

AN ORDINANCE TO AMEND CHAPTER 2 OF THE CITY CODE TO ESTABLISH (I) A TAX STABILIZATION RESERVE WITHIN THE GENERAL FUND AND (II) AN OPERATION AND MAINTENANCE RESERVE AND A RATE STABILIZATION RESERVE WITHIN THE WATER/SEWER FUND

#4571

Sponsor:

Council
Member
Freel

WHEREAS, the City desires to provide its citizens with essential and quality services without large tax or water/sewer rate increases; and

WHEREAS, the City wishes to continue to maintain the long-term financial stability of the City and its current bond rating; and

WHEREAS, in order to achieve the aforementioned goals, the City would like to establish (i) a tax stabilization reserve within the general fund and (ii) an operation and management reserve and a rate stabilization reserve within the water/sewer fund; and

WHEREAS, the City would also like to perform certain housekeeping matters, including (i) the replacement of the term "undesignated" in Section 2-378 of the City Code with the term "unrestricted" because the term "undesignated" is outdated and the term "unrestricted" is more appropriate and (ii) the renumbering of certain Sections and Divisions of Chapter 2 of the City Code for continuity purposes and to retain sufficient reserved sections for potential future amendments to the City Code; and

WHEREAS, the Wilmington Water, Sewer and Stormwater Citizens Advisory Board deems it necessary and appropriate to establish an operation and management reserve and a rate stabilization reserve within the water/sewer fund; and

WHEREAS, City Council deems it necessary and appropriate to (i) establish a tax stabilization reserve within the general fund; (ii) establish an operation and management reserve and a rate stabilization reserve within the water/sewer fund; and (iii) perform the aforementioned housekeeping matters.

210-21-2

NOW, THEREFORE, THE COUNCIL OF THE CITY OF WILMINGTON
HEREBY ORDAINS:

SECTION 1. Chapter 2 of the City Code is hereby amended by amending Section 2-378 thereof by deleting the stricken language and adding the underlined language to read as follows:

Sec. 2-378. - Budget reserve account - Appropriations from budget reserve account.

The city council, may, by ordinance, adopted by a two-thirds majority (nine) of the president and all the members of the city council, appropriate funds from the budget reserve account to other annual operating budget accounts, in order to meet general operating fund expenses during the course of or at the end of any fiscal year, if funds are not available in the ~~undesignated~~ unrestricted fund balance.

SECTION 2. Chapter 2 of the City Code is hereby amended by adding a new Division 3 thereto, which shall consist of new Sections 2-381, 2-381.1, and 2-381.2, with the underlined language to read as follows:

DIVISION 3. – TAX STABILIZATION RESERVE

Sec. 2-381 - Established.

There is hereby created a tax stabilization reserve within the general fund. The purpose of the reserve is to provide future tax stabilization for the general fund.

Sec. 2-381.1 – Tax stabilization reserve - funding.

The tax stabilization reserve shall be the net unrestricted general fund balance as determined by the fiscal year end comprehensive annual financial report.

Sec. 2-381.2 - Authorization to access and appropriations from the tax stabilization reserve.

The city shall be authorized to access the tax stabilization reserve as may be necessary in order to pay city obligations and limit the need to increase taxes when authorized by city council by ordinance.

SECTION 3. Chapter 2 of the City Code is hereby amended by adding a new Division 4 thereto, which shall consist of new Sections 2-386, 2-386.1, and 2-386.2, with the underlined language to read as follows:

DIVISION 4. - OPERATION AND MAINTENANCE RESERVE

Sec. 2-386 - Established.

There is hereby created an operation and maintenance reserve within the water/sewer fund. The reserve is to be recorded separately in the water/sewer fund balance. The purpose of the reserve is to provide funding in the event of adverse economic conditions or a public emergency that impacts the operations and maintenance of the water/sewer fund.

Sec. 2-386.1 – Water/sewer fund operation and maintenance reserve - funding.

The water/sewer fund operation and maintenance reserve shall be determined at the end of each fiscal year and shall be equal to seventeen (17) percent of the following fiscal year's water/sewer fund operating budget (excluding extraordinary or one-time items), as authorized by city council by ordinance.

Sec. 2-386.2 - Authorization to access and appropriations from the water/sewer fund operation and maintenance reserve.

- (a) The city shall be authorized to access the water/sewer fund operation and maintenance reserve as may be necessary in order to pay water/sewer obligations if the mayor certifies that adverse economic conditions or a public emergency has occurred that impacts the operations and maintenance of the water/sewer fund such that immediate action is required.
- (b) The city council shall, by ordinance, appropriate funds from the water/sewer fund operation and maintenance reserve to other annual operating budget accounts in order to meet water/sewer operating fund expenses at the end of any fiscal year, if funds are not available in the unrestricted fund balance.

SECTION 4. Chapter 2 of the City Code is hereby amended by adding a new Division 5 thereto, which shall consist of new Sections 2-391, 2-391.1, and 2-391.2, with the underlined language to read as follows:

DIVISION 5. - RATE STABILIZATION RESERVE

Sec. 2-391. - Established.

There is hereby created a rate stabilization reserve within the water/sewer fund. The reserve is to be recorded separately in the water/sewer fund balance. The purpose of the reserve is to provide future rate stabilization for the water/sewer fund.

Sec. 2-391.1. – Water/sewer fund rate stabilization reserve - funding.

The water/sewer fund rate stabilization reserve shall be the net unrestricted water/sewer fund balance as determined by the fiscal year end comprehensive annual financial report.

Sec. 2-391.2. - Authorization to access and appropriations from the water/sewer fund rate stabilization reserve.

The city shall be authorized to access the water/sewer fund rate stabilization reserve as may be necessary in order to pay city water/sewer obligations and limit the need to increase water/sewer rates when authorized by city council by ordinance.

SECTION 5. Chapter 2 of the City Code is hereby amended by renumbering certain Divisions and Sections thereof by deleting the stricken language and adding the underlined language to read as follows:

Sec. 2-3776.1. - Budget reserve account - Implementation and funding.

Sec. 2-3786.2. - Budget reserve account - Appropriations from budget reserve account.

Sec. 2-3796.3. - Authorization to access budget reserve account funds and to require their replenishment.

Secs. 2-377 - 2-380. - Reserved.

Secs. 2-382 - 2-385. - Reserved.

Secs. 2-387 - 2-390. - Reserved.

Secs. 2-392 - 2-395. - Reserved.

DIVISION 36. - TAX AND REVENUE ANTICIPATION NOTES

DIVISION 47. - GENERAL OBLIGATION BONDS

DIVISION 58. - RISK MANAGEMENT PROGRAM

DIVISION 69. - PROCUREMENT PROCEDURES AND REQUIREMENTS

DIVISION 710. - SALES OF REAL PROPERTY

DIVISION 811. - PAYMENT OF PREVAILING WAGES BY CITY CONTRACTORS

SECTION 6. This Ordinance shall be deemed effective as of June 30, 2018.

First Reading.....September 13, 2018
Second Reading.....September 13, 2018
Third Reading.....

Passed by City Council,

President of City Council

ATTEST: _____
City Clerk

Approved this ___ day of _____, 2018.

Mayor

SYNOPSIS: This Ordinance amends Chapter 2 of the City Code by establishing three reserves in order to: (i) maintain the financial stability of the City; (ii) provide citizens with essential and quality services; and (iii) limit the need to increase taxes or water/sewer rates. First, it creates a tax stabilization reserve in the general fund to provide a reserve to pay City obligations and limit the need to increase taxes. Second, it creates an operation and maintenance reserve in the water/sewer fund to provide funding in the event of adverse economic conditions or a public emergency that impacts the operations and maintenance of the water/sewer fund such that immediate action is required. Third, it creates a rate stabilization reserve within the water/sewer fund to provide a reserve to pay City water/sewer obligations and limit the need to increase water/sewer rates. Finally, this Ordinance

addresses certain housekeeping matters, including (i) the replacement of the term “undesigned” in current Section 2-378 of the City Code (which will be renumbered as Section 2-376.2) with the term “unrestricted” because the term “undesigned” is outdated and the term “unrestricted” is more appropriate and (ii) the renumbering of certain Sections and Divisions of Chapter 2 of the City Code for continuity purposes and to retain sufficient reserved Sections for potential future amendments to the City Code. This Ordinance shall be deemed effective as of June 30, 2018.

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