

File No. 210177

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date March 17, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date March 12, 2021

Completed by: Linda Wong

Date _____

1 [Appropriation - Property Tax Revenue - Office of Economic and Workforce Development -
2 City Grant and Loan Programs to Provide Relief to Small Businesses Affected by COVID-19
- \$20,000,000 - FY2020-2021]

3
4 **Ordinance appropriating \$20,000,000 of property tax revenue to the Office of**
5 **Economic and Workforce Development in Fiscal Year (FY) 2020-2021 for a grant**
6 **program to provide relief to over 2,000 low-income small businesses across the City,**
7 **in particular those most impacted by Shelter in Place orders, and those that have not**
8 **accessed state or federal financial programs; and for a loan program which will**
9 **complement and expand existing local, state, and federal initiatives aimed at**
10 **providing relief for small businesses struggling as a result of COVID-19.**

11
12 Note: Additions are single-underline italics Times New Roman;
13 deletions are ~~strikethrough italics Times New Roman~~;
14 Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

15
16 Be it ordained by the People of the City and County of San Francisco:

17
18 Section 1. The sources of funding outlined below are herein appropriated to reflect the
19 projected revenue for Fiscal Year 2020-2021.

1 **SOURCES Appropriation**

2	Fund /	Project & Activity /	Account	Description	Amount
3	Department ID	Authority			
4	10000 GF Annual	10026733-0001 /	410999	Property Tax	\$20,000,000
5	Account Ctrl / 230018	10000	Unallocated Gen	Revenue	
6	GEN General City	GE Administration /	Property Taxes		
7	Responsibility	Operating			
8					
9	Total SOURCES Appropriation				<u>\$20,000,000</u>

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11

12 Section 2. The uses of funding outlined below are herein appropriated to city grant
 13 and loan programs for small businesses in the Office of Economic and Workforce
 14 Development for Fiscal Year 2020-2021.

15

16 **USES Appropriation**

17	Fund /	Project & Activity /	Account	Description	Amount
18	Department ID	Authority			
19	10020 GF	10022544-0002	538000 CBO	Small Business	\$12,400,000
20	Continuing Authority	Small Business	Services -	COVID-19 Relief	
21	Ctrl / 207767 ECN	Revolving Loan	Budget	Grants	
22	Economic Development	COVID Relief /			
23		16661 EW Small			
24		Business Revolving			
25		Loan			

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	10020 GF	10022544-0002	539200	Small Business	\$7,600,000
4	Continuing Authority	Small Business	Loans Issued By	COVID-19 Relief	
5	Ctrl / 207767 ECN	Revolving Loan	City	Loans	
6	Economic Development	COVID Relief /			
7		16661 EW Small			
8		Business Revolving			
9		Loan			
10	Total USES Appropriation				<u>\$20,000,000</u>

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Section 3. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles and other laws, and adjust sources and uses amounts to reflect local baseline funding mandates.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE:
BEN ROSENFELD, Controller

By: /s/
JON GIVNER
Deputy City Attorney

By: /s/
BEN ROSENFELD
Controller

<p>Item 3 File 21-0177</p>	<p>Department: Office of Economic and Workforce Development (OEWD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> The proposed ordinance would appropriate \$20 million from property tax revenue so that OEWD could administer financial relief to small businesses harmed by Covid-19 in the form of grants and loans. The \$20 million would be allocated to two grant programs administered by OEWD: \$12.4 million to Small Business COVID Relief grants, and \$7.6 million to Small Business COVID Relief loans. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> The proposed grant program of \$12.4 million is intended for more than 1,000 low-income small businesses across the City that were “most impacted by Shelter in Place orders” and that have not accessed state or federal financial programs. According to OEWD, the eligibility criteria for the proposed new grant program are still under development and will seek to prioritize businesses owned and operated by low-income households, minorities, and women and those serving communities of color and opportunity neighborhoods. Grant amounts will vary from \$5,000 to \$25,000 based on the business’s number of full-time equivalent employees. The proposed loan program of \$7.6 million is intended to “complement and expand” existing local, state, and federal initiatives to provide financial relief to small businesses. According to OEWD, the City will partner with the existing state loan program, California Rebuilding Fund, to invest an initial \$3.4 million to support minority- and women-owned businesses and businesses serving historically under-invested neighborhoods. An initial \$2 million of lending capital will be used to leverage state funding and private capital in order to yield up to \$10 million of total lending capital for San Francisco-based small businesses. An initial \$1.4 million will be used to lower the interest rate otherwise available through the California Rebuilding Fund program from 4.25 percent to 0 to 1.0 percent. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> The proposed ordinance would appropriate \$20 million of general property tax revenue to OEWD in the current fiscal year, FY 2020-21, to fund Covid-19 financial relief for small businesses 	
<p style="text-align: center;">Policy Consideration</p>	
<ul style="list-style-type: none"> According to the Controller’s Six-Month Budget Status Report, the Controller is projecting a \$125.2 million General Fund Surplus in FY 2020-21. The Board of Supervisors has approved legislation that would reduce the projected \$125.1 FY 2020-21 General Fund surplus by \$15.2 million, leaving a projected FY 2020-21 General Fund surplus \$110 million. The March 17, 2021 Budget & Appropriations Committee is considering FY 2020-21 General Fund supplemental appropriations totaling \$104.1 million and legislation introduced but not yet calendared would reduce the FY 2020-21 General Fund surplus by \$6.7 million. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

Since the Covid-19 pandemic began, the Board of Supervisors has approved a number of measures to support small businesses, including:

- Waiver of business registration and license fees and payroll expense taxes for restaurants and food service businesses with annual San Francisco gross receipts up to \$750,000 and for entertainment venues with annual San Francisco gross receipts up to \$20 million (File 20-1260).
- Waiver of business registration and license fees in FY 2020-21 for certain businesses impacted by the Shelter-in-Place orders earning up to \$25 million in San Francisco gross receipts (File 20-1415).

The Office of Economic and Workforce Development (OEWD) has \$19.6 million in available funds, funded by private contributions and reallocation of existing General Fund monies, to administer financial relief programs for small businesses, including the following:

Loan Programs (\$14.6 million)

- SF Hardship Emergency Loan Program (SF HELP) has distributed \$8,463,927 out of a total available of \$9,450,000 in zero-interest loans to 302 small businesses, with businesses receiving an average of \$28,026. Launched April 2020.
- African American Small Business Revolving Loan Fund has distributed \$1,598,000 out of a total available of \$2,700,000¹ in zero-interest loans to 36 small businesses, with an average loan amount of \$44,389 (with up to 20 percent of the loan amount forgivable). Launched July 2020.
- Latino Small Business Fund (SF HELP extension) has distributed \$516,000 out of a total available of \$2,475,000 in zero-interest loans to 15 small businesses, with an average loan amount of \$34,400. Launched December 2020.

Grant Programs (\$5.0 million)

- Resiliency Grant Fund has distributed a total of \$2.5 million in available funds, including \$1 million to 128 small businesses in Phase 1, with an average grant amount of \$7,850. Phase 2 awarded \$1.5 million to 230 small businesses using a lottery system to distribute grants across the City, with an average grant amount of \$6,522. Launched March 2020.

¹ New funds have been announced, but are not yet active.

- SF Shines for Reopening has committed \$1,118,250 to 295 businesses (\$433,732 of which has been distributed) out of a total available of \$1,414,465. Storefront businesses or non-profits that are open to the public can receive \$2,000 to \$5,000 grants to reimburse for expenses, such as fixtures, furniture, equipment, minor storefront improvements, or design services. Launched October 2020.
- Neighborhood Mini-Grants provided a total of \$942,500 to 322 small businesses in historically underserved communities, with businesses receiving an average grant of \$2,927. Launched May 2020.
- Women’s Entrepreneurship Mini-Grants provided a total of \$160,000 in \$2,000 mini-grants to 77 women-owned small businesses. Launched June 2020.

The federal government has established the following financial relief programs for small businesses administered by the U.S. Small Business Administration (SBA):

- The Paycheck Protection Program provides loans that help businesses retain their workforce during the Covid-19 pandemic. According to OEWD, a total of \$3.2 billion was provided from March through December 2020 to 22,215 San Francisco businesses, with an average loan amount of \$145,009. The data show that 17,541 businesses reported a total of 216,325 jobs retained, or, an average of 12 jobs retained per business reporting these data.
- Covid-19 Economic Injury Disaster Loans provide economic relief to small businesses and non-profit organizations that are currently experiencing a temporary loss of revenue. According to OEWD, a total of \$936.8 million was provided from March through December 2020 to 15,012 San Francisco-based small businesses, self-employed individuals or sole proprietorships, or non-profits, with an average loan amount of \$62,400.
- The federal SBA also provides Express Bridge Loans to small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly; debt relief to existing SBA loan borrowers during the Covid-19 pandemic; and Shuttered Venue Operators Grants for emergency assistance for eligible venues affected by the Covid-19 pandemic.

The state provides a California Small Business Covid-19 Relief Grant Program available to small businesses or non-profits operating in California, with a total of \$2 billion available statewide and grant awards ranging from \$5,000 to \$25,000.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$20 million from property tax revenue so that OEWD could administer financial relief to small businesses harmed by Covid-19 in the form of grants and loans. The \$20 million would be allocated to two grant programs administered by OEWD: \$12.4 million to Small Business COVID Relief grants, and \$7.6 million to Small Business COVID Relief loans.

The proposed grant program of \$12.4 million is intended for low-income small businesses across the City that were “most impacted by Shelter in Place orders” and those that have not accessed state or federal financial programs. While the ordinance notes that more than 2,000 small businesses would receive assistance, OEWD expects that more than 1,000 small businesses would actually be served due to the expected grant amounts ranging from \$5,000 to \$25,000. According to OEWD, the eligibility criteria for the proposed new grant program are still under development, using input from community stakeholders and incorporating lessons learned from previous small business financial relief efforts.

The OEWD plans to target the new grant program to the following types of small businesses:

- Businesses owned and operated by low-income households, minorities, and women;
- Long-standing and community anchor businesses;
- Businesses serving communities of color and within commercial corridors serving opportunity neighborhoods (Bayview, Chinatown, Excelsior, Fillmore, Mission, and Tenderloin);
- Businesses most impacted by Shelter in Place closure orders, such as hair salons and barbershops, gyms and fitness centers, entertainment venues, and bars; and
- Businesses that were unable to access grant support from local, state, or federal sources.

Grant amounts are expected to vary up to \$25,000 based on the size of the business, as measured by the number of full-time equivalent employees. Recipients will be required to have a San Francisco location and/or a license to operate.

The proposed loan program of \$7.6 million is intended to “complement and expand” existing local, state, and federal initiatives to provide financial relief to small businesses. According to OEWD, the City will partner with the existing state loan program, California Rebuilding Fund, to invest an initial \$3.4 million to support minority- and women-owned businesses and businesses serving historically under-invested neighborhoods:

- The OEWD is planning to allocate \$2 million for lending capital, which will be used to leverage state funding and private capital in order to yield up to \$10 million of total lending capital for San Francisco-based small businesses.
- The OEWD is planning to allocate \$1.4 million to lower the 4.25 percent interest rate otherwise available through the California Rebuilding Fund loan program to zero to one percent.

The OEWD says it plans to assess the results of the initial \$3.4 million allocation to inform how the remaining \$4.2 million—of the total \$7.6 million—should be allocated between lowering the interest rate and/or providing additional lending capital through the California Rebuilding Fund, or to potentially invest in other loan products.

FISCAL IMPACT

The proposed ordinance would appropriate \$20 million of general property tax revenue to OEWD in the current fiscal year, FY 2020-21, to fund Covid-19 financial relief for small businesses, as displayed in Exhibit 1 below.

Exhibit 1: OEWD Supplemental Appropriation, Sources and Uses of Funds

SOURCES	Amount
Unallocated General Property Taxes	\$20,000,000
USES	Amount
Covid-19 Small Business Relief Grants	\$12,400,000
Covid-19 Small Business Relief Loans	7,600,000
Total	\$20,000,000

Source: File 21-0177

POLICY CONSIDERATION

According to the Controller's Six-Month Budget Status Report, the Controller is projecting a \$125.2 million General Fund Surplus in FY 2020-21. Although certain General Fund revenues, such as business taxes, sales tax, hotel room tax, are projected to be lower than originally budgeted, these are more than offset by higher than budgeted property taxes, excess Education Revenue Augmentation Fund receipts, and transfer taxes.

Since the issuance of the Controller's FY 2020-21 Six-Month Budget Status Report, the Board of Supervisors has approved or is considering legislation that would impact the FY 2020-21 General Fund budget, summarized in Exhibit 2 below.

Exhibit 2: Legislation Altering the FY 2020-21 General Fund Budget

File	Description	Estimated Cost FY 2020-21 (\$ million)
Approved by Board, Pending Mayor signature		
	Waiver of Business Registration Fees and Certain	
20-1415	License Fees	(15.0)
21-0031	Accessory Dwelling Unit permit services	(0.2)
Subtotal, Approved by Board, Pending Mayor Signature		(15.2)
March 17, 2021 Budget & Appropriations		
20-1364	Rent Relief & Social Housing	(20.1)
21-0138	Business Registration Fees Deferral	(32.0)
21-0177	Small Business Grants & Loans	(20.0)
21-0178	Arts Appropriation	(17.0)
21-0215	Summer Youth Programming	(15.0)
Subtotal, March 17, 2021 Budget & Appropriations		(104.1)

File	Description	Estimated Cost FY 2020-21 (\$ million)
Not Yet Calendared		
21-0214	Fentanyl Task Force & Overdose Prevention	(6.7)
Subtotal, Not Yet Calendared		(6.7)
Total		(126.0)

Source: Budget & Legislative Analyst

Notes: File 21-0138 would defer revenues until FY 2021-22. Files 21-0031 & 21-1364 draw from the General Reserve, which, per Administrative Code Section 10.60, must be restored in the subsequent fiscal year.

As shown above, the Board of Supervisors has approved legislation that would reduce the projected \$125.1 FY 2020-21 General Fund surplus by \$15.2 million, leaving a projected FY 2020-21 General Fund surplus \$110 million. The March 17, 2021 Budget & Appropriations Committee is considering FY 2020-21 General Fund supplemental appropriations totaling \$104.1 million and legislation introduced but not yet calendared would reduce the FY 2020-21 General Fund surplus by \$6.7 million. If all the legislation in Exhibit 1 above is approved, the entire projected FY 2020-21 General Fund surplus would be appropriated, used to backfill decreased revenues, or committed to restoring the General Reserve.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

President, District 10
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 544-6546

Shamann Walton

PRESIDENTIAL ACTION

Date: 2/25/2021

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No.

210177

Mayor

(Primary Sponsor)

Title.

Appropriation - Property Tax Revenue - Office of Economic and Workforce
Development - City Grant and Loan Programs to Provide Relief to Small Businesses
Affected by COVID-19 - \$20,000,000 - FY2020-2021

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor:

Replacing Supervisor:

For:

(Date)

(Committee)

Meeting

Start Time:

End Time:

Temporary Assignment: Partial Full Meeting


Shamann Walton, President
Board of Supervisors

From: [Peacock, Rebecca \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Kittler, Sophia \(MYR\)](#); [Patil, Lillian \(MYR\)](#); [Ruiz-Cornejo, Victor \(MYR\)](#); [de Asis, Edward \(CON\)](#); [Allersma, Michelle \(CON\)](#); [Mullan, Andrew \(BOS\)](#); [Burch, Percy \(BOS\)](#); [Monge, Paul \(BOS\)](#); [Stewart-Kahn, Abigail \(HOM\)](#); [Chinchilla, Monica \(BOS\)](#); [Temprano, Tom \(BOS\)](#)
Subject: Mayor -- Ordinance -- Appropriation – Property Tax Revenue to the Office of Economic and Workforce Development for City Grant and Loan Programs to Provide Relief to Small Businesses Affected by COVID-19 – \$20,000,000 – FY 2020-2021
Date: Tuesday, February 23, 2021 4:14:20 PM
Attachments: [1. ECN Small Business Supplemental v7.docx](#)
[RE ECN small business supplemental.msg](#)
[RE ECN small business supplemental.msg](#)

Attached for introduction to the Board of Supervisors is an **ordinance appropriating \$20,000,000 of property tax revenue to the Office of Economic and Workforce Development in FY2020-2021 for a grant program to provide relief to over 2,000 low-income small businesses across the city, in particular those most impacted by Shelter in Place orders, and those that have not accessed state or federal financial programs; and for a loan program which will complement and expand existing Local, State, and Federal initiatives aimed at providing relief for small businesses struggling as a result of COVID-19**

Please note that Supervisors Stefani, Walton, Ronen, Haney, Safai, and Mandelman are co-sponsors of this legislation.

Please let me know if you have any questions.

Rebecca Peacock ([they/them](#))
(415) 554-6982 | Rebecca.Peacock@sfgov.org
Office of Mayor London N. Breed
City & County of San Francisco