



Memorandum

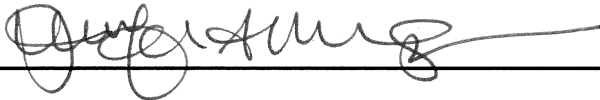
TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Margaret McCahan

SUBJECT: SEE BELOW

DATE: April 3, 2019

Approved

 Date

4-3-19

SUBJECT: BUDGET ACTIONS RELATED TO A LOAN ASSISTANCE PROGRAM FOR FEDERAL WORKERS AT THE NORMAN Y. MINETA SAN JOSÉ INTERNATIONAL AIRPORT

RECOMMENDATION

Adopt the following 2018-2019 Appropriation Ordinance amendments in the General Fund:

- (a) Increase the Budget Stabilization Reserve in the amount of \$10,500,000;
- (b) Decrease the Federal Worker Loan Assistance Program City-wide expenses appropriation to the Finance Department in the amount of \$10,000,000; and
- (c) Decrease the Federal Worker Loan Assistance Program Guaranty Reserve in the amount of \$500,000.

OUTCOME

Adoption of the recommended budget actions restores funding to the Budget Stabilization Reserve that was temporarily reallocated for a loan assistance program for federal workers at the Norman Y. Mineta San José International Airport. On February 15, 2019, President Trump signed legislation to fully fund the federal government through the remainder of fiscal year 2019. As a result, the emergency loan assistance program is not needed and funding can be restored to the Budget Stabilization Reserve. However, now that agreements are in place with Technology Credit Union (“TechCU”), this program can be restarted if the need arises in the future.

BACKGROUND

In response to a federal government shutdown began on December 22, 2018, during which many federal workers were no longer being paid, the City Council authorized the City Manager or his authorized designee to negotiate and execute one or more agreements with TechCU and to take any other necessary actions to service and administer a loan assistance program to all federal

HONORABLE MAYOR AND CITY COUNCIL

April 3, 2019

Subject: Budget Actions Related to Loan Assistance Program for Federal Workers at the Airport

Page 2

employees assigned to the Norman Y. Mineta San José International Airport. An estimated 500 federal workers serve at the Airport comprised from the Federal Aviation Administration (FAA), Customs and Border Protection (CBP), and Transportation Security Administration (TSA). The TSA has 400 of the 500 federal employees and approximately 48% live in San José. The federal agencies and the Airport work together to ensure a safe and seamless processing of people and aircraft.

On January 25, 2019, the day after this item was approved by the City Council, the President announced that a deal had been reached on legislation to reopen the government and the President signed an appropriations bill on February 15, 2019 that ensured funding of federal government operations through the remainder of the federal fiscal year 2019 (through September 30).

ANALYSIS

In preparation to implement the loan program, budget actions were taken to establish a \$10.0 million Federal Worker Loan Assistance Program City-wide expenses appropriation on January 25, 2019 and a \$500,000 Federal Worker Loan Assistance Program Guaranty Reserve on February 12, 2019, which were both funded by the Budget Stabilization Reserve. Given the temporary nature of the loan program and the expectation that nearly all potential loans would be fully reimbursed, the Budget Stabilization Reserve was identified as the most appropriate funding source. As the program is not needed at this time, the recommended budget actions restore funding to the Budget Stabilization Reserve, returning its total balance to \$17.0 million.

The agreement between the City and TechCU, effective March 15, 2019, is in place to implement this program in the future, if necessary. However, loan program funding of \$10.5 million would need to be re-appropriated for this purpose.

EVALUATION AND FOLLOW-UP

Should a federal government shut again occur in the future, staff will return to the City Council to re-launch the loan program, including the appropriation of \$10.5 million to fund the program.

PUBLIC OUTREACH

This memorandum will be posted on the City Council's Agenda website for the April 16, 2019 City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

April 3, 2019

Subject: Budget Actions Related to Loan Assistance Program for Federal Workers at the Airport

Page 3

COORDINATION

This memo has been coordinated with the Finance Department and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

There is no Commission input on this item.

COST SUMMARY/IMPLICATIONS

As the federal government resumed normal operations a day after the loan assistance program was adopted by the City Council, the program was not launched and the City retained all funding. The recommended actions included in this memorandum restore the loan program funding to the Budget Stabilization Reserve.

BUDGET REFERENCE

Fund #	Appn #	Appn Name	Total Current Appn.	Rec. Budget Action	2018-2019 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	8399	Budget Stabilization Reserve	\$6,500,000	\$10,500,000	IX-58	02/12/2019, Ord. 30222
001	205G	Federal Worker Loan Assistance Program	\$10,000,000	(\$10,000,000)	IX-58	01/24/2019, Ord. 30212
001	8549	Federal Worker Loan Assistance Program Guaranty Reserve	\$500,000	(\$500,000)	N/A	02/12/2019, Ord. 30222

CEQA

Not a Project, File No. PP17-004 Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant impact on the environment



MARGARET MCCAHAN
Budget Director

For questions, please contact Margaret McCahan, Budget Director, at 408-535-8142.