Memorandum

| **Date:** 8/9/2022 | **File No.** CM 22-499 |
| **Meeting of:** Committee of the Whole - Finance, Administration, and Communications | **Type:** Committee Memo |

TO: Committee of the Whole - Finance, Administration, and Communications
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

| Finance | Chip Corder | 425-556-2189 |

DEPARTMENT STAFF:

| Click and select a department from the list. | Enter staff name. | Enter staff title. |

TITLE:
2023-2024 Budget Process Update

OVERVIEW STATEMENT:
During the week of July 18th, the Directors Team reviewed and approved the following related to the 2023-2024 preliminary budget:

- Ongoing service reductions, which were required to balance the General Fund "baseline" budget;
- One-time service enhancements, which were funded by one-time resources (e.g., projected General Fund surplus from the 2021-2022 biennium);
- Ongoing service enhancements, which were funded by additional ongoing service reductions or fees; and
- Specific plan to fully spend ARPA monies in 2023-2024.

The Directors Team's decisions were guided by the work of the Civic and Staff Results Teams, the Mayor's vision, the 2011 Comprehensive Plan vision, the Community Strategic Plan, the Council's 2022 retreat priorities, and other criteria noted below under "Other Key Facts."

☐ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☒ **Receive Information** ☐ **Provide Direction** ☐ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
  Mayor's Vision, 2011 Comprehensive Plan Vision, and Community Strategic Plan
- **Required:**
  N/A

- **Council Request:**
  Council's 2022 retreat priorities
- **Other Key Facts:**
  Other Budget Decision-Making Criteria

  1. Take the long-term view on budget decisions, avoiding temporary stop-gap measures, where possible.
  2. Strive to make data-driven decisions.
  3. Consider the costs/benefits of department proposals.
  4. Take care of what we have by focusing on maintenance/replacement/rehabilitation.
  5. Transition from construction of light rail to maintenance/security of Redmond's portion of a new transit system.
  6. Look to the citywide recovery plan.
  7. Be thoughtful about succession planning/development of employees.
  8. Leverage grant funds, where possible.

OUTCOMES:

In March 2022, a 3-4% deficit was projected in the 2023-2024 General Fund forecast. Staff was able to reduce the projected deficit to 0.5%, or $1.24 million, when the 2023-2024 "baseline" budget was developed. The key revenue actions taken to accomplish this include the following:

- Increased construction sales tax budgeted as ongoing from $2.68 million in 2021-2022 to $13.26 million in 2023-2024, which represents approximately 35% of total sales tax revenue;
- Funded $3.0 million transfer for capital equipment replacement with one-time resources; and
- Funded $1.78 million for body-worn camera program costs with one-time resources (this will change if the public safety levy is approved by voters in November).

Note that the approval of the public safety levy is not assumed in the 2023-2024 preliminary budget.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
  The Civic Results Team, which consisted of nine community members, met four times via Zoom in June and July. The Staff Results Team, which consisted of deputy and assistant directors from every department, met a number of times in person in June and July.
- **Outreach Methods and Results:**
  The Civic Results Team was charged with scoring the proposed service reductions by the departments. This is all that could be accomplished in four meetings. The Staff Results Team was charged with scoring the proposed service reductions, one-time service enhancements, and ongoing service enhancements by the departments.
- **Feedback Summary:**
  The work of both Results Teams was heavily relied on by the Directors Team.

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: ☐ **Yes** ☐ **No** ☒ **N/A**

Budget Offer Number:
N/A

Budget Priority:
N/A

Other budget impacts or additional costs: ☐ **Yes** ☐ **No** ☒ **N/A**
If yes, explain:
Examples: software with a yearly cost, revenue generating, match requirements, etc. - if none, enter N/A.

Funding source(s):
N/A

Budget/Funding Constraints:
N/A

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
N/A	Item has not been presented to Council	N/A

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
To be determined	None proposed at this time	N/A

Time Constraints:
N/A

ANTICIPATED RESULT IF NOT APPROVED:
N/A

ATTACHMENTS:
List attachments as Attachment A: …, Attachment B: …, etc.