

Economic Stabilization Reserve
Draft Charter Amendment

Economic Stabilization Reserve

1. There shall be an Economic Stabilization Reserve Fund (the Reserve).

Allocations to the Reserve

2. If the Director of Finance projects that total General Fund revenues for the upcoming budget year will exceed total General Fund revenues for the current year by more than five percent, the budget shall allocate the anticipated General Fund revenues in excess of that five percent growth (the excess revenues) as follows:

- a. 50 percent of the excess revenues to the Reserve;
- b. 25 percent of the excess revenues to capital and other one-time expenditures; and,
- c. 25 percent of the excess revenues to any lawful governmental purpose.

3. Total monies in the Reserve may not exceed 10 percent of actual total general fund revenues, as stated in the City's most recent independent annual audit. The budget shall allocate excess revenues that would otherwise be allocated to the Reserve above the 10 percent cap instead to capital and other one-time expenditures.

4. The Mayor and the City Council may, at any time, appropriate monies from the capital and other one-time expenditures allocation for capital projects or for expenditures such as, but not limited to, acquisition of equipment or information systems.

5. The Mayor and the City Council may, at any time, appropriate monies from the general purpose allocation for any lawful governmental purpose.

Withdrawals from the Reserve

6. If the Director of Finance projects that total General Fund revenues for the upcoming budget year will be less than the current year's total General Fund revenues, or the highest of any other previous year's total General Fund revenues, the budget may appropriate up to 50 percent of the current balance in the Reserve, but no more than the shortfall in total General Fund revenues, for any lawful governmental purpose in the upcoming budget year.

a. If the trigger for withdrawals from the Reserve was not met in the current year, the Director of Finance shall calculate the shortfall for the upcoming budget year by subtracting the total projected General Fund revenues for the upcoming budget year from the total projected General Fund revenues for the current year.

b. If the trigger for withdrawals from the Reserve was met in the current year, the shortfall shall be calculated by subtracting the total projected General Fund revenues for the upcoming budget year from the highest of any previous year's total General Fund revenues, plus two percent for each intervening year.

Adjustments

7. If the City made appropriations from the Reserve in the current year and in the immediately preceding budget year pursuant to Subsection 6, the City is not required to allocate any anticipated excess revenues to the Reserve or to capital and other one-time expenditures for the upcoming budget year.

8. If the Director of Finance projects that the Consumer Price Index for the upcoming budget year shall exceed the index for the current year by more than five percent, the trigger for allocations to the Reserve as set forth in Subsection 2 above shall instead be the percentage of growth in the index plus two percent. If the Director of Finance projects that the Consumer Price Index for the upcoming budget year shall be less than the index for the current year, the trigger for withdrawals from the Reserve as set forth in Subsection 6 above shall instead be the percentage of negative growth in the index. The Director of Finance shall use for these purposes the All Items Consumer Price Index for All Urban Consumers (CPI-U), or its successor, as reported by the U.S. Department of Labor's Bureau of Labor Statistics.

9. If the City Council or the voters take an action that changes the amount of total General Fund revenues in any material manner, such as reducing a tax or imposing a new fee, the revenue changes caused by that action will not be counted as part of the triggers for allocations to or withdrawals from the Reserve during the year or years in which the action is first implemented.

10. In conjunction with the year-end close of the budget, the Director of Finance shall reconcile the revenue projections triggering any budgeted allocations to or withdrawals from the Reserve with actual revenue results, as stated in the City's independent annual audit for the years in question, and rebalance the Reserve, the capital and other one-time expenditures allocation, and the general purpose allocation accordingly.

Transition

11. On the effective date of this Section, the Director of Finance shall transfer all monies in the City's Cash Reserve to the Economic Stabilization Reserve.

12. For purposes of initial implementation of this Section, the Mayor and the City Council may make appropriations from the Reserve for the 2011-2012 budget year and subsequent years if the Director of Finance certifies that the trigger for withdrawal in Subsection 6 would have been met during the 2010-11 budget year, if this Section had been in effect at that time; provided, however, that the City shall not be required to make allocations of any anticipated excess revenues to the Reserve or to capital and other one-time expenditures for the 2011-12 budget year.