

Cortese Investment Company

May 18, 2020

Supervisor Andersen
Ad Hoc Committee on COVID-19 Economic Impact and Recovery
Contra Costa County

Dear Supervisor Andersen,

I planned to speak at your Ad Hoc Committee meeting last Thursday May 14, but when I logged in the Zoom meeting was at capacity. I will be unable to attend your next meeting on May 21, so please accept this letter, which contains my planned public comments. This letter further expands on the May 5 email previously sent to you.

My company owns and manages commercial property in Lafayette, Walnut Creek, Concord and San Ramon. These properties are comprised of small businesses in multiple industry sectors including apparel, cosmetics, beauty salons, fitness, restaurants, furniture, home improvement, shipping, financial, medical and legal.

There are 30 million small businesses in the U.S. that account for 44% of our nations GDP and 47% of private sector employment, but even more importantly they account for 61% of new jobs. This economic shutdown is an existential threat to the survival of these small businesses, particularly in the retail and service sectors. Walmart, Target, Home Depot, Lowes, Safeway and Wholefoods, to name a few, are "essential" and allowed to open. But the men and women who own small businesses, and the employees who work there, would argue their businesses are every bit as essential to our economy and critical to the livelihoods which support their families.

How much will Amazon's market share grow while small businesses are handicapped? How is it possible for Fortune 500 big box retailers to open safely but small businesses cannot? The big and powerful have the ability to lobby our government or merely defy Shelter and Stay orders without ramifications; such is the case with Tesla. What recourse is afforded to our small businesses? Who is advocating for them?

Are we supposed to hide until a vaccine is developed? That is simply not possible. For every week the economic shutdown continues, more businesses and jobs are permanently lost and the longer and more difficult the recovery once the shutdown ends. Our recovery is no longer V-shaped but U-shaped or L-shaped. The U.S. government is printing and borrowing money in order to pump emergency stimulus into the economy, but these are stopgap measures that will not sustain us and they also come with a heavy price for future generations. Opening the economy for all is the only way to stem further erosion. Contra Costa County should do so immediately.

There are ways for these small businesses to open safely *if* these businesses have not already closed permanently. The Los Angeles Times reports, "If the economic turmoil caused by the pandemic lasts past Memorial Day, which seems certain, about half of all small businesses could be in danger of failing...more than 6 in 10 could fold if the danger lasts until Labor Day." Small businesses are the economic lifeblood of Contra Costa County. We simply cannot afford to have this type of failure rate in our community.

If I were allowed only one question of the Health Official it would be, "What are the loss of life metrics used to justify the continued economic shutdown and how are these metrics balanced against the metrics for the loss of economic productivity, loss of livelihood and the mental and physical toll caused by the shutdown?" Though I was told the Health Official's primary metric is the capacity of our hospitals, I believe there must be more since Contra Costa County is not one of our country's "hot spots". To the contrary, Contra Costa County has the lowest COVID-19 deaths per capita of any Bay Area county and far below California, and our hospitals are not overrun with patients.

	Deaths	Population	Deaths/100,000
Alameda	76	1,666,753	4.56
Contra Costa	32	1,150,215	2.78
Marin	14	259,725	5.39
Santa Clara	130	1,937,670	6.71
San Francisco	35	883,305	3.96
San Mateo	65	769,545	8.45
Bay Area	352	6,667,213	5.28
California	2,934	39,937,489	7.35
USA	84,895	330,755,584	25.69

*This information is based on data available May 14, 2020.

So what is the rationale for continuing to suppress our civil liberties? The elderly and those with long-term health issues or weakened immune systems are our vulnerable population. The vast majority of our population is not vulnerable. We can protect our vulnerable population, restore our civil liberties and restore our economy without resorting to draconian measures. We see this happening with success in other countries and other states. Our County Supervisors and our County Health Official need to understand the costs of the economic shutdown are now greater than the benefits and should focus on allowing our population to restore their economic livelihoods.

Respectfully,



Stephen A. Cortese