the Fires to raise awareness about available relief resources and facilitate access to funds for eligible businesses and workers. Further, as part of this comprehensive campaign, direct the Director of DCBA to conduct robust education, outreach, and enforcement of County and State anti-price gouging laws and worker protections. The Directors of DEO and DCBA are directed to report to the Board in writing in 120 days on progress, outcomes, and impact of this outreach work.

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