COUNCILMEMBER CHRIS CATE
CITY OF SAN DIEGO
SIXTH DISTRICT

MEMORANDUM

DATE: **April 13, 2015**

TO: **Council President Sherri Lightner, Chair, Charter Review Committee**

FROM: **Councilmember Chris Cate**

SUBJECT: **Proposed Amendments to Charter Section 91**

Please find attached my proposed amendments to Charter Section 91 for consideration at the April 16, 2015 Charter Review Committee. The current language within Charter Section 91 outlines the City's obligation to maintain a General Reserve Fund. Council Policy 100-20 details additional specifics regarding our reserve policy. To ensure the financial health and stability of the City's fiscal standing, the committee should consider the codification of these proposed amendments within the Charter. Council Policy 100-20 should remain in order to continue providing a framework for the utilization and operation of the City's reserve funds.

My proposed amendments are redlined against the current language. I look forward to the discussion on April 16.

cc: Mayor Kevin L. Faulconer
Honorable Charter Review Committee members
Andrea Tevlin, Independent Budget Analyst

SECTION 91: GENERAL RESERVE FUND

(a) The Council shall create and maintain a ~~permanent revolving fund, to be known as the~~ General Reserve Fund~~,~~ for the purpose of ~~keeping the payment of the running expenses of the City on a cash basis~~providing funding for unanticipated expenditures and revenue shortfalls in the City's General Fund. The General Reserve Fund shall include two accounts, the Emergency Reserve and Stability Reserve.

(b) ~~Said~~ The Emergency Reserve~~fund~~ shall be maintained in an amount sufficient to meet all legal demands against the treasury for the first four months or other necessary period of each fiscal year prior to the collection of taxes. The Council shall annually allocate an amount to the Emergency Reserve account of the General Reserve Fund that shall bring the balance in that account to not less than eight (8) percent of all General Fund receipts anticipated for that fiscal year in the adopted budget. This fund may be expended only in the event of a public emergency when it shall be determined by the affirmative vote of at least two thirds of the members elected to the Council that such expenditures are necessary in order to insure the safety and lives and property of the City or its inhabitants.

(c) The Stability Reserve account will be the source of additional funding needed as a result of unanticipated expenditures and revenue shortfalls. The Stability Reserve account shall include all monies in the Reserve Fund over and above the amount required to be allocated to the Emergency Reserve account. The Council shall, by ordinance, establish policies for the use of the Stability Reserve account.

(d) Whenever the City utilizes monies in the Emergency Reserve account, the City shall, in the subsequent fiscal year, restore to the Emergency Reserve account the amount expended therefrom as part of the annual allocation required by this Section to bring the balance in that account to not less than eight (8) percent of all General Fund receipts anticipated for that fiscal year in the adopted budget.