

**CITY OF MARYSVILLE AGENDA BILL**

**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE: 7/22/13**

<b>AGENDA ITEM:</b> Revenue Shortfall Policy	
<b>PREPARED BY:</b> Sandy Langdon <b>DEPARTMENT:</b> Finance	<b>DIRECTOR APPROVAL:</b>
<b>ATTACHMENTS:</b> Proposed Revenue Shortfall Policy Resolution	
<b>BUDGET CODE:</b>	<b>AMOUNT:</b>

**SUMMARY:**

The City currently operates under a general guideline regarding revenue shortfalls. When the economy fell strategies were developed to adjust to the changes in revenue. Consideration of developing these strategies into a policy would be prudent in today's economy and especially when financing is needed.

Sound fiscal policies are important to the operations of the City and Finance is continuing to develop these policies for council consideration. Finance refers to Governmental Finance Officers Association, American Public Treasurer's Association, and characteristics important to bond rating agencies.

The proposed Revenue Shortfall Policy uses the steps that were taken by the city during the economic downturn for its development.

<b>RECOMMENDED ACTION:</b>
Council consider adopting the Revenue Shortfall Policy Resolution.

[DRAFT]  
CITY OF MARYSVILLE  
Marysville, Washington

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY OF MARYSVILLE ESTABLISHING A  
REVENUE SHORTFALL POLICY

WHEREAS, it is the desire of the city to maintain service levels necessary to meet the basic needs of the citizens of Marysville,

WHEREAS, fluctuations in the economy at times can be unpredictable resulting in reduction of revenue and challenging the City in maintaining service levels,

WHEREAS, it is in the public interest for the City of Marysville to establish a tiered system of actions for different levels of revenue shortfalls where reserves are anticipated to be used, NOW, THEREFORE

IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARYSVILLE, WASHINGTON AS FOLLOWS:

1. The Mayor, and/or his/her designee, may deem the following actions to be taken to address revenue shortfalls:

Level I – Reserve reduction 1% but less than 10%

- Delay expenditures where possible
- Departments monitor budget **for** to ensure essential expenditures
- Council may consider delaying/post-pone capital improvement projects (CIP)

Level II – Reserve reduction in excess of 10% but less than 25%

- Implement a status quo budget (same level as prior year)
- Intensify the review process for large expenditures such as contract and consulting services, capital expenditures and CIP
- Review vacant positions for possible delay or use of temporary hire

Level III – Reserve reduction in excess of 25% but less than 50%

- Require justification for large expenditures
- Defer capital expenditures
- Reduce CIP where appropriate
- Hire vacant positions only with special justification and authorization
- Close monitoring of expenditures and reduction of travel, seminars/conferences/training.

Level IV – Reserve reduction in excess of 50% but less than 100%

- Implement hiring freeze
- Reduce temporary work force
- Defer wage increases
- Further reduction of capital expenditures
- Prepare a strategy for reduction in work force

Level V – Reserve reduction at 100% and potential for a deficit is present

- Implement reduction in work force strategy
- Eliminate programs
- Eliminate capital improvements and expenditures

PASSED by the City Council and APPROVED by the Mayor this \_\_\_ day of \_\_\_\_\_ , 2013.

CITY OF MARYSVILLE

By \_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney