

PACKET MATERIALS

DATE: March 19, 2021 Item No. 6

LOCAL AGENCY FORMATION COMMISSION

Agenda Packet Contents List

- Staff Memorandum from Bryan Goebel, Executive Officer
- Proposal for Worker-Led Research
- Ordinance to Establish the San Francisco Working Group
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Completed by: Alisa Somera Date: March 12, 2021

(This list reflects the explanatory documents provided.)



San Francisco Local Agency Formation Commission

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March 19, 2021

COMMISSIONERS

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*Alisa Somera
Clerk*

TO: LAFCO Commissioners

FROM: Bryan Goebel, Executive Officer

SUBJECT: Item 6_Proposed LAFCo Projects for Fiscal Year 2021-22

Today I propose the following projects for the year ahead, or the next 16 months, from March 2021 to the end of the 2021-22 fiscal year next June. These projects seek to prioritize and advance equity and resiliency, are in line with LAFCo's role as an oversight authority and advisory body to CleanPowerSF and fall within our special studies authority. Funding has not been identified for every project. Given the LAFCo's fundraising success for the groundbreaking survey and study of app-based workers, I am confident we can raise private foundation funds for the proposed projects that require it. There are many details that still need to be worked out, but today I am asking for the Commission's approval to further develop these projects with partners and bring them back for final approval, when we are ready to propose contracts, and have detailed scopes of work and deliverables. One of the projects, a new survey of app-based delivery workers, would not be sponsored or commissioned by LAFCo or require any fundraising. I'm including the item in the list of projects for informational purposes, and because it would require five percent of the executive officer's time over the proposed project period.

The proposed project to address utility debt among San Franciscans struggling to pay their utility bills during the pandemic is the most urgent and time sensitive. A California Public Utilities Commission directive banning power shutoffs is set to expire on June 30, 2021. I am recommending that we proceed immediately to research and gather input on how San Francisco can address this problem and secure debt relief before the moratorium expires.

RECOMMENDATION: Authorize the executive officer to proceed developing the below list of projects, with the exception of the e-bike rebate program for delivery workers.

ATTACHMENTS:

- Proposal for Worker-Led Research
- Ordinance to establish the San Francisco Reinvestment Working Group

Proposed LAFCo 2021-22 Projects

Develop Recommendations to Address Utility Debt

Develop a scope of work, budget estimate and request proposals from two pre-qualified renewable energy consultants to conduct research, community outreach and provide recommendations on how to help San Franciscans struggling with utility debt during and after the pandemic. This project would help advance some of the recommendations in LAFCo research associate Adiba Khan's November report, "Power is a Right: Preventing a Disconnection Crisis in San Francisco During and After COVID-19." The report highlighted that electric utility customers are facing a potential disconnections crisis when the temporary moratorium on power shut offs ends. This project would request that the consultant initiate a community engagement process that ensures buy-in from affected utility customers. The scope should also consider how the City could help provide relief for other types of utility debt, including gas bills, and identify potential sources of funding, including grants, as well as strategic partners. The LAFCo and the consultant would work collaboratively with CleanPowerSF and SFPUC staff. As part of this project, the executive officer will continue to monitor the California Public Utilities Commission's rulemaking process on utility debt relief. The temporary ban on power shutoffs was scheduled to end on April 16, 2021 but the CPUC voted in February to extend it to June 30, 2021. The CPUC has initiated a process titled "Order Instituting Rulemaking to Consider Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic." It is currently considering "ways to provide customers who have struggled to pay their energy bills during this unprecedented time, an opportunity to become current on their energy utility bills," as well as examining "the need for relief tied to the COVID-19 pandemic, with consideration of appropriate parameters, cost estimates, and potential funding sources." A proposed decision is expected in May. The CPUC's rulemaking process on Covid utility debt is different than the decision on disconnections that Ms. Khan analyzed. She found that the help being offered to utility customers was insufficient, and given her research, it's possible any assistance for Covid utility debt relief may also fall short. Therefore, it is worth exploring how San Francisco can help these utility customers.

Timeline: March-June

Funding: SFPUC MOU fund or identify other funding sources

Deliverable: A final report with recommendations for the LAFCo Commission.

Develop a Scope of Work for a Solar + Storage Demonstration Project

Develop a scope of work and request proposals from two pre-qualified renewable energy consultants to research and identify a community facility or affordable housing site to develop a solar + storage demonstration project to enhance community resilience, particularly in a neighborhood disproportionately burdened by environmental harms and high rates of power disconnections. Work collaboratively with CleanPowerSF and the SFPUC. Community leaders and organizations should be engaged to survey potential project sites. This project would serve not only as a demonstration of the potential for solar + storage, particularly for vulnerable populations during disasters, but also garner potential lessons-learned for future expansion, and potentially reduce the utility cost for residents of the community facility. The consultant should identify potential sources of funding, including grants, as well as strategic partners.

Timeline: May-October

Funding: SFPUC MOU Fund or identify other funding sources

Deliverable: Report with recommendations.

Continue Oversight of CleanPowerSF

Under the direction of the Commission, work with LAFCo's renewable energy consultants to continue oversight of CleanPowerSF, including conducting research or developing scopes of work for projects. SF LAFCo is mandated by Ordinance No. 147-07, adopted by the Board of Supervisors on June 12, 2007, to monitor CleanPowerSF. In addition, a 2008 Memorandum of Understanding (MOU) between the San Francisco Public Utilities Commission (SFPUC) and SF LAFCo has been ongoing. SF LAFCo's role has been to advise the SFPUC and the Board of Supervisors on all aspects of CleanPowerSF's development, operation and management. SF LAFCo's original \$2.1 million work order expenditure to SF LAFCo has been carried over through the years. The most recent carry over balance is \$137,096.

Timeline: Ongoing

Funding: SFPUC MOU Fund

Deliverables: Reports, updates and research as directed by the Commission

Commission a Worker-Led Research Project on How the City Can Support a Ridehail or Delivery Cooperative

This project would involve in-depth interviews/surveying with between 500-1,000 ridehail and delivery workers by 20 ridehail and delivery workers who would be trained as worker researchers, pioneered by Turning Basin Labs (TBL), an innovative Oakland-based cooperative staffing agency that connects Bay Area employers committed to inclusion, equity, diversity and fair pay with a diverse pool of workers who are mostly people of color. As an ethical job placement non-profit supported by the Irvine Foundation, TBL has done groundbreaking worker-led research and trained longer-term unemployed workers in bookkeeping skills. LAFCo would partner with TBL to develop a research exercise that would create jobs for 20 workers, and help the City understand, from a worker perspective, how it can support worker-owned cooperatives. The project would generate worker research recommendations that would feed into a business case, vision, strategy, financial and economic model, and implementation plan for a ride-hail cooperative in San Francisco. The outcomes would be a rigorous set of research that determines the viability of a co-op rideshare business with clear buy-in, learning and motivation from the workers involved to remain committed and engaged with the work. The TBL staff who would lead this project have a varied background in social impact initiatives, government, business and cooperatives. A detailed proposal is attached below.

Funding: The initial funding for this research project, estimated at \$300,000, would be sought from private foundations.

Timeline: March-September (fundraising) October-May 2022 (research).

Deliverable: A report with recommendations and presentation to the LAFCo Commission, along with periodic updates on fundraising and the progress of the research. A contract with partners would be brought to the Commission once funding is secured.

Project Liaison on Fourth Survey of On-Demand Work in San Francisco

In 2019, LAFCo contracted with UC Santa Cruz, Jobs With Justice San Francisco, the Jobs With Justice Education Fund and Driver's Seat Cooperative to commission a groundbreaking representative survey of app-based work in San Francisco. The contract with the survey team expired in August. The survey team is now working independently to conduct a fourth survey of app-based workers in San Francisco with a comparison city survey. The 2020 research was cut short by the pandemic, and as a result they were not able to fully deploy the Driver's Seat Cooperative (DSC) app, which empowers delivery workers to collect detailed data on their work time, mileage-based expenses, and earnings. Today, policymakers have very little independent information about what those work patterns look like within each delivery platform, and for

workers who work on multiple platforms. In addition to capturing drivers' demographic data, the Driver's Seat app will help illuminate important questions such as:

- What are delivery workers' effective hourly wages when all their work time is accounted for?
- What mileage-based vehicle expenses do delivery workers incur?
- What patterns of equal or unequal access to work do delivery drivers experience?
- How do these patterns differ for ride-hailing, meal delivery and grocery delivery services?

Through DSC, the team will collect 100 data days per city from delivery and ride-hailing workers. Driver's Seat enables drivers to produce detailed, accurate logs of their:

- Overall work time
- Overall work mileage
- "Engaged" time (definition varies depending on segment, but this is fundamentally the time when drivers are en route to or have a passenger or delivery)

The team will complement the DSC through an in-person survey of app workers using their previous methodology of selecting survey participants by ordering food and grocery delivery services on the apps. They are confident in their safety protocols given the experience with the in-person survey last summer. The survey will capture demographic information, real wages and expenses, benefits, and public assistance. It will seek to understand the impact of Proposition 22 (which keeps app-based workers as independent contractors instead of employees), as well as to deepen our knowledge of app worker conditions in terms of race, gender, and immigration status. The survey is dependent on funding, and the team plans to conduct their own fundraising. The LAFCo would not commission this study, but since it's a related to previous work, the team would return to present the findings.

The LAFCo executive officer would serve as project liaison, conveying the data to City departments, providing feedback as needed and work with the team to prepare a presentation for the Commission when the findings are released. This would require around five percent of the executive officer's time.

Timeline: March-October 2021

Funding: LAFCo general fund for the executive officer's salary

Deliverable: Presentation on the final report and findings to the Commission.

Public Bank

District 5 Supervisor Dean Preston has introduced an ordinance to "establish the San Francisco Reinvestment Working Group to submit business and governance plans for a non-depository Municipal Finance Corporation and for a Public Bank to the Board of Supervisors and the Local Agency Formation Commission." As the ordinance is written, it would assign a significant role to LAFCo to "provide support and facilitation in accordance with state law." The LAFCo has been working with Supervisor Preston's office and other stakeholders to determine exactly what role LAFCo would play and estimate how much staff and legal counsel time the ordinance would require. These details are subject to the approval of the LAFCo Commission at a future meeting. At this time, I am estimating these duties would require 20 percent of the executive officer's time.

Timeline: To be determined

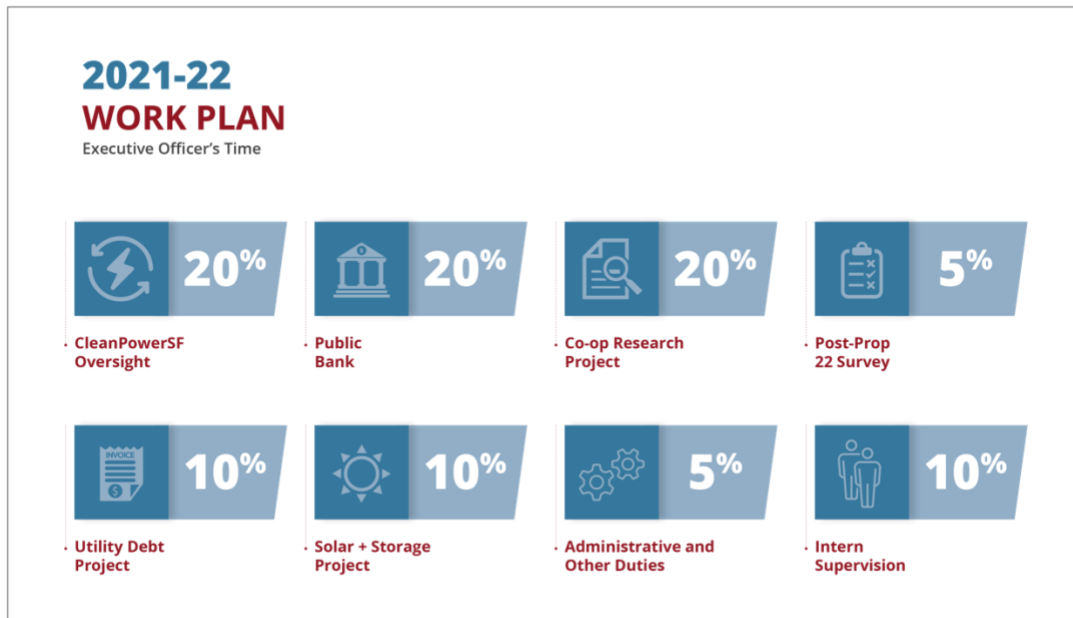
Funding: General fund

Deliverables: To be determined

E-Bike Rebate Program for Delivery Workers

Spurred by LAFCo's e-bike recommendation and research last year, the Department of Environment (SFE) sought \$500,000 in funding for a four-year pilot e-bike rebate program for delivery workers. The application for a state grant was part of SFE's broader electric vehicle strategy to reduce congestion and greenhouse gas emissions. A strong application was submitted and while it scored high, the grant was ultimately not awarded to SFE. While I am no longer proposing this as part of LAFCo's work plan, it is worth exploring other funding sources for the project and engaging other City departments to gauge interest in sponsoring it. Under the proposal led by SFE, LAFCo would have been a partner, along with the San Francisco Public Utilities Commission, the San Francisco Municipal Transportation Agency, GRID Alternatives, the Driver's Seat Cooperative and the San Francisco Bicycle Coalition. The project would provide e-bikes to app-based delivery workers to evaluate performance (vs. cars/bikes) and other key indicators such as impact on GHGs, worker earnings, road safety and congestion, and identifies best practices and lays groundwork for scaling the program. The pilot proposes to shift about 35 platform workers from automobiles to e-bikes, removing about 162 tons of carbon annually. The pilot would provide much-needed data and best practice recommendations to other municipalities and community choice energy programs to develop their own mode shift, emissions reductions and programs that are necessary for meeting California's climate goals. The pilot also has the potential to increase worker earnings, which is important as data shows many platform workers are primarily low-wage earners.

Estimate of Executive Officer's Time on Projects and Other Duties



Proposal for Worker-Led Research

This proposal is to establish a worker-led research program to determine how the City of San Francisco can best promote and support functional alternatives to corporate ridehail and delivery platforms. When looking at the scope of the labor problems inherent in current models of on-demand app-based work, and in exploring how a cooperative might be a solution, the City has an opportunity to act as a leader and set a standard for the rest of the state and country in addressing social and economic justice issues through worker-led research on cooperatively-owned businesses.

The San Francisco Local Agency Formation Commission (LAFCo) and cooperative staffing agency [Turning Basin Labs](#) (TBL) will assemble a team of 20 Worker-Researchers to interview and survey a diverse, representative sample of 500–1,000 ridehail and delivery workers and other stakeholders, analyze findings to develop a framework, and generate a set of recommendations to guide a new enterprise with shared ownership.

Research Plan

We are seeking an initial \$300,000 in philanthropic funding to support the below proposed research and deliver a draft business case for a new cooperative ridehail or delivery service. This research pilot goes beyond similar projects on worker-led research and cooperatively-owned business to identify value in public-private partnerships that prioritize shared ownership. A recent example of the worker-led approach we are taking to perform this research can be reviewed [here online](#).

Summary of our planning, research, and the methodology:

- Commitment to enabling and empowering workers to lead
- Focused on delivering research and clarity on next steps
- Primary and Secondary research methods
- Workshop facilitation to derive insights and develop research skills

Worker-Researcher Model, TBL overseeing apprenticeship and training:

- Outreach to allied job training networks and community-based organizations
- Training, planning, and preparation
- Conducting interviews and surveys
- Analyzing data using research tools
- Generating recommendations and long-term involvement

Relevant Projects

Our proposed research builds on past research and projects on worker ownership. Of note are those resulting from municipal leadership, including a 2020 LAFCo-backed gig work survey. We see particular value in public-private partnerships that prioritize shared ownership over corporate control.

Examples of ridehail projects with municipal partnership include:

- SmarT Ride App, a Sacramento-based project for on-demand rides, launched in 2018. It currently operates a partnership with Via, a jitney service.
- 2020 LAFCo study on app-based work in the San Francisco Bay Area.
- The Driver's Seat, a City-backed pilot for worker-owned ridehail data analytics.
- The Drivers Co-op, launched in New York in 2020. Its initial contracts include bringing poll workers to the polls, and home care workers to their clients.
- An emerging project in San Diego led by taxi drivers with city support, early in formation.

Examples of initiatives for worker leadership and cooperative enterprises include:

- In 2020, Turning Basin Labs and JFF.org partnered on a six-month worker-led research project that resulted in a study on "Quality Jobs from the Worker's Perspective," co-presented with Ca. Labor Secretary Julie Su. Both the talent and the framework developed are carrying forward into a second phase of research on an investment fund.
- Project Equity, a Bay Area-based nonprofit founded in 2014, facilitates business conversions from sole proprietor to worker and employee ownership. It focuses primarily on voluntary shifts precipitated in the "Silver Tsunami" of retiring business owners.
- Start.coop, a Boston-based business ownership accelerator program founded in 2018, has graduated two cohorts of promising cooperative ventures focused on tech capacity for economic justice. Turning Basin Labs was a 2020 graduate.

Partnerships

The San Francisco Local Agency Formation Commission (LAFCo) advises and serves as the oversight authority for CleanPowerSF, the city's community choice energy program, and conducts special studies. It's made up of four members of the San Francisco Board of Supervisors and one public member. LAFCo brings in a diversity of outside perspectives, leveraging interns from a variety of graduate-level public policy programs and backgrounds, along with expert consultants. LAFCo is an ideal venue for the study, incubation, and development of challenging but popularly supported initiatives. For this project, the LAFCo will provide staff support, legal counsel as needed and project management with partner TBL.

[Turning Basin Labs](#) (TBL) is an Oakland-based cooperative staffing and training agency. It serves Bay Area businesses by helping source, place, and support the best, most diverse talent. TBL is a home for workers seeking stability, and an ally to workers seeking dignified, high-road work with a family-supporting wage. Our co-op has an unwavering focus on and commitment to diversity, equity, and inclusion for our workers and employer partners.

Timeline, Activities, and Outcomes

The proposed research will be delivered over an eight month period in 2021. The goal will be to deliver a full presentation and report of the research results at the end, with regular check-ins every other week. We anticipate the following timelines for key sections of work:

- Worker-Researcher hiring and training, research design, and program setup – 1 month
- Data collection – 3 months
- Data analysis – 2 months
- Reporting and reviewing – 1 months
- Reflection and next steps – 1 month

Specific activities include:

- Train 20 workers to interview and survey ridehail and delivery workers and other stakeholders.
 - One-on-one interviews with workers
 - Host session with interviewees to reflect on initial findings and gather more input
 - Design and administer online surveys
 - Review examples of other alternative ridehail initiatives
 - Discussions and exploration of the project with other senior stakeholders in the San Francisco Bay Area (i.e., potential customers, businesses, etc.)
- Analyze findings and generate recommendations
 - Draft ideas that will feed into a business case, vision, strategy, financial model, economic model, and implementation plan. Secure \$300k by Q3 2021 to support initial research, begin business case development for co-ops.
- Ongoing project management and governance
 - Regular meetings every two weeks, review with key stakeholders once every two months, and final review session after six months.

Outcomes from the activities above include:

- Rigorous findings and insights on the viability of a ridehail or delivery business with shared ownership.
- Clear learning, motivation, and buy-in from the Worker-Researchers involved to remain committed and engaged with the work.
- A clear, compelling case for funders, SF.gov, LAFCo and other stakeholders to continue the work and set up a ridehail or delivery business with shared ownership.
- The deep understanding of need, viability, and road map to building a co-op ridehail business if this is determined to be needed.
- Secured additional funding, expertise, and resources to continue this research.

Collaborators

Bryan Goebel – Co-Project Director, bryan.goebel@sfgov.org – Bryan is the executive officer of the San Francisco Local Agency Formation Commission, and was previously an on-demand bicycle courier delivering meals and groceries. He is a former journalist who covered transportation issues for KQED Public Radio, and served as the editor of Streetsblog San Francisco, which connects people to information about how to reduce dependence on cars and improve conditions for walking, biking, and transit.

Stephen Bediako, OBE – Co-Project Director, stephen@turningbasinlabs.com – Stephen received an OBE in the 2021 Queens New Honours List for services in innovation in charity and social enterprise. Over the last 15 years, Stephen has advised and supported the delivery of multi million-pound projects for Guys and St Thomas Charity, Nesta, Big Society Capital, The National Lottery Community Fund, The Greater London Authority, Mayor’s Fund for London, Trust for London, Santander Bank, Marks and Spencer, Save the Children, The Irvine Foundation, San Francisco Foundation, CitiGroup Community Foundation, Jobs for the Future, YouthRex and other leading organisations. As Executive Chair, Stephen leads the TSIP board. He is MD and co-founder of Turning Basin Labs, and co-founder of the Bay Area based Design Studio (Path Group in the USA). Stephen is a Trustee of The Thomas Wall Trust and The Barbican Arts Centre in the UK and acts as an Advisor to Earnd, ReGenerate, and Good People. Stephen founded and led Project Oracle and was a founding partner for the Centre for Youth Impact.

Danny Spitzberg – Lead Researcher, danny@turningbasinlabs.com – Danny does research for a cooperative economy. His practice involves co-designing digital tools and platforms with organizations and their stakeholders. He previously led user researcher with a tech co-op for several years, and worked in cooperative training and development for 10 years. Danny also serves as an advisor for Start.coop accelerator.

Marci Harper – Operations Officer and Worker-Researcher, marci@turningbasinlabs.com – Marci creates the framework and systems for TBL to help manage day-to-day operations. She has honed her administrative talents working in food service and as an office manager for an insurance agency. Marci is currently a returning student pursuing a degree in Social and Behavioral Sciences at the Santa Rosa Junior College with hopes of transferring to a school in the CSU or UC system.

To Be Confirmed – Project Manager / Business Case Lead

1 [Administrative Code - San Francisco Reinvestment Working Group]

2
3 **Ordinance amending the Administrative Code to establish the San Francisco**
4 **Reinvestment Working Group to submit business and governance plans for a non-**
5 **depository Municipal Finance Corporation and for a Public Bank to the Board of**
6 **Supervisors and to the Local Agency Formation Commission.**

7
8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

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

16 Section 1. Chapter 5 of the Administrative Code is hereby amended by adding Article
17 XVI, consisting of Sections 5.16-1 through 5.16-7, to read as follows:

18 **SEC. 5.16-1. CREATION OF SAN FRANCISCO REINVESTMENT WORKING**
19 **GROUP.**

20 *The Board of Supervisors hereby establishes the San Francisco Reinvestment Working Group*
21 *(“Working Group”).*

22 **SEC. 5.16-2. FINDINGS AND PURPOSE.**

23 *(a) California Assembly Bill 857, the Public Banking Act, effective January 1, 2020, authorizes*
24 *local agencies to create public banks for the purposes of achieving cost savings, strengthening local*
25 *economies, supporting community economic development, and addressing infrastructure and housing*
needs for localities.

1 (b) A San Francisco Public Bank would create a fiscally safe and sound institution to invest
2 public funds in a manner that aligns with the values and interests of the City, including investments in
3 City residents, businesses, and sectors that serve the public good and that are underserved or unserved
4 by the existing financial industry.

5 (c) The City and County of San Francisco has a population of over 800,000 residents who,
6 through decades of public elections, have repeatedly prioritized local control, transparency, and
7 economic opportunity as valued pillars of public interest. These interests would be served by
8 sustainable and responsible community investments that promote economic security, housing
9 affordability, environmental sustainability, and general wellbeing for all San Franciscans, guided by
10 the creation of lending priorities focused on those objectives.

11 (d) The complexity of establishing a public bank requires focused, sustained planning and
12 interim steps to ensure ongoing viability.

13 (e) This complex task is a valuable one, as City government banking services are provided by
14 large national banks that invest in sectors that may harm San Francisco residents or contradict the
15 City's values. These banks continue to resist pressure from national movements to have their
16 investments reflect values of transparency, environmental responsibility, and social justice, and they
17 have been criticized for racially-biased predatory lending and foreclosures and for investments in fossil
18 fuels, weapons, and private prisons.

19 (f) Traditional financial institutions' executive compensation and employee incentive programs
20 often are dissociated from the external or public effects of their investment policies, in some cases
21 causing significant financial harm to customers and shareholders.

22 (g) While a Public Bank will require planning and investment of public funds, it can create
23 significant long-term benefits for the City, which include allowing local tax dollars to be invested in
24 local priorities while still ensuring the safety and preservation of capital, liquidity to meet City cash
25 flow needs, and return on investments.

1 (h) A Public Bank can and should balance both fiscal solvency and investments in residents,
2 businesses, and sectors that reflect San Francisco values, advancing issues of social, economic, gender,
3 racial, and environmental equity, among others.

4 (i) The long-term financial and social well-being of the City requires sustainable and equitable
5 economic growth locally, nationally, and internationally, which in turn requires equitable and
6 transparent financial investment and opportunity.

7 (j) Increasing interest among municipalities and regions across California and the United
8 States in public bank formation provided the impetus for the enactment of the Public Banking Act,
9 Assembly Bill 857.

10 (k) The Budget and Legislative Analyst of the Board of Supervisors has produced reports
11 regarding banking, community supportive banking options, and public banking, including on the
12 following subjects: “Community Supportive Banking Options,” September 8, 2011 (Updated);
13 “Community Supportive Banking Options 2017 Update,” November 27, 2017; “Large Bank Social
14 Responsibility Screening,” May 19, 2017; and “Municipal Bank for San Francisco: Issues and Options
15 for Consideration,” July 24, 2020. These reports are on file with the Clerk of the Board of Supervisors
16 in File No. 210078.

17 (l) In 2017, in response to Resolution No. 152-17 urging the formation of a Municipal Bank
18 Feasibility Task Force to research the viability and advisability of a Public Bank, Treasurer Jose
19 Cisneros formed such a group. After 18 months of work, it produced a report entitled, “Municipal
20 Bank Feasibility Task Force Report,” dated March 2019, which analyzed three models: (1) a lending
21 entity focused on investments in affordable housing and small business lending to achieve community
22 goals; (2) a bank that performs the City’s cash management and other banking needs, allowing the City
23 to divest from large commercial banks; and (3) a bank that combines these functions. A copy of said
24 report is on file with the Clerk of the Board of Supervisors in File No. 210078.

1 **SEC. 5.16-3. DEFINITIONS.**

2 *For the purposes of this Article XVI, the following terms shall have the following meanings:*

3 “Local Enterprise” means small businesses, nonprofits, cooperatives, and community land
4 trusts that operate primarily in San Francisco.

5 “Municipal Finance Corporation” (“MFC”) means a non-depository lending corporation that
6 is wholly-owned by the City.

7 “Public Bank” means a City “public bank” as defined by California Government Code Section
8 57600(b)(1), as may be amended from time to time.

9 **SEC. 5.16-4. POWERS AND DUTIES OF THE WORKING GROUP.**

10 (a) Not later than one year from the date of the first Working Group meeting, the Working
11 Group shall submit to the Board of Supervisors and to the Local Agency Formation Commission a
12 business and governance plan for establishing and operating an MFC, which shall address the MFC’s
13 planned lending services, prioritizing investment in affordable housing production and preservation,
14 Local Enterprise, and public infrastructure; organization and management; financial projections; and
15 funding requirements; and which may include recommendations for modifications of City laws and
16 regulations.

17 (b) Not later than one year from the date of the first Working Group meeting, the Working
18 Group shall submit to the Board of Supervisors and to the Local Agency Formation Commission a
19 business and governance plan for the MFC to become a Public Bank, which plan shall:

20 (1) meet the elements required in a business plan to be submitted as part of a public
21 bank license application to the California Department of Financial Protection and Innovation;

22 (2) include a study that meets the requirements of California Government Code Section
23 57606(a) for state-chartered public banks and, at the discretion of the Working Group, may address the
24 elements set forth in California Government Code Section 57606(b);

1 (3) incorporate the following time objectives: the MFC applying for a public bank
2 license within three years of its establishment, and becoming operational as a Public Bank within five
3 years of its establishment; and the Public Bank providing comprehensive banking services to the City
4 within five years of its becoming operational;

5 (4) establish lending priorities that promote economic security, affordability,
6 environmental sustainability, and general wellbeing for all San Franciscans, which shall:

7 (A) prioritize investment in affordable housing production and preservation with
8 a focus on: housing to meet the needs of low-income households (as set forth in Planning Code Section
9 415) and Social Housing Developments (as defined in Administrative Code Section 10.100-78(e)) for
10 households earning up to 80% of Area Median Income; Local Enterprise; and public infrastructure;

11 (B) evaluate implementing additional lending programs investing in public
12 lands, zero-emission renewable energy systems, energy efficiency upgrades, student loans, and
13 sustainable food systems, and foreclosure prevention/homeowner assistance; and

14 (C) prohibit lending for market-rate housing and for lending that conflicts with
15 the City's values, which shall include, but not be limited to, predatory lending; lending for fossil fuels,
16 tobacco, firearms, and weapons; and lending to businesses with a record of labor law violations,
17 prisons, and detention centers;

18 (5) recommend a governance and regulatory structure of a Public Bank that
19 encompasses compliance with legal requirements, ethical standards, lending priorities, and standards
20 for transparency, community oversight, and accountability;

21 (6) make recommendations for modifications of City laws and regulations, which may
22 include draft legislation or regulations;

23 (7) make recommendations whether to establish and operate the Public Bank in
24 partnership with other California cities, counties, or other local agencies, or to include other
25

1 California cities, counties, or other local agencies in the capitalization or as customers of the Public
2 Bank;

3 _____ (8) make recommendations for capitalization and loan funding of at least \$300 million,
4 from sources including but not limited to appropriations from the Treasurer’s Investment Pool, the
5 General Fund, and budget surpluses; and

6 _____ (9) address any other matter the Working Group deems appropriate in light of its
7 purposes.

8 (c) The Working Group may in its discretion incorporate the analysis of the Municipal Bank
9 Feasibility Task Force Report into the plans required under subsections (a) and (b).

10 **SEC. 5.16-5. MEMBERSHIP.**

11 (a) The Working Group shall consist of nine members as follows:

12 _____ (1) Seats 1-3 shall be held by technical experts in financial institutions, each of whom
13 shall have expertise in at least one of the following: Community Development Financial Institutions;
14 credit unions, as defined in Section 165 of the California Financial Code; small banks or intermediate
15 small banks, as defined in Section 25.12(u) of Title 12 of the Code of Federal Regulations; bank or
16 lending entity formation or business planning; or financial institution regulatory compliance.

17 _____ (2) Seats 4-7 shall be held by community representatives, each of whom shall have a
18 commitment to economic, gender, and racial justice; a commitment to serving low-income
19 communities, communities of color, immigrant communities, and organized labor; and experience in at
20 least one of the following: affordable housing financing or policy; Local Enterprise lending; consumer
21 or student lending; or environmental justice, with experience in areas such as zero-emission renewable
22 energy sources, energy efficient building design, or sustainable food systems.

23 _____ (3) Seat 8 shall be held by the Controller or the Controller’s designee.

24 _____ (4) Seat 9 shall be held by the Treasurer or the Treasurer’s designee.

25 (b) The Board of Supervisors shall appoint Seats 1-7.

1 **SEC. 5.16-6. ORGANIZATION AND OPERATIONS.**

2 (a) Each appointing authority shall name its appointees within 30 days of, and the Working
3 Group shall convene within 60 days of, the effective date of this Article XVI. The Working Group shall
4 meet at least once per month.

5 (b) Subject to the fiscal and budgetary provisions of the Charter, subject to the approval of the
6 Local Agency Formation Commission, and consistent with the Local Agency Formation Commission's
7 special studies authority under state law, the Local Agency Formation Commission shall provide
8 administrative and clerical support for the Working Group for the preparation of the plans required
9 under subsections (a) and (b) of Section 5.16-4.

10 (c) Subject to the fiscal, budgetary, and civil service provisions of the Charter, subject to the
11 approval of the Local Agency Formation Commission, and consistent with the Local Agency Formation
12 Commission's special studies authority under state law, the Local Agency Formation Commission may
13 hire and make available to the Working Group an outside consultant or consultants with expertise in
14 drafting business plans for the establishment of California banks, community engagement, or the
15 establishment of public governance models to draft the plans required under subsections (a) and (b) of
16 Section 5.16-4. All policy decisions and recommendations for such plans shall be under the direction
17 and for the approval of the Working Group. The Local Agency Formation Commission shall provide
18 support and facilitation in accordance with state law.

19 (d) The Working Group may request information from other technical advisors as needed, such
20 as experts in municipal ownership and financing, student lending, affordable housing, sustainable
21 agriculture loans, renewable energy, or public infrastructure.

22 (e) Members appointed to Seats 1-7 shall serve at the pleasure of the Board of Supervisors and
23 may be removed by the Board at any time. Each member in Seats 1-7 may remain on the Working
24 Group until its termination under Section 5.16-7, unless removed by the Board. Any vacancy in Seats 1-
25 7 shall be filled by the Board.

1 (f) Designees in Seats 8 and 9 are members of the Controller’s Office and Treasurer’s Office
2 respectively and serve in lieu of the Controller and Treasurer respectively. The Controller, as to Seat
3 8, and the Treasurer, as to Seat 9, may change the designee at any time or serve in the seat at any time.

4 (g) Members appointed to Seats 1-7 shall serve without compensation from the City. Members
5 -serving in Seats 8 and 9 shall receive their regular salaries for time spent on the Working Group
6 because they are serving in an official capacity as representatives of their departments.

7 (h) The Working Group shall elect a Chairperson, Vice Chairperson, and other such officers as
8 it deems appropriate from its members and may establish bylaws and rules for its organization and
9 procedures.

10 (i) All recommendations of the Working Group shall be made pursuant to a vote or votes of the
11 majority of the Working Group.

12 (j) Any member, including the Chairperson or the Vice Chairperson, who misses three regular
13 meetings of the Working Group within a six-month period without the written approval of the
14 Chairperson, or the Vice Chairperson in case of the Chairperson’s absence, at or before each missed
15 meeting shall be deemed to have resigned from the Working Group 10 days after the third unapproved
16 absence. The Working Group shall inform the Clerk of the Board of Supervisors of any such
17 resignation as to Seats 1-7, and the Controller or Treasurer respectively as to Seat 8 or 9, in the case of
18 a designee to Seat 8 or 9.

19 **SEC. 5.16-7. SUNSET DATE.**

20 This Article XVI shall expire by operation of law, and the Working Group shall terminate,
21 eighteen months from the Article’s effective date. Upon expiration of this Article, the City Attorney
22 shall cause it to be removed from the Administrative Code.

23
24 Section 2. Effective Date. This ordinance shall become effective 30 days after
25 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the

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

6

7 By: /s/ _____
LISA POWELL
Deputy City Attorney

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