RESOLUTION NO. 289

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON, ESTABLISHING POLICIES AND GUIDELINES FOR THE STRATEGIC BUDGET RESERVE FUND.

WHEREAS, the City Council established a Strategic Budget Reserve Fund to provide financial stability during a time of fiscal stress, and

WHEREAS, the City Council directed the Finance Committee to recommend policies and procedures, and

WHEREAS, the City Council reviewed and refined the recommendations of the Finance Ciommittee and ;

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

1. To adopt the policies included as Attachment A.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF WOODINVILLE THIS 7th DAY OF FEBRUARY, 2005.

Don Brocha, Mayor

ATTEST/AUTHENTICATED:

Sandra Parker/CMC
City Clerk

ATTACHMENT A

Strategic Budget Reserve Fund

The Strategic Budget Reserve Fund is hereby established by policy of the City Council to provide (a) reserves for financial security and liquidity, (b) a source for city emergency response funding; and (c) interim funding during a time of fiscal stress. Adopted policy precludes the use of Strategic Reserve Funds for capital purposes, without prior approval of a supermajority (five affirmative votes) of the City Council. Adopted policy precludes the use of Strategic Reserve Funds for new wage and benefit agreements with city employees which increase compensation rates over adopted annual budget levels – except for emergency overtime - without prior approval of a supermajority (five affirmative votes) of the City Council.

Goals in administering the Strategic Budget Reserve fund address four issues: the recommended fund balance, the process for ensuring that payments are made to the rainy day fund, the flexibility to use the funds when needed, and replenishment.

Fund Balance Goals

The Strategic Budget Reserve Fund (SBR) shall strive to have a fund balance not to exceed 15% of operating expenditures in the combined General and Street Funds.

For purposes of this recommendation, operating expenditures shall include salaries, benefits, supplies, professional services, intergovernmental and interfund expenses, capital outlays and transfers. General Fund transfers to the Street Fund (Fund No. 101) shall not be included since the total amount of expenditures of the Street Fund will be considered in the calculation.

Goal for Funding the SBR

Annually during the budget process, the Finance Department shall determine the operating expenses associated with the next year's budget. From this, a 15% funding level can be determined, and become the target for deliberation.

The SBR Fund should be considered a first dollar obligation until the 15% target is met. Council may recommend an annual commitment, and/or use a portion the undesignated fund balance.

Goal for Use of the Strategic Budget Reserve (SBR) Fund

The SBR Fund is recommended as an interim source of revenue for unforeseen operating expenditures or revenue shortages. The rainy day reserves should be available as a quick response to a fiscal dilemma with the understanding that use of the

funds will require Council to consider other options, such as revenue increases or budget cuts. Because revenue and expenditure deliberations may require time for thoughtful deliberation, it is recommended that the funds be available without artificial hurdles that may prevent the timely funding of critical service needs.

The SBR Fund is recommended to be used only for current operations.

Goal for Rebalancing the Strategic Budget Reserve

It is recommended that once the City's fiscal crisis ends, the rebalancing occur in the same manner as described for the initial funding of the Strategic Budget Reserve Fund.