

**Administering Agency:** Nevada County – County Executive Office

**Grant Award Allocation No.** \_\_\_\_\_

**Description:** Coronavirus Relief Fund (CRF) “Economic & Community Resiliency Grants” Program

## **GRANT AWARD RECIPIENT AGREEMENT**

**THIS AGREEMENT** is made at Nevada City, California, as of September 22, 2020 by and between the County of Nevada, ("County"), and Sierra Cinemas, Inc. ("Grant Recipient"), who agree as follows:

1. **Use of Funds:** Grant award recipient agrees to use the Coronavirus Relief Fund (CRF) “Economic & Community Resiliency Grants” Program funds (“CRF Funds”) provided to cover those costs identified in the submitted Application received from this Entity and attached hereto and incorporated herein. Eligible uses of award funds include costs of business interruption caused by required closures due to the COVID-19 public health emergency and any necessary expenditures incurred due to the COVID-19 public health emergency during the period that begins on March 1, 2020, and ends on December 30, 2020 and in accordance with federal guidance, as specified here: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

Grant Recipient agrees to comply with the all CRF Fund expenditure requirements, and shall reimburse County any grant funding provided under this Agreement that was determined by federal, state or local audit to be unauthorized expenditures under the CRF Funds program.

In addition, Grant Recipient shall maintain strict adherence to all orders and guidance pertaining to the COVID-19 pandemic issued by the Governor of California, the State Public Health Officer, County Public Health Officer, and/or the Nevada County Director of Environmental Health. Failure to comply with this Section shall constitute a Material Breach of this Agreement and a basis upon which County may immediately terminate this Agreement without notice. In amplification of Section 7 (“Hold Harmless and Indemnification Agreement”), Grant Recipient’s material breach herein shall entitle County to any/all damages, including the amounts of judgments, reimbursements, penalties, interest, court costs, legal fees, and all other expenses incurred by County resulting therefrom.

2. **Grant Fund Allocation** County shall allocate CRF Funds designated specific to the coronavirus relief efforts the time and in the amount set forth in herein. The allocation specified in herein shall be the only payment made to Entity for Coronavirus relief effort pursuant to this Agreement. **The amount of the CRF Funding shall not exceed One Hundred Fifty Thousand Dollars (\$150,000).**
3. **Term** This Agreement shall commence on September 22, 2020. All grant funds provided by this Agreement shall be expended before December 30, 2020 and reported on per the requirements stated in Section 10. **Agreement Termination Date** of: January 31, 2021.
4. **Exhibits** All exhibits referred to herein and attached hereto are incorporated herein by this reference.
5. **Electronic Signatures** The parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, “electronic signature” shall include faxed or emailed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

6. **Time for Performance** Time is of the essence. Failure of Grant Recipient to expend any allocated funding prior to December 30, 2020 shall constitute a return of unspent funds to the County as of the termination date. Grant Recipient shall devote such time to the Coronavirus relief effort pursuant to this Agreement. Grant Recipients unauthorized expenditure of CRF Funds shall constitute a material breach of this Agreement, and in addition to any other remedy available at law, shall serve as a basis upon which the County may elect to immediately suspend CRF Fund payments, or terminate this Agreement, or both without notice.
7. **Hold Harmless and Indemnification Agreement** To the fullest extent permitted by law, each Party (the "Indemnifying Party") hereby agrees to protect, defend, indemnify, and hold the other Party (the "Indemnified Party"), its officers, agents, employees, and volunteers, free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character resulting from the Indemnifying Party's negligent act, willful misconduct, or error or omission, including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by the Indemnified Party arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the Indemnified Party) and without limitation, all other claims or demands of every character occurring or in any way incident to, in connection with or arising directly or indirectly out of, the Agreement and the expenditures of the CRF funding. The Indemnifying Party agrees to investigate, handle, respond to, provide defense for, and defend any such claims, demand, or suit at the sole expense of the Indemnifying Party, using legal counsel approved in writing by Indemnified Party. Indemnifying Party also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against either Party or to enlarge in any way either Party's liability but is intended solely to provide for indemnification of the Indemnified Party from liability for damages, or injuries to third persons or property, arising from or in connection with Indemnifying Party's performance pursuant to this Agreement. These Hold Harmless and Indemnification provisions shall survive the termination of this Agreement.
8. **Drug-Free Workplace** Senate Bill 1120, (Chapter 1170, Statutes of 1990), requires recipients of state grants to maintain a "drug-free workplace". Every person or organization awarded a contract for the procurement of any property or services shall certify as required under Government Code Section 8355-8357 that it will provide a drug-free workplace.
9. **Political Activities** Contractor shall in no instance expend funds or use resources derived from this Contract on any political activities.
10. **Reporting Requirements:** Each grant award recipient of CRF Funds shall report COVID-19 related "costs incurred" during the "covered period" (the period beginning on March 1, 2020 and ending on December 30, 2020). Each grant award recipient shall report data according to these requirements.
- 10.1 County-required Reporting**  
 A "mid-term" report will be due October 31, 2020, and a final report will be due by January 31, 2021.
- Data required to be reported includes, but is not limited to, the following:
1. the total amount of CRF Fund payments received from County;
  2. the amount of CRF Funds received that were expended or obligated for each project or activity;
  3. a detailed list of all projects or activities for which funds were expended or obligated, including:
    - a. the name of the project or activity;
    - b. a description of the project or activity;

- c. detailed information on any loans issued; contracts and grants awarded; transfers made to other entities; and direct payments made by the recipient that are greater than \$50,000.

## 10.2 **Records of Support**

Records to support compliance may include, but are not limited to, copies of the following:

1. general ledger and subsidiary ledgers used to account for (a) the receipt of CRF Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
2. budget records for 2019 and 2020;
3. payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;
4. receipts of purchases made related to addressing the public health emergency due to COVID-19;
5. contracts and subcontracts entered into using CRF Fund payments and all documents related to such contracts;
6. grant agreements and grant subaward agreements entered into using CRF Fund payments and all documents related to such awards;
7. all documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients;
8. all documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
9. all internal and external email/electronic communications related to use of CRF Fund payments; and
10. all investigative files and inquiry reports involving Coronavirus Relief Fund payments.

Records shall be maintained for a period of five (5) years after grant award is made using Coronavirus Relief Fund monies. These record retention requirements are applicable to all prime recipients and their grantees and subgrant recipients, contractors, and other levels of government that received transfers of CRF Fund payments from prime recipients.

11. **Conflict of Interest** Contractor certifies that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of this agreement. In addition, Contractor agrees that no such person will be employed in the performance of this agreement unless first agreed to in writing by County. This includes prior Nevada County employment in accordance with County Personnel Code.
12. **Entirety of Agreement** This Agreement contains the entire agreement of County and Contractor with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.
13. **Alteration** No waiver, alteration, modification, or termination of this Agreement shall be valid unless made in writing and signed by all parties, except as expressly provided in Section 19, Termination.
14. **Governing Law and Venue** This Agreement is executed and intended to be performed in the State of California, and the laws of that State shall govern its interpretation and effect. The venue for any legal proceedings regarding this Agreement shall be the County of Nevada, State of California. Each party waives any Federal court removal and/or original jurisdiction rights it may have.

15. **Compliance with Applicable Laws** Contractor shall comply with any and all federal, state and local laws, codes, ordinances, rules and regulations which relate to, concern or affect the Services to be provided by this Contract.
16. **Notification** Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the mail, postage prepaid, and addressed to the parties as follows:

**COUNTY OF NEVADA:**

Nevada County  
County Executive Office  
Attn: Caleb Dardick  
**Address**  
950 Maidu Ave.  
Nevada City, CA 95959

Phone: (530) 470-2649  
Email: [Caleb.dardick@co.nevada.ca.us](mailto:Caleb.dardick@co.nevada.ca.us)

**AWARD RECIPIENT**

Sierra Cinemas, Inc.  
  
Attn: Michael LaMarca  
**Address**  
840C E. Main Street  
Grass Valley, CA 95945

Phone: (530) 477-1100  
Email: [Michael.lamarca@sierratheatres.com](mailto:Michael.lamarca@sierratheatres.com)

Any notice so delivered personally shall be deemed to be received on the date of delivery, and any notice mailed shall be deemed to be received five (5) days after the date on which it was mailed.

Executed as of the day first above stated:

**Authority:** All individuals executing this Contract on behalf of Contractor represent and warrant that they are authorized to execute and deliver this Contract on behalf of Contractor.

**IN WITNESS WHEREOF**, the parties have executed this Contract effective on the Beginning Date, above.

**COUNTY OF NEVADA:**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name/Title: Honorable Heidi Hall, Chair, of the Board of Supervisors

By: \_\_\_\_\_

Attest: Julie Patterson Hunter, Clerk of the Board of Supervisors

Approved as to From:

By: \_\_\_\_\_

**GRANT RECIPIENT: Sierra Cinemas, Inc.**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

\* Title: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

\* Title: \_\_\_\_\_ Secretary\_\_\_\_\_

***\*If Contractor is a corporation, this agreement must be signed by two corporate officers; one of which must be the secretary of the corporation, and the other may be either the President or Vice President, unless an authenticated corporate resolution is attached delegating authority to a single officer to bind the corporation (California Corporations Code Sec. 313).***

Application received in response to  
RFA No. 130794  
**Coronavirus Relief Fund (CRF)**  
**“Economic & Community Resiliency Grants”**  
**Program**

## **TAB A: ENTITY DESCRIPTION**

**a. Mission, goals, and history in Nevada County:** A thriving first-run and independent cinema enterprise, Sierra Theaters' mission is to entertain and enlighten the community and celebrate movie-going and film culture by bringing the best on-screen experiences in the world to audiences of all ages and interests. Founded by Mike and Barbara Getz in 1979, Sierra Theaters is a family-owned and operated small business that has helped anchor the western Nevada County cultural and economic community for 41 years. The business started out as a Sunday night film series in 1979 at the historic Nevada Theatre in Nevada City. A decade later, in 1989, Mike and Barbara opened Sierra Cinemas on East Main Street in Grass Valley. In 2001 the company expanded to Sutton Cinemas in the Brunswick Plaza and in 2003, the family was proud to purchase the iconic Del Oro Theatre in Downtown Grass Valley.

**b. Names of the principals responsible:** Sierra Theaters is an S Corporation wholly owned by Mike and Barbara Getz. Mike Getz is President and Treasurer of the corporation; Barbara is Vice President and Secretary. The company is now operated by their daughter Azriel and her husband Michael LaMarca, both Vice Presidents of the corporation. Qualifications detailed on next page.

**c. Number of Employees:** Before the COVID-19 crisis Sierra Theaters employed an average of 36 people annually. Many were students grateful for job experience and schedule flexibility. Some worked through senior year and then went off to college, while others stayed with the company, were promoted to management and built up their skills and experience. Several people have stayed with the company for over 10 years and have cultivated valuable industry-specific skills.

**d. Community Served:** Sierra Theaters serves a wide spectrum of community members. On average 20,000 tickets are sold per month. With the nearest first-run movie theater 35 miles away in Auburn, Sierra Theaters serves the majority of residents in Western Nevada County. Occasionally, residents of surrounding counties drive to our theaters to see a movie or program unavailable in their area. At any given time, the programming selection attracts people of all ages. Annually, children's tickets make up 12% of total sold, parents, teens, college students and adults make up 57% of sales, and 32% of sales are senior tickets. Programming is varied enough to attract people of all political stripes, orientations and affiliations. Discount days and a 5,000-member loyalty program help keep movie-going affordable. Put simply, our business serves everyone in this community.

**e. "Vital and enduring role in the local community":** Our theaters are integrated into the everyday fabric of our community. To demonstrate this fact, we offer the following. In mid-July, 2020, Sierra Theaters launched a successful [fundraising campaign](#). Over 1,000 people donated, and we raised over \$75,000 in two weeks. Comments from donors expressed overwhelming support for Sierra Theaters, its programming, staff, and benefit to the community as an employer. Below are a few selections:

"The Sierra Theaters are a community treasure. We especially appreciate the friendliness and kindness of the theaters' staff." - Kat & Mick Tuttle

"It's so rare to have a movie theater that's not corporate these days, and to have its owners right there, just working alongside you. It was also more like a family than any other job I've ever been at." – Joe Kruegel, as quoted in [Sacramento News and Review](#), July 27, 2020

## **TAB A Principals Statement of Qualifications**

Mike Getz, owner, President and Treasurer of Sierra Cinemas, Inc.

A graduate of Cornell University (BA), Mike Getz began his career in the movie business as the manager of the Cinema Theatre in Hollywood in 1962. He created Movies Round Midnight, a film program that was shown at midnight in movie theaters around the country for 25 years. While programming this ongoing series, he moved to Nevada County in 1968. He started the Nevada Theatre Film Series with his wife Barbara in 1979. He and Barbara started Sierra Cinemas in 1989, Sutton Cinemas in 2001, and purchased the Del Oro Theatre building and business in 2003.

Barbara Getz, owner, Vice-President and Secretary of Sierra Cinemas, Inc.

A graduate of University of Michigan (BS), Barbara Getz moved to Nevada County in 1971. She taught in the Head Start pre-school program for several years before becoming the Executive Director of the North Columbia Schoolhouse Cultural Center and the first Director of the Sierra Storytelling Festival. She has served for many years on community boards, including Twin Ridges School District, Sierra Family Medical Clinic, and SYRCL. In 1989, she joined with her husband Mike to start Sierra Cinemas in Grass Valley. They have been business partners ever since.

Azriel LaMarca, Vice President

Azriel grew up in Nevada County and helped her parents at the Nevada Theatre Film Series as a kid and worked at Sierra Cinemas as a teenager. She graduated from University of California, Santa Cruz (BA) in 1998 and moved back to Nevada County in 2000. She started a small dance company while working as the Executive Director of the North Columbia Schoolhouse Cultural Center. She joined the family business in 2003, first managing payroll and accounts payable, and then moving on to programming, special events, and management. Currently, she and her husband Michael oversee all operations at Sierra Theaters.

Michael LaMarca, Vice President

Born and raised in Los Angeles, Michael began learning about and working in the motion picture and television industry before college. Studying theater and graduating with a BA in Theater Arts from UC Santa Cruz, Michael focused his education on live performance. He moved to New York after graduation and worked at the The Public Theater. Having met Azriel Getz in college, they moved to Nevada County and were married in 2002. He worked as a manager at Sierra Cinemas before transitioning to teaching history at Forest Charter School and video production for 49er ROP. He also served as Executive Director of NCTV. In 2008 he returned to Sierra Cinemas Inc. where he and Azriel gradually took over all aspects of operations, finance and management as Mike and Barbara moved toward retirement.



## **TAB B: COVID-19 IMPACTS**

**a. Impacts on operation:** Government ordered closure has had the biggest direct impact on our business. Ordered to close on March 17, we quickly ceased all operations and laid off all 32 of our employees. There is currently no clarity from the State on a reopening timeline. With limited work opportunities and the expiration of federal employment benefits, we risk losing many if not all of our trained staff. So far, Sierra Theaters has suffered over \$1.2M in lost revenue this year.

Globally, COVID-19 has completely disrupted the movie supply chain and threatens to re-wire the worldwide movie theater business. Fresh movies, like fresh produce to a grocer, are theaters' life-blood. The ongoing crisis has delayed and canceled multiple major studio releases, effectively wiping out the lucrative summer movie season. Worse yet, many major films are being released to home video-on-demand services eliminating our opportunity to screen these films in future.

To respond to this crisis, we have been operating the Del Oro Theatre Snack Bar since late May. In June, we spent weeks rehiring employees, deep cleaning the entire theater and re-designing protocols to protect employee and guest health. On June 26, 2020, we reopened Del Oro Theatre after closure orders were lifted. After 16 days of showing previously released movies, movie theaters were ordered closed again on July 13 as virus cases spiked statewide. Selling popcorn downtown to walk-in customers on weekends continues to provide some limited work for our management and keeps us engaged with the public. Response has been positive though the revenue generated is negligible. We also are offering "virtual cinema" screenings via our [website](#), including the important documentary *Rebuilding Paradise* about the Camp Fire in our neighboring community.

Our plan is to reopen our cinemas when allowed and operate in compliance with health and safety guidelines. We expect cinemas in California to reopen with occupancy limits sometime this fall. It remains to be seen, however, what appropriate business models will exist for movie theaters in the next few years. Quite possibly, we may be forced to downsize our operation. Our highest priority is to maintain the Del Oro Theatre as a viable venue for first-run movies and an anchor of Grass Valley's historic downtown business district. This may mean exiting our leases at Sierra Cinemas and Sutton Cinemas – costly undertakings that may involve legal action. Without a doubt, we want to avoid being forced to sell the Del Oro Theatre in order to cover outstanding lease obligations not supported by revenue.

**b. Specific impacts addressed by this proposal:** This proposal addresses the biggest impacts caused by COVID-19: past and future lease obligations, the retention of trained staff, and the return to operations. The proposal also addresses the issue of re-establishing public trust in movie going by installing ion-generating air purifying devices that reduce pathogens into our HVAC systems.

**c. How this proposal addresses impacts:** This proposal covers lease obligations (\$206,565), payroll costs to maintain essential staff through the end of 2020 (\$153,642), and the estimated expense of a major HVAC improvement project (\$16,000). This gives us the opportunity to re-open when allowed, afford the additional payroll costs associated with operating at reduced capacity, and make a significant improvement to our facilities in response to the COVID-19 public health emergency.

**TAB C: ECONOMIC IMPACT**

**a. History of and potential for a large and ongoing economic impact, measurable multiplier effects such as tax revenue, jobs:** With a history of doing business in Nevada City for 41 years and Grass Valley for 31 years respectively, Sierra Theaters is a significant driver of economic activity for the western county region. Serving the community by providing jobs, paying taxes and purchasing services and supplies locally, the theaters’ business activity generates significant direct and multiplier effects that fuel the local economy. Additionally, the theaters’ cultural impacts contribute to the attractiveness of living and working in Nevada County.

Since 2012 Sierra Theaters revenues have surpassed \$3M annually. Since 2017 an average of \$1.2M, about 30% of total expenses, is recycled directly into the local economy.

Wages & Benefits	\$800,705
Local Taxes & Fees	\$69,676
Local Services/Supplies	\$308,192

Data from Profit and Loss Statements 2017-2019

From the start Mike and Barbara Getz dedicated themselves to fostering a healthy and educational work environment for Nevada County’s youth; this positive work environment is a source of pride for the company. The theaters employ an average of 36 people and take on an average of 25 new-hires a year according to payroll reports. Over the years Sierra Theaters has enabled an estimated 1000 young people to begin their working careers, many of whom advance to management positions. All employees are challenged to continuously develop their interpersonal, technical and critical thinking skills when they engage the movie-going public. From analysis of past employee schedules, it is estimated that an average of 4 employees a year receive the invaluable opportunity to advance their working careers by being promoted to management positions. Besides being a sought-after home for first-time job seekers, the theaters have also been a home for long-term employees. At the beginning of this year 20% of employees had been with the company for over 10 years.

Annual Employees	36
Annual New-Hires	25
Annual Management Promotions	4

**b. How we document the impact:** The existence of state-of-the-art theaters in Grass Valley is critical to the area’s attractiveness to both locals looking for an affordable night out as well as newcomers seeking to retain a sophisticated lifestyle with access to the best in cinema. In addition to the financial impacts shown above, daily moviegoers contribute traffic to area restaurants, bars and shops. According to the [Americans for the Arts study of Arts and Economic Prosperity](#) in Nevada County, resident event attendees spend an average of \$27.87 per person in Nevada County on meals, transportation, child-care, etc. At over 200,000 admissions annually at Sierra Theaters, the added economic impact to the county using this metric is \$5.5M.

#### **TAB D: LEVERAGING PARTNERSHIPS AND RESOURCES**

Sierra Theaters is a company with two owners whose investments and good credit have kept the business thriving through the decades. At this point in the COVID crisis the company's credit is maxed out. Additional credit is unavailable. Revenues are minimal. Federal stimulus funding is unreliable. We are leveraging every resource, private credit, community contributions, federal and local relief and are now seeking the opportunity to utilize CRF funding to get back to business and avoid selling our most valuable asset, the Del Oro Theatre.

**a. Track record of leveraging additional partnerships and resources:** Our theaters have maintained excellent relationships with Hollywood film suppliers throughout the years. We pay our bills on time and operate in good faith and therefore we enjoy uninterrupted access to the premium film content that drives our business. By leveraging credit, in the last 5 years we've reinvested \$570,000 back into the business by restoring the marquee at Del Oro, building the CineCafe at Sierra Cinemas and remodeling the snack bar at Sutton Cinemas.

**b. How we will leverage additional funding that will contribute to COVID-19 recovery:** In order to recover from the COVID-19 crisis, we must meet our lease obligations through the end of the year. If we can use CRF Funding to meet those lease obligations, it affords us the opportunity to re-negotiate with our landlords. It also gives us the opportunity to re-finance the Del Oro mortgage and apply for loans once revenues return.

**c. How funds will help us remain viable after 12/31/20:** Our goal is to survive these uncertain times without incurring unsustainable debt. Our highest priority is to maintain the Del Oro Theatre as a viable venue for first-run movies. We anticipate weak revenues while seating capacity limits and supply chain issues persist. Revenues, when they return, will not simultaneously support past liabilities and current operating expenses. If we can satisfy our essential lease and payroll obligations with grant funding through the end of 2020, we can expect to be viable in 2021 when blockbusters return to cinemas and capacity limits are lifted. EIDL funds, secured in April, have very reasonable terms and will be used to support ongoing operations in 2021. Without additional funding now, we will need to use the EIDL funds and all available cash to cover 2020 expenses, leaving little working capital in 2021. CRF Funds provide a bridge to a time, a few months from now, when there's more certainty about what the movie business will look like post-COVID. The movie theater industry will survive this crisis, as it has for over 100 years, and we plan to be part of it. Leading industry observers agree:

"The theatrical industry has been challenged like never before and we at Comscore remain confident again, based on data, that once this crisis is over, movie theaters around the world will see a new golden era of the theatrical experience." - Arturo Guillén, [Comscore](#) executive VP and global managing director as told to [Variety](#), July 30, 2020.

**d. Efforts to access other public and/or private funding:** In March, we borrowed \$75,000 by maxing out our business line of credit. In April, Mike and Barbara Getz injected \$100,000 of liquidity into the company to meet outstanding obligations with our vital suppliers. We contacted our business bank and several local banks looking to re-finance the Del Oro with cash out. We were turned down due to lack of revenues. We applied for the PPP loan and received \$161,800 on May 1. We also applied for and received \$150,000 through the EIDL - equal to one month's average fixed expenses. In July, our GoFundMe campaign raised \$76,366. We also applied for and received a generous grant of \$5,000 through the Nevada County Relief Fund to cover summer electricity bills.

**TAB E: MANAGEMENT CAPACITY AND MEASURABLE OUTCOMES**

**a. Our entity's capacity to manage, oversee, implement and report on the use of the funds:**

Operating successfully seven days a week, 365 days a year since 1989, Sierra Theaters has robust management capacity for operations, finance and reporting. Likewise, the operation is able to track and report on multiple outcomes via tax and payroll reports, box office performance reports and accountancy software reports. Each theater location has a management team trained to direct staff and execute daily business activity. Additionally, Sierra Theaters employs an Administrative Manager, Nicole Bedell, who has kept the books and managed accounts payable and receivable for over 12 years. Michael and Azriel LaMarca oversee her and all other operations. They administrate finance and reporting functions with ongoing advice from Mike and Barbara Getz. Hysell & Quist Accountancy Corporation of Grass Valley provides tax preparation and financial advice. Sierra Business Development Corporation continues to provide valuable, no-cost small business support to Azriel and Michael. Despite the disruption caused by COVID-19, Sierra Theaters accounts payable are in order and most outstanding liabilities have been settled (except for lease obligations at Sierra Cinemas).

**b. How we will measure and report outcomes:**

The outcomes we will measure are jobs created and retained, ticket sales, completion of HVAC improvements, and the status of our lease agreements. A return to business operations will be crucial to the survival of Sierra Theaters, and outcomes will depend on the extent to which the theaters are able to return to business and audiences are inclined to attend movies. Since we have such a long track record of sales in Nevada County and continuously track our sales figures, we are well prepared to analyze recovery trends in real time. Box office reports generated daily, weekly, monthly or quarterly, show how many people come, which movies they see, and how much they spend. Quarterly 941 payroll reports will show number of employees, hours, and gross and net payroll receipts. HVAC improvements are recommended in the Health and Safety Guidelines prepared for theaters by the National Association of Theatre Owners in cooperation with the CDC, OSHA, and WHO. The work will be contracted through Glenn Jones Heating and Cooling Services of Grass Valley, with whom we have a longstanding relationship. Invoices and receipts will be provided to demonstrate use of funds. Use of funds for lease obligations will be reported through copies of statements from landlords and cancelled checks.

Sierra Theaters has the capacity and intention to clearly document and report all uses of CRF grant funds to the appropriate agents of Nevada County in a timely manner.

## **TAB F: COMMUNITY BENEFIT**

**a. Significant community benefit in the past:** Sierra Theaters has benefitted the community in four significant ways – as a reliable and consistent source of world-class entertainment for all ages and demographics, as an employer of young people, as a partner to community organizations, and as a major contributor to the local economy.

We've already outlined our vital community role as an employer of young people in the community (TAB C), but it especially shines in the following example: Will and Cady Johnson, two former employees, met as high schoolers at Sierra Cinemas and went on to marry and have a family. They had this to say in our recent GoFundMe campaign:

"We can't overstate what Sierra Cinemas, Mike, and Barbara have given us - more than the best job a couple of high schoolers could have, more than lifelong friendships, we also gained a family. We hope others have that same opportunity for many more years."

Over the years, Sierra Theaters has welcomed numerous opportunities to partner with local organizations for fundraising events, special programs and celebrations, school functions, and more. An enduring partnership with SYRCL (South Yuba River Citizens League) has brought the annual Wild and Scenic Film Festival to our movie screens each January. The annual fundraiser for Sierra Nevada Hospital Foundation called "Martinis and a Movie," presented at Del Oro Theatre, has raised over \$20K each year for the foundation. We have donated thousands of movie passes to community organizations and schools each year, and our partnerships with local media outlets like KVMR, Nevada County Media, KNCO and The Union Newspaper have helped sustain these vital community institutions.

Ultimately, Sierra Theaters has brought the best in the world of cinema to our towns for everyone to enjoy. All community members have enjoyed an affordable, accessible activity 365 days a year. Contributing to the vibrancy and attractiveness of the area for decades, Sierra Theaters has offered a breadth of programming rarely found in a rural community.

"One of our priorities for finding a place to retire is the availability of excellent movie theaters. We found that in the Sierra Theaters and have enjoyed weekly the movies here along with the best tasting popcorn anywhere." - Bryan & Jeanne Huneycutt ("Keep the Lights on at Sierra Theaters" campaign)

### **b. Significant community benefit in response to COVID-19:**

Since March Sierra Theaters has had limited opportunity to do what we do best. Nevertheless, in June, we geared up to reopen in compliance with approved safety-protocols. We implemented a reserved seating system, deep cleaned our facilities, and welcomed the public. Only 16 days after opening, Governor Newsom required us to close once again. Since then we have begun offering relevant and compelling independent film to the community via an online platform. To-Go popcorn sales at the Del Oro Theatre continue on the weekends.

### **c. How this proposal benefits the community:**

Funding this proposal helps secure the future of locally owned and operated movie theaters in Western Nevada County. That means jobs for young people, affordable entertainment for the entire community, and a willing partner to other community groups for fundraising, special events, and unique film programming. Movie going also adds economic value to the community. Even looking conservatively at the cultural impact multiplier mentioned in TAB C, the compounding impact of movie going at Sierra Theaters that benefits the local economy is millions of dollars a year.

**TAB G: BUDGET AND FINANCIALS**

**a. Budget Template – Attachment C – Next Page:** Note: State & Federal COVID-Related Grant Funds Received includes \$161,800 from the PPP and \$10,000 grant from the EIDL. We will apply for PPP Forgiveness at the end of our covered period that ends October 15. We hope to qualify for full forgiveness, however we can't be certain, as the program rules have changed repeatedly.

**b. Total funding request for this grant:** Sierra Theaters total funding request is \$376,207.

**c. Timeframe for this program:** CARES funds will be spent on lease and payroll obligations not met by the PPP during the period of March 1, 2020 – December 30, 2020. Funds will also be spent on improvements to HVAC systems before the end of the year at all three business locations.

**d. How the CARES funding will be used:** Lease obligations and rent due have been our biggest liabilities during the COVID shutdown (totaled in Post COVID Other Expenses line). We have met with some success in our attempts to reduce these liabilities. We negotiated a four-month rent reduction at Sutton Cinemas. Our business bank agreed to defer mortgage payments at Del Oro Theatre for six months. However, to date our attempts at negotiating a reduced rent with our landlord at Sierra Cinemas have been unsuccessful. Negotiations have not resulted in an agreement, and we continue to owe full rent at this location: \$21,219/month. Our lease term obligates us to pay rent until May 31, 2023. The rent owed to our Sierra Cinemas landlord in 2020 (\$150,628) and the ongoing lease obligation there is our biggest concern.

**CARES funding 3/1/2020 – 7/31/2020:**

CARES funding for this time frame will be used to cover rents, payroll and benefits costs not covered by PPP.

Outstanding Rent Owed at Sierra Cinemas	\$65,751
Other Rents April – July not covered by PPP	\$16,821
Payroll & Benefits not covered by PPP	\$64,931
<b>Total 3/1/2020 – 7/31/2020</b>	<b>\$147,503</b>

**CARES funding 8/1/2020 – 12/30/2020:**

For the period of August 1 – December 30, 2020, CARES funding will be used to cover rents owed at Sierra Cinemas and Sutton Cinemas and mortgage payments at Del Oro Theatre in November and December. In addition, we propose to spend \$16,000 to install ion-generating air purifying devices that reduce pathogens in our HVAC systems. We are projecting payroll and benefits costs based on operating with limited capacity in November and December.

Rent Owed at Sierra Cinemas Aug-Dec	\$84,877
Del Oro Mortgage November – Dec	\$13,600
Rent at Sutton Cinemas Aug – Dec	\$25,516
Projected Payroll & Benefits Aug – Dec	\$88,711
HVAC Safety Improvements	\$16,000
<b>Total 8/1/2020 – 12/30/2020</b>	<b>\$228,704</b>
<b>Total Funding Request</b>	<b>\$376,207</b>