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**ORDINANCE NO. 806**

AN ORDINANCE OF THE CITY OF CARNATION, WASHINGTON, AMENDING CHAPTER 3.04 CMC FUND ACCOUNTS; ESTABLISHING A REVENUE STABILIZATION FUND TO SUPPLEMENT AND SUPPORT THE CITY'S GENERAL FUND; SETTING FORTH REVENUE SOURCING AND OPERATIONAL GUIDELINES FOR SAID FUND; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

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WHEREAS, the Carnation City Council finds that the establishment of reserves for the City's general fund is an important element of a fiscally sound financial policy; and

WHEREAS, monetary reserves serve to accommodate unexpected operational changes and adverse impacts from State legislation or changes in the economic environment, to stabilize the City's annual budget, and to facilitate the orderly adjustment of the City's operations from termination of revenue sources through actions of other governmental bodies; and

WHEREAS, the City Council desires to create a Revenue Stabilization Fund in order to identify, reserve and accumulate unexpended general fund resources for use in mitigating impacts of future general fund revenue shortfalls; and

WHEREAS, the City Council expressly states its intent that the use of revenue stabilization reserves are to cover unexpected shortfalls of revenue in the general fund and not to cover additional spending desires; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF CARNATION, WASHINGTON, DO  
ORDAIN AS FOLLOWS:

Section 1. Amendment of Chapter 3.04 CMC. Chapter 3.04 of the Carnation Municipal Code is hereby amended by the addition of a new Section 3.04.025 Revenue stabilization fund—Creation; a new Section 3.04.027 Revenue stabilization fund—Purpose; a new Section 3.04.030 Revenue stabilization fund—Source of revenue; and a new Section 3.04.033 Revenue stabilization fund—Operation, to provide in their respective entirety as follows:

**3.04.025 Revenue stabilization fund—Creation.**

There is created a cumulative reserve fund for general fund revenue stabilization and designated as “Fund 002”.

**3.04.027 Revenue stabilization fund—Purpose.**

The purpose of the revenue stabilization fund is to reserve and accumulate unexpended general fund resources in order to mitigate impacts of future declines in general fund revenue and to provide revenue for emergency or other exigent circumstances.

**3.04.030 Revenue stabilization fund—Source of revenue.**

A. There shall be deposited into the revenue stabilization fund contributions from the general fund in amounts determined by the city council.

B. Contributions to the revenue stabilization fund may consist of:

1. General fund resources identified in the adopted budget for the current fiscal year;
2. General fund revenues in amounts greater than anticipated in the budget for the current fiscal year; and/or
3. Other general fund resources deemed appropriate by the city council.

**3.04.033 Revenue stabilization fund—Operation.**

A. The city manager’s annual budget proposal shall include a recommendation for a contribution amount to the revenue stabilization fund as deemed appropriate and within policy guidelines as may be established by the city council.

B. Drawdown from the revenue stabilization fund may only be made upon approval by an affirmative vote of a majority plus one of the entire city council.

C. It is the intent of the city council that the revenue stabilization fund be maintained at a minimum level of ten percent

(10%) of the adopted general fund operating budget total. It is also the intent of the city council that the ten percent (10%) minimum level be first attained no later than three years after adoption of the ordinance establishing the revenue stabilization fund.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after publication.

APPROVED by the Carnation City Council this 3rd day of January, 2012.

  
MAYOR, JIM BERGER

ATTEST/AUTHENTICATED:

  
CITY CLERK, MARY OTNESS

FILED WITH THE CITY CLERK: ..... 10/22/2010  
PASSED BY THE CITY COUNCIL: .... 01/03/2012  
PUBLISHED: ..... 01/11/2012  
EFFECTIVE DATE:..... 01/16/2012  
ORDINANCE NO. .... 806