

File No. 190091

Committee Item No. 2  
Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 20, 2019

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  
Completed by: Linda Wong

Date February 15, 2019  
Date \_\_\_\_\_

[Appropriation - Office of the Treasurer and Tax Collector - Short-Term Loan and Interest Proceeds - Individual Loans and Interest and Other Loan Servicing Expenses - \$20,500,000]

**Ordinance appropriating \$20,000,000 of short-term loan proceeds to the Treasurer’s and Tax Collector’s Office to administer individual loans for eligible Federal employees impacted by a future shutdown of the Federal Government; and authorizing repayment of the short-term loan utilizing repayment of those individual loans and up to \$500,000 of General Fund interest earnings.**

Note: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough Arial font~~.  
**Asterisks ( \* \* \* )** indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. The sources of funding outlined below are herein appropriated in the Treasurer’s Office for Fiscal Year 2018-2019.

**Sources**

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
XXXXXXX/ XXXXXXX	XXXXXXX/ XXXXXXX	XXXXXXX/ XXXXXXX	Short-term loan proceeds	\$20,000,000

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XXXXXXX/	XXXXXXX/	XXXXXXX/	General Fund	\$500,000
XXXXXXX	XXXXXXX	XXXXXXX	Interest Earnings	
<b>Total Sources</b>				<b>\$20,500,000</b>

Section 2. The uses of funding outlined below are herein appropriated in the Treasurer's Office to provide individual loans to eligible Federal employees impacted by future shutdown or shutdowns of the Federal Government.

**Uses**

Fund/ Department ID	Project & Activity / Authority	Account	Description	Amount
XXXXXXX/	XXXXXXX/	XXXXXXX/	Individual Loans	\$20,000,000
XXXXXXX	XXXXXXX	XXXXXXX		
XXXXXXX/	XXXXXXX/	XXXXXXX/	Interest and Other	\$500,000
XXXXXXX	XXXXXXX	XXXXXXX	Loan Servicing Expenses	
<b>Total Uses</b>				<b>\$20,500,000</b>

1 Section 3. Proceeds collected from the repayment of individual loans are hereby appropriated  
2 for the repayment of the short-term line of credit.

3  
4 Section 6. The Controller is authorized to record transfers between funds and adjust the  
5 accounting treatment of sources and uses appropriated in this Ordinance as necessary to  
6 conform with Generally Accepted Accounting Principles and other laws.

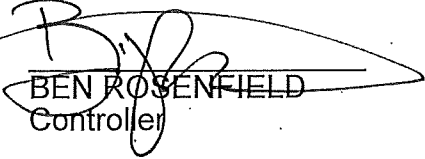
7  
8  
9 APPROVED AS TO FORM:  
10 DENNIS J. HERRERA, City Attorney

11 By:

  
12 BUCK DELVENTHAL  
13 Deputy City Attorney

FUNDS AVAILABLE:  
14 BEN ROSENFELD, Controller

15 By:

  
16 BEN ROSENFELD  
17 Controller

**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

February 15, 2019

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** February 20, 2019 Budget and Finance Committee Meeting

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1 & 2	19-0090	Authorization to Borrow Funds - Short-Term Loan Program for Federal Employees - Treasurer-Tax Collector - Line of Credit Amount Not to Exceed \$20,000,000
	19-0091	Appropriation - Office of the Treasurer and Tax Collector - Short-Term Loan and Interest Proceeds - Individual Loans and Interest and Other Loan Servicing Expenses - \$20,500,000 .....
		1

<p><b>Items 1 and 2</b> <b>Files 19-0090 and 19-0091</b></p>	<p><b>Department:</b> Treasurer and Tax Collector</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- File 19-0090: The proposed ordinance would authorize the Treasurer and Tax Collector, in the event of a partial shutdown of the United States government between February 2019 and June 2019, to (a) secure a short-term line of credit in an amount not-to-exceed \$20,000,000, or (b) partner with one or more financial institutions for the purpose of providing short-term emergency unsecured individual loans for federal employees residing in San Francisco or working at the San Francisco International Airport.
- File 19-0091: The proposed ordinance would (1) appropriate \$20,000,000 of short-term loan proceeds to the Treasurer and Tax Collector to administer individual loans for eligible federal employees impacted by a future shutdown of the federal government, (2) appropriate \$500,000 in interest earnings to cover associated costs of administering the loans, such as interest for the loans and expected losses from nonpayment of the loans by borrowers; and (3) authorize repayment of the short-term loan obtained from the line of credit by utilizing prepayment of individual loans to federal employees.

**Key Points**

- As a result of the partial federal government shut down that began on December 21, 2018, 800,000 federal workers across nine agencies were furloughed or forced to work without paychecks for 35 days.
- An estimated 3,300 federal workers impacted by the partial government shutdown live in San Francisco or work at the Airport, and missed two paychecks during the shutdown.

**Fiscal Impact**

- The Treasurer and Tax Collector plans to secure a line of credit for \$20,000,000 from a financial institution for the loan program, the proceeds of which would be used to make loans ranging from \$1,000 to \$6,000 for eligible federal workers who might be furloughed or required to work without pay in the event of a partial government shutdown between February 2019 and June 2019. An additional \$500,000 in interest earnings from the City's investments would be used to pay associated costs.
- The Treasurer and Tax Collector will temporarily redirect up to 12 staff to assist with intake and loan processing. The Treasurer and Tax Collector may request the assistance of additional City staff during the intake period. In addition to the upfront staffing needs, the Treasurer and Tax Collector estimates that the administration of the loan program will require up to 1.00 FTE Accountant III position (1654) for one year. If the Treasurer and Tax Collector need more funds to support this position, it will require approval from the Board of Supervisors.

**Recommendation**

- Approval is a policy matter for the Board of Supervisors.

## MANDATE STATEMENT

City Charter 9.113 states that the Board of Supervisors shall have that power to borrow money by short-term debt instruments in the manner provided by state law or City ordinance.

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

On December 21, 2018, the federal government partially shut down after congressional and White House officials failed to pass a spending bill. Over 800,000 federal workers across nine agencies were furloughed or forced to work without paychecks for 35 days. The government reopened on January 25, 2019 with the signing of a stop gap funding bill, set to expire on February 15, 2019.

According to an analysis by the Controller's Office, there are approximately 3,300 federal employees living in San Francisco or working at SFO who missed two paychecks due to the recent federal shutdown. Of those, approximately 2,000 reside in San Francisco, and additional 1,300 work at the San Francisco International Airport.

## DETAILS OF PROPOSED LEGISLATION

File 19-0090: The proposed ordinance would authorize the Treasurer and Tax Collector, in the event of a partial shutdown of the United States government between February 2019 and June 2019, to (a) secure a short-term line of credit in an amount not-to-exceed \$20,000,000, or (b) partner with one or more financial institutions for the purpose of providing short-term emergency unsecured individual loans for federal employees residing in San Francisco or working at the San Francisco International Airport.

File 19-0091: The proposed ordinance would (1) appropriate \$20,000,000 of short-term loan proceeds to the Treasurer and Tax Collector to administer individual loans for eligible federal employees impacted by a future shutdown of the federal government, (2) appropriate \$500,000 in interest earnings to cover associated costs of administering the loans, such as interest for the loans and expected losses from nonpayment of the loans by borrowers; and (3) authorize repayment of the short-term loan obtained from the line of credit by utilizing prepayment of individual loans to federal employees.

### Loan Program

The loan program, administered by the Treasurer and Tax Collector, will be for federal workers furloughed or required to work without pay between February 2019 and June 2019. According to Ms. Amanda Fried, Chief of Policy and Communications for the Treasurer and Tax Collector's Office, the exact dates that the Treasurer and Tax Collector will secure a line of credit and hold the funds are based on the duration of the potential shutdown. The City would offer a one-time interest-free loan of an amount between \$1,000 and \$6,000 available to individual employees

impacted by the shutdown.<sup>1</sup> For ease of administration, the loan amount will be in increments of \$1,000. The individual employee will choose the loan amount.

According to Ms. Fried, an online application will be available once the Board of Supervisors approves an authorizing ordinance. The online application will prompt employees to upload proof of residency, federal employment status, furlough status, and other loan requirements. Once an application is submitted, applicants will make an appointment to be screened at either City Hall or the San Francisco International Airport. If approved, federal employees will receive their loans through direct deposit into their bank account. The loan must be repaid within 60 days of the conclusion of the shutdown.

### **FISCAL IMPACT**

The proposed ordinance would appropriate \$20,000,000 for individual loans, and an additional \$500,000 in interest earnings on the City's investments, for a total of \$20,500,000.

The Treasurer and Tax Collector plans to secure a line of credit for \$20,000,000 from a financial institution for the loan program. The Department has not yet identified a financial institution. The remaining \$500,000 will come from interest earnings on the City's investments attributable to the General Fund. According to Ms. Fried, the estimated interest earnings of the City's general fund investments in FY 2018-19 will be more than \$35 million. The \$500,000 will cover associated costs of administering the loans, such as interest for the loans and expected losses from nonpayment of the loans by borrowers.

According to Ms. Fried, the Treasurer and Tax Collector will temporarily redirect up to 12 staff to assist with intake and loan processing. The Treasurer and Tax Collector may request the assistance of additional City staff during the intake period. According to Ms. Fried, the department expects to be able to pay for the staff time with current budget allocations. In addition to the upfront staffing needs, the Treasurer and Tax Collector estimates that the administration of the loan program will require up to 1.00 FTE Accountant III position (1654) for one year. If the Treasurer and Tax Collector need more funds to support this position, it will require approval from the Board of Supervisors.

The online application portal will not require extra costs as it is within the existing contract of the current vendor.

### **RECOMMENDATION**

Approval is a policy matter for the Board of Supervisors.

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<sup>1</sup> The range is based on the estimated average weekly wage of federal employees. Federal government workers who are not impacted by the shutdown will not be eligible.





TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Kanishka Karunaratne Cheng *KKC*  
RE: Appropriation of \$20,500,000 of Short-Term Loan and Interest Proceeds  
to the Treasurer and Tax Collector's Office to Administer Individual Loans  
for Federal Government Employees Impacted by a Future Federal  
Government Shutdown  
DATE: 1/29/2019

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**Ordinance appropriating \$20,000,000 of short-term loan proceeds to the Treasurer's and Tax Collector's Office to administer individual loans for eligible Federal employees impacted by a future shutdown of the Federal Government and authorizing repayment of the short-term loan utilizing repayment of those individual loans and up to \$500,000 of General Fund interest earnings.**

Please note that Supervisor Haney is a co-sponsor of this legislation.

Should you have any questions, please contact Kanishka Karunaratne Cheng at 415-554-6696.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2019 JAN 29 PM 4:13  
BY *[Signature]*

Bos-11's  
Leg Dep's  
BPT Clerk  
Dep City Atty  
Mayor's Office

President, District 7  
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

Norman Yee

**PRESIDENTIAL ACTION**

Date: 2/6/2019  
To: Angela Calvillo, Clerk of the Board of Supervisors

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2/19 FEB -6 PM 4:55  
BY [Signature]

Madam Clerk,  
Pursuant to Board Rules, I am hereby:

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

File No. 190091 Mayor  
(Primary Sponsor)

Title. Ordinance appropriating \$20,000,000 of short-term loan proceeds to the Treasurer's and Tax Collector's Office to administer individual loans

Transferring (Board Rule No 3.3)

File No. [Redacted] [Redacted]  
(Primary Sponsor)

Title. [Redacted]

From: [Redacted] Committee

To: [Redacted] Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor [Redacted]

Replacing Supervisor [Redacted]

For: [Redacted] Meeting  
(Date) (Committee)

Norman Yee, President  
Board of Supervisors