



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

RESOLUTION NO. 060548

Introduced June 8, 2006

Councilmember Kenney

**Referred to the
Committee on Law and Government**

RESOLUTION

Proposing an amendment to the Philadelphia Home Rule Charter providing for a mandatory Budget Stabilization Reserve, and providing for the submission of the amendment to the electors of Philadelphia.

WHEREAS, Under Section 6 of the First Class City Home Rule Act (53 P.S. §13106), an amendment to the Philadelphia Home Rule Charter may be proposed by a resolution of the Council of the City of Philadelphia adopted with the concurrence of two-thirds of its elected members; now therefore

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA,

SECTION 1. That the following amendment to the Philadelphia Home Rule Charter is hereby proposed and shall be submitted to the electors of the City on an election date designated by ordinance:

ARTICLE II LEGISLATIVE BRANCH

The Council – Its Election, Organization, Powers and Duties

CHAPTER 3 LEGISLATION

§2-300. The Annual Operating Budget Ordinance.

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(7) Budget Stabilization Reserve.

(a) *The annual operating budget ordinance shall provide for appropriations to a Budget Stabilization Reserve, to be created and maintained by the Director of Finance as either a reservation of fund balance within the City's General Fund or as a separate fund. Appropriations to the Budget Stabilization Reserve shall, each year, be made in the following amounts:*

(1) *Such amounts as remain unencumbered in the Budget Stabilization Reserve from the prior fiscal year, including any investment earnings certified by the Director of Finance; plus*

(2) *An amount equal to three-quarters of one percent (.75%) of Unrestricted Local General Fund Revenues for the fiscal year to which an operating budget relates, provided that total unencumbered appropriations in the Budget Stabilization Reserve shall not exceed five percent of General Fund Appropriations; plus*

(3) *Such additional amounts as the Council shall authorize by ordinance, upon recommendation of the Mayor.*

(b) *For purposes of this Section and Section 6-109 ("Budget Stabilization Reserve"),*

(1) *"General Fund" shall mean the General Fund established by the Director of Finance and so denominated in the annual operating budget ordinance.*

(2) *"Unrestricted Local General Fund Revenues" shall mean that portion of the estimated receipts of the City to be allocated to the General Fund, as estimated by the Mayor pursuant to Section 2-300(3), that is anticipated by the Mayor to derive from local taxes and fees, whether authorized by the Council or otherwise, so long as the expenditure of such revenues is unrestricted by law, other than local law.*

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ARTICLE VI EXECUTIVE AND ADMINISTRATIVE BRANCH -POWERS AND DUTIES

Director of Finance, Financial Departments, Boards and Commissions, City Treasurer, Procurement Department, and Board of Pensions and Retirement

CHAPTER 1 DIRECTOR OF FINANCE

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§6-109. Budget Stabilization Reserve.

(a) The Director of Finance shall create and maintain a Budget Stabilization Reserve as either a reservation of fund balance within the City's General Fund or as a separate fund. For each fiscal year, the Director of Finance shall make deposits to such Fund no later than three months after the start of such year in an amount equal to the amount appropriated by the Council to the Budget Stabilization Reserve pursuant to Section 2-300(7).

(b) The Director of Finance shall invest the moneys deposited in the Budget Stabilization Reserve in like manner to other moneys in the General Fund not needed for immediate expenditure by the City. Interest and other earnings on such money shall accrue to the Budget Stabilization Reserve.

(c) The Director of Finance shall allow withdrawals from the Budget Stabilization Reserve only upon (i) approval by ordinance of a transfer of appropriations from the Budget Stabilization Reserve, pursuant to Section 2-300(6), and only for the purposes set forth in such transfer ordinance; and (ii) either:

(1) A certification by the Director of Finance that revenues actually received by the City during the prior fiscal year were at least one percent (1%) less than the revenues set forth in the Mayor's estimate of receipts pursuant to Section 2-300(3); or

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(2) A certification by the Director of Finance that such withdrawal is necessary to avoid either a material disruption in City services or to fund emergency programs necessary to protect the health, safety or welfare of City residents; and that it would be fiscally imprudent to seek emergency appropriations pursuant to Section 2-301(a). Such certification must be approved either by (i) a resolution adopted by two-thirds of all of the members of the Council, or (ii) an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City.

(d) Expenses incurred or to be incurred as a result of any interest arbitration award, to the extent such expenses exceed those anticipated by the Director of Finance in the most recent financial plans submitted to any State agency prior to the issuance of such award, shall not be considered in determining the need for any withdrawal from the Budget Stabilization Reserve.

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SECTION 2. That the foregoing amendment to the Philadelphia Home Rule Charter shall be effective with respect to the fiscal year first commencing after the adoption thereof by the voters.

Explanation:

Italics indicate new matter added.