

# City of Cincinnati

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## An Ordinance No. \_\_\_\_\_

- 2022

**AMENDING** the policy of managing the Stabilization Funds for the City of Cincinnati.

WHEREAS, Ordinance No. 253-2015 established a policy to manage the fund balance reserves now referred to as the Stabilization Funds; and

WHEREAS, Ordinance No. 213-2019 amended Ordinance No. 253-2015 to better comply with Government Finance Officers Association recommendations to maintain reserves equaling two months of current estimated revenue, which is equal to 16.7 percent of prior year General Fund operating revenues; and

WHEREAS, the City has made substantial progress in funding its reserve balances and will likely achieve its goal of maintaining reserves totaling 16.7 percent of prior year General Fund operating revenues within the next several fiscal years; and

WHEREAS, it is a priority of the Mayor, Council, and Administration to make transformative investments in housing at all income levels, with an eye towards improved affordable and workforce housing options within the City; and

WHEREAS, this amendment will add an additional priority of setting aside an amount of up to \$5,000,000 per year to the City's Affordable Housing Trust Fund, of which revenues will be available annually as a percentage of carryover balance; and

WHEREAS, this amendment is intended to better define parameters for allocation of the remaining carryover balance, once the financial reserve balances are materially achieved; and

WHEREAS, this amendment is intended to increase the health of the City's overall finances by utilizing the remaining carryover balance to address continuing financial challenges of the City and to fund strategic priorities; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That Section 16 of Ordinance No. 213-2019 is amended as follows:

Section 16. That the "Waterfall Funding Mechanism" shall next allocate any and all remaining year-end General Fund Surplus as follows:

- a. Thirty-four percent (34%) of the remaining General Fund Surplus to the Economic Downturn Reserve Account until its balance achieves the minimum policy level

stated herein. To the extent that the Economic Downturn Reserve Account minimum policy level is met and the Working Capital Reserve Fund minimum policy level is not met, then any portion of the thirty-four percent (34%) not needed to meet the Economic Downturn Reserve Account minimum policy level will be dedicated to the Working Capital Reserve Fund until its minimum policy level is achieved;

- b. Thirty-three percent (33%) of the remaining General Fund Surplus to the Working Capital Reserve Fund until its balance achieves the minimum policy level stated herein. To the extent that the Working Capital Reserve Fund minimum policy level is met and the Economic Downturn Reserve Account minimum policy level is not met, then any portion of the thirty-three percent (33%) not needed to meet the Working Capital Reserve Fund minimum policy level will be dedicated to the Economic Downturn Reserve Account until its minimum policy level is achieved;
- c. Thirty-three percent (33%) of the remaining General Fund Surplus ~~to either,~~ aggregated with any additional funding available pursuant to Section 18 of this ordinance, distributed as follows:
  - i. The lesser of (1) fifty percent (50%) of the available amount or (2) \$5 million as a one-time contribution to the City's Affordable Housing Trust Fund.
  - ii. The lesser of (1) thirty-three percent (33%) of the available amount, (2) \$2 million, or (3) the amount needed to address any remaining unfunded liability of the pension trust and health care trust, with such amount utilized

as a one-time contribution to address the City's pension obligations as follows:

- A. First, all available funds contributed as a one-time employer contribution to the pension trust, until such time as the pension trust has no unfunded liability;
  - B. Second, if the above is achieved and the healthcare trust has an unfunded liability, then all remaining available funds to the healthcare trust until such time as the healthcare trust has no unfunded liability.
- iii. The lesser of (1) 17 percent of the available amount or (2) \$500,000 shall be contributed to the Operating Budget Contingencies Account, to be utilized as a contingency reserve for subsequent appropriation for one-time, unforeseen operating needs that arise during the remainder of the ongoing fiscal year.
  - iv. Any remaining amount shall be contributed to an Infrastructure and Capital Project Reserve for subsequent appropriation by Council for identified one-time infrastructure and capital projects for identified urgent needs or as part of the next annual budget cycle.
    - ~~i. Further enhance the funding level in any of the Stabilization Funds with a priority to any Stabilization Funds that are not funded at their minimum policy level; or~~
    - ~~ii. One-time expenditures.~~

Section 2. That Section 18 of Ordinance No. 213-2019 is amended as follows:

Section 18. That if all of the Stabilization Funds identified herein are fully funded at their respective minimum policy levels and the Recommended Aggregate Reserve Balance is met ~~the City may direct any additional General Fund surplus to either;~~ then any additional General Fund surplus shall be aggregated with and distributed in the same manner as those funds distributed as provided in Section 16(c) of this ordinance.

- ~~a. Further enhance the funding level in any of the Stabilization Funds with a priority to any Stabilization Funds that are not funded at their minimum policy level; or,~~
- ~~b. One-time expenditures including Capital Projects or other one-time General Fund needs.~~

Section 3. That existing Sections 16 and 18 of Ordinance No. 213-2019 are hereby repealed.

Section 4. That existing Section 17 of Ordinance No. 213-2019 is hereby repealed.

Section 5. That all terms of Ordinance No. 213-2019 not amended by this ordinance remain in full force and effect.

Section 6. That the proper City officials are hereby authorized to do all things necessary and proper to implement the provisions of Sections 1 through 5 of this Ordinance.

Section 7. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: \_\_\_\_\_, 2022

\_\_\_\_\_  
Aftab Pureval, Mayor

Attest: \_\_\_\_\_  
Clerk

\_\_\_\_\_  
New language underscored. Deleted language indicated by strikethrough.