



**CITY OF WAUKESHA**

**Finance Department**

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<b>Committee:</b> Finance Committee	<b>Date:</b> 10/27/2020
<b>Common Council Item Number:</b> <a href="#">Click here to enter text.</a>	<b>Date:</b> 11/3/2020
<b>Submitted By:</b> Bridget M. Souffrant, Finance Director	<b>City Administrator Approval:</b> Kevin Lahner, City Administrator <a href="#">Click here to enter text.</a>
<b>Finance Department Review:</b> Bridget M. Souffrant, Finance Director <a href="#">Click here to enter</a>	<b>City Attorney's Office Review:</b> Brian Running, City Attorney <a href="#">Click here to enter text.</a>
<b>Subject:</b> Review and Act on a request to create a new special revenue fund (Stabilization Fund) for the purpose of establishing a fund that can assist in stabilizing naturally fluctuating balances in the General Fund and City's TID Funds.	

**Details:**  
 The City of Waukesha would like to allocate the City's portion of excess increment from the closure of TID 14 (and possible future closures of other TIDs) and a portion of the savings in the General Fund to the Stabilization fund. The intent of the Stabilization fund serves two main purposes.

First, the fund will help to, effectively, smooth out any cyclical/temporary deficit fund balances amongst the TIDs. Further, and with council approval, a portion of those funds may be used to spur additional economic development within the City.

Second, the fund will be available to offset one-time purchases or other appropriate uses in the General Fund. In the instance of 2020, the City is looking to allocate excess revenue from the General Fund to the Stabilization fund in order to allow the Stabilization fund to assist the General Fund in 2021 as the City conservatively prepares for the effect of COVID-19 on the budget.

In future years, the Stabilization fund will be a critical component to the City maintaining its healthy bond rating and General Fund reserve balances.

**Options & Alternatives:**  
 The City could choose to alter an already existing special revenue fund to accommodate this purpose versus creating a new fund.

**Financial Remarks:**  
 Once the final debt payment has been made for TID 14 the balance of the City's portion of excess increment will be moved to the Stabilization fund. If in compliance with the fund balance policy, the City could choose to allocate



excess revenue from the General Fund to the Stabilization fund to assist in future years. The Fund would be Fund 0263.

**Executive Recommendation:**

The City Administrator recommends creation of the Stabilization Fund.