

1 [Suspension of Financial Policy - Authorizing Spending of Selected Nonrecurring Revenues
2 on Recurring Expenditures - FY2021-2022]

3 **Resolution suspending the City’s financial policy in Administrative Code, Section**
4 **10.61, for FY2021-2022 to authorize the City to spend selected nonrecurring revenues**
5 **described in that policy on recurring expenditures.**

6
7 WHEREAS, Section 9.120 of the Charter requires the Board and Mayor to enact
8 ordinances adopting long-range financial policies that are consistent with generally recognized
9 principles of public finance; and

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

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

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

18 WHEREAS, Section 10.61 defines Selected Nonrecurring Revenues as (1) General
19 Fund prior year-end unassigned fund balance, before deposits to the Rainy Day Reserve or
20 Budget Stabilization Reserve, in excess of the average of the preceding five years; (2) the
21 General Fund share of revenues from prepayments provided under long-term leases,
22 concessions, or contracts after accounting for any Charter-mandated revenue transfers, set-
23 asides, or deposits to reserves; (3) otherwise unrestricted revenues from legal judgments and
24 settlements; and (4) otherwise unrestricted revenues from the sale of land or other fixed
25 assets; and

1 WHEREAS, Section 10.61 defines Nonrecurring Expenditures as expenditures or other
2 uses that do not create liability for or expectation of substantial ongoing costs; and

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

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

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

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

18 RESOLVED, That the Board of Supervisors hereby suspends the financial policy in
19 Administrative Code, Section 10.61 for Fiscal Year 2021-22, and authorizes the City to spend
20 some Selected Nonrecurring Revenues in Fiscal Year 2021-22 on recurring expenditures, as
21 appropriated in the annual appropriations ordinance and any subsequent supplemental
22 appropriations ordinances.