



City Council

Discussion of the City's Approach to Mitigating 2020 General Fund Revenue Shortfall

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Title

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Recommended Action

Committee Recommendation:

Finance Committee discussed the City's approach to mitigating the 2020 General Fund revenue shortfall and directed staff to forward the approach to the full City Council as a joint Finance Committee and City Manager recommendation.

City Manager Recommendation:

Discuss the City's Approach to Mitigating 2020 General Fund Revenue Shortfall

Report

Issue:

Whether to discuss the City's Approach to Mitigating 2020 General Fund Revenue Shortfall

Staff Contact:

Jay Burney, Interim City Manager, 360.753.8740

Debbie Sullivan, Administrative Services Director, 360.753.8499

Presenter(s):

Debbie Sullivan, Administrative Services Director

Jay Burney, Interim City Manager

Background and Analysis:

On March 15, 2020, the Governor ordered the closing of all sit-down restaurants and bars and banned gatherings of 50 or more statewide, in response to the coronavirus (COVID-19) pandemic. Then on March 23, the Governor issued a statewide order to stay-at-home and stay healthy to help slow the spread of the coronavirus. This resulted in additional businesses closing if they weren't defined as "essential." The impact has hit our local economy hard.

The City's adopted 2020 General Fund Operating Budget is \$85.6 million. Over 65 percent of the revenue to support General Fund expenditures comes from taxes - property tax, sales tax, business tax, utility tax, and others. Due to the closing of non-essential businesses, the City projects a 12

percent loss in revenue (more than \$10 million) as a result of the pandemic. The City has implemented immediate expenditure reductions totaling \$2.7 million.

These are challenging times financially because there is uncertainty around when and how the economy will re-open. As a result, staff developed a Financial Resilience Strategy which outlines an approach to addressing the shortfall based on thresholds of revenue loss. Staff will discuss the proposed guidelines, approach, prioritization criteria, and funding to be used based on the threshold of revenue loss.

Neighborhood/Community Interests (if known):

Sustaining City services to support the community is imperative, especially during a crisis. There is also interest in the impacts to Parks, Public Safety, and Housing because voters have approved several initiatives to financially support and expand these programs.

Options:

1. Discuss and accept the approach to mitigating the 2020 General Fund Revenue Shortfall.
2. Discuss and direct staff to modify the approach to mitigating the 2020 General Fund Revenue Shortfall.
3. Discuss and direct staff to modify the approach to mitigating the 2020 General Fund Revenue Shortfall and return for further discussion.

Financial Impact:

The City projects a 12 percent loss in revenue (over \$10 million) as a result of the pandemic.

Attachments:

None