



## Finance Committee

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

**Agenda Date:** 4/29/2020  
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#### **Title**

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

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Discuss the City's approach to mitigating 2020 General Fund revenue shortfall and forward to full Council.

#### **Report**

##### **Issue:**

Whether to discuss the City's Approach to Mitigating 2020 General Fund Revenue Shortfall and forward to full Council

##### **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 people 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. More than 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 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 and receive Committee feedback on 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 the approach to mitigating the 2020 General Fund Revenue Shortfall and forward to full Council.
2. Direct staff to modify the approach to mitigating the 2020 General Fund Revenue Shortfall and forward to full Council.
3. Direct staff to modify the approach to mitigating the 2020 General Fund Revenue Shortfall and return to Finance Committee for further discussion.

**Financial Impact:**

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

**Attachments:**

None