

INTRODUCTION

- Fiscal Basics
- o General Fund
 - Why does it receive so much attention?
 - Major revenue sources and expenditure categories
- City Utilities
- o Capital Improvement Program
- o Citywide Initiatives

FISCAL BASICS

- City of Redmond 2009-2010 Biennial Budget totals \$679 million
 - General Fund (23%)
 - Utilities (17%)
 - Investments in City infrastructure (34%)
 - Other special purpose funds (26%)

WHERE DOES THE MONEY GO? • The City's Budget is broken up into six priorities. Safety Business 21% Community Infrastructure 3% & Growth 37% Clean & Green 22% Community Building Responsible 3% Government 14%

WHY DOES THE GENERAL FUND RECEIVE SO MUCH ATTENTION?

- Primarily funded by taxes
- Highly sensitive to changes in the economy
- Funds basic city services which are most visible to the community including Police, Fire, Parks, Public Works and Planning
- Transfers money to other funds (e.g. capital investment program, information technology, fleet, human services, park activities)

DISTRIBUTION OF GENERAL FUND REVENUES

2009-2010 Budget

Amount

- 71% of the City's General Fund revenue is derived from five sources
- All of which are sensitive to changes in the economy and development activity

	(millions)	Total
Major Revenue Sources		
Sales and Use Taxes	\$41.5	26%
Utility Taxes	27.8	18%
Property Tax	27.7	18%
Development Fees	12.7	8%
Investment Interest	1.8	1%
Total Major Revenue Sources	\$111.4	71%
Other Revenue Sources		
Intergovernmental	\$21.8	14%
Beginning Fund Balance	14.7	9%
Business Licenses	5.3	3%
Other Taxes	3.3	2%
Total Other Revenue Sources	\$45.2	29%
Total 2009-2010 General Fund Budgeted Revenues	\$156.6	100%

SALES and USE TAXES

- o Largest revenue source in the General Fund
- Very sensitive to changes in the economy
- Tax rate equals 9.5% of purchase price
 - Allocation:

Sales Tax		
State	6.50%	
Transit (Metro/King County)	1.40%	
City of Redmond	$\boldsymbol{0.85\%}$	
Regional Transit Authority	0.40%	
County	0.15%	
Criminal Justice	0.10%	
Veteran's Levy	0.10%	
Total Sales Tax Rate	9.50%	

Note: Sales tax for restaurants/bars is 10.0% due to the King County Food and Beverage Tax.

UTILITY TAXES

- State law enables Cities to levy taxes on natural gas, telephone, and electricity utilities in an amount up to 6%
- Typically the tax is a pass-through to the consumer
- In Redmond:
 - Electric, Gas, Telephone and Garbage are taxed at 6%
 - Cable TV (Franchise Fee) is assessed at 5%
 - The City does not tax its own water, wastewater and stormwater utilities

PROPERTY TAX

- o Third largest and most stable revenue source
- 2009 total projected collections of \$13.9 million for General Fund, \$4.5 million for Public Safety and \$1.3 million for Parks
- ${\color{gray}\bullet}$ Redmond's 2009 total levy rate is \$1.35 per \$1,000 assessed valuation
- The total levy rate for a typical property owner equals \$8.08 per \$1,000 assessed valuation which includes all other taxing jurisdictions
- For example, a homeowner with a \$300,000 home in Redmond will pay \$2,424/year in property taxes, of which \$405 or 17% goes to the City of Redmond

CITY RECEIVES ONLY A PORTION OF THE TOTAL PROPERTY TAX ALLOCATION

Total Property Tax Rate (For a typical Redmond citizen)

(1 of a typical recalled a civilen	<u>, </u>
School District #414 (Lake Washington)	\$2.23
State of Washington	1.96
City of Redmond	1.35
King County	1.10
Hospital District #2 (Evergreen)	0.40
Library District	0.40
Emergency Medical Services	0.27
Port of Seattle	0.20
King County Flood Zone	0.09
Ferry District	0.05
Library Capital Facilities	0.04
Total Property Tax Rate	\$8.08

GENERAL FUND - WHERE DOES THE MONEY GO? • City government is an intensive service-oriented business • 63% of expenses are for salary and benefits | Interpretation | 1/11/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 | 1/15 |

WHAT UTILITIES ARE CURRENTLY OPERATED BY THE CITY?

- Water/Wastewater
 - Provides water and sewer services to in-city customers and to a handful of outside-the-city customers
- Urban Planned Development (UPD) Water & Wastewater
 - Provides water and sewer services to Redmond Ridge/Trilogy areas.
- Stormwater Management
 - Manages surface water run-off and protects/enhances City natural resources (e.g. streams, creeks, wetlands, Sammamish River) within Redmond city limits

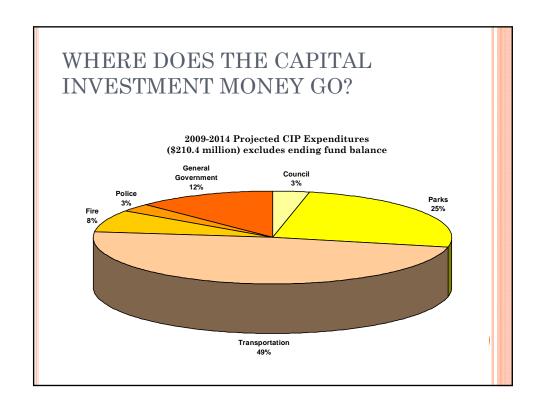
UTILITIES OPERATE AS SELF-SUFFICIENT ENTERPRISES

- What does this mean?
 - Utilities are operated in a manner similar to a private enterprise
 - User charges set to recover 100% of all operating and capital costs

CAPITAL INVESTMENT PROGRAM (CIP)

- A long-range plan for addressing capital needs
- Currently split into six functional areas
 - Transportation
 - Parks
 - Fire
 - Police
 - General Government
 - Council Contingency

WHERE DOES THE CAPITAL INVESTMENT MONEY COME FROM? General Funds are a large revenue source for the CIP and include General Fund Transfer, Sales Tax on Construction and Business Tax (total approx. 26%). Real Estate Excise Tax (14%), Business Tax (13%) and Impact Fees (10%) are also significant sources and are more sensitive to economic changes. 2009-2014 Projected CIP Revenues (\$235.4 million) Impact Fees **Business Tax** Sales Tax on 13% Construction 3% General Fund 10% Private Contributions Grants 3% Transfers Real Estate Gas Tax Other



WHAT ARE THE OTHER FUNDS?

- Examples of Special Revenue Funds
 - · Advanced Life Support Fund
 - Capital Equipment Reserves
 - Debt Service Funds
- Examples of Internal Service Funds
 - Fleet Maintenance
 - Health Insurance/Workers' Compensation
 - Information Technology

CITYWIDE INITIATIVES

- Urban Centers
- Permit Processing
- Performance Management
- o Information Technology Strategic Plan
- o Innovation/Efficiency Challenge
- Customer Service