Resolution suspending the City’s financial policy in Administrative Code, Section 10.61, for FY2021-2022 to authorize the City to spend selected nonrecurring revenues described in that policy on recurring expenditures.

WHEREAS, Section 9.120 of the Charter requires the Board and Mayor to enact ordinances adopting long-range financial policies that are consistent with generally recognized principles of public finance; and

WHEREAS, The Charter requires the City’s financial policies to address, among other matters, the City’s use of volatile revenues; and

WHEREAS, Once adopted by ordinance, the financial policies are binding upon the Mayor and Board of Supervisors, and the City may not enact a budget that the Controller determines is inconsistent with one or more of these policies; and

WHEREAS, Under the authority in Section 9.120, the City enacted Administrative Code, Section 10.61, which provides that the City may only spend Selected Nonrecurring Revenues on Nonrecurring Expenditures; and

WHEREAS, Section 10.61 defines Selected Nonrecurring Revenues as (1) General Fund prior year-end unassigned fund balance, before deposits to the Rainy Day Reserve or Budget Stabilization Reserve, in excess of the average of the preceding five years; (2) the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts after accounting for any Charter-mandated revenue transfers, set-asides, or deposits to reserves; (3) otherwise unrestricted revenues from legal judgments and settlements; and (4) otherwise unrestricted revenues from the sale of land or other fixed assets; and
WHEREAS, Section 10.61 defines Nonrecurring Expenditures as expenditures or other uses that do not create liability for or expectation of substantial ongoing costs; and

WHEREAS, In the Controller’s Opinion on Revenue Estimates, the Controller must identify all Selected Nonrecurring Revenues included in the Mayor’s budget submission and certify whether the proposed uses of those revenues constitute Nonrecurring Expenditures; and

WHEREAS, The Mayor submitted a proposed two-year budget on July 31, 2020, which anticipated that the General Fund will receive $331.6 million in Selected Nonrecurring Revenues in Fiscal Year 2021-22, and which proposes to authorize expenditures of $88.6 million in Nonrecurring Expenditures; and

WHEREAS, The Controller’s Opinion on Revenue Estimates has concluded that the Mayor’s budget submission would authorize spending of Selected Nonrecurring Revenues on expenditures that are not Nonrecurring Expenditures; and

WHEREAS, In light of the extraordinary financial challenges created by the COVID-19 pandemic and its economic impacts on the City, the Board of Supervisors has concluded that it is appropriate to spend some Selected Nonrecurring Revenues in Fiscal Year 2021-22 on recurring expenditures; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby suspends the financial policy in Administrative Code, Section 10.61 for Fiscal Year 2021-22, and authorizes the City to spend some Selected Nonrecurring Revenues in Fiscal Year 2021-22 on recurring expenditures, as appropriated in the annual appropriations ordinance and any subsequent supplemental appropriations ordinances.
Resolution suspending the City's financial policy in Administrative Code, Section 10.61, for Fiscal Year 2021-2022 to authorize the City to spend selected nonrecurring revenues described in that policy on recurring expenditures.

August 26, 2020 Budget and Appropriations Committee - RECOMMENDED

September 15, 2020 Board of Supervisors - CONTINUED
   Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Prestcn, Ronen, Safai, Stefani, Walton and Yee

September 22, 2020 Board of Supervisors - ADOPTED
   Ayes: 10 - Fewer, Haney, Mandelman, Mar, Peskin, Prestcn, Ronen, Safai, Walton and Yee
   Noes: 1 - Stefani

I hereby certify that the foregoing Resolution was ADOPTED on 9/22/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved 9·25·20