File No. 210094

Committee Item No. 2 Board Item No.

#### **COMMITTEE/BOARD OF SUPERVISORS**

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Committee: Budget & Appropriations Committee Date April 21, 2021

Board of Supervisors Meeting

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# **Federal Stimulus Update**



#### **CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller

April 14, 2021

#### H.R. 1319 American Rescue Plan Act

- \$1,400 direct stimulus payments to individuals
- Extended unemployment benefits, \$300/wk supplement through September
- Tax credit for employers who offer emergency paid leave
- Extends 15% increase in food stamp benefits through September
- Expands child, dependent, EIC tax credits
- Grants to small businesses (incl. PPP)
- \$86B pension fund rescue package
- \$50B to FEMA Disaster Relief Fund
- \$30B for transit operating costs, PPE
- \$8B for airports, including \$800M for airport concessionaires
- \$123B K-12 Education Stabilization Fund grants to reopen schools
- \$40B for colleges and universities (emergency grants to students)
- \$21.6B emergency rental assistance
- Temporary changes to ACA, Medicaid, and CHIP to expand coverage
- \$350B state and local fiscal aid (CRF Augmented)

### **Coronavirus State & Local Fiscal Recovery Funds**

\$350B for states and local governments comprise an historic, one-time investment in local government

- \$195B Coronavirus State Fiscal Recovery Fund
  - \$1.25B per state minimum
  - Remainder based on each state's share of unemployed individuals
- \$130B Coronavirus Local Fiscal Recovery Fund (\$636M to San Francisco)
  - \$65B to counties  $\rightarrow$  \$171M to San Francisco
  - \$65B to cities  $\rightarrow$  \$465M to San Francisco

#### Coronavirus State & Local Fiscal Recovery Funds Eligible uses

- (a) To respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries, such as tourism, travel, and hospitality.
- (b) To respond to workers performing essential work during the public health emergency by providing premium pay to eligible government workers that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work.
- (c) For the provision of government services to the extent of the reduction in revenue due to the public health emergency relative revenues collected in the most recent full fiscal year prior to the emergency.
- (d) To make necessary improvements in water, sewer, or broadband infrastructure.

## **Coronavirus State & Local Fiscal Recovery Funds**

#### Restrictions

- Funds cannot be used to directly or indirectly offset tax reductions or delay a tax/tax increase.
- Funds cannot be deposited into any pension fund.
- Must be spent by December 31, 2024.

#### Distribution

- 50% upon certification of local government executive (by May 11, 2021)
- 50% not earlier than 12 months after first distribution

### **Coronavirus State & Local Fiscal Recovery Funds**

#### • Federal guidance is not yet available.

State and local government affinity groups (Government Finance Officers Association, National League of Cities, National Governor's Association, etc.) submitting questions to White House and Treasury officials about certification, eligibility, and reporting.

#### • There are many open questions:

- What is the basis of comparison for revenue shortfalls: FY 2018-19 actuals, FY 2019-20 budget?
- Retroactive to FY 2019-20?
- Are shortfalls evaluated by individual revenue source or total?
- Are employer pension contributions made as part of payroll prohibited?
- How and when will federal and state agencies distribute non-CLFRF funds to subrecipients?

## **Other Funds: Quantified Local Benefit**

#### ARPA

- \$300M to MTA
- \$192M to AIR
- \$111.6M for San Francisco Unified School District (SFUSD)
- \$28.5M for San Francisco Community College District
- \$19M for various housing programs (tenant rental assistance, affordable housing, supportive services, etc.)

#### H.R. 133 Consolidated Appropriations Act Funds

- \$230M to MTA
- \$46.5M to AIR
- \$40M to SFUSD
- \$26.2M to MOHCH for Emergency Rental Assistance
- \$28.3M to DPH for vaccine administration
- \$15M to HSA for Child Care & Development Block Grants
- \$0.6M to HSA for nutrition programs for seniors
- 12-month extension for use of CARES CRF funding (through 12/31/2021)

## Quantification Pending: ARPA + H.R. 133

- State social service pass-throughs
- State health pass-throughs: testing, contact tracing, mental health/substance abuse services
- Homelessness
- Small business administration programs
- Road maintenance

## GFOA (Government Finance Officer's Association) ARPA Guiding Principles...

#### **ARPA Funds Are One-Time**

- This non-recurring source should be applied primarily to non-recurring expenditures (e.g. capital investment).
- Avoid creating new programs or increasing existing programs that require an ongoing financial commitment.
- Give high priority to replenishing reserves used to offset revenue declines during the pandemic to rebuild financial flexibility/stability and restore fiscal resiliency.
- Use of ARPA funds to cover operating deficits caused by COVID-19 should be considered temporary; budget restraint may be necessary to achieve/maintain structural balance in future budgets.

#### ...GFOA ARPA Guiding Principles

#### **Carefully Consider Use of ARPA Funds**

- Use ARPA funds for priorities not eligible for other federal and state programs.
- Consider coordinating/partnering with other local ARPA recipients (schools, transportation agencies, local economic development authorities).
- Whenever possible, spread uses over the qualifying period (through December 31, 2024) to enhance financial stability.
- Rating agencies will evaluate use of ARPA funds in formulating credit opinions and will consider reserve levels and structural budget balance as part of their credit analysis.
- ARPA provides a unique opportunity to make strategic investments in long-term assets, rebuild reserves to enhance financial stability, and cover temporary operating shortfalls until economic conditions and operations normalize.

## Update on the City's Economy



#### **CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller Ted Egan, Ph.D, Chief Economist Item #210094

February 17, 2021

## **Total Employment and Unemployment Rate**





## **Office vs. Service Industry Employment Trends**



#### San Franciscans on the move

The number of households in San Francisco/the Bay Area that filed a change of address from March to November:



#### **Destinations Reflect Pre-COVID Migration Patterns**

#### Where people moved

Most popular destinations among those from San Francisco who filed a change of address in a new county:



1	Alameda	8,131
2	San Mateo	6,637
3	Marin	4,155
4	Contra Costa	3,814
5	Santa Clara	2,592
6	Sonoma	1,527
7	Los Angeles	1,105
8	San Diego	885
9	Napa	546
10	Riverside	510
11	Kings	468
12	Sacramento	465
13	Nevada	430
14	Solano	312
15	Santa Cruz	286



## Trends in San Francisco Apartment Asking Rents



2020\_01 2020\_02 2020\_03 2020\_04 2020\_05 2020\_06 2020\_07 2020\_08 2020\_09 2020\_10 2020\_11 2020\_12 2021\_01

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Source: ApartmentList

## San Francisco Rents in the Regional Context



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## San Francisco Condo and Home Price Trends



## **Housing Prices in the Regional Context**

Annual Change in Median Home Prices, Bay Area Counties, December 2019-December 2020



## San Francisco Office Vacancy and Absorption



Source: CBRE Research, Q4 2020.

## Conclusions

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- San Francisco's economy has performed much worse than other large U.S. cities, over the past year.
- This can be attributed to three major factors:
  - Safety-conscious behavior and regulation, which has also contributed to the city's very low COVID-19 death rate.
  - An absence of tourists and in-commuters.
  - Out-migration at a greater level than other cities.
- Like in other cities, low-wage service workers have borne the brunt of unemployment in San Francisco. Hiring in high-wage office industries is back to pre-COVID levels, though the work occurring remotely.
- Until office workers and hotel guests return, the unemployment rate is likely to remain elevated.
- Decisions that office workers and their employers make, about the prevalence of remote work after the pandemic, will likely drive the office and housing markets in the near-to-medium term.

#### **Introduction Form**

By a Member of the Board of Supervisors or Mayor

Time stamp or meeting date

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

$\checkmark$ 1. For reference to Committee. (An Ordinanc	e. Resolution. Motion or Cl	narter Amendment).	
2. Request for next printed agenda Without Re			
3. Request for hearing on a subject matter at C	committee.		7
4. Request for letter beginning :"Supervisor			inquiries"
5. City Attorney Request.			
6. Call File No.	from Committee.		
7. Budget Analyst request (attached written m	otion).		
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 propose	ed legislation should be for	warded to the following:	:
Small Business Commission	] Youth Commission	Ethics Commiss	sion
Planning Commission	Building Ins	pection Commission	
Note: For the Imperative Agenda (a resolution	not on the printed agenda	), use the Imperative F	orm.
Sponsor(s):			
Haney			
Subject:			
Hearing to receive updates on City's economy, fin	nancial condition, and other	issues	
The text is listed:			
Hearing to receive updates from the Mayor's Offi Office on the City's economy, financial condition		Board of Supervisors E	Budget & Analys
Signature of Spo	onsoring Supervisor: MAT	ΓΗΑΝΕΥ	

For Clerk's Use Only

From:	RivamonteMesa, Abigail (BOS)
To:	BOS Legislation, (BOS)
Cc:	PEARSON, ANNE (CAT); Groffenberger, Ashley (MYR); Rosenfield, Ben (CON); Goncher, Dan (BUD); Sandler, Risa (CON); Malamut, Christina (BUD); Haney, Matt (BOS)
Subject:	Introduction: Hearing to receive updates on the City's economy, financial condition, and other issues
Date:	Tuesday, January 26, 2021 1:51:58 PM
Attachments:	Introduction Form 1.26.21 Hearing on Budget Reports.pdf

Attached for introduction today please find the following:

Hearing to receive updates from the Mayor's Office, Controller's Office, and Board of Supervisors Budget & Analyst Office on the City's economy, financial condition, and other issues.

Thank you,

Abi

<u>ed, Mayor</u>

Matt Haney (and Budget and Appropriations Committee),

Dear Supervisor, Mayor, and Budget and Appropriations Committee

As a your constituent, I am writing to demand that at least \$136 million of the \$634 million stimulus money be put into a fund for equitable climate change mitigation and resilience. The Department of the Environment has ambitious plans but it will need resources and funding to get the job done.

The stimulus funds are intended to help us "build back better." Climate is not a "niche issue"-our children's health, and our ability to live, work and play in the future hangs in the balance. Meeting our climate obligations must be your top priority.

The rapid action we need to address the climate crisis requires expert, flexible planning at the local level, and that requires significant funding, as soon as possible. The Board of Supervisors unanimously declared a climate emergency in 2019. We now need follow through.

We need all San Francisco buildings and motor vehicles electrified in a way that all San Franciscans can afford and not be displaced. We need to address waterfront contamination and sea level rise—particularly in areas like Bayview Hunters Point and Treasure Island which are poisoned by a legacy of environmental injustice. We need to improve our public transit, and fulfill our commitment to healthy ecosystems and responsible production and consumption.

We can't avert climate disaster with hopes and prayers. We need real and increased funding to deal with this immediate emergency.

Thank you.

Barbara Jue sfbar48@gmail.com 81 Lansing Street, #411 San Francisco, California 94105

From: <u>Joni</u>	
To: <u>Walton, Shamann (BOS); Wong, Linda (BOS)</u>	
Cc: Haney, Matt (BOS); Safai, Ahsha (BOS); Mar, Gordon (BOS); Ronen, Hillary; Breed, Ma	<u>ayor London (MYR)</u>
Subject: Climate funding Re: Budget & Appropriations Committee 4/14, item 1	
Date: Wednesday, April 14, 2021 1:53:37 PM	

Dear Supervisor Walton, Mayor Breed, and Committee members,

Please allocate \$136 million of the \$636 federal stimulus money to get our climate efforts off the ground. As a longtime resident of District 10 and a worried grandmother, I have seen the droughts and wildfires getting worse each year. The orange sky we woke up to on September 9th terrified me. Climate change is an emergency; you, the Supervisors, declared it so two years ago.

In a few weeks the gas ban on new construction will become law. That's a good start. But then we have to deal with the transformation of all of San Francisco's existing buildings from gas to electric - in a way that doesn't cause anyone to lose their home. This is a monumental undertaking that will require a whole lot of money.

The idea of "building back better" underscores the fact that all the other current crises are connected to climate and climate justice: health, economic disparities, massive job loss, evictions, diminishing public transit. Fighting climate change can help us all meet these challenges.

The federal stimulus funds are a good, one-time (though way-too-small) start - but we <u>have</u> to get on this. \$136 million of the stimulus money right now for the climate should be placed in a fund for equitable climate change mitigation and adaptation. That's 1% of the estimated 13.6 billion-dollar City budget for fiscal year 2020-2021. It is NOT too much to ask for, for the climate, which should always be a priority. A city's budget reveals that city's values, and San Francisco values <u>do</u> include protecting this world now and for the future - don't they? We must not just talk about it - we must <u>fund</u> the policies that ensure the health and well-being of all current and future residents. It's a climate emergency!

Thank you for your attention.

Sincerely,

Joni Eisen 592 Pennsylvania SF 94107

From:	Dave Rhody
То:	Mar, Gordon (BOS); Haney, Matt (BOS); Safai, Ahsha (BOS); Ronen, Hillary; Walton, Shamann (BOS); Breed, Mayor London (MYR); Wong, Linda (BOS)
Subject:	Stimulus Money = Climate Climate Action 4/14/21 Budget Meeting
Date:	Wednesday, April 14, 2021 12:33:33 PM

Gordon Mar (and Budget and Appropriations Committee),

Gordon Mar, Mayor Breed, and Budget and Appropriations Committee --

A former San Francisco businessman and resident in the 4th District, I come to you to remind you of the commitment you made to us when you passed the Climate Emergency Resolution in 2019.

If you do not allocate a significant portion of the stimulus money on climate action -- including funding for SF Environment -- then you have lied to us about considering climate an emergency.

My colleagues at the Climate Emergency Coalition and the Climate Reality Project are asking for at least \$136 million of the stimulus money be used toward SF achieving its climate goals and toward climate justice.

Thank you. Dave Rhody Climate Reality Project San Francisco

Dave Rhody dave@rhodyco.com 1594 45th Ave. San Francisco, California 94122

Myrna Melgar (and Budget and Appropriations Committee),

Dear Supervisor Melgar, Mayor, and Budget and Appropriations Committee

As a your constituent, I am writing to demand that at least \$136 million of the \$634 million stimulus money be put into a fund for equitable climate change mitigation and resilience. I am a young person born and raised in the SF Bay Area, and I have seen the increasingly dangerous effects of climate change over the last decade. We are not acting with nearly the urgency needed to stem this crisis.

The stimulus funds are intended to help us "build back better." Climate is not a "niche issue"-our children's health, and our ability to live, work and play in the future hangs in the balance. Meeting our climate obligations must be your top priority.

The rapid action we need to address the climate crisis requires expert, flexible planning at the local level, and that requires significant funding, as soon as possible. The Board of Supervisors unanimously declared a climate emergency in 2019. You need to follow through.

We need all San Francisco buildings and motor vehicles electrified in a way that all San Franciscans can afford and not be displaced. We need to address waterfront contamination and sea level rise—particularly in areas like Bayview Hunters Point and Treasure Island which are poisoned by a legacy of environmental injustice. We need to improve our public transit, including funding a free Muni pilot for the next three months, as proposed by Supervisors Preston and Haney. We must fulfill our commitment to healthy ecosystems and responsible production and consumption.

We can't avert climate disaster with hopes and prayers. We need real and increased funding to deal with this emergency.

Thank you.

Harlo Pippenger harlo.p.pippenger@gmail.com 258 Monterey Boulevard, Apartment B San Francisco, California 94131

From:	Jo Coffey
To:	Wong, Linda (BOS)
Cc:	Haneystaff (BOS); Marstaff (BOS); Walton, Shamann (BOS); Safai, Ahsha (BOS); Ronen, Hillary
Subject:	Comment for Budget and Appropriations Committee Apr 14, 2021
Date:	Wednesday, April 14, 2021 11:10:29 AM

Honorable members of the Budget and Finance Committee,

I strongly support San Francisco's recognition of our current climate crisis, and the actions it has taken so far to address it: declaring a climate emergency in 2019, and requiring all-electric construction for new buildings in 2020.

The City needs to keep up the momentum, and it needs to commit adequate money. In the current budget for Fiscal Year 2020-2021, only a small percent is dedicated to climate programs. That is not at all reasonable.

I urge that you consider seriously the fiscal recommendations made by the San Francisco Climate Emergency Coalition.

Josephine Coffey 248 Dublin Street San Francisco, 94112 District 11

Aaron Peskin (and Budget and Appropriations Committee),

Dear Supervisor Peskin, Mayor, and Budget and Appropriations Committee

As a your constituent, I am writing to demand that at least \$136 million of the \$634 million stimulus money be put into a fund for equitable climate change mitigation and resilience.

The stimulus funds are intended to help us "build back better." Climate is not a niche issueour children's health, and our ability to live, work and play in the future hangs in the balance. Meeting our climate obligations must be your top priority.

I'm one of the millions of young people facing the prospect of living in a world even darker than the world we currently live in. To be honest, I am frustrated that the climate crisis continues to be an afterthought when it comes time to make tough decisions, like in the budget. As if we get bonus points for addressing it. There are no bonus points, only consequences for not addressing it. However, because climate touches all aspects of our lives, I know that climate action can take a panoply of forms and can be tied to expanding existing public services in a climate-friendly way.

The FIRST thing we need to address is waterfront contamination and sea level rise particularly in areas like Bayview Hunters Point and Treasure Island which are poisoned by a legacy of environmental injustice. We also need to expand public transit and make it free. Programs like these address existing injustices while building permanent safeguards against the climate crisis and inequality into our system now.

Supervisor Peskin, Mayor, and Board, I know you have the courage to fight for our futures. We can't avert climate disaster with hopes and prayers. We need real and increased funding to deal with this emergency.

Thank you.

Jennifer Feng jenniferfeng97@gmail.com 636 Washington St., Apt 1 San Francisco, California 94111

Rafael Mandelman (and Budget and Appropriations Committee),

Dear Supervisor, Mayor, and Budget and Appropriations Committee

As a your constituent, I am writing to demand that at least \$136 million of the \$634 million stimulus money be put into a fund for equitable climate change mitigation and resilience.

The stimulus funds are intended to help us "build back better." Climate is not a "niche issue"-our children's health, and our ability to live, work and play in the future hangs in the balance. Meeting our climate obligations must be your top priority.

The rapid action we need to address the climate crisis requires expert, flexible planning at the local level, and that requires significant funding, as soon as possible. The Board of Supervisors unanimously declared a climate emergency in 2019. You need follow through.

We need all San Francisco buildings and motor vehicles electrified in a way that all San Franciscans can afford and not be displaced. We need to address waterfront contamination and sea level rise—particularly in areas like Bayview Hunters Point and Treasure Island which are poisoned by a legacy of environmental injustice. We need to improve our public transit, and fulfill our commitment to healthy ecosystems and responsible production and consumption.

We can't avert climate disaster with hopes and prayers. We need real and increased funding to deal with this emergency.

Thank you. Joan Anyon Sanchez Street San Francisco, CA 94114

Joan Anyon sfrentsan@gmail.com 368 Sanchez Street, San Francisco CA, California 94114

From:	Todd
To:	Preston, Dean (BOS)
Cc:	<u>Safai, Ahsha (BOS); Mar, Gordon (BOS); Ronen, Hillary; Wong, Linda (BOS); Haney, Matt (BOS); Breed, Mayor</u> London (MYR); Walton, Shamann (BOS)
Subject:	Spend Stimulus Money on Climate! (Re: Budget and Appropriations Committee, 4/14, Item 1)
Date:	Tuesday, April 13, 2021 9:52:46 AM

Dear Supervisor, Mayor, and Budget and Appropriations Committee

As a your constituent, I am writing to demand that at least \$136 million of the \$634 million stimulus money be put into a fund for equitable climate change mitigation and resilience.

The stimulus funds are intended to help us "build back better." Climate is not a "niche issue"-- our children's health, and our ability to live, work and play in the future hangs in the balance. Meeting our climate obligations must be your top priority.

The rapid action we need to address the climate crisis requires expert, flexible planning at the local level, and that requires significant funding, as soon as possible. The Board of Supervisors unanimously declared a climate emergency in 2019. You need follow through. You need to do better.

We can't avert climate disaster with hopes and prayers. We need real and increased funding to deal with this emergency. Thank you.

Rafael Mandelman (and Budget and Appropriations Committee),

Dear Supervisor Mandelman, Mayor Breed, and Budget and Appropriations Committee members

Climate change presents an imminent threat to our lives and livelihoods. We must take urgent action to mitigate emissions and adapt to a changing climate, and this action will require adequate funding. As a your constituent, I am writing to demand that at least 1% of the City Budget (\$136 million as currently proposed) be allocated for a climate change mitigation and resilience fund. These funds are less than a quarter of \$634 million received from the federal government to "build back better."

The Board of Supervisors unanimously declared a climate emergency in 2019. It's time to put your money where your mouth is and appropriate the funding necessary to deal with this emergency.

Thank you.

David Berney Needleman davidbn1@gmail.com 3564 18th St San Francisco, California 94110

From:	Helena B
To:	Ronen, Hillary
Cc:	Haney, Matt (BOS); Safai, Ahsha (BOS); Mar, Gordon (BOS); Walton, Shamann (BOS); Breed, Mayor London (MYR); info@sfclimateemergency.org; Wong, Linda (BOS)
Subject:	Climate funding is key to building back better (re Budget and Appropriations Committee 4/14, item 1)
Date:	Tuesday, April 13, 2021 12:46:48 AM

Dear Supervisor Ronen, Mayor Breed, and Budget and Appropriations Committee,

As a San Francisco voter in District 9, I am writing to urge that at least 1% of SF's budget— \$136 million of the \$634 million stimulus money— be put into a fund for equitable climate change mitigation and resilience.

The stimulus funds are intended to help us "build back better." Climate is not a "niche issue"-- our children's health, and our ability to live, work and play in the future hangs in the balance. The potential for real equity for low income communities of color who are hit first and worst by the climate crisis hangs in the balance. Meeting our climate obligations must be your top priority.

The rapid action we need to address the climate crisis requires expert, flexible planning at the local level, and that requires significant funding, as soon as possible. The Board of Supervisors unanimously declared a climate emergency in 2019. You need follow through and make sure that the needed systemic action happens.

We need all San Francisco buildings and motor vehicles electrified in a way that all San Franciscans can afford and not be displaced. We need to address waterfront contamination and sea level rise—particularly in areas like Bayview Hunters Point and Treasure Island which are poisoned by a legacy of environmental injustice. We need to improve our public transit, and fulfill our commitment to healthy ecosystems and responsible production and consumption.

We need real and increased funding to make climate crisis mitigation and resilience a reality.

Thank you in advance for caring about our health and our future by funding equitable climate action,

Helena Birecki, D9 resident