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San Francisco's Boom Fizzles With \$3.6 Billion in Shortfalls.

- **Mayor warns that difficult financial choices are ahead**
- **Board of supervisors must approve budget by Sept. 30**

San Francisco expects budget shortfalls of \$3.6 billion over the next four years, showing the extensive impact the pandemic-induced shutdowns will leave even if the health crisis eases.

With restaurants and stores shuttered and hotels vacant, city officials most immediately must resolve the \$1.74 billion deficit for this fiscal year and the next two through June 2022, according to a report released Wednesday by Controller Ben Rosenfield and budget analysts. The city is projecting a total gap of \$2.11 billion in the following two budget cycles through 2024.

"When we think about how far we've come and how we've expanded services and what we've done as a city and now we're facing a deficit that is something that we have not experienced before, we have to be prepared," Mayor London Breed told reporters on Wednesday as she warned of hard financial decisions ahead. "We all have to brace ourselves. Everything is being considered. And it could mean challenges to services with our police department, with our fire department, with our homeless services."

The grim forecasts from San Francisco come as other municipal governments across the country report unprecedented declines in revenue from the closings of businesses and schools to stem the spread of the novel coronavirus. California Governor Gavin Newsom will announce Thursday how he intends to resolve a \$54 billion shortfall. Congressional Democrats this week announced a \$3 trillion aid proposal that would give state and local governments cash directly.

San Francisco, at the epicenter of the nation's technology industry, and its surrounding communities have ordered residents to stay home until May 31, a mandate first put in place on March 16 and considered among the most restrictive in the state. Breed by June must present the 2021-2022 spending plan, which is about \$6 billion a year, that the board of supervisors must approve by Sept. 30.

The city's shortfalls will likely grow because the forecast in the next two years doesn't account for expenses related to the health crisis, "which are likely to be significant," according to Breed. Already, San Francisco has spent \$375 million on its emergency response. In addition, in a change from the city's March report, the controller and budget analysts no longer see a quick economic recovery likely, but one that begins later in 2020.

Breed wants to place a \$438.5 million bond measure before voters in November to spur job growth in the wake of the coronavirus pandemic and to bolster mental health and substance abuse services.

The bond will also "get our economy going and get people back to work right away" in a way that's financially responsible without raising property taxes, Breed said. "It's going to be critical to our economic recovery."

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By Romy Varghese and Joyce Cutler

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