### REDMOND FISCAL BRIEFING

May 26, 2011

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#### AGENDA

- Budgeting by Priorities
- Price of Government
- Fiscal Overview
  - General Fund
  - Utilities
  - Capital Improvement Program
- Citywide Initiatives



#### BUDGETING BY PRIORITIES

- Began in 2008
- Community identified six priorities
- All budget offers are submitted in the context of the priorities
- Performance measures are an integral part of the process

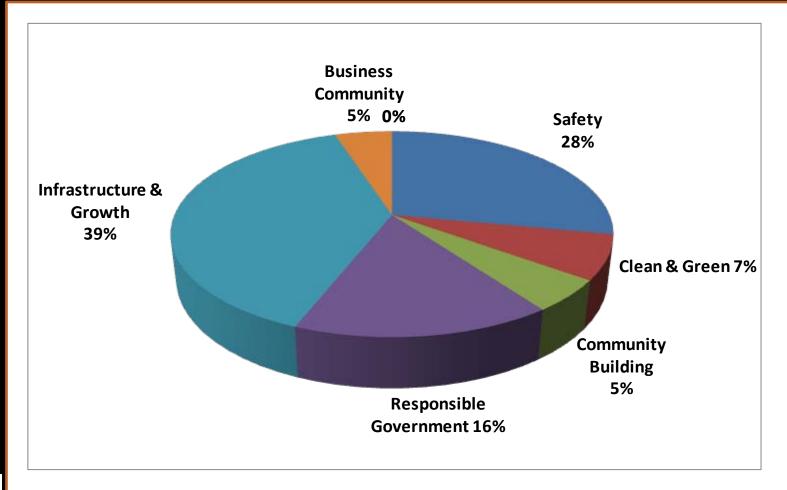


#### CITY OF REDMOND PRIORITIES

- Business Community
  - I want a diverse and vibrant range of businesses and services in Redmond
- Clean & Green Environment
  - I want to live, learn, work and play in a clean and green environment
- Community Building
  - I want a sense of community and connection with others
- Infrastructure & Growth
  - I want a well-maintained city whose transportation and other infrastructure keeps pace with growth
- Safety
  - I want to be safe where I live, work and play
- Responsible Government
  - I want a City government that is responsible and responsive to its residents and businesses

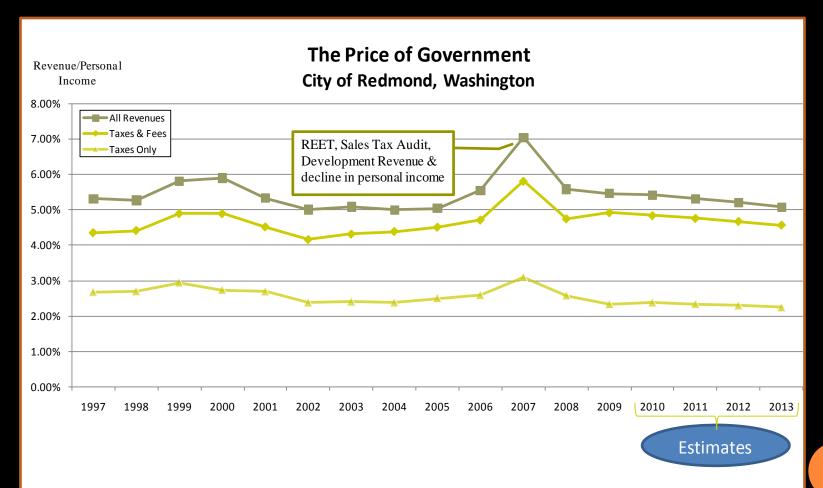


# Funding for Operations by Priority 2011-2012





#### PRICE OF GOVERNMENT





#### FISCAL BASICS

- City of Redmond 2011-2012 Biennial Budget totals \$523 million
  - General Fund (28%)
  - Utility Operations (21%)
  - Investments in City infrastructure (26%)
  - Other special purpose funds (25%)



### GENERAL FUND

- 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

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

2011-2012 Budget			
	Amount	% of	
	(millions)	Total	
Major Revenue Sources			
Sales and Use Taxes	\$40.6	28%	
Utility Taxes	24.6	17%	
Property Tax	30.6	21%	
Development Fees	7.4	5%	
Investment Interest	0.8	1%	
Total Major Revenue Sources	\$104.0	71%	
Other Revenue Sources			
Intergovernmental	\$15.7	11%	
Beginning Fund Balance	2.2	2%	
Business Licenses	6.0	4%	
Other Taxes	18.0	12%	
<b>Total Other Revenue Sources</b>	\$41.9	29%	
Total 2009-2010 General Fund Budgeted Revenues	\$145.9	100%	



#### SALES and USE TAXES

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

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%
<b>Total Sales Tax Rate</b>	9.50%



#### UTILITY TAXES

• State law enables Cities to levy taxes on natural gas, telephone, and electricity utilities in an amount up to 6%

#### • In Redmond:

- Electric, Gas, Telephone and Garbage taxed at 6%
- Cable TV (Franchise Fee) taxed at 5%
- City water taxed at 9.2% (offset by lower utility fees)
- The City does not tax it's own stormwater and wastewater utilities



#### PROPERTY TAX

- Third largest and most stable revenue source
- 2011 projected collections of \$21.1 million
  - \$15.1 million for General Fund,
  - \$4.6 million for Public Safety
  - \$1.4 million for Parks
- Redmond's 2011 total levy rate is \$1.72 per \$1,000 assessed valuation
- The total levy rate for a typical property owner equals \$10.03 per \$1,000 assessed valuation which includes all other taxing jurisdictions
- For example, a homeowner with a \$300,000 home in Redmond will pay \$3,009/year in property taxes, of which \$516 or 17% goes to the City of Redmond



# CITY RECEIVES A PORTION OF THE TOTAL PROPERTY TAX ALLOCATION

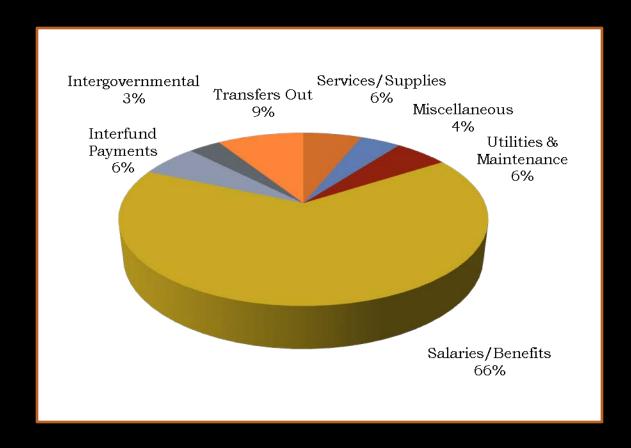
## Total Property Tax Rate (For a typical Redmond citizen)

<u> </u>	
School District #414 (Lake Washington)	\$2.98
State of Washington	2.28
City of Redmond	1.72
King County	1.34
Hospital District #2 (Evergreen)	0.48
Library District	0.55
<b>Emergency Medical Services</b>	0.30
Port of Seattle	0.22
King County Flood Zone	0.11
Ferry District	0.00
Library Capital Facilities	0.05
Total Property Tax Rate	\$10.03



#### GENERAL FUND

# Types of expenses 2011-2012





# UTILITIES 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

• Utilities are operated in a manner similar to a private enterprise

• User charges set to recover 100% of all operating and capital costs



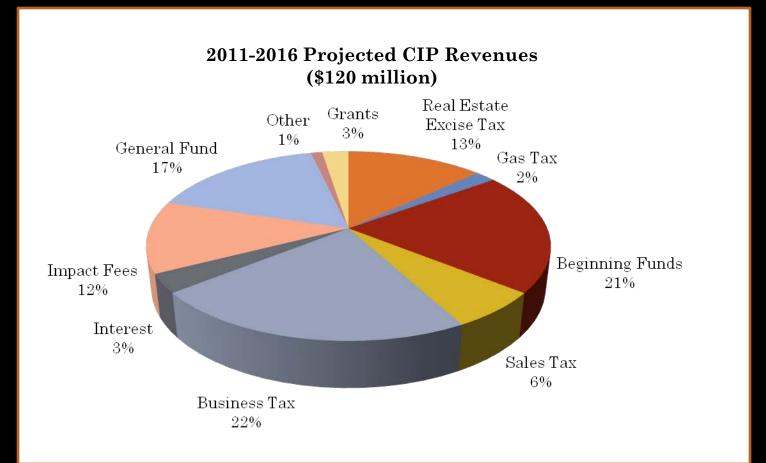
### CAPITAL INVESTMENT PROGRAM (CIP)

- A six-year plan for addressing capital needs
- Contributes to the City's Vision of:
  - Downtown
  - Overlake
  - Established Neighborhoods
- Coordinates with other City plans (i.e. Comprehensive Plan, Transportation Master Plan, etc.)



#### CAPITAL INVESTMENT REVENUES

• The City's capital projects are funded through a variety of sources including business tax, real estate excise tax, grants and general operating revenue.

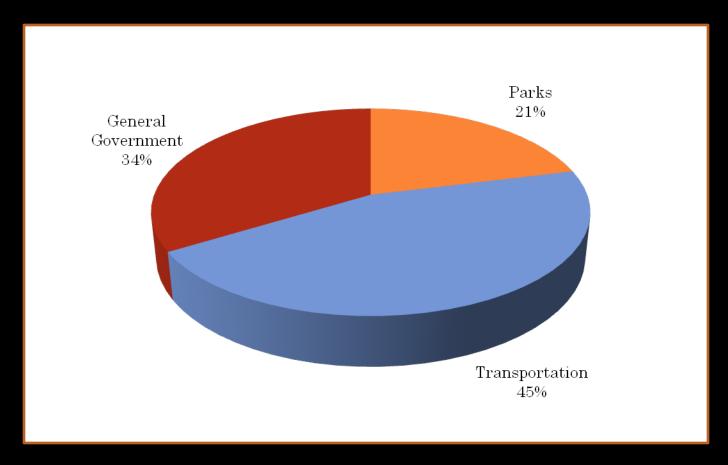






### CAPITAL INVESTMENT EXPENDITURES

2011-2016 Projected CIP Expenditures (\$117 million) excludes ending fund balance





#### OTHER CITY 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
- Information Technology Strategic Plan
- Innovation/Efficiency Challenge
- Customer Service



### Questions?

