

File No. 190090

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 27, 2019

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Linda Wong

Date February 22, 2019

Completed by: Linda Wong

Date _____

1 [Authorization to Borrow Funds - Short-Term Loan Program for Federal Employees -
2 Treasurer-Tax Collector - Line of Credit Amount Not to Exceed \$20,000,000]

3 **Ordinance authorizing the Treasurer, in the event of a partial shutdown of the United**
4 **States government occurring between February 2019 and ~~June~~ December 2019, to**
5 **secure a short-term line of credit in an amount not to exceed \$20,000,000 or, in the**
6 **alternative, partner with one or more financial institutions, for the purpose of providing**
7 **short-term emergency unsecured individual loans for federal employees residing in**
8 **San Francisco or working at the San Francisco International Airport.**

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

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

17 Section 1. Background.

18 (a) For five full weeks – 35 days – between December 22, 2018 and January 25, 2019,
19 non-essential operations of a large segment of the United States government ceased to
20 operate during the federal government shutdown (the “2018-19 Federal Shutdown”). During
21 the 2018-19 Federal Shutdown, many federal workers were not paid, and were forced to
22 scramble to find money to pay rent or a mortgage, buy groceries and gas, pay for child care,
23 and pay for other day-to-day living expenses. These struggles created significant burdens
24 and uncertainty for many federal employees and their families, organizations anticipating the
25 receipt of federal funds, and individuals and families relying on federal programs. The 2018-

1 19 Federal Shutdown impacted San Franciscans in many ways, including by threatening to
2 disrupt the operations of the San Francisco International Airport (“SFO”).

3 (b) Following the enactment of a stopgap funding bill, the 2018-19 Federal Shutdown
4 ended. But because the stopgap funding bill only authorizes government operations for three
5 weeks, and the President has threatened to close the federal government again, there is a
6 risk that federal employees may find themselves without paychecks again as early as late
7 February.

8 (c) To ease the burdens and uncertainties for federal employees that could again be
9 triggered by another shutdown of the federal government, this ordinance authorizes the
10 Treasurer to secure a short-term line of credit with a commercial lending institution in order to
11 administer short-term unsecured emergency individual loans to federal employees if there is a
12 further shutdown of the United States government between February and ~~June~~ December
13 2019. Alternatively, the Treasurer is authorized to pursue the development of an agreement
14 with one or more financial institutions to provide short-term unsecured emergency individual
15 loans to affected federal employees who reside in San Francisco or who work at SFO.

16
17 Section 2. Authorization to Treasurer.

18 (a) If the United States government partially shuts down between February and
19 through ~~June~~ December 2019 as a result of the failure to enact an appropriations bill or
20 continuing resolution or other legislation to fully fund the operations of the federal government
21 during some or all of that period, the Treasurer may secure a short-term line of credit in an
22 amount not to exceed \$20,000,000 with a commercial lending institution for the purpose of
23 administering individual loans for affected federal employees who reside in San Francisco or
24 who work at SFO. The authorization provided in this subsection (a) to seek this line of credit
25 shall not extend past ~~June 30~~ December 31, 2019, unless authorized by another ordinance.

1 The Treasurer may use the funds to develop a flexible unsecured loan program that allows
2 the Treasurer to make one-time interest-free loans to federal employees who reside in San
3 Francisco or who work at SFO, and who are not receiving pay due to the federal government
4 shutdown. The loans shall not exceed \$6,000 per individual, and the Treasurer shall require
5 individual loan repayment in full within 60 days of the end of the shutdown during which the
6 loan was provided. The Treasurer shall implement such policies and procedures as are
7 required to administer the program.

8 (b) The Treasurer is authorized to pursue opportunities with one or more financial
9 institutions to provide short-term unsecured emergency individual loans to affected federal
10 employees who reside in San Francisco or who work at SFO; provided such program shall not
11 exceed \$20,000,000 of loan originations. The authorization provided in this subsection (b)
12 shall not extend past ~~June 30~~ December 31, 2019, unless authorized by another ordinance.

13 (c) Subsections (a) and (b) are alternatives. The Treasurer may exercise either of
14 those options, but not both.

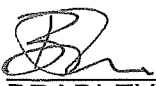
15
16 Section 3. General Authority.

17 The Controller, Treasurer, City Attorney, and other officers of the City and their duly
18 authorized deputies and agents are hereby authorized and directed, jointly and severally, to
19 execute and deliver such certificates, agreements, and documents as they may deem
20 necessary or desirable to facilitate the development of the emergency short term loan
21 program herein described.

22
23 Section 4. Effective Date. This ordinance shall become effective 30 days after
24 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
25

1 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
2 of Supervisors overrides the Mayor's veto of the ordinance.

3
4
5 APPROVED AS TO FORM:
6 DENNIS J. HERRERA, City Attorney

7 By: 
8 BRADLEY A. RUSSI
9 Deputy City Attorney

n:\legana\as2019\1900392\01339027.docx

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FILE NO. 190090

LEGISLATIVE DIGEST

[Authorization to Borrow Funds - Short-Term Loan Program for Federal Employees - Treasurer-Tax Collector]

Ordinance authorizing the Treasurer, in the event of a partial shutdown of the United States government occurring between February 2019 and December 2019, to secure a short-term line of credit in an amount not to exceed \$20,000,000, or, in the alternative, 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.

Existing Law

The Treasurer is not currently authorized to secure a line of credit or to enter into agreements with financial institutions for purposes of creating a program to offer loans to federal workers residing in San Francisco or working at the San Francisco International Airport ("SFO") affected by a federal government shutdown.

Amendments to Current Law

The proposed ordinance would provide the Treasurer authority to secure a line of credit from a commercial lending institution of up to \$20,000,000 for purposes of creating a program to offer individual loans to federal employees who reside in San Francisco or work at SFO and are not being paid due to a shutdown of the federal government between February 2019 and through December 2019. Each individual loan shall not exceed \$6,000 and shall be repayable within 60 days of the end of the federal government shutdown during which the loan was made. Alternatively, the proposed ordinance authorizes the Treasurer to pursue agreements with one or more financial institutions to offer individual loans to the same group of affected federal workers in the event of another federal government shutdown. Any such agreement shall not exceed \$20,000,000 in loan originations. These authorizations shall not extend past December 31, 2019, unless authorized by another ordinance.

n:\legan\as2019\1900392\01339301.docx

<p>Items 2 and 3 Files 19-0090 and 19-0091 <i>(Continued from February 20, 2019)</i></p>	<p>Department: Treasurer and Tax Collector</p>
<p>EXECUTIVE SUMMARY</p>	
<p>Legislative Objectives</p>	
<ul style="list-style-type: none"> • <u>File 19-0090</u>: 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 December 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. • <u>File 19-0091</u>: 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. 	
<p>Key Points</p>	
<ul style="list-style-type: none"> • 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. • Approximately 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. 	
<p>Fiscal Impact</p>	
<ul style="list-style-type: none"> • 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 December 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. 	
<p>Recommendation</p>	
<ul style="list-style-type: none"> • 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 December 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 December 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.¹ 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.

¹ 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.

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

TABLE OF CONTENTS

Item	File		Page
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

Items 1 and 2
Files 19-0090 and 19-0091

Department:
Treasurer and Tax Collector

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.¹ 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.

¹ 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: Authorization to Borrow Funds - Short-Term Loan Program for Federal
Employees - Treasurer-Tax Collector
DATE: 1/29/2019

Ordinance authorizing the Treasurer, in the event of a partial shutdown of the United States government occurring between February 2019 and June 2019, to secure a short-term line of credit in an amount not to exceed \$20,000,000, or, in the alternative, 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.

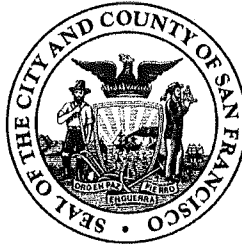
Please note that Supervisor Haney is a co-sponsor of this legislation.

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

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

DS-11
Job Aids,
Leg. De. P.
Blair Clerk
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

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

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

File No. 190090 Mayor
(Primary Sponsor)

Title. Authorization to Borrow Funds - Short-Term Loan Program for
Federal Employees - Treasurer-Tax Collector - Line of Credit Amount

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: _____ Meeting
(Date) (Committee)

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2019 FEB - 6 PM 4:55

Norman Yee, President
Board of Supervisors