

File No. 200230

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date April 15, 2020

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

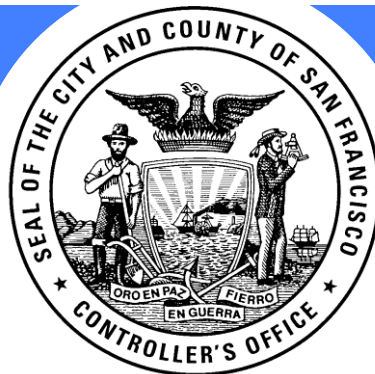
OTHER (Use back side if additional space is needed)

- PowerPoint Presentation - April 1, 2020
- PowerPoint Presentation - April 8, 2020
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Completed by: Linda Wong Date April 10, 2020

Completed by: Linda Wong Date _____

City Budget Update: COVID Spending & State and Federal Resources



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller
Mayor's Budget Office

April 8, 2020

City Emergency Response Spending

City departments will spend an estimated \$50M - \$100M for costs related to direct health crisis needs in the coming months.

To date, City departments have expended \$15M, including:

- Salary and benefit costs for City staff involved in health crisis response- \$10M
- Health equipment and safety supplies (ex. PPE) - \$2M
- Arts relief grants -\$1.3M
- IT needs for new facilities, emergency response operations, and City staff working remotely - \$1M
- Other expenses: Homelessness support services, EOC supplies, Medical Transportation Services - \$1M

Working to recover and receive reimbursements from FEMA and state sources to cover as much of these expenses as possible.

City Emergency Response Spending

Mayor's Budget Office and Controller's Office working to project costs for significant future service expansions:

- Medical surge staffing, supplies, and facilities
- Temporary housing
- Inspection and contact tracing programs
- Food services
- Emergency responder supports
- Inspection and hygiene services

Full projection of costs will be included in our April projection update.

Hotel and temporary housing

Approximately 1,977 hotel units under or near contract.

- Preliminary three month cost of \$35M.
- FEMA reimbursements variable, but may cover up to \$20M.
- Assessing other sources for balance of \$15M.

Current planning for up to 7,000 units.

- Preliminary three month cost of \$105M.
- FEMA reimbursements variable, but may cover up to \$55M.
- Assessing other sources for balance of \$50M.

Above costs do not include health services or shelter expansion costs.

Philanthropy

Give2SF Fund

- Donations accepted by Controller
- Program recommended by EOC
- Approved by Controller, City Administrator and Emergency Management Director

Gifts and Pledges through April 5

- Two accounts: City & SF Foundation
- \$2.4M received, \$6.3M pledged
- No payouts to date
- Initial week ahead approved payments:
\$1.3M for small business & \$1.0M for food security

Federal and State relief and stimulus: local funding estimates

FEMA & CalOES

- 75% FEMA reimbursement for eligible emergency costs
- Portion of remaining 25% will be supported by CalOES

CARES Act - Coronavirus Relief Fund for State & Local Governments

- Estimated \$150M for SF to cover:
 - COVID-19 expenditures
 - Budgets costs not accounted for in adopted budget
 - Costs incurred between March – December 2020

Federal relief: local funding estimates

CARES Act – Support for MTA and Airport

- MTA hopes to receive \$300-400M from FTA to cover operating expenses and revenue losses
- Airport estimates receiving at least \$200M from FAA to prepare for, prevent, and respond to Coronavirus

CARES Act – Other Local Allocations

- HUD allocations (CDBG, Homeless Assistance Grant & HOPWA); Byrne Grant for justice partners; Aging and disability services; Support for hospitals and healthcare systems

State Emergency Funding

- \$100M emergency homelessness funding – \$6M allocated to SF
- \$50M statewide for hotels and alternative housing leasing

Our April Work

Refine projections for the current and coming years (April Projection Update)

- Refine revenue projections
- Emergency expense projections
- Federal and State revenues
- Underlying department revenue and expenditure trends

Mayor's Office rebalancing plan

- Instructions issued to departments this week
- Finalize actions to rebalance the current year budget

Refine budget process plan for May through September

Questions or comments?

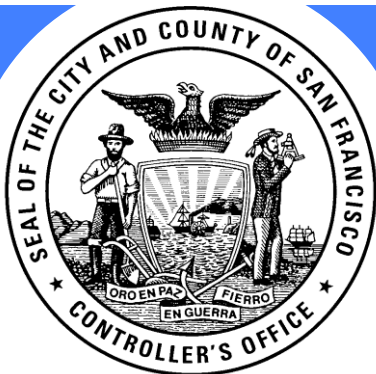
Ben Rosenfield, Controller

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Kelly Kirkpatrick, Mayor's Budget Director

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City Budget Outlook: March Joint Report & COVID Related Budget Updates



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller
Mayor's Budget Office

April 1, 2020

Presentation outline

Current Fiscal Year

- Economic impacts
- Tax revenue losses

Budget Outlook

- Tax revenue projections
- Updated shortfall projections

Early economic impacts

SF businesses and workers affected by shelter in place

- 14,000 businesses fully/partially impacted (monthly revs = \$3B)
- 166,000 employees (monthly payroll = \$900M)

Statewide

- More than 1 million new jobless claims from March 13-25
- 10-20% unemployment likely by the end of April

City financial impacts – Recession scenarios

Recession

- Recession near certain
- Data is limited – early forecasts differ on severity

Limited impact scenario

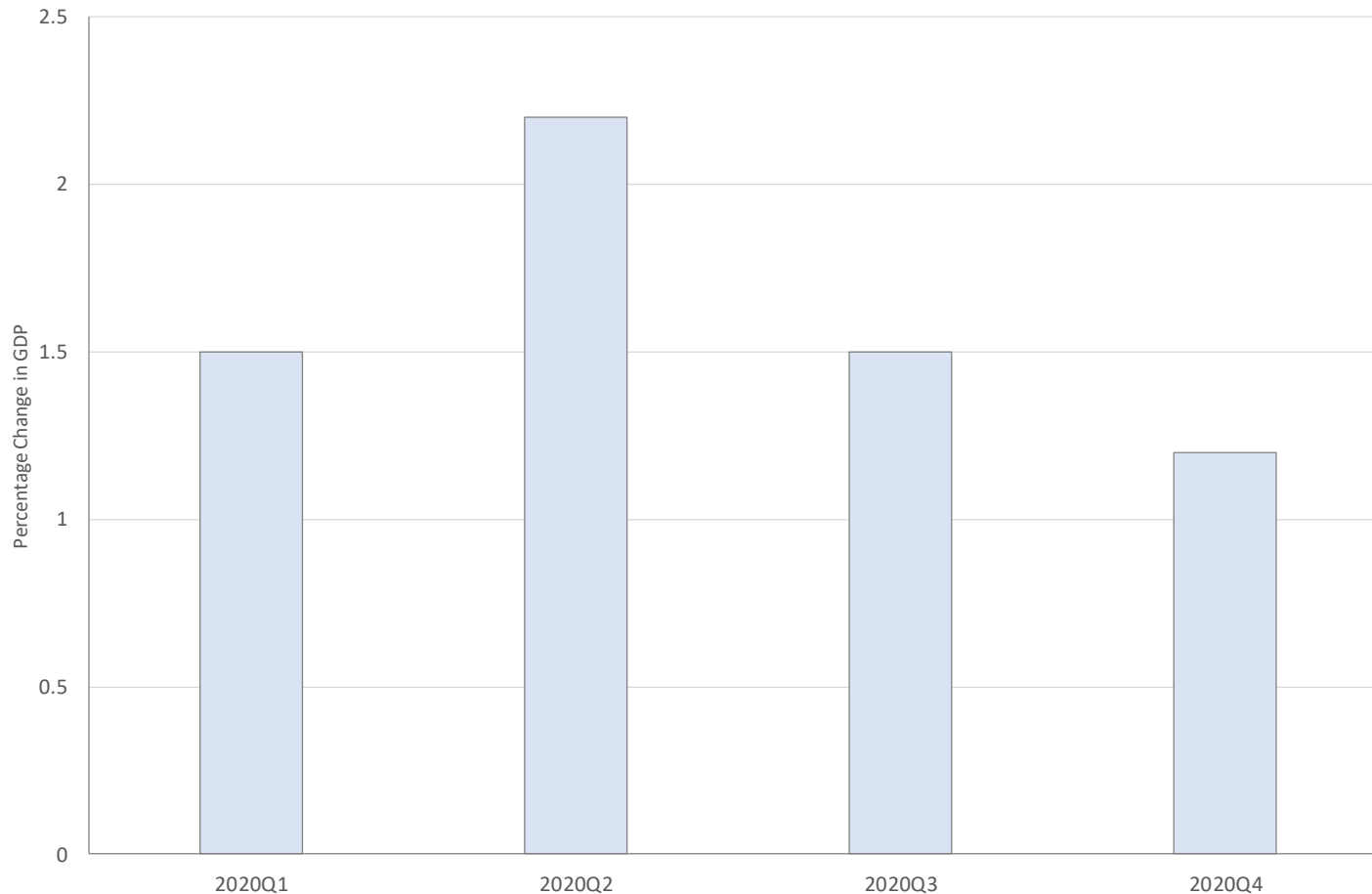
- Severe losses in coming three months
- Quick recovery underway by end of 2020

Extended impact scenario

- More severe losses in coming six months
- Extended recovery through 2021 and beyond

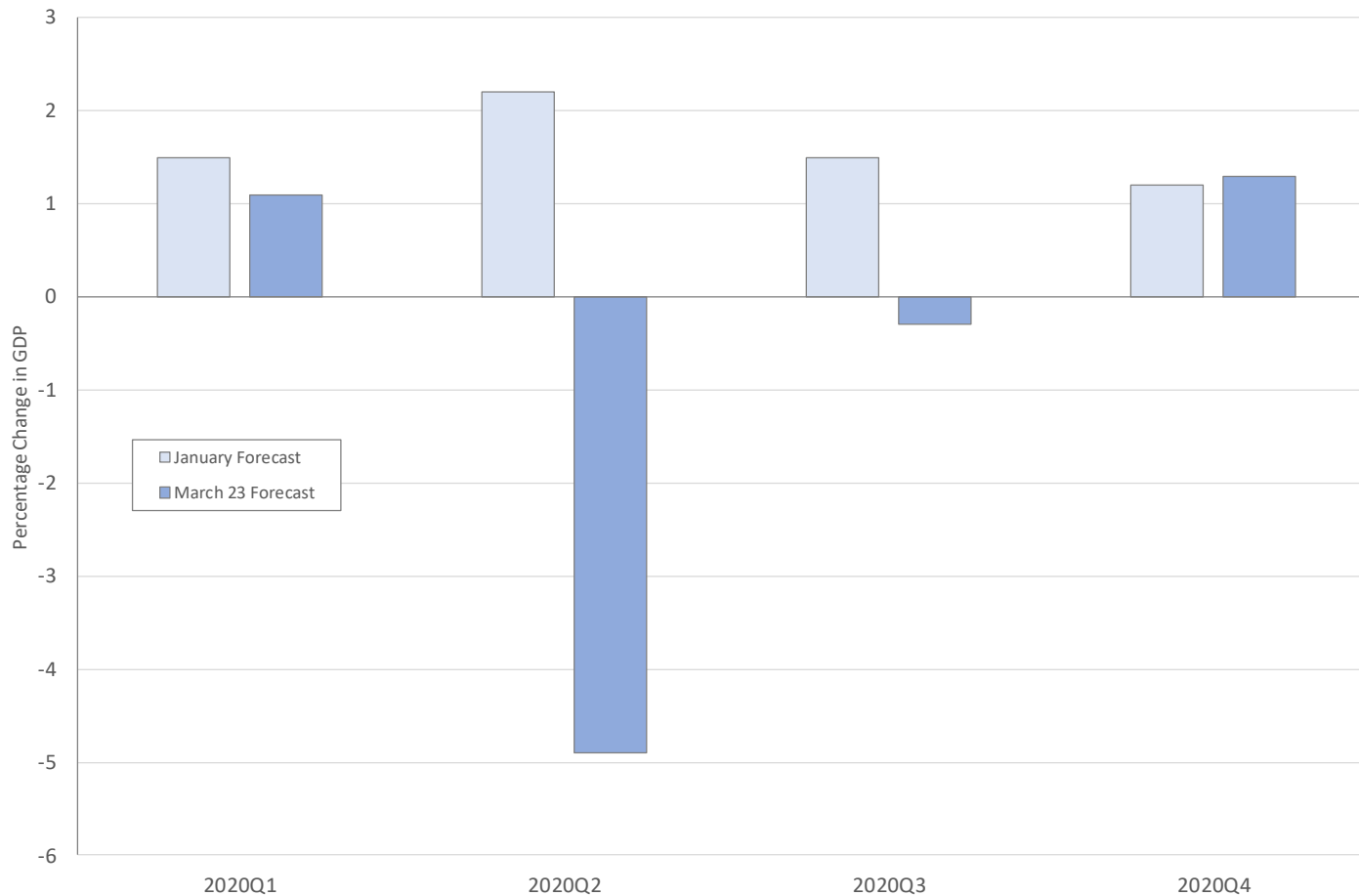
Moody's GDP forecast: January 2020

Moody's Forecast Change in U.S. Real GDP for 2020, as of January
Annualized, Quarter-to-Quarter



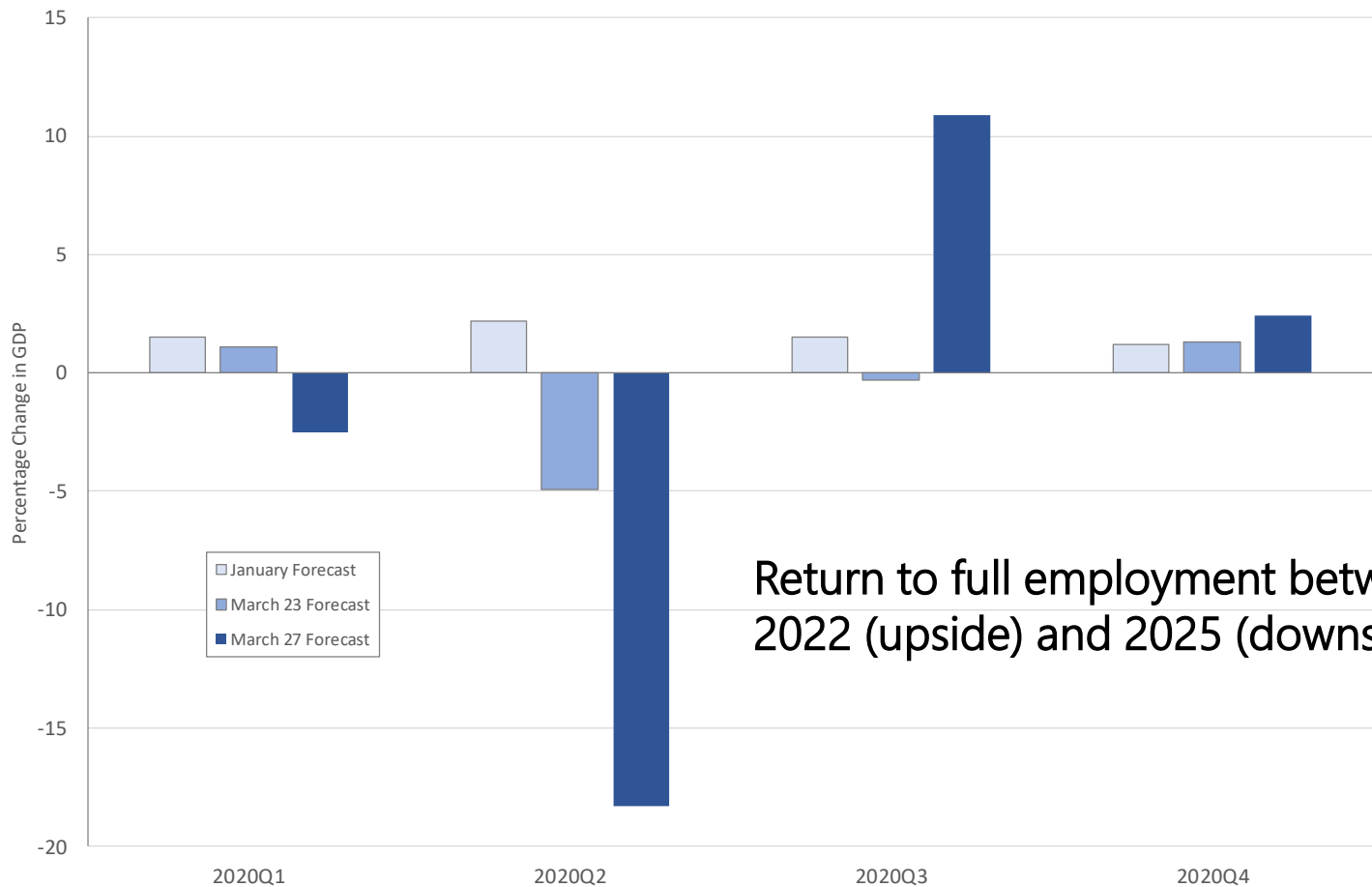
Moody's GDP forecast: March 23rd Update

Moody's Forecast Change in U.S. Real GDP for 2020
Annualized, Quarter-to-Quarter



Moody's GDP forecast: March 27th Update

Moody's Forecast Change in U.S. Real GDP for 2020
Annualized, Quarter-to-Quarter



City financial impacts

Sharp and immediate losses (current year)

- Hotel taxes
- Sales, parking, and other local taxes
- Transfer taxes and interest earnings

Delayed losses (coming fiscal years)

- Property taxes
- Business taxes
- Others

Current year losses – General Fund (\$M)

	Limited	Extended
Six month budget improvement	98	98
COVID revenue losses		
Property	(2)	(50)
Business	18	18
Hotel	(112)	(124)
Transfer	(88)	(118)
Sales	(68)	(109)
Other	(59)	(70)
	(311)	(453)
Baseline offsets	46	67
Revised March projection	(167)	(287)

Current year losses – Other funds (\$M)

	Limited	Extended
<hr/>		
Select Enterprise Funds		
Airport	(190)	(220)
MTA	(170)	(250)
Port	(23)	(30)
<hr/>		
Select Enterprises	(383)	(500)
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Three year General Fund revenue losses (\$M)

	Limited	Extended
FY19-20	(167)	(287)
FY20-21	(333)	(584)
FY21-22	(220)	(388)
Three Year Total	(720)	(1,259)

** Updated revenue losses net versus prior projection, net of baselines*

March budget outlook (\$M)

Cumulative budget shortfall through FY21-22

- January projection = \$419M
- March projection = \$1.1B - \$1.7B

	<u>Limited Scenario</u>			<u>Extended Scenario</u>		
	FY19-20	FY20-21	FY21-22	FY19-20	FY20-21	FY21-22
Previous projection (January)		(195)	(224)		(195)	(224)
Revised revenue outlook (March)	(167)	(333)	(220)	(287)	(584)	(388)
Revised projection (March)	(167)	(528)	(444)	(287)	(779)	(612)
<i>Cummulative through FY21-22</i>			<i>(1,139)</i>			<i>(1,678)</i>

Not included in March projection

(Coming in April update)

- COVID response expenses
- Federal and State relief and stimulus
- Retirement system losses & contributions
- Other department revenue & expenditure trends
- Budget actions – Spending reductions, reserve draws, others

Reserves

City reserve position better than prior two recessions

- Rainy day & stabilization reserves = \$590M
- General reserve = \$150M
- Other reserve balances available to offset some reductions in one-time program spending

Reserves will soften the budget impact but will not be sufficient to carry the City through multi-year revenue losses

Federal and State relief and stimulus

3 Federal relief bills & 1 State stimulus bill to support workers, businesses, public health systems, and state & local governments

Relief for private businesses and workers

- Sick leave expansion
- Unemployment extension and expansion
- Small business loans / grants
- Individual household payments
- Other

Federal and State relief and stimulus

Relief for public agencies

- FEMA & CalOES disaster relief

- Federal COVID stimulus bills
 - State and local governments
 - Transit agencies
 - Hospitals & healthcare systems
 - Other

City Community Support

Relief for residents, workers, businesses, & City contracted non-profits

- Small Business tax & fee deferral
- Grant and relief funds for small businesses, artists, and other philanthropic support
- Relief for residents – eviction moratorium, sick leave for private sector workers, MTA and PUC fee/billing relief
- City employee leave benefits and contract continuity for city contracted non-profits

City Emergency Response Spending

City departments have incurred costs related to direct health crisis needs, including:

- Staffing costs to stabilize and support the health care workforce
- Health equipment and safety supplies (ex. PPE)
- Testing and treatment
- Other staff time, IT, EOC supplies dedicated to COVID response

Additional work to be done on the level of reimbursement and direct support from the state and federal government to offset these costs

Additional City Response Programs

City departments, including DPH, HSA, and HSH, have key programs underway to address additional response capacity and needs

- Additional surge planning for our hospital system
- Hotel and shelter placements for vulnerable populations and front-line workers

Review is on-going to utilize state and federal government resources available to help support these necessary programs

Revised Budget Timeline

- March 31 – release updated projections & revised budget timeline
- Mid/Late-April - updated Joint Report issued
- May – revised budget instructions to departments
- June & July – Mayor’s phase of budget
- August – Board Budget Committee phase
- September – Budget at full Board of Supervisors
- October 1 – Mayor signs budget

Planning for Rebalancing Plan

Pause non-essential hiring and spending

- Instructions to departments:
 - No new hiring - except for essential workers
 - Prioritize essential capital projects – pause others
 - Pause new programs that have not started

Mayor's Office is developing current year rebalancing plan that includes reduced spending to offset current year shortfalls

Questions or comments?

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2020 FEB 25

Time stamp
or meeting date

BY

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Fewer

Subject:

Hearing- FY 2020-21 and FY 2021-22 Budget Process and Updates

The text is listed:

Hearing to review the budget process and related updates for Fiscal Years 2020-2021 and 2021-2022.

Signature of Sponsoring Supervisor:

For Clerk's Use Only