



R-8

Date: September 8, 2009

To: Mayor Foster and City Councilmembers

From: Val Lerch, Vice Mayor, Ninth District *Val*
Gary DeLong, Councilmember Third District *GD*

Subject: Recommendation to convene the Charter Amendment Committee on September 22, 2009 to explore the feasibility of implementing a "rainy day fund" and placing the proposed Charter amendment on the April 2010 City wide election.

Recommendation to convene the Charter Amendment Committee on September 22, 2009 to explore the feasibility of implementing a "rainy day fund," and place a proposed Charter amendment on the April 2010 ballot, including a discussion on the the recommendations:

- The amount of annual transfers from the General Fund to the rainy day fund, the total annual Fund Balance;
- The conditions under which rainy day funds may be spent, including a cap on the total amount that may be spent; and,
- The maximum amount, if any, that the rainy day fund should reach before excess funds could be spent for one-time purposes.

Suggested amendment: A Charter amendment to create a "Rainy Day" Reserve in the City's budget. In any given year when Revenue growth is in excess of 5 percent over the previous year, 50% of the excess will be placed into a Reserve. During lean fiscal times, the City would be able to withdraw up to 50% of the Reserve funds in a given year, but no more than the revenue decline from the previous year. The Reserve would be capped at 40% of General Fund.