



City of Columbus

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Legislation Text

File #: 0013X-2013, **Version:** 1

Background: The City of Columbus established the Economic Stabilization Fund (or "Rainy Day Fund") in 1988 to provide for the continuation of basic services during times of economic recession or unexpected revenue loss. The fund was first utilized in 2003. During the period from 2003-2009, over \$91 million was transferred into the general fund in order to avoid drastic reductions to city services in those years.

In keeping with sound financial practices, and consistent with the need to protect city finances during extended economic downturns or times of extreme emergency created by unexpected events, it is important that the City budget and plan for the possibility of future fiscal challenges. One of the responsibilities of the City is to maintain and continue basic services during an economic downturn, natural disaster, or catastrophe. By adoption of this resolution both the Mayor and City Council reaffirm the goals, purposes and objectives of establishing, maintaining and protecting the Economic Stabilization ("Rainy Day") Fund.

In addition, this resolution conveys the intent of the City to establish the goal to achieve a balance of \$75 million in the fund by the end of 2018.

To reaffirm the role of the Economic Stabilization Fund ("Rainy Day Fund") in allowing the City to maintain and continue basic services during an economic downturn, natural disaster, or catastrophe and to establish as a goal a balance of \$75 million in the fund by the end of 2018 and to declare an emergency.

WHEREAS, the City of Columbus established the Economic Stabilization Fund (or "Rainy Day Fund") in 1988 (Ordinance 0860-1988, passed April 11, 1988) to provide for the continuation of basic services during times of economic recession or unexpected revenue loss; and

WHEREAS, to further its commitment to enhancing this Fund, Ordinance 1590-94 (passed July 25, 1994) stipulated that the investment income attributed to the cash within this fund to be added to the balance of the Fund, with the exception of 2008; and

WHEREAS, at different times during the past decade these funds have been utilized due to continuing deteriorating national, state and local economic conditions; and

WHEREAS, in keeping with sound financial practices, and consistent with the need to protect city finances during extended economic downturns or times of extreme emergency created by unexpected events, it is important that the City budget and plan for the possibility of future fiscal challenges; and

WHEREAS, the City of Columbus has consistently maintained a AAA, Aaa and a AAA bond rating from the three major bond rating agencies, the highest rating given by such agencies; and

WHEREAS, the maintenance of adequate general fund reserves is a key factor used by these rating agencies in determining the overall credit worthiness of a city; now therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the cash balance of the Economic Stabilization Fund shall reach \$75 million by the end of 2018.

Section 2. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this resolution is declared to be an emergency measure and shall take effect and be in force from and after its adoption of the Mayor neither approves nor vetoes the same.