City of Columbus

Legislation Text

File #: 0307X-2019, **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 2009, the city made a commitment to the residents of Columbus to restore the fund balance of the Rainy Day Fund to $50 million by 2014, via resolution 0178X-2009. Having achieved that goal, the Mayor, City Council and the City Auditor set a new goal in 2013, via resolution 0013X-2013, of achieving a fund balance of $75 million by the end of 2018, a goal which the city surpassed. As such, in 2017, via 0073X-2017, the goal of achieving a fund balance of $80 million by the end of 2020 was established. Due to the strength of the city's revenue and sound fiscal stewardship an additional $1,000,000 was deposited to the Rainy Day Fund in 2019 via 2924-2019. Making this deposit ensured a balance in excess of $80 million, one full year ahead of the intended goal.

As responsible stewards of public funds, the city has an obligation to plan for the economic uncertainty that results from recessions, natural disasters, or catastrophes, and to sustain basic city services in the face of such challenges. Through the adoption of this ordinance, the Mayor, the City Auditor, and City Council reaffirm the goals, purposes, and objectives of establishing, maintaining, and protecting the Economic Stabilization ("Rainy Day") Fund.

In addition, this legislation conveys the intent of the City to establish the goal of achieving a balance of $90 million in the fund by the end of 2024.

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 $90 million in the fund by the end of 2024.

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, at different times since its establishment these funds have been utilized due to continuing deteriorating national, state, or local economic conditions; and

WHEREAS, the city has met and surpassed the commitments made in 2009 and 2013; and

WHEREAS, legislation 2924-2019 authorized and directed the City Auditor to transfer funds within the general fund to make an additional $1,000,000 deposit to the Economic Stabilization Fund, thus surpassing the 2017 commitment one year ahead of schedule, and now the city intends to achieve a greater fund balance by the end of 2024; 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, in recognition of the city's strong fiscal management, the City of Columbus has consistently maintained the highest bond ratings from the three major bond rating 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 in the Economic Stabilization Fund shall reach $90 million by the end of 2024.

SECTION 2. That this resolution shall take effect and be in force from the earliest date allowable by law.