

PROPOSED
ORDINANCE NO. 02-22

ORDINANCE NO. _____

AN ORDINANCE
TO BE ENTITLED:

AN ORDINANCE AMENDING SECTION 3-1-11 OF THE CODE OF THE CITY OF PENSACOLA, FLORIDA, COUNCIL RESERVE (GENERAL FUND) TO PROVIDE THE FINANCE DIRECTOR THE AUTHORITY TO DETERMINE IF ANNUAL INTEREST EARNINGS SHOULD BE APPLIED TO THE RESERVE BALANCE; PROVIDING FOR SEVERABILITY; REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

NOW THEREFORE, BE IT ORDAINED BY CITY OF PENSACOLA, FLORIDA:

SECTION 1. Section 3-1-11 of the Code of the City of Pensacola, Florida, is hereby amended to read as follows:

Section 3-1-11. Council Reserve (General Fund).

Effective January 12, 2017, a minimum reserve of 20 percent of the general fund beginning adopted appropriations (expenditure budget) should be incrementally established and maintained for use in meeting unanticipated needs and/or emergencies.

- (1) *Use of council reserve.* Council reserves shall be used only after all efforts have been exhausted to fund unanticipated needs and/or emergencies, such as implementing a modified hiring freeze and expenditure reductions. Once the mayor has determined that it is necessary to draw down council reserves, written communication should be provided by the mayor to city council, explaining the nature of the unanticipated need and/or emergency and requires approval by a two-thirds vote of city council. Use of funds may only be initiated when current fiscal year revenues decrease by five percent or more of the total adopted beginning estimated revenues, including transfers. A maximum of 50 percent of the shortfall or 50 percent of the prior fiscal year ending council reserve balance may be drawn, whichever is less. At no time may the reserve be less than 7.5 percent of adopted annual appropriations or half of the prior fiscal year ending council reserve balance, whichever is greater. The council reserve may not be used for more than two consecutive years.
- (2) *Replenishment of council reserve.* If the reserves are drawn down below the minimum required level of 20 percent, then a budgetary plan shall be implemented to return the reserve to a minimum 20 percent level in no more than a five-year period. The progress of replenishment should be reported in the annual budget.

- (3) *Funding of council reserves.* Proceeds from the sale of city (general government) owned surplus real property, specifically approved by city council for such purpose, and any other funds identified in the annual budget (and any amendments thereto) will be used to increase the reserve. Interest earnings ~~will~~ may, upon discretion of the City's Finance Director, be applied on the reserve balance each fiscal year.

SECTION 2. If any word, phrase, clause, paragraph, section or provision of this ordinance or the application thereof to any person or circumstance is held invalid or unconstitutional, such finding shall not affect the other provision or applications of the ordinance which can be given effect without the invalid or unconstitutional provisions or application, and to this end the provisions of this ordinance are declared severable.

SECTION 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4. This Ordinance shall become effective on the fifth business day after adoption, unless otherwise provided pursuant to Section 4.03(d) of the City Charter of the City of Pensacola.

Adopted: _____

Approved: _____
President of City Council

Attest:

City Clerk