

City of Redmond



Redmond
WASHINGTON

Agenda

Study Session

Tuesday, April 14, 2026

7:00 PM

**City Hall: 15670 NE 85th St; Remote: Comcast Ch. 21/321, Ziplly Ch. 34,
Facebook (@CityofRedmond), Redmond.gov/rctlive, or 510-335-7371**

City Council

Mayor

Angela Birney

Councilmembers

Melissa Stuart, President

Angie Nuevacamina, Vice President

Jessica Forsythe

Vanessa Kritzer

Sayna Parsi

Vivek Prakriya

Menka Soni

Redmond City Council Agendas, Meeting Notices, and Minutes are available on the City's Web

Site: <http://www.redmond.gov/CouncilMeetings>

FOR ASSISTANCE AT COUNCIL MEETINGS FOR THE HEARING OR VISUALLY IMPAIRED:

Please contact the City Clerk's office at (425) 556-2194 one week in advance of the meeting.

Meetings can be attended in person, viewed live on RCTV (redmond.gov/rctlive), Comcast Channel 21/321, Ziplly Channel 34, Facebook/YouTube (@CityofRedmond), or listen live at 510-335-7371

AGENDA

ROLL CALL

1. 2027-2028 Budget Process: Departmental Budget Overviews - Executive, Finance, Human Resources, and Technology & Information Services

Department: Finance, Executive, Human Resources, and Technology and Information Services, 60 minutes

[Attachment A: Departmental Overview Presentations - Executive, Finance, Human Resources, and Technology & Information Services](#)

2. Budget Process: Long-Range Financial Strategy & Fiscal Policies

Department: Finance, 30 minutes

[Attachment A: Draft Long-Range Financial Strategy](#)
[Attachment B: Draft Fiscal Policies](#)
[Attachment C: Presentation](#)

3. Council Talk Time

10 minutes

ADJOURNMENT

Meeting videos are usually posted by 12 p.m. the day following the meeting at redmond.legistar.com, and can be viewed anytime on Facebook/YouTube (@CityofRedmond) and OnDemand at redmond.gov/OnDemand



Memorandum

Date: 4/14/2026
Meeting of: City Council Study Session

File No. SS 26-035
Type: Study Session

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
Executive	Malisa Files	425-556-2166
Human Resources	Cathryn Laird	425-556-2125
Technology and Information Services	Michael Marchand	425-556-2173

DEPARTMENT STAFF:

Finance	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Financial Planning Manager
Executive	Lisa Maher	Assistant Chief Operating Officer
Technology and Information Services	Chad Marsh	Deputy Chief Information Officer

TITLE:

2027-2028 Budget Process: Departmental Budget Overviews - Executive, Finance, Human Resources, and Technology & Information Services

OVERVIEW STATEMENT:

As part of the 2027-2028 budget process, Council will be provided with an overview of each city department and programmatic budgets.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
N/A
- **Council Request:**
N/A

- **Other Key Facts:**
Departmental budget overviews will help inform Council during the budget process.

OUTCOMES:

Council will receive budget overview presentations from each department. These presentations have been scheduled during study sessions March-May 2026.

- March 24: Parks & Recreation
- April 14: Executive, Finance, Human Resources, Technology & Information Services
- April 28: Fire, Police
- May 12: Planning & Community Development, Public Works

The presentations will cover the following information from each department:

- Mission Statement
- Overview of Department
- Baseline Budget Offers
- Status of Enhancements from 2025-2026 Budget
- Performance Measures
- 2027-2028 Budget Challenges

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget: Yes No N/A

Budget Offer Number:

N/A

Budget Priority:

Strategic & Responsive

Other budget impacts or additional costs: Yes No N/A

If yes, explain:

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
1/27/2026	Study Session	Provide Direction
2/10/2026	Committee of the Whole - Finance, Administration, and Communications	Provide Direction
2/10/2026	Study Session	Provide Direction
3/3/2026	Business Meeting	Approve
4/14/2026	Committee of the Whole - Finance, Administration, and Communications	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
4/28/2026	Study Session	Receive Information
5/12/2026	Committee of the Whole - Finance, Administration, and Communications	Receive Information
5/12/2026	Study Session	Receive Information

Time Constraints:

Council should receive departmental overview presentations at the beginning of the budget process to provide foundational information for future budget deliberations.

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

Attachment A: Departmental Overview Presentations - Executive, Finance, Human Resources, and Technology & Information Services



Department Budget Overview

Executive Department

Malisa Files, Chief Operating Officer



Mission Statement

To foster a thriving and resilient community where justice, transparency, and excellence in strategic leadership are paramount.



Overview of Department



Leadership



City Clerk



City Council



Communications



Grant Management



Respect. Equity. Diversity. Inclusion.



Legal Services/Litigation



Environmental Sustainability

Baseline Budget Plans

Budget Priority	Baseline Budget Plan	FTEs	Noteworthy Changes	Current 2025-2026 Adopted Budget	Forecasted 2027-2028 Proposed Budget	% Change
Healthy & Sustainable	Environmental Sustainability	2.00	Addition of 1.00 ongoing FTE Upward reclassification of 1.00 FTE	986,620	1,488,789	50%
Strategic & Responsive	City Council	8.00		965,669	1,023,122	6%
Strategic & Responsive	Citywide Communications	5.50		2,117,987	2,222,728	5%
Strategic & Responsive	Community Outreach/Involvement	5.50		2,309,056	2,645,593	15%
Safe & Resilient	Criminal Justice	7.25	Transfer of 1.00 FTE from Criminal Investigation (Police)	5,025,940	6,030,548	20%
Strategic & Responsive	Respect, Equity, Diversity, & Inclusion	2.00	Addition of 1.00 ongoing FTE Upward reclassification of 1.00 FTE	535,027	900,069	68%
Strategic & Responsive	Executive Leadership	9.00	Upward reclassification of 1.00 FTE	5,333,218	6,066,745	14%

Baseline Budget Plans

Budget Priority	Baseline Budget Plan	FTEs	Noteworthy Changes	Current 2025-2026 Adopted Budget	Forecasted 2027-2028 Proposed Budget	% Change
Strategic & Responsive	Grant Management	2.00	New plan for 2027-2028 Addition of 2.00 FTE	-	752,249	N/A
Strategic & Responsive	Legal Services	3.00	New plan for 2027-2028 Addition of 3.00 FTE Centralized Legal Services	-	2,211,749	N/A
TOTAL		44.25	TOTAL	17,273,517	23,341,592	35%





Healthy and Sustainable 2025-2026 Enhancement Package 3 Environmental Sustainability Action Plan (ESAP)

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	Construction Inspector - Private Draining/FOG	1.00	\$322,041	\$166,152	Complete	Public Works
	Program Administrator - Environmental	1.00	\$346,600	\$201,505	Complete	Executive
	Program Administrator - Resource Conservation	1.00	\$338,022	\$65,581	Complete	Parks
	Green Building Incentive Program Support		\$30,000	\$8,680	In process	Executive
	Clean Buildings Performance Standard Compliance		\$60,000	-	In process	Executive
	RE+ Program Support		\$25,000	-	In process	Executive
	Bi-Annual Green House Gas Inventory		\$35,000	\$29,116	Complete	Executive
	NPDES Compliance		\$115,000	-	In process	Public Works
	TOTAL (ONGOING)	3.00	\$1,271,663	\$471,034		



Healthy and Sustainable 2025-2026 Enhancement Package 3 Environmental Sustainability Action Plan (ESAP)

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONE-TIME	ESAP Refresh and Implementation		\$175,000	\$105,895	In process	Executive
	Car Share Pilot Subsidy		\$15,000	-	In process	Executive
	Solar Plus Storage		\$100,000	-	In process	Executive
	TOTAL (ONE-TIME)		\$290,000	\$105,895		
	TOTAL (ALL)	3.00	\$1,561,633	\$576,929		





Strategic and Responsive 2025-2026 Enhancement Package 7 Diversity, Equity and Inclusion (DEI)

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	Program Specialist (DEI)	1.00	\$241,872	-	In process	Executive
	Senior Human Resource Analyst (Recruitment)	1.00	\$365,017	\$187,403	Complete	Human Resources
	Additional Focus Newsletter		\$69,118	\$23,902	Complete	Executive
	TOTAL (ONGOING)	2.00	\$676,007	\$211,305		
ONE-TIME	LTD Communications Specialist	1.00	\$289,676	\$50,779	Complete	Executive
	Language Access Support		\$30,000	-	Not started	Public Works
	Real-Time Language Translation Services		\$30,000	\$4,250	In process	TIS
	TOTAL (ONE-TIME)	1.00	\$349,676	\$55,029		
	TOTAL	3.00	\$1,025,683	\$266,334		



Strategic and Responsive 2025-2026 Enhancement Package 8 In-House Legal Services

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	City Attorney	1.00	\$459,740	\$189,668	Complete	Executive
	Deputy City Attorney	1.00	\$325,892	\$9,871	Complete	Executive
	Paralegal	1.00	\$245,640	\$77,348	Complete	Executive
	Ongoing Operating Costs		\$69,433	\$29,137	In process	Executive
	TOTAL (ONGOING)		3.00	\$1,100,705	\$306,024	
ONE-TIME	Ogden Murphy Wallace		\$710,272	\$229,112	In process	Executive
	Onboarding Costs		\$50,898	\$36,274	In process	Executive
	TOTAL (ONE-TIME)		\$761,170	\$265,386		
	TOTAL	3.00	\$1,861,875	\$571,410		



Strategic and Responsive 2025-2026 Enhancement Package 9 Citywide Cost Recovery

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONE-TIME	Grant Administrator	2.00	\$478,469	\$204,787	Complete	Executive
	Federal Lobbyist		\$160,000	\$90,000	Complete	Executive
	Grant Administration Support		\$200,000	-	In process	Executive
	King County Levy Election & Communications		\$300,000	-	On hold	Executive
	Purchasing & Procurement Process Improvements		\$200,000	-	In process	Finance
TOTAL		2.00	\$1,338,469	\$294,787		



Vibrant and Connected

2025-2026 Enhancement Package 13

2026 World Cup

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONE-TIME	LTD Program Manager	1.00	\$364,342	\$177,780	Complete	Planning
	LTD Communications Specialist	1.00	\$289,676	\$153,239	Complete	Executive
	Operating Response Staffing Plan		\$748,320	-	In process	
	Event Production		\$472,500	\$60,490	In process	
	Marketing, Communications, and Promotions		\$220,000	\$106,598	In process	
	Tourism Marketing		\$50,000	\$6,457	In process	
TOTAL		2.00	\$2,144,838	\$504,564		



Performance Measures (Healthy and Sustainable)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Community-wide greenhouse gas emissions (metric tons)	814,855	639,708	N/A	600,000	N/A	500,000
Per capita natural gas consumption (therms per resident)	263	247	Not Yet Available	Decrease	Decrease	Decrease
City of Redmond government operations greenhouse gas emissions (metric tons) *Updated target anticipated Q3 2023	3,568	3,396	N/A	N/A	N/A	*

Performance Measures (Safe and Resilient)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Police case clearance rates are equal to or more than the Washington State average	RPD: 22.0% WA: 21.9%	RPD: 22.3% WA: 26.0%	RPD: 29.0% WA: N/A	RPD Rate > WA State Average	RPD Rate > WA State Average	RPD Rate > WA State Average
Number of criminal cases per prosecutor	356	249	232	325	350	350
Number of criminal cases assigned to the public defender consistent with public defense case load standards	1,111	1,048	996	1,100	1,100	1,100
Percentage of filed domestic violence cases where victim services were successfully provided by victim services paralegal	N/A	N/A	N/A	TBD	TBD	TBD

Performance Measures (Strategic and Responsive)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Community Satisfaction Rating	65%	58%	68%	69%	70%	71%
Percentage of community members responding that they feel informed regarding City programs, initiatives, projects and issues	67%	51%	65%	66%	67%	68%
Percentage of community members who feel the City is utilizing community feedback on priority project decision making	76%	66%	74%	75%	76%	77%
Number of responses to the annual community survey and online questionnaires	2,214	808	593	600	610	620

Performance Measures (Strategic and Responsive)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Effective Delivery of City Services	65%	63%	65%	66%	67%	68%
Annual Community Quality of Life Rating	78%	75%	83%	84%	85%	86%
NEW! Number of community members accessing language or translation support services	N/A	N/A	N/A	N/A	Increase	Increase
Percentage of Council agendas that are published three days in advance of Council meetings	100%	100%	100%	100%	100%	100%
Percentage of Council Ombuds issues that are formally acknowledged, closed and reported within established timeframes	100%	100%	100%	100%	100%	100%

Performance Measures (Strategic and Responsive)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Fostering a diverse community by providing equitable access to services (on a scale from 1 to 5)	3.8	3.6	3.8	3.8	3.9	4.0
New! Number of new and maintained community partnerships	N/A	N/A	N/A	N/A	Increase	Increase



Department Highlights from 2025-26

- Successful completion of the Environmental Sustainability Action Plan (ESAP) Refresh
- Creation and staffing of the City Attorney's Office
- Creation and implementation of a new City Council memo workflow process
- Creation and implementation of World Cup branding and communications
- Creation and staffing of Grant Management division

2027-2028 Budget Challenges



Capacity to seek new revenue options (grants, federal funding, etc.)



Capacity to provide efficient processing of public records requests



Capacity to expand community engagement, outreach and quantity and quality of messaging



Implementation of the R.E.D.I Strategic Plan



Capacity for continued ESAP implementation



Thank you

Any Questions?



Redmond
WASHINGTON



Department Budget Overviews

Finance Department

Kelley Cochran, Finance Director



Mission Statement

In the spirit of excellence and financial integrity, we cultivate partnerships to meet shared goals that preserve, enhance, and support our customers.



Overview of Department



Accounting Services



Accounts Payable & Purchasing



Technology & Administration



Financial Planning



Financial Services, Treasury, Risk Management



Business License



Utility Billing



Real Property

Baseline Budget Offers

Budget Priority	Baseline Budget Offer	FTEs	Noteworthy Changes	Current 2025-2026 Adopted Budget	Forecasted 2027-2028 Proposed Budget	% Change
Strategic & Responsive	Fiscal Accountability	25.07	Risk Insurance Rate increase State Auditor cost increase	17,656,360	18,798,981	6%
TOTAL		25.07	TOTAL	17,656,360	18,798,981	6%





Strategic and Responsive 2025-2026 Enhancement Package 9 Citywide Cost Recovery

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONE-TIME	Grant Administrator	2.00	\$478,469	\$204,787	Complete	Executive
	Federal Lobbyist		\$160,000	\$90,000	Complete	Executive
	Grant Administration Support		\$200,000	-	In process	Executive
	King County Levy Election & Communications		\$300,000	-	On hold	Executive
	Purchasing & Procurement Process Improvements		\$200,000	-	In process	Finance
TOTAL		2.00	\$1,338,469	\$294,787		

Performance Measures (Strategic and Responsive)

Program Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Community Investment Rate for Government Services	5.12%	4.95%	4.87%	5-5.5%	5-5.5%	5-5.5%
Percentage of General Fund revenues that comes from non-taxed or external sources	30.7%	33.5%	33.1%	Year-Over-Year Increase	Year-Over-Year Increase	Year-Over-Year Increase
Percentage of total spend on environmentally preferred products (EPP)	N/A	N/A	N/A	Year-Over-Year Increase	Year-Over-Year Increase	Year-Over-Year Increase
Percentage of total contract dollars awarded to diverse vendors	N/A	9%	19%	Year-Over-Year Increase	Year-Over-Year Increase	Year-Over-Year Increase
The City's Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA
Number of material or significant misstatements identified by auditors	0	TBD	TBD	0	0	0
Percentage of reserves maintained at policy levels	100%	100%	100%	100%	100%	100%

Department Highlights from 2025-2026

- Maintained AAA bond rating.
- Implementation of ACFR Builder.
- Utility tax payment code (RMC 5.44.060) update reduced check volume by 50-60%, saving 15-25 hours/month.
- Improved ProCard processes, reducing past due reconciliations by 90%.
- Implementation of consolidated payables (KeyBank), reducing correction time from 6 hours to 30 minutes and improving payment turnaround.
- Standardized policies and procedures, strengthening internal controls and reducing risk.
- Streamlined financial processes through system enhancements (D365, Power BI, Concur).

2027-2028 Budget Challenges



Hiring & onboarding



Department work plan backlog



Report development



Process improvements



D365 Implementation Phase 2



Citywide technology projects

Thank you

Any Questions?



Redmond
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Department Budget Overviews

Human Resources Department

Cathryn Laird, Human Resources Director



Redmond
WASHINGTON

Mission Statement

We partner with our customers to achieve shared goals.



Overview of Department



Recruitment & Selection



Payroll



Classification & Compensation



Benefits & Wellness



Training & Development



Employee Relations



Labor Relations



Policy Administration



Workers' Compensation



Safety Program



Baseline Budget Plans

Budget Priority	Baseline Budget Plan	FTEs	Noteworthy Changes	Current 2025-2026 Adopted Budget	Forecasted 2027-2028 Proposed Budget	% Change
Strategic & Responsive	Human Resources	18.10	Medical self-insurance rate increases Addition of 2.0 FTEs approved in 2025-2026 budget	\$45,991,711	\$59,546,914	29%
TOTAL		18.10	TOTAL	\$45,991,711	\$59,546,914	29%





Strategic and Responsive 2025-2026 Enhancement Package 7 Diversity, Equity and Inclusion (DEI)

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	NOTES
ONGOING	Program Specialist (DEI)	1.00	\$241,872	-	Starting 2026	Executive
	Senior Human Resource Analyst (Recruitment)	1.00	\$365,017	\$187,403	Complete	Human Resources
	Additional Focus Newsletter		\$69,118	\$23,902	Complete	Executive
	TOTAL (ONGOING)	2.00	\$676,007	\$211,305		
ONE-TIME	LTD Communications Specialist	1.00	\$289,676	\$50,779	Complete	Executive
	Language Access Support		\$30,000	-	Not started	Public Works
	Real-Time Language Translation Services		\$30,000	\$4,250	In process	TIS
	TOTAL (ONE-TIME)	1.00	\$349,676	\$55,029		
	TOTAL	3.00	\$1,025,683	\$266,334		



Strategic and Responsive 2025-2026 Enhancement Package 10 Technology Reporting, Data and Innovations

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	Senior Systems Analyst - Business Solutions	1.00	\$377,036	-	In process	TIS
	Business Analyst - GIS	1.00	\$332,486	\$74,599	Complete	TIS
	Administrative Specialist	1.00	\$306,833	\$182,400	Complete	Human Resources
	TOTAL (ONGOING)	3.00	\$1,016,355	\$256,999		
ONE-TIME	WFM Supplemental Funding		\$60,000	\$65,403	In process	Human Resources
	Aerial Photos		\$40,000	-	In process	TIS
	TOTAL (ONE-TIME)		\$100,000	\$65,403		
	TOTAL	3.00	\$1,116,355	\$322,402		

Performance Measures (Strategic and Responsive)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Turnover Rate	12.4%	10.7%	11.9%	10.0%	10.0%	10.0%
Percentage of new employees retained following their probationary period	88%	95%	91%	85%	85%	85%
Average number of days to fill a vacancy	53	61	54	55	55	55
Employee Development: Percentage of city staff who enroll in professional development through monthly HR Learning & Development sessions	N/A	N/A	N/A	25%	25%	25%

Department Highlights from 2025-26

- Marked service improvements in retention rates of new employees following the probation period.
- The engagement rate for recruitment listings was 6.5%, up from 5.8% in 2024.
- Council Member vacancy recruitment was launched in 2025 and successfully filled in early 2026.
- Currently launching employee development metrics with a goal of 25% enrollment beginning in 2026.
- Reconvened the Salary Commission for an odd-year review meeting in 2025 to maintain sightline and data sharing for the commission. Additional meetings scheduled for April 2026 to finalize the Salary Commission decision before biennium budget approvals.
- Updated all job descriptions to align with new Driver License state law requirement.
- Created 11 new job descriptions.
- Benefits Fair attendance increased by 8%.

2027-2028 Budget Challenges



Stabilization of the new HRIS system after Workforce Management "Go Live"



Compliance with State requirements



Thank you

Any Questions?



Redmond
WASHINGTON



Department Budget Overviews

Technology & Information Services

Michael Marchand, Chief Information Officer



Redmond
WASHINGTON

Mission Statement

Together, we empower a connected community.



Overview of Department



Customer Care



Infrastructure/Operations



Security & Compliance



GIS & EDM



Project Management



Business Solutions

Baseline Budget Plans

Budget Priority	Baseline Budget Plan	FTEs	Noteworthy Changes	Current 2025-2026 Adopted Budget	Forecasted 2027-2028 Proposed Budget	% Change
Strategic & Responsive	Technology Solutions	43.00	5.0 FTE added in 2025-2026 (4.0 new, 1.0 from Public Works)	\$27,756,234	\$30,350,272	9%
TOTAL		43.00	TOTAL	\$27,756,234	\$30,350,272	9%





Strategic and Responsive 2025-2026 Enhancement Package 7 Diversity, Equity and Inclusion (DEI)

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	Program Specialist (DEI)	1.00	\$241,872	-	In process	Executive
	Senior Human Resource Analyst (Recruitment)	1.00	\$365,017	\$187,403	Complete	Human Resources
	Additional Focus Newsletter		\$69,118	\$23,902	Complete	Executive
	TOTAL (ONGOING)	2.00	\$676,007	\$211,305		
ONE-TIME	LTD Communications Specialist	1.00	\$289,676	\$50,779	Complete	Executive
	Language Access Support		\$30,000	-	Not started	Public Works
	Real-Time Language Translation Services		\$30,000	\$4,250	In process	TIS
	TOTAL (ONE-TIME)	1.50	\$349,676	\$55,029		
	TOTAL	3.00	\$1,025,683	\$266,334		



Strategic and Responsive 2025-2026 Enhancement Package 10 Technology Reporting, Data and Innovations

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	Senior Systems Analyst - Business Solutions	1.00	\$377,036	-	In process	TIS
	Business Analyst - GIS	1.00	\$332,486	\$74,599	Complete	TIS
	Administrative Specialist	1.00	\$306,833	\$182,400	Complete	Human Resources
	TOTAL (ONGOING)	3.00	\$1,016,355	\$256,999		
ONE-TIME	WFM Supplemental Funding		\$60,000	\$65,403	In process	Human Resources
	Aerial Photos		\$40,000	-	In process	TIS
	TOTAL (ONE-TIME)		\$100,000	\$65,403		
	TOTAL	3.00	\$1,116,355	\$322,402		



Strategic and Responsive 2025-2026 Enhancement Package 11 Technology Security & Operational Improvements

FUNDING TYPE	TITLE	FTE(S)	2025-2026 BUDGET	2025-2026 ACTUAL	STATUS	DEPARTMENT
ONGOING	Administrative Assistant	1.00	\$248,438	\$126,626	Complete	TIS
	Senior Systems Analyst - Business Solutions	1.00	\$390,168	\$16,936	Complete	TIS
	SentinelOne Singularity Ranger AD Protect (Cybersecurity)		\$91,500	-	On hold	TIS
	KnowBe4 PhishER Plus (Cybersecurity)		\$23,000	\$10,679	Complete	TIS
	Computer Application & Operating System Management		\$120,000	-	In process	TIS
	TOTAL	2.00	\$873,106	\$154,241		

Performance Measures (Strategic and Responsive)

Measures	Actual		Preliminary	Target		
	2023	2024	2025	2026	2027	2028
Dashboard Indicator: Community Satisfaction Rating	56%	58%	68%	69%	70%	71%
Percentage of City Staff who have completed the yearly Security Awareness Training	90%	91%	88%	93%	94%	95%
Percentage of Service Desk requests resolved within published service level agreement parameters	82%	97%	95%	89%	91%	92%
Net Promoter Score (NPS) of how likely Redmond staff are to recommend Technology & Information Services (TIS) as a reliable and valuable partner	N/A	38	N/A	>38	>38	>38
Percentage of Redmond staff who are satisfied with the quality of service provided by Technology & Information Services (TIS)	N/A	86%	N/A	>86%	>86%	>86%
Percentage of Redmond staff who state that Technology & Information Services (TIS) proactively offers helpful suggestions to improve how they use technology	N/A	62%	N/A	>61%	>61%	>61%

Department Highlights from 2025-26

- Delivered key technology initiatives, including the Aurigo Masterworks Capital Project Management platform, a citywide Windows 11 upgrade, and a Community Health Program dashboard.
- Modernized critical City network infrastructure for improved reliability and service continuity.
- Resolved over 14,400 service requests, providing consistent, responsive technical support to City staff.
- Strengthened cybersecurity through automated certificate management, updated Endpoint Detection and Response capabilities, and modernized edge and perimeter defenses.
- Managed the City's technology pipeline, reviewing 44 new intake requests in 2025 and tracking 259 technology enhancements, including 102 new intake requests and 91 in progress as of March 27, 2026.

2027-2028 Budget Challenges

 **Cost of Technology**

 **Technology Adoption**



Thank you

Any Questions?





Memorandum

Date: 4/14/2026
Meeting of: City Council Study Session

File No. SS 26-036
Type: Study Session

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Finance	Kelley Cochran	425-556-2748
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DEPARTMENT STAFF:

Finance	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Financial Planning Manager
Finance	Ryan Edwardson	Principle Revenue Analyst
Finance	Adam O'Sullivan	Finance Manager
Finance	Nida Hermoso	Accounting Manager

TITLE:
Budget Process: Long-Range Financial Strategy & Fiscal Policies

OVERVIEW STATEMENT:

As part of the City's ongoing commitment to sound financial stewardship, the Long-Range Financial Strategy and Fiscal Policies documents are currently being updated to reflect changing economic conditions, emerging community priorities, and best practices in municipal finance. Council will be provided with an overview of the draft recommendations that incorporate updated assumptions, clearer policy direction, and enhanced alignment with the City's strategic goals.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

Receive Information **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
 - City of Redmond Long-Range Financial Strategy
 - City of Redmond Fiscal Policies
- **Required:**
 - City policies require routine updates to the Long-Range Financial Strategy
 - City and State policies require routine updates to Fiscal Policies
- **Council Request:**

N/A

- **Other Key Facts:**

The review and update process for the Long-Range Financial Strategy and Fiscal Policies is included in the biennial budget process. The current update is significant, and it is important to discuss the recommended changes with City Council.

OUTCOMES:

The City's Long-Range Financial Strategy and Fiscal Policies serve as the foundation for responsible governance, ensuring that Redmond remains financially resilient, transparent, and well-positioned to meet both current and future community needs. The guiding documents establish principles for budgeting, revenue management, expenditures, reserves, and long-term planning. Together, they help the City balance priorities such as infrastructure investment, service delivery, economic vitality, and sustainability.

Explanation of the Documents and Importance

The Long-Range Financial Strategy provides a forward-looking framework that forecasts revenues and expenditures over multiple years. It helps identify potential gaps, assess financial risks, and guide decision-making to maintain structural balance. Fiscal Policies establish the rules and standards that govern how financial decisions are made and implemented. The policies cover areas such as reserve levels, debt management, and revenue diversification.

These documents are essential because they:

- Promote financial stability and predictability
- Support transparent and accountable decision-making
- Protect the City's creditworthiness and fiscal health
- Enable proactive planning for economic uncertainty and growth
- Ensure alignment between community priorities and available resources

Study Session Outcomes

By the end of the study session, Council will:

- Gain a clear understanding of the purpose, scope, and structure of the updated Long-Range Financial Strategy and Fiscal Policies
- Review key changes and proposed updates based on current financial conditions and best practices
- Provide any immediate feedback on policy direction, priorities, and assumptions, and/or identify any areas requiring further refinement
- Understand next steps for the review and updates to the documents.

This discussion represents an important step in strengthening the City's financial framework and ensuring that Redmond continues to deliver high-quality services in a fiscally responsible manner.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**

N/A

- **Outreach Methods and Results:**

Public Hearings for the Budget Process

- **Feedback Summary:**

N/A

BUDGET IMPACT:

Total Cost:
N/A

Approved in current biennial budget: Yes No N/A

Budget Offer Number:
N/A

Budget Priority:
Strategic and Responsive

Other budget impacts or additional costs: Yes No N/A

If yes, explain:
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
11/12/2025	Study Session	Receive Information

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
5/12/2026	Committee of the Whole - Finance, Administration, and Communications	Provide Direction

Time Constraints:

The final documents will be proposed for approval as part of the budget adoption packet in November.

ANTICIPATED RESULT IF NOT APPROVED:

The City will continue to utilize the existing strategies and policies.

Date: 4/14/2026

Meeting of: City Council Study Session

File No. SS 26-036

Type: Study Session

ATTACHMENTS:

Attachment A: Draft Long-Range Financial Strategy

Attachment B: Draft Fiscal Policies

Attachment C: Study Session Presentation



Building a Sustainable, Inclusive,
and Resilient Future

LONG-RANGE FINANCIAL STRATEGY

CITY OF REDMOND | 2026

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A Commitment to Community, Sustainability, and Fiscal Stewardship

Since adopting the Long-Range Financial Strategy (LRFS) in 2005, the City of Redmond has fundamentally transformed how it plans, budgets, and governs. What began as a proactive approach to fiscal stability has evolved into a comprehensive, community-centered framework that strengthens accountability, resilience, and inclusivity across city programs.

One of the City Council’s most important responsibilities is to balance the resources available with the value delivered through public services. To do so, the community’s priorities, desired service levels, and expected long-term outcomes must be understood. The financial impacts, opportunities, and options must also be clear to facilitate the goal of community-informed decision making. At the foundation of the LRFS framework are two underlying fiscal philosophies that ensure the City can achieve that goal.

Philosophy 1: Balance service levels with financial impacts

The City is committed to maintaining public trust by ensuring that every dollar invested supports outcomes that matter to the community. This means staying focused on the priorities of residents and businesses to manage resources responsibly and deliver services that reflect the community’s values and needs. The City must also understand what community members are willing to invest in local government services and operate within those boundaries. Over two decades, Redmond has evolved from a department-center model to a community-informed strategy that ensures every public dollar delivers meaningful results aligned with shared priorities and desired outcomes.

Philosophy 2: Intentional City revenue structure

While the City of Redmond maintains full responsibility for funding and delivering its own municipal services, it operates within a broader fiscal environment shaped by overlapping jurisdictions, including King County, the Lake Washington School District, and the State of Washington. Each entity contributes to the overall tax and fee burden experienced by residents and businesses. Recognizing this shared landscape, the City evaluates the cumulative impact of all taxes and fees to ensure that the financial burden on the community remains manageable while sustaining essential services. When appropriate, Redmond collaborates with partner agencies to achieve efficiency, reduce redundancy, and maintain affordability for the community.

At the same time, the City operates under significant state and federal constraints that limit its authority to raise revenues. While user fees – such as utility rates, development charges, and park fees – offer more flexibility than taxes, both funding sources often come with restrictions on how revenues may be used. Despite these limitations, the City Council maintains discretion in balancing service levels and associated costs, aligning revenues with community priorities and long-term financial goals. This intentional approach allows Redmond to manage resources responsibly, adjust to evolving needs, and maintain a fair and sustainable revenue structure.

Building a Strong Financial Foundation

The Long-Range Financial Strategy (LRFS) aligns the City's financial resources with the community's long-term service priorities. It defines the City's financial commitments for city services and provides a strategic, sustainable, and fiscally responsible roadmap to fulfill them. By offering insights into future financial capacity, the LRFS helps guide decisions that balance community needs, expectations, and investments, while proactively addressing financial challenges to ensure long-term resilience and stability.

At its core, the LRFS is guided by principles that promote responsible stewardship, equity, environmental sustainability, and resilience. These principles emphasize resource awareness, strategic alignment with community priorities, and outcome-based planning. They also reinforce the City's dedication to preparing for growth, maintaining safe and efficient infrastructure, protecting the natural environment, and fostering innovation, accountability and equity across all programs and services.

Principle 1: Resource Awareness

- Recognize the limited willingness of community members to bear the cost of governmental services, requiring deliberate choices to maximize value within these limits.

Principle 2: Understanding Interdependencies

- Acknowledge the complex relationship between tax levels, the economic realities of community members, public perceptions, and the quality and scope of community services.

Principle 3: Strategic Alignment

- Ensure organizational resources are aligned to bridge the gap between present conditions and the future vision outlined in the [Community Strategic Plan](#) and [Redmond 2050](#).

Principle 4: Outcome-Based Financial Planning

- Continue transitioning financial planning toward prioritized services and outcomes that support community expectations.

Principle 5: Community-Informed Service Outcomes

- Define service priorities from the perspective of those who receive and rely on them.

Principle 6: Commitment to Respect, Equity, Diversity, and Inclusion

- Embed respect, equity, diversity, and inclusion in financial decision-making to ensure all community members and staff have equitable access to and influence over services, opportunities, and pay.

Principle 7: Environmental Stewardship

- Integrate sustainability principles into financial and operational decisions to protect natural resources, reduce environmental impacts, and promote a resilient community for future generations.

Principle 8: Sustaining Infrastructure Investments

- Maintain and enhance investments in critical infrastructure to ensure safe, reliable, and efficient services that support community well-being and long-term growth.

Principle 9: Innovation and Continuous Improvement

- Encourage creative problem-solving, technology adoption, and performance measurement to improve service delivery and financial efficiency over time.

Principle 10: Collaboration and Partnerships

- Foster strong relationships with regional partners, community organizations, and other stakeholders to leverage resources and align strategies for shared success.

Purpose and Approach

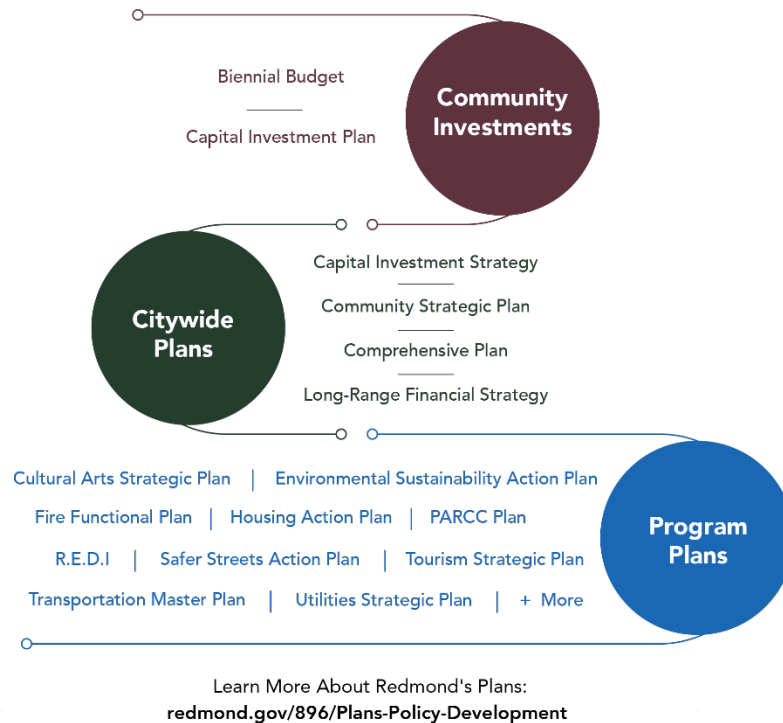
The Long-Range Financial Strategy serves as the City's fiscal framework for responsible governance and long-term community stewardship. Its purpose is to ensure that every public dollar collected is used effectively and transparently to deliver outcomes that reflect community priorities as captured in the comprehensive plan which reflects the community vision. The LRFS holds the City accountable by integrating financial planning with community input, aligning resource decisions with both near-and long-term goals, and ensuring that service commitments are equitable, sustainable, and resilient.

Cities inherently operate under a degree of financial tension-balancing the cost of government services with the community's willingness and ability to pay for them. The LRFS helps to manage this tension by providing a structured approach to evaluating trade-offs between service value and financial burden. It ensures that decisions are made with a long-term perspective, assessing future financial capacity, and promoting stability. By doing so, the LRFS enables the City to navigate fiscal challenges while maintaining focus on delivering meaningful results that matter to the community today and into the future.

The ability to balance service levels across city services by adjusting the corresponding taxes and fees is a fundamental approach. The City operates under significant constraints when increasing revenues. Despite these constraints, the City Council has significant discretion when it comes to aligning revenue levels with service levels. From a community perspective, the distinction between taxes, fees, and other charges often isn't clear. Whether it's property tax, utility rates, or permit charges, they all contribute to the total financial burden on the community for the provision of services

The LRFS is not a stand-alone financial document; it is a living framework that aligns Redmond's fiscal strategy with its broader community vision. It connects directly to the [Community Strategic Plan](#) and [Redmond 2050](#), which together articulate the City's long-term aspirations for growth, sustainability,

and inclusivity. Through these integrated planning efforts - and through ongoing engagement in citywide planning efforts, annual community survey and the biennial budget process - the LRFS ensures that the City's financial decisions are guided by community-informed priorities and values.



Financial Strategies

The Long-Range Financial Strategy provides a cohesive framework for how the City of Redmond plans, prioritizes, and sustains the financial resources that support community wellbeing today and into the future. Building upon the guiding principles, the LRFS outlines a set of interconnected strategies designed to maintain fiscal health, ensure service quality, and align public investment with community priorities.

These strategies serve as the foundation for long-term decisions-making, helping the City anticipate future challenges, adapt to changing economic and social conditions, and ensure that every public dollar contributes to meaningful, measurable results. Each strategy is informed by community input and reinforced through ongoing collaboration between the City Leadership, City Council, staff, community members, and regional partners. Together, they create an intentional and forward-looking approach to financial management - one that reflects the City's commitment to fiscal responsibility, operation excellence, and community trust.

[Strategy 1: Community Investment Plan](#)

- Defines the City’s overarching fiscal philosophy and the foundation for all other strategies. Establishes the target Community Investment Rate and articulates the core value proposition of maximizing community benefit per dollar.

Strategy 2: Revenue Policy Framework

- Outlines principles for maintaining fair, equitable, and stable revenue sources while recognizing the cumulative financial burden on residents and businesses. Guides decisions on taxation, fees, and external funding to ensure accountability, affordability and fiscal balance.

Strategy 3: Long-Range Financial Planning

- Provides a structured, six-year view of revenues, expenditures, and fund balances. Informs near-term budget decisions through long-term forecasting and scenario analysis to ensure financial resilience and adaptability.

Strategy 4: Community-Informed Citywide Planning

- Connects Redmond’s financial strategy to a broader policy framework that ensures financial decisions are community-driven and aligned with shared values and goals. Ensures that fiscal priorities and resource allocation are grounded in community engagement.

Strategy 5: Economic Development Strategic Plan

- Promotes a healthy, diverse, and resilient local economy that strengthens the City’s fiscal base. Focuses on supporting local businesses, attracting investment, and maintaining a balance between growth, livability, and affordability.

Strategy 6: Capital Investment Strategy (CIS)

- Guides long-term investments in infrastructure, facilities, and transportation systems. Prioritizes safety, efficiency, sustainability, and alignment with community and economic development goals.

Strategy 7: Business Technology Investment Plan (BTIP)

- Supports the City’s modernization and digital transformation goals. Invest in technology systems that enhance service delivery, improve operational efficiency, and strengthen data-driven decision-making.

Strategy 8: Community-Based Budgeting

- Connects community input directly to resource allocation through the biennial budget process. Balances near-term service delivery with long-term financial implications, ensuring transparency and responsiveness to community priorities.

Strategy 9: Fiscal Resilience and Reserve Management

- Establishes policies and targets for reserve levels to ensure fiscal stability and maintain the City's AAA credit rating. Provides the capacity to respond effectively to economic downturns, emergencies, or unexpected financial pressures.

Strategy 10: Performance Management

- Links financial performance with community results to ensure public resources are used effectively and strategically and deliver the outcomes they promise. Reinforces transparency, continuous improvement, community trust, and closing the loop between investments, results, and accountability.
-

Strategy 1: Community Investment Plan

Historically known as the “Price of Government”, Redmond’s long-standing financial philosophy that helps answer a key question: What portion of the community’s income supports city government?

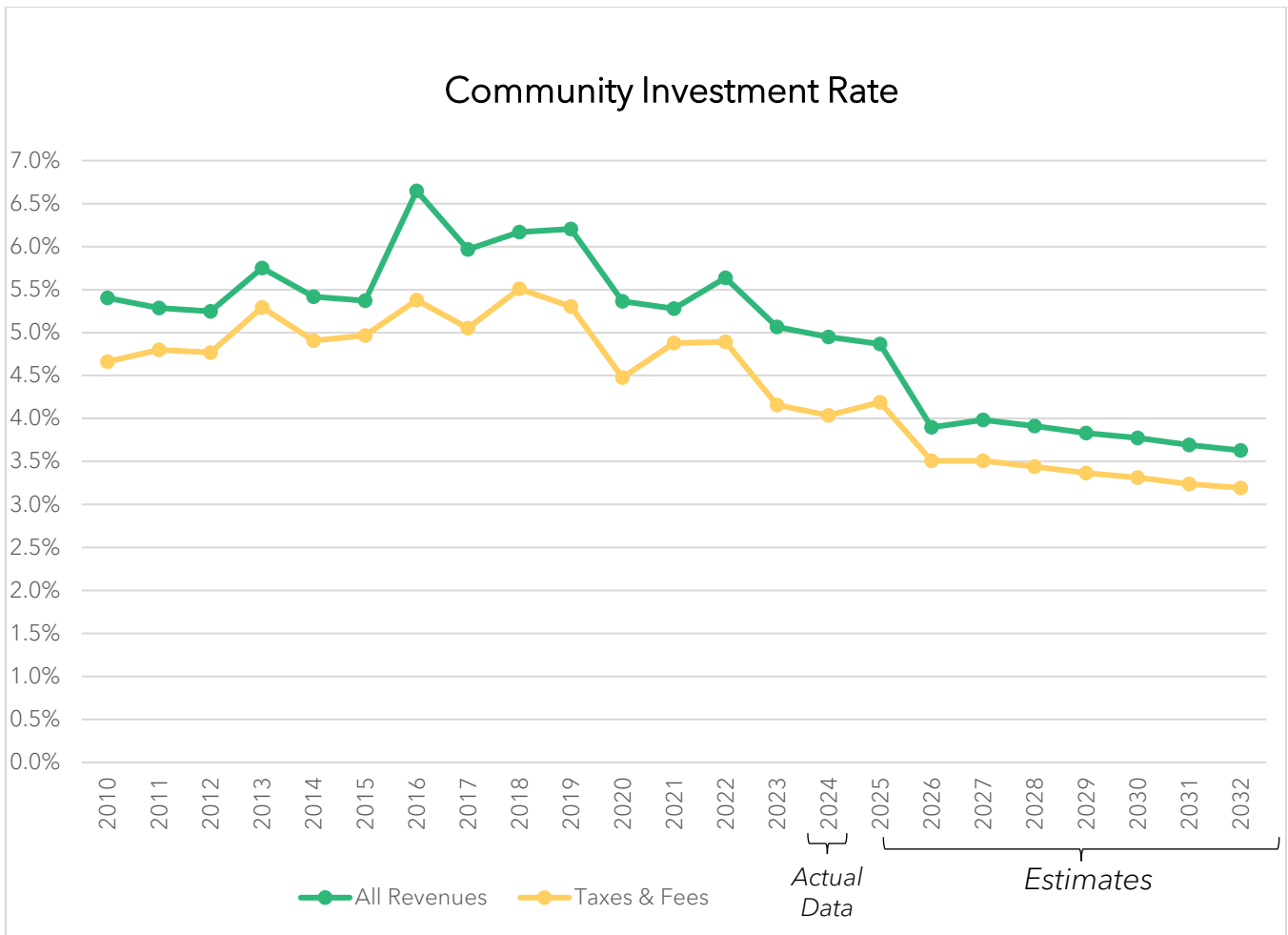
Today, that foundational concept is refreshed and reframed as the Community Investment Plan, signaling a shift in emphasis from the cost of government to the value delivered to the community for that cost. The Community Investment Plan serves as a framework to connect revenue levels, community affordability, and long-term financial planning.

While the underlying calculation remains the same, the guiding metric has been renamed from the Price of Government to the Community Investment Rate (CIR). This updated term reflects not just what the community pays, but what it invests - in safety, mobility, sustainability, and recreation. It is calculated by comparing the City’s total ongoing annual revenues to the total personal income¹ of the community - expressed as a percentage. The metric represents the portion of community income dedicated to public services, defining both the ceiling on revenues and the purpose for their use.

City Council has set the target threshold for the CIR between 5.2% and 5.5% of community income, based on historical analysis. Calculating the metric back to 1997, Redmond has consistently found the Community Investment Rate to fall between 5% and 6% of community income.

By projecting the future CIR, the City can anticipate how growth, economic shifts, or disruptions may affect both community burden and the City’s revenue base. This forward-looking approach helps maintain stability, keeping the cost of city services within a predictable range for the community, while ensuring the City has the resources to provide reliable and financially sustainable services.

¹ See Appendix B for how the Community Investment Rate is determined



The short-term forecast for 2025–2026 projects the CIR to remain just above 5% before declining to approximately 4.5% by the end of 2026. Within this, taxes and fees are expected to fall to around 3.8%–4.0% of community income. This shift reflects the gradual phase-out of one-time revenues including federal pandemic relief and elevated development activities, combined with steady growth in overall community income.

Looking further ahead, projections through 2032 show a gradual downward trend in both total city revenues and Community Investment Rate. By the end of the decade, the CIR is expected to stabilize around 4% by 2032. The decline points to a structural imbalance: while revenues are expected to grow, they are not keeping pace with overall economic growth in the community. As a result, the relative community investment in city services is projected to reduce over time.

To address this challenge, the City must maintain a strong focus on long-range financial planning, scenario modeling, and strong alignment of resources to preserve financial sustainability and community trust. Sustaining this balance will also require strategic attention to the City’s revenue capacity. As fiscal constraints tighten, maintaining high-quality services and infrastructure will depend on both efficiency gains and targeted revenue growth.

Rather than relying on any single funding source, the City will continue to pursue a diversified and intentional approach to revenues by optimizing existing rates and fees, leveraging state and federal

grants, and exploring new tools authorized under Washington State law. These options will be evaluated through the Long-Range Financial Strategy (LRFS) to ensure that any future revenue growth aligns with guiding principles of affordability, equity, and sustainability.

Strategy 2: Revenue Policy Framework

The City Council has developed a revenue policy framework which is foundational for establishing policies intrinsic to budget deliberations. The framework encompasses a desire to build financial resiliency that will allow the City to adapt and grow through chronic financial stress and look at the triple bottom line of economic, social, and environmental impacts when making decisions.

To ensure long-term financial sustainability, the City must assess and maintain fair, equitable, and stable sources of revenue within the parameters of State law. Emphasis must be placed on identifying stable and progressive revenues sources that align with the goal of the Community Investment Plan. Issues of volatility must be reflected in the decision-making process, and core services must be primarily funded by stable revenue sources to minimize disruption during economic downturns.

When considering any tax or rate assessments or increases, the City must acknowledge the total cost impact on community members. Additionally, broader tax and utility rate obligations imposed by all taxing jurisdictions should be considered, recognizing that Redmond has little control of these assessments. A full view of the total obligation helps ensure that revenue increases are equitable and do not place undue financial pressure on the community.

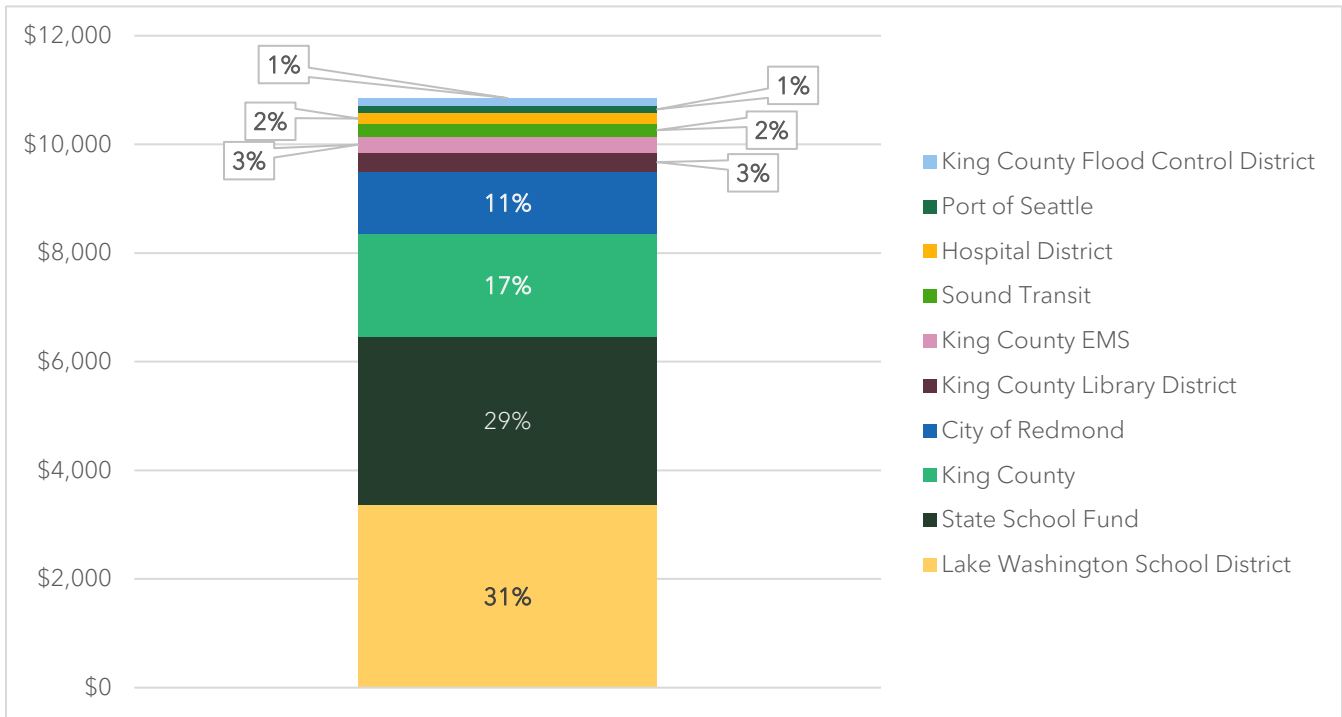
Redmond must establish a clear, community-informed value proposition that balances the benefits of living and doing business in Redmond with the associated costs. Excessive increases in taxes, rates, and fees may risk driving businesses and residents elsewhere, potentially reducing overall revenue and economic activity. Therefore, any increase in the cost assessed on the community should be carefully evaluated to avoid unintended consequences

When new taxing authority is made available by the Legislature, the City carefully evaluates such opportunities considering current and long-term fiscal needs and the potential tax burden. To maintain public trust and demonstrate accountability, tax increases that exceed historical norms should include Redmond taxpayers in deliberation. This approach ensures community members can engage in decisions about service levels and the taxes needed to fund them. This is particularly important when proposed increases approach the CIR limit established in the Community Investment Plan.

Finally, the City should pursue regional approaches to capital funding by leveraging local dollars with external funding opportunities from other governments and organizations. Strategic partnerships and grant funding can enhance the impact of local investments and achieve a higher value for the dollars invested.

This illustration portrays the property tax burden on a typical Redmond residence for the 2025 tax year.

Median Annual Property Tax



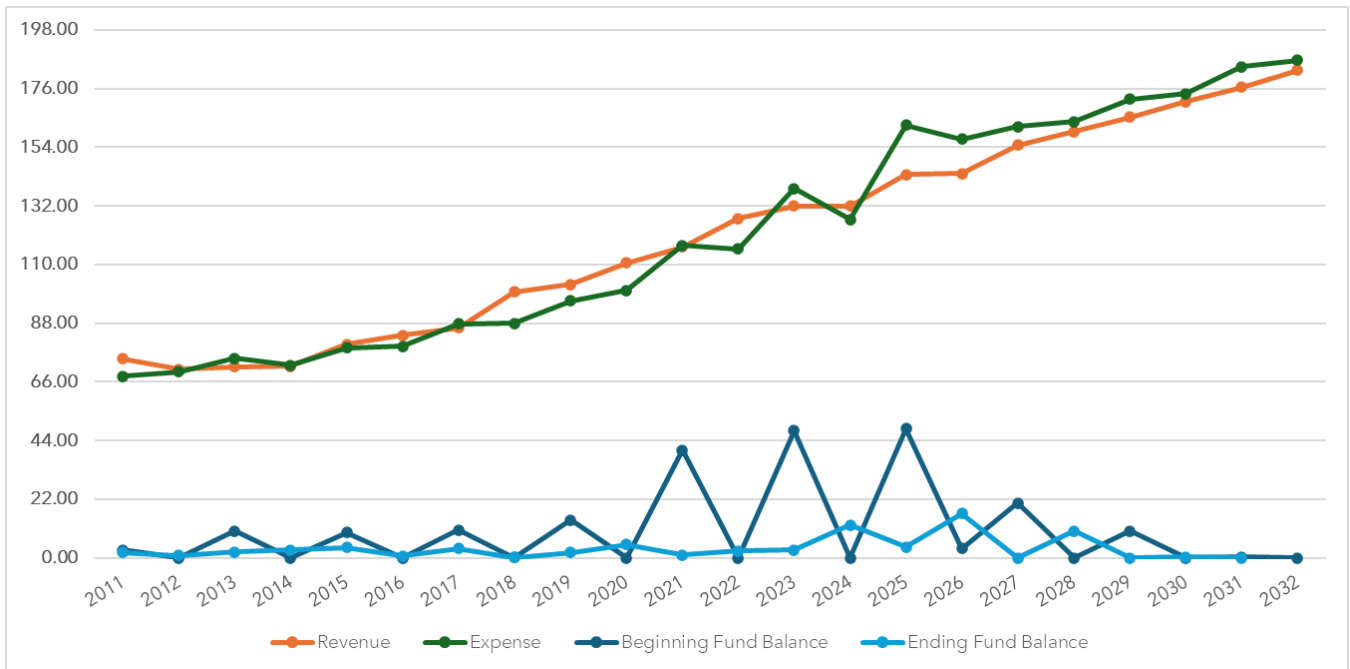
The median property tax burden on a typical Redmond residence in 2025 is \$10,851, or \$7.85 per \$1,000 of assessed value. Of this, the City of Redmond receives 11%, or \$1,154 of the typical tax bill.

TABLE 1 - FULL TAX REVENUE DISTRIBUTION

Agency	\$ Amount of Tax Bill	% of Tax Bill
Lake Washington School District	\$3,359	31%
State School Fund	\$3,107	29%
King County	\$1,883	17%
City of Redmond	\$1,154	11%
King County Library District	\$339	3%
King County EMS	\$306	3%
Sound Transit	\$227	2%
Hospital District	\$199	2%
Port of Seattle	\$141	1%
King County Flood District	\$135	1%
	\$10,851	100%

Strategy 3: Long-Range Financial Planning

For nearly two decades, the City of Redmond has actively developed and refined a long-range financial plan. The plan serves as a critical tool for demonstrating the relationship between projected revenues, anticipated expenditures, and the financial impact on the community. The most recent version of the plan is included in the City’s 2025-2026 adopted budget.



Central to the plan is the framework built around what are known as the “five essential numbers,” projected over a six-year period that is aligned with Redmond’s biennial budget cycle. These five essential numbers provide a comprehensive view of the City’s fiscal health:

1. Beginning Fund Balance
2. Revenues
3. Expenditures
4. Net Difference
5. Ending Fund Balance

The long-range financial plan also illustrates a common principle known as “the crossing lines,” which recognizes that, over time, the incremental costs of providing services to the community often exceed the anticipated incremental revenues. Each biennium, the City is tasked with closing these budget gaps to maintain a balanced and sustainable budget.

The long-term financial health of the City is supported by a clear and consistent focus on key financial goals that are incorporated into all financial planning:

- To provide a financial base sufficient to sustain municipal services that maintain the social well-being and physical conditions of the City.
- To be able to withstand local and regional economic trauma, to adjust to changes in the service requirements, and to respond to other changes as they affect the community.
- To maintain an excellent credit rating in the financial community and assure taxpayers that Redmond city government is maintained in a sound fiscal condition.
- To consider and provide for the needs of future generations in the Redmond community.
- To create a workplace where all employees feel valued and are compensated fairly and equitably for their contributions.

As the City of Redmond looks ahead to ensure continued financial health and sustainability, it is essential that strategic goals are aligned with a robust, transparent, and forward-looking financial management approach. A cornerstone of the Long-Range Financial Strategy is the emphasis on routine, meaningful financial reporting that supports timely decision-making and operational accountability.

Routine financial reporting remains a critical tool in driving informed decision making, maintaining fiscal discipline, and fostering trust across stakeholders. To support this need, Redmond publishes its financial results each month on its website (www.redmond.gov/267/Financial-Reports), presents quarterly reports, and brings relevant information to the City Council as necessary. In addition, the City's financial condition is reflected in the City's [Annual Comprehensive Financial Report \(ACFR\)](#), also available on the website.

Strategy 4: Community-Informed Citywide Planning

Community input is foundational to the City's Long-Range Financial Strategy. Through robust engagement efforts, the City gathers input from residents, businesses, and stakeholders to help shape policies, priorities, and investments that reflect shared community values. This input is gathered and formalized through planning efforts such as the examples listed below. Together, these plans represent a broad, integrated vision for Redmond's future - grounded in community priorities and supported by clear goals and measurable outcomes.

- [Community Strategic Plan \(CSP\)](#)
- [Comprehensive Plan \(Redmond 2050\)](#)
- [Environmental Sustainability Action Plan \(ESAP\)](#)
- [Housing Action Plan](#)
- [Transportation Master Plan](#)
- City Department Functional Plans
- Other program and issue-specific strategies

To ensure inclusive and meaningful engagement, the City follows its adopted Community Engagement Guidelines, which emphasize equity, transparency, accessibility, and ongoing dialogue. These guidelines help ensure that all voices – especially those historically underrepresented – are considered in shaping the City’s direction. The input informs both the planning efforts, and the financial framework and choices required to implement it, ensuring that investments in citywide programs and infrastructure align with what matters most to the community.

The CSP and the Comprehensive Plan (Redmond 2050) serve as the City of Redmond’s primary planning documents, shaping both the community’s long-term vision and the City’s approach to delivery services and investments that reflect community priorities. Together, these plans define what the community values most and establish the framework for how those values are translated into actionable policies, programs, and projects.

Community Strategic Plan (CSP)

In 2019, the City developed the CSP to expand the planning framework and reinforce the deep commitment to inclusive, meaningful public involvement. The City utilizes the CSP to serve as a roadmap to guide future improvements and as a work plan. It is updated annually to incorporate evolving needs, refreshed community feedback, and updates on measurable progress. This approach ensures that the City’s vision remains connected to what matters most to the community.

The CSP outlines key initiatives developed in partnership with the community as follows, in alphabetical order:

TABLE 2 – CSP KEY INITIATIVES: COMMUNITY VISION & OBJECTIVES

CSP Initiative	Community Vision	Objective(s)
Respect, Equity, Diversity, Equity, and Inclusion (R.E.D.I.)	A Redmond in which all residents can fully and effectively access city services, influence city policy and direction, and feel a sense of belonging and safety.	Establish and support strategic practices that increase our City’s ability to provide excellent services, encourage cross-cultural interactions, and strengthen our relationship with our diverse communities.
Environmental Sustainability	A Redmond that creates a healthy, sustainable environment for all generations and conserves our natural resources, affords a high quality of life, and draws from scientific evidence-based data.	Achieve carbon neutrality in city operations by 2030 and citywide by 2050 and enhance the health and resilience of Redmond’s natural resources as outlined in the Environmental Sustainability Action Plan and City Council’s 2020 Climate Emergency Declaration .
Housing Choices	A Redmond that values, provides, and promotes livability and a variety of housing choices for all.	Increase the overall supply, variety, and affordability of housing to achieve desired livability and equity outcomes in Redmond as outlined in the Housing Action Plan .
Infrastructure	A Redmond that is connected, multi-modal, smart, green, and has high value for long-term infrastructure investments that support the future needs of Redmond.	Invest in infrastructure preservation and replacement across the City to maintain the current level of service and the reliability of capital assets and provide timely and cost-effective replacement.

		Continue investments in key opportunity projects that support economic and community vitality.
		Create a solid platform of internal technology systems that support city business more efficiently and provide improved customer experiences.
Public Safety	Protect all members of the community through preparedness, prevention, emergency response, mitigation, and recovery in an inclusive, equitable, compassionate, and timely manner.	<p>Better the health of our community by continuing to create a proactive plan to connect at-risk community members to resources that reduce call volume and continue to emphasize alternatives to incarceration.</p> <p>Implementation and enforcement of municipal fire and building codes to sustain prudent growth that protects the natural characteristic of the communities within Redmond.</p> <p>Ongoing investigation of community-driven safety concerns such as traffic volumes, high accident locations, bike lanes, crosswalks, and sidewalks to improve safety for pedestrians, bicyclists, and motorists.</p>

Comprehensive Plan (Redmond 2050)

The City’s work is not done in isolation. As defined by the State of Washington’s Growth Management Act (GMA)², cities are urban service providers responsible for planning for future population and job growth. Under GMA, core cities in King County, including Redmond, are expected to absorb 40% of the region’s increased population growth by 2050.

Of Redmond’s growth, 73% is slated to occur in the Downtown, Overlake, and Marymoor centers, with 78% of new jobs expected in these areas as well. The anticipated growth is part of a vision for diverse and complete neighborhoods and centers that are hubs of residential, commercial, and cultural activity. Through capital investments and thoughtful planning, the City is working to maintain the livability of neighborhoods while also supporting the growth in the urban centers that is projected to occur. The City’s Comprehensive Plan (Redmond 2050) was updated and adopted by City Council in 2024 to ensure the predicted growth is well planned for.

Looking ahead to 2050, Redmond community members foresee their community as one that is complete, offering a wide range of services, opportunities, and amenities. The community has successfully woven the small town feel of older, established neighborhoods with the energy and vitality of Redmond’s centers. The result is a place where people are friendly, often meet with others

² Chapter 36.70A RCW

they know, and feel comfortable and connected. It's a place where diversity and innovation are embraced, and collaborative action is taken to achieve community objectives. It's a place that is home to people from diverse backgrounds, which contributes to the richness of the City's culture.

The vision as described in Redmond 2050 states that Redmond's centers are hubs of residential, commercial, and cultural activity and that neighborhoods are more diverse and more complete. Downtown, Overlake, and Marymoor Village provide unique and desirable locations to support community life in Redmond. Light rail connects these centers, and they continue to grow with transit-oriented development.

- **Downtown**

Downtown is Redmond's civic heart. It remains an outstanding place to work, shop, live, and recreate and is a destination for many in Redmond and the region. A diversity of businesses, cultural organizations, residents, and visitors contribute to Downtown's vibrancy.

- **Overlake**

With the arrival of light rail and intentional planning for growth, Overlake has transformed into a regional hub for high technology research and development and intercultural experiences. Growth in jobs and residential population has come with critical urban amenities like parks, schools, cultural and civic spaces, and an urban tree canopy. New businesses have enriched Overlake while treasured local businesses have remained in the community using creative anti-displacement strategies.

- **Marymoor Village**

Marymoor Village is continuing to develop into a transit-oriented community with focus on inclusion. For example, public spaces have been developed to be comfortable for a neurodiverse community. New multifamily developments include units that exceed accessibility standards. Elements such as public art honor the special connection that local tribes have with Bear Creek, Lake Sammamish, and the lands surrounding them. Community members enjoy excellent access to Marymoor Park and to a light rail system connecting them to the region.

- **Neighborhoods**

Redmond's neighborhoods include an array of housing types and serve a variety of household types and sizes. Housing in Redmond's neighborhoods has diversified, with the majority of neighborhood infill development being multiplexes, townhomes, cottages, and other middle housing types. This has created ownership opportunities at a lower price point and allowed community members to stay in the City as their housing needs change over time. Neighborhoods are also more complete, with small-scale commercial uses serving local needs. Some of these uses have become neighborhood hangouts, complementing other neighborhood amenities like parks and schools. Community members enjoy meeting-up with each other in these complete neighborhoods, providing a sense of connection.

Strategy 5: Economic Development Strategic Plan

A healthy, resilient economy provides the revenue base necessary to fund public services, infrastructure, and strategic investments that enhance the quality of life in Redmond. The City's first [Economic Development Strategic Plan](#) was adopted by City Council in 2024 to support a diverse and growing economy that contributes to long-term fiscal sustainability.

As Redmond continues to grow, the Economic Development Strategy focuses on fostering innovation, supporting local businesses, attracting strategic industries, and maintaining a balanced mix of commercial, residential, and employment opportunities. These efforts will help expand the City's tax base while also influencing demand for services, transportation infrastructure, and workforce housing.

The foundational strategies were developed to help maintain and strengthen the economic environment and will evolve over time.

- **Regional Collaboration & Partnership:** Work with regional partners to align efforts, and leverage strengths and economies of scale in achieving aligned outcomes.
- **Communication & Storytelling:** Leverage citywide business engagement for relationship building and storytelling. Amplify a compelling narrative, including the economic impact and benefit for Redmond's economic development program through strategic communications.
- **Equitable Economic Mobility:** Support and engage in city efforts that foster equitable economic security and mobility.
- **Land Use:** Track and support the preservation and growth of needed business spaces in Redmond with particular attention to retail, manufacturing, and research and development spaces linked to key clusters in Redmond.
- **Transportation:** Encourage multimodal transportation infrastructure improvements that support employee travel and foster business development and expansion, and support business districts.
- **Housing:** Monitor and support policies that contribute to housing affordability and supply for workers at all skills and income levels to increase the workforce both living and working in Redmond.
- **Livability:** Support investment in quality-of-life amenities to attract and retain businesses and a diverse workforce.
- **Sustainability:** Embed the City's sustainability goals within economic development business outreach and programming.

The strategy is closely aligned with the City's land use planning and infrastructure investment priorities, as outlined in the [Redmond 2050](#), [Transportation Master Plan](#), and [Housing Action Plan](#). It also reflects input gathered through community engagement and is guided by the CSP. By

coordinating economic development with capital planning, the City can make targeted investments that support sustainable growth, enhance community prosperity, and reduce long-term financial risks.

In addition, the City is committed to ensuring that the benefits of economic growth are shared equitably across the community. This includes supporting inclusive entrepreneurship, advancing workforce development initiatives, and promoting equitable access to economic opportunities for all residents. Through this strategic approach, economic development becomes not only a tool for revenue growth but also a lever for achieving broader community outcomes.

Strategy 6: The Capital Investment Strategy (CIS)

Among the most significant decisions the City makes are those related to public infrastructure investments. While the City delivers a wide range of services and programs, it also owns and operates essential infrastructure that supports daily life – such as parks and recreation centers, transportation systems (roads, sidewalks, trails and bikeways), utilities (water, wastewater and stormwater systems), technology infrastructure, and other critical facilities. These assets require not only careful planning and construction but also ongoing maintenance and eventual replacement to preserve their value, safety, and effectiveness over time.

The City's infrastructure investments, called for in [Redmond 2050](#), reinforce livability in the urban centers of Downtown and Overlake, as the primary growth areas while preserving and enhancing residential neighborhoods. In 2050, Redmond's infrastructure and services will meet the needs of a growing population and promote a safe, equitable, and sustainable community. Proper planning will also protect and enhance the City's natural environment and resources, with its parks becoming known regionally for attractive and well-maintained facilities.

Within the context of the Comprehensive Plan are a series of functional area plans which provide technical assessments and projections for specific service areas. The plans analyze existing conditions, forecast future growth and infrastructure demand, identify service level targets, and estimate the financial resources required to meet those needs. Once reviewed and adopted by City Council, they become essential tools for guiding the City's capital improvement planning and Long-Range Financial Strategy, so the City remains responsive to community needs while maintaining fiscal sustainability.

In 2015, it was determined that the City's adopted Vision Blueprint: Redmond's Capital Investment Strategy (CIS) could provide the alignment needed for the Capital Investment Program (CIP) and the budget process. The CIS looks at near-term investments that cover the same six-year timeframe as the City's CIP and provides a mid and long-term outlook into Redmond's capital needs to advance the City vision.

The goal of the CIS is to provide a framework that aligns the City's capital investments with Redmond's 2050 and spans four investment types including: preservation and maintenance; resolution of existing deficiencies; keeping up with growth; and enhancing community character. To establish a method for project prioritization, thematic strategies that focus on the key desired outcomes of capital investments are used and they are as follows:

- Invest in infrastructure preservation and replacement
- Ensure reliable and resilient facilities and infrastructure
- Invest in centers and high-density areas
- Invest in neighborhoods
- Invest in the natural environment
- Invest in economic and community vitality through collaboration
- Integrate diversity/equity/inclusion and environmental sustainability

Underlying the CIS process are the following principles:

- Develop and implement a six-year CIP that results from proactive project prioritization and alignment of delivery commitments with our funding and resource capacity.
- Provide good stewardship of existing city infrastructure to ensure that these assets are well-maintained and reliable.
- Use functional plans and Redmond’s CIS as the primary source of planned capital investments.
- Continue to strategically leverage funds and capital investment opportunities working in partnership with other agencies and the private sector when consistent with the capital investment priorities of the City.
- Develop innovative strategies to fund infrastructure and strategically use all available resources.
- Maintain an impact fee system to ensure that growth pays a proportionate share of the cost of capital facilities related to new development.

The near-term investments identified in the CIS are used to develop the City’s 6-year (CIP) that is adopted with the biennial budget.

Strategy 7: Business Technology Investment Strategy

The City established a Business Technology Investment Program (BTIP) in 2020 to identify technology projects that represent a short and mid-term plan for technology implementations to fully support the City’s strategic goals.

Due to the rapid rate of technological advancements, BTIP projects scheduled in the near-term are planned to a greater level of granularity than projects scheduled to begin in four to six years. The BTIP supports objectives as defined in the City of Redmond CIP to:

- Provide a solid platform of internal systems that support and directly align with city business.
- Modernize key business applications and external facing systems to achieve operational efficiency.
- Improve and adhere to up-to-date cybersecurity standards.
- Partner with the Public Works and Planning departments to drive a Smart City strategy.
- Implement a standard approach to program, project, and portfolio management methodologies throughout the City.
- Improve customer and employee experience through user-friendly, accessible, and efficient digital tools.
- Enable interdepartmental collaboration through shared platforms and standardized processes.

Over the long term, the BTIP will evolve from a near-term project portfolio into a strategic framework that guides how the City invests in, manages, and sustains its digital infrastructure. The long-term vision focuses on integrating technology planning with the City's broader capital and financial strategies, ensuring that technology remains a foundational enabler of Redmond's 2050 vision.

Key elements of the long-term vision include:

- Align BTIP with the CIS to plan technology investments.
- Advance Smart City initiatives that use data, automation, and sensors to improve efficiency and community outcomes.
- Use technology to support environmental sustainability and efficient resource management.
- Foster innovation and flexibility so the City can quickly adapt to new technologies and community needs.
- Strengthen data security, privacy, and resilience to protect City systems and maintain public trust in digital services.

Strategy 8: Community-Based Budgeting

The community-based budgeting approach used by the City ensures that the input provided by the community through engagement in citywide planning initiatives is used to help establish programs, set service levels and allocate public resources to meet community needs. The funded programs and services should be of value to the community and align with the community's desired outcomes. Redmond is a diverse community that may not always agree on the appropriate services to be provided. Therefore, the City strives to find the right mix of services that address most of the community's interests.

Redmond's budget process is grounded in the following strategic goals:

- Align resources with community priorities and desired outcomes
- Engage the community in a transparent, inclusive budget process
- Measure progress toward defined outcomes
- Get the best value for each tax dollar
- Build regional cooperation and partnerships
- Foster a welcoming culture of superior customer service
- Enhance and facilitate accountability, continuous learning, innovation, and process improvements across all programs
- Proactively protect and maintain city resources and assets
- Ensure regulatory, legal, and policy compliance
- Ensure pay equity across all departments
- Support long-term financial sustainability and alignment with Redmond 2050

Redmond's community-based budget process emphasizes value by focusing not only on how much is being spent, but also what is being delivered. The process promotes a citywide perspective in budget development, encouraging the City to look beyond individual departments, programs, and services to consider the needs of the whole community. It challenges staff to view the budget from a community perspective, fostering a broader understanding of the impact of financial decisions. The

increased level of financial awareness helps ensure community resources are used thoughtfully, responsibly, and in alignment with shared priorities.

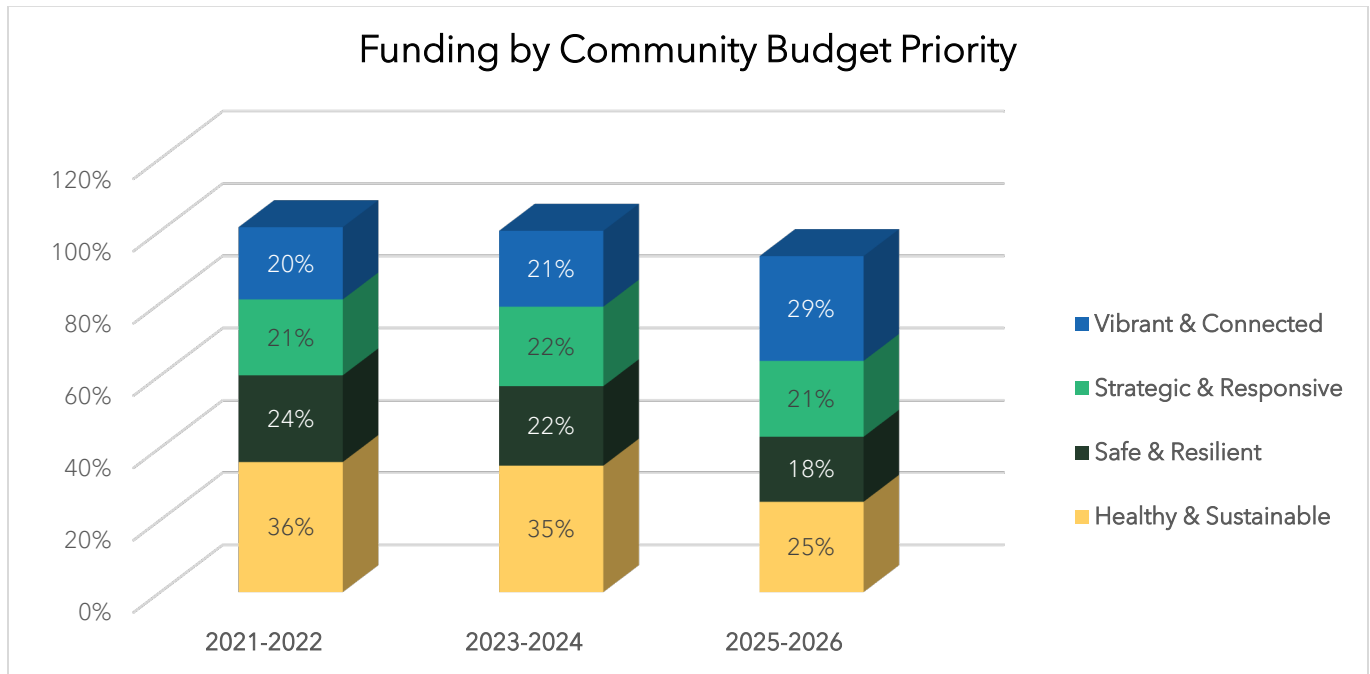
Community input is essential to understanding the budget priorities and outcomes expected from the City. The City works to facilitate strong feedback from the community in a variety of forms as the basis for its spending choices. Each biennial budget cycle, the priorities and desired outcomes are validated. The input received from the community is one tool that the City uses to adapt to evolving needs. The current community budget priorities and desired outcomes are provided in the table below.

TABLE 3 - CURRENT COMMUNITY BUDGET PRIORITIES

Budget Priority	Healthy and Sustainable	Safe and Resilient	Strategic and Responsive	Vibrant and Connected
Community Value	We value a healthy environment that supports an active community	We value a thriving community where all people feel safe	We value a city that is welcoming, service oriented and fiscally responsible	We value a well-planned and supported community that provides a sense of place
Outcomes	Environmental preservation responsibly balanced with growth	Effective emergency prevention strategies	Fiscally responsible organization	A transportation system that supports multi-modal movement of people and goods
	Climate actions goals achieved through green practices and policies	Well-executed emergency responses	Welcoming, innovating and continuous learning culture	City services and programs that enhance quality of life and community prosperity
	Place and program that support an active and involved community	Comprehensive investigations that provide appropriate resolutions	Leadership that aligns community needs with strategic planning and City operations	City services and future growth facilitated by high-quality public infrastructure and facilities

The Community Results Team (CRT) represents an additional key tool used in the community-based budgeting framework. The team was established to deepen community engagement in the City's budget process and provide the City with additional input on important budget decisions. The CRT provides a bridge between city decision-makers and the broader community, ensuring that budget decisions are grounded in both data and shared community values.

Team members are selected through an equitable process to review budget plans and provide feedback on the alignment with community values and long-term goals. The CRT assignment evolves from one budget cycle to the next and the budget plans reviewed varies depending on the highest priority challenges or needs. Over time, the CRT has become a cornerstone of community engagement, ensuring that fiscal decisions are informed by community perspectives and community members have a meaningful role in determining how public funds are allocated. The teams input assists in validating that the right level of investment is made toward each of the communities four budget priorities.



At the conclusion of each budget cycle, the City assesses the budget process with input from all participants in the process. The feedback is used to identify opportunities for improvement and guide future refinements. The process is intentionally designed to evolve in response to community needs and to promote more effective engagements, transparency, and results.

Strategy 9: Fiscal Resilience and Reserve Management

Maintaining strong financial reserves is a pillar of the City of Redmond’s long-term fiscal sustainability. Adequate reserves allow the City to withstand economic downturns, natural disasters, or unforeseen revenue disruptions while continuing to provide essential services without interruption. They also ensure Redmond can respond strategically to emerging opportunities or challenges – such as capital investments, emergencies, or policy shifts – without compromising financial stability.

Redmond’s reserve management practices are guided by deliberately conservative fiscal policies that align with best practices established by the Government Finance Officers Association (GFOA)³. These policies are reviewed and updated each budget cycle to ensure they remain relevant and responsive to changing conditions. In recent years, the City has prudently increased its reserve targets to reflect evolving economic risks, service expectations, and long-term needs.

The strength of Redmond’s reserves directly contributes to the City’s AAA bond rating, the highest rating awarded by credit agencies. This distinction reflects the City’s proven record of fiscal discipline, predictable financial management, and forward-looking planning. Having a AAA rating provides significant financial benefits - reducing borrowing costs for capital projects, increasing investor confidence, and preserving flexibility to fund major infrastructure or community investments when needed.

The prudent financial objectives, as listed below, ensure that Redmond remains well-positioned to deliver stable, high-quality services through all economic cycles while safeguarding the community’s long-term financial well-being.

Strategic Reserve Management Objectives:

- **Ensure Long-Term Fiscal Resilience**
 - Maintain reserve levels that support Redmond’s AAA bond rating.
 - Align reserves with long-range financial planning assumptions.
- **Support Operational Stability**
 - Use reserves to buffer short-term economic fluctuations without compromising core service delivery.
 - Limit structural reliance of reserves to one-time, strategic uses only.
- **Promote Transparency and Accountability**
 - Set clear policies and thresholds for reserve targets and replenishments.
 - Report reserve balances and usage plans as part of the budget process.

Strategy 10: Performance Management

Since adopting the Long-Range Financial Strategy, the City of Redmond has made significant progress in strengthening and modernizing its performance management practices. Departments no longer operate in isolation; instead, the City now evaluates results using community-centered metrics tied to citywide programs. A Performance Indicator Dashboard is used to communicate progress through the budget process.

³ Appropriate Level of Unrestricted Fund Balance in the General Fund - Best Practice, approved by GFOA’s Executive Board: September 2015

However, performance management is not limited to the budget process. While budget and financial planning define resource parameters, performance measurement must operate independently from the budget process to assess the true impact and value of city services. This separation ensures that service value is measured based on outcomes, not just funding levels – enabling continuous learning, accountability, and strategic improvement.

Across the organization, performance data increasingly informs decision-making, supports analytical tools and development of strategic dashboards, and drives routine performance reviews cycles. This reflects a growing cultural shift toward adaptive governance, where decisions are guided by evidence, not just tradition or availability of funds. Redmond systematically analyzes performance data to evaluate service value and adjusts when necessary. Performance measures are used to demonstrate how programs are advancing community-informed outcomes, and all assessments are framed through a triple bottom line lens – balancing social, environmental, and economic impacts – ensuring a holistic alignment with community values.

The City continues to refine this framework by:

- Aligning measures with strategic goals
- Embedding respect, equity, diversity, and inclusion in assessment criteria
- Improving transparency and public accountability through data

Building on efforts to enhance financial reporting, the City is developing a comprehensive Performance Report. The new tool will go beyond budget tracking to include key performance metrics and progress updates, enabling a deeper understanding of how resources are being used in alignment with community priorities. The report will support continuous improvement by linking budget performance to program outcomes and long-term objectives.

The successful implementation of Microsoft Dynamics 365 (D365) has been pivotal in transforming the City's financial infrastructure. With D365, the City has modernized its core financial system, improved data collection and accuracy, and streamlined key processes such as budgeting, procurement, and reporting. The platform's integrated architecture enables more timely and reliable financial data, positioning the City for greater agility and transparency.

Most significantly, D365 lays the foundation for the development of a future Financial Dashboard – a dynamic, real-time reporting interface that will provide up-to-date financial performance indicators coupled with program performance data. Together, these initiatives represent a continued strategic shift toward more data-driven, transparent, and performance oriented financial planning. As the build out of these tools and capabilities continues, focus will remain on ensuring financial stewardship that supports both operational excellence and long-term organizational sustainability.

As Redmond looks ahead, its evolving performance management approach – distinct from but aligned with budgeting – will remain essential to ensuring the City delivers meaningful, measurable results that matter to the community.

Appendices

[Appendix A: Fiscal Policies](#)

[Appendix B: Community Investment Rate Calculation](#)

[Appendix C: Biennial Budget Process](#)

[Appendix D: City Operating Revenues](#)

[Appendix E: City Capital Investment Revenues](#)

[Appendix F: Other Available Revenues](#)

[Appendix G: Current Rates/Fees](#)

[Appendix H: History of the Long-Range Financial Strategy](#)

Appendix A: Fiscal policies

As described above, the adoption of fiscal policies is a best practice recommended by the GFOA. The GFOA recommends that the policies include the following topics:

1. **General fund reserves.** Policies governing the number of resources to be held in reserve and conditions under which reserves can be used.
2. **Reserves in other funds.** Policies for other funds (especially enterprise funds) that serve a similar purpose to general fund reserve policies.
3. **Grants.** Policies that deal with the administration and grants process.
4. **Debt.** Policies that govern the use of government debt, including permissible debt instruments, conditions under which debt may be used, allowable levels of debt, and compliance with continuing disclosure requirements.
5. **Investment.** Policies that provide guidance on the investment of public funds, including permissible investment instruments, standards of care for invested funds, and the role of staff and professional advisors in the investment program.
6. **Accounting and financial reporting.** Policies that establish and guide the use of an audit committee, endorse key accounting principles, and that ensure external audits are properly performed.
7. **Risk management and internal controls.** Policies that address traditional views of risk management and internal controls as well as more modern concepts of enterprise risk management.
8. **Procurement.** Policies that are most essential for adoption by the governing board to encourage efficient, effective, and fair public procurement.
9. **Long-term financial planning.** A policy that commits the organization to taking a long-term approach to financial health.
10. **Structurally balanced budget.** Policies that offer a distinction between satisfying the statutory definition and achieving a true structurally balanced budget.
11. **Capital.** Policies that cover the lifecycle of capital assets, including capital improvement planning, capital budgeting, project management, and asset maintenance.
12. **Revenues.** Policy guidance through the designing of efficient and effective revenue systems that guarantee the generation of adequate public resources to meet expenditure obligations.
13. **Expenditures.** Policies addressing a range of issues around how the money is expended, including personnel, outsourcing, and funding long-term liabilities.
14. **Operating budget.** Policies that describe the essential features of the budget development process as well as principles that guide budgetary decision making.

The City will review its fiscal policies during each biennial budget cycle. This review will start with a staff review, followed by a review by the designated City Council Committee (currently the Finance, Administration and Communications [FAC] Committee of the Whole) and, if changes are proposed by the FAC Committee of the Whole, the full City Council.

Appendix B: Community Investment Rate Calculation

The community investment rate is the total city resources divided by community income.

Explanation of Key Calculations

- Taxes account for approximately 40% of total city revenues. This includes not only property tax and sales taxes but also real estate excise tax, special lodging tax, admission tax, utility tax, gambling tax, and leasehold tax.
- Permits and Licenses generate revenue from regulatory activities.
 - Permits apply mainly to development activities, covering plan reviews, inspections, and related services, while licenses apply to business operations and other locally regulated activities.
- User Charges are the fees paid directly by individuals or businesses that benefit from specific city services. They reflect the cost of providing utilities (water, wastewater, and stormwater), recreation programs, development services, and other fee-based activities.
- Intergovernmental Revenues consist of capital grants and payments received from other governments for services provided or shared responsibilities.
- The Community Investment Rate is calculated by dividing total city revenues by community income.
 - Community income is estimated by multiplying Redmond population by per-capita income. (Per-Capita Income data is sourced from the American Community Survey, conducted by the U.S Census Bureau)
- Forecasts for future years are based on a combination of:
 - Washington State Economic and Revenue Forecast Council
 - United State Census Bureau
 - United State of Labor Statistics
 - City’s long-range financial forecast
 - Other city internal financial forecasts

TABLE 4 - THE 2024 COMMUNITY INVESTMENT RATE CALCULATION

Calculation Components	2024
Total City Revenue	\$297,988,165
(less) Capital Contributions and Debt Proceeds	\$(14,544,713)
Subtotal	\$283,443,451
Redmond Community Income	
Per Capita Income (CPI-W Increase)	\$74,998
Population (1% Increase)	80,280
Total Community Income	\$6,020,816,372
Community Investment Rate (Total City Revenue)	4.95%
Community Investment Rate (Total City Revenue Less Capital Contributions and Debt Proceeds)	4.71%

Appendix C: Biennial Budget Process

The City of Redmond follows a community-based budgeting process that encompasses not only day-to-day city operations, but also capital and technology investments. This approach ensures that all financial resources are directed toward services, programs, and projects that reflect with community priorities.

Primary elements of the budget process, presented in general chronological order, form the foundation of Redmond's budget development process:

1. **Budget Calendar Development and Approval**
 - The Mayor proposes a budget development calendar for City Council review and approval no later than the first regular City Council business meeting in April of each budget year.
2. **Initial Community Input**
 - A statistically valid community survey is conducted to gather feedback and service priorities.
 - The [Community Strategic Plan](#) is reviewed to understand resource needs.
 - Capital Investment Projects are prioritized by community-informed criteria.
 - Budgeting for Equity input is used to inform strategies for the budget process.
 - Additional input may be collected through neighborhood meetings, focus groups, online Feedback, and other outreach efforts.
3. **Planning Retreats and Policy Guidance**
 - Administrative and/or City Council budget planning retreats define budget process priorities and policy direction.
 - City Council provides input on resource allocation and areas of emphasis.
 - The Long-Range Financial Strategy and Fiscal Policies are reviewed and updated.
 - Budget training, instructions, and parameters are communicated to staff.
4. **Formation of Staff and Community Results Teams**
 - Results Teams are appointed to provide guidance and develop recommendations around community priorities.
5. **Departmental Budget Presentations**
 - Department directors present an overview of their department functions, baseline budget services, performance metrics, and budget challenges.
6. **Review of Capital Investment and Business Technology Investment Programs (CIP/BTIP)**
 - Capital and technology investment plans are updated and presented to City Council.
 - A public hearing is held to gather feedback on the CIP and BTIP.
7. **Development of Budget Plans**
 - **Baseline Budget Plans** include existing programs at current service levels.
 - **Service Enhancement Plans** propose new ongoing or one-time programs, projects or expanded services.
 - **Service Reduction Plans** propose ongoing program or service reductions.

8. Revenue Forecast Presentation

- A current revenue forecast is developed and presented
- A public hearing on revenue forecast. ([RCW 84.55.120](#))

9. Preliminary Budget Finalization

- The Mayor and Directors Team incorporate Results Team input to finalize the Preliminary Budget.

10. Preliminary Budget Presentation

- City Council conducts study sessions to review and recommend changes.
- A public hearing on the Preliminary Budget is held ([RCW 35A.34.090](#)).
- City Council input is tracked in a working matrix for transparency and documentation.

11. City Council Final Study Session(s)

- Final review and discussion sessions are conducted.
- A public hearing on the final biennial budget is held ([RCW 35A.34.110](#)).

12. Budget Adoption

- City Council formally adopts the Biennial Budget.
- All public and City Council comments are documented in the Budget Adoption Packet.

13. Budget Implementation

- Upon adoption, departments begin execution of the budget in alignment with City Council direction and community input.

Appendix D: City Operating Revenues

(Alphabetical Order)

Business License Fee - Generated from commercial businesses operating within the City to ensure compliance with local regulations as authorized under RCW 35A.82.020 and RCW 35.90.

- Under RMC 5.04.080, the annual license fee is calculated by multiplying employee hours (or full-time equivalent units) by the current rate.
- Each license includes a base fee used for general city operations and a transportation surcharge restricted to planning, construction, operation and maintenance of transportation improvements that benefit the business community and for transportation demand management programs.
- Rates are adjusted annually for inflation and approved by City Council through the budget process.

Development User Fees - Generated from activities associated with property development as authorized under RCW 82.02.020.

- Calculated on cost-of-service principles and adjusted annually for inflation.
- Earmarked for specific development services.
- Updated every 5 years through cost-of-service study.
- Fees approved by City Council upon completion of cost-of-service study or through the budget process.

Grants - Funds awarded to the City by federal, state, regional, or private entities to support specific projects, programs, or initiatives in alignment with grantor requirements and City priorities as authorized under RCW 35.21.120 and RCW 35A.11.010.

- Awarded through competitive for formula-based application processes administered by agencies such as the Department of Transportation, Washington State Recreation and Conservation Office, Department of Ecology, and others.
- Restricted in accordance with terms, conditions, and scope defined in the grant agreement.
- Accepted by City Council as part of the budget process or when awarded.

Intergovernmental Revenues - Taxes collected by Washington State and distributed to cities based on formulas set in law.

- Include the Motor Vehicle Fuel Tax, Criminal Justice Special Programs allocation, Liquor Excise Tax, and Cannabis Excise Tax.
- Each source carries specific state or program restrictions for how they are spent.
- Most distributions are determined by population or state formulas beyond the City's control.

King County Emergency Medical Services (EMS) - Reimbursements from King County generated from a 6-year property tax levy.

- Levy distributions to each city are calculated annually and reimbursed upon expenditure, but levy amount must be approved by voters every 6 years.
- Restricted to Advanced Life Support (ALS) or paramedic programs, Mobile Integrated Healthcare (MIH), partial funding to Basic Life Support (BLS, or first responders), and other programs that support the functions and direct services of Medic One and EMS systems.

King County EMS Transport Fees - Collected from health insurance providers to recover the costs of providing Basic Life Support (BLS) transport services as authorized under RMC 3.88.

- Calculated on cost-of-service principles and adjusted annually for inflation.
- Restricted to EMS-related purposes.
- Updated every 5 years through cost-of-service study.

King County Fire District 34 - Collected to recover the costs of providing fire services to authorized per contract with King County Fire District 34.

- Contract amount updated annually by calculating the district's allocation of Redmond Fire Department's budgeted expenditures and updating credits provided for the EMS Levy, EMS Transport Fees and Ground Emergency Medical Transportation (GEMT) revenues.
- Restricted to the services provided.
- Contract must be approved by King County Fire District 34 Board of Commissioners annually.

Other Revenue - Diverse category of smaller revenue sources from city operations, including internal charges and external fees.

- Includes franchise fees, court fines, investment income, rentals, and internal service charges.
- Usage varies from restricted to unrestricted, depending on the source, contract, or policy.
- Supports general city operations or internal cost recovery.

Parks and Recreation User Fees - Collected from individuals or groups who use city-managed parks, recreation facilities, and participate in city-run programs or events as authorized under RCW 35.21.020

- Calculated on cost-of-services principles; adjusted annually for inflation.
- Restricted for use within the parks and recreation system.
- Updated every five years through cost-of-service study.
- Fees approved by City Council upon completion of cost-of-service study or through the budget process.

Property Tax - Levied on assessed property value as authorized under RCW 84.55.

- City Council Authority
 - Capped annual growth (1% + new construction/annexations).
 - Used for general city operations.
 - Approved annually by City Council.
- Voted
 - Includes parks and public safety levy lid lifts.
 - Restricted to parks maintenance and public safety staffing.
 - Requires voter approval.

Sales & Use Taxes - Consumption based tax collected on retail sales and leases within the City as authorized under RCW 82.08 (sales tax) and RCW 82.12 (use tax).

- The City collects a share of the total sales tax rate, which in 2025 is part of a 10.30% combined rate.
- Most revenue comes from the basic 0.5% and optional 0.5% city-imposed sales taxes, the City retains 0.85% and 0.15% is distributed to King County.
- Used for general city operations.
- City imposes an additional 0.1% Transportation Benefit District sales tax used to fund street maintenance and transportation improvements in the Capital Investment Program. RCW 36.73.
- City receives an affordable housing sales tax credit of 0.0073% used to fund capital investments related to affordable housing. RCW 82.14.540.
- King County levies a 0.1% criminal justice sales tax, a portion of which is shared with the City.
- The additional sales taxes are restricted.

Solid Waste Collection Compensation - Generated from an administration fee charged to the City's Solid Waste hauler to offset the cost of program administration as authorized under RCW 35.21.120.

- The collection compensation rate is calculated based on a percentage of gross revenues earned by the hauler and updated annually for inflation.
- Used to administer the Solid Waste program.
- Rate is approved by City Council through contract approval.

Special Lodging Tax - Imposed on short-term stays at hotels, motels, and similar accommodations, as authorized under RCW 67.28.

- The current tax rate is 1%.
- The revenue is dedicated to tourism promotion and the development or operation of tourism-related facilities.
- Guided by the Lodging Tax Advisory Committee (LTAC).

Utility Rates - Fee paid by utility customers to fund infrastructure, operations, and maintenance of water, wastewater, and stormwater systems as authorized under RCW 35A.80.010.

- Fully restricted to supporting the needs of the City's utility systems.
- Calculated on cost-of services principles; adjusted for inflation through the rate setting process.
- The City conducts regular utility rate studies in conjunction with the biennial budget process to evaluate system performance, funding needs, and rate equity.

Utility Taxes - Imposed on utility service providers to generate revenue that supports general municipal services as authorized under RCW 82.16.020.

- Includes electric, gas, cable, telecommunications, and city-operated utilities (water, wastewater, stormwater).
- Taxes are calculated as a percentage of gross utility revenues and remitted by the utility providers.
- Under state law, utility taxes for electric, gas, cable, garbage collection, and telecommunications are capped at 6%.

Appendix E: City Capital Investment Revenues

(Alphabetical Order)

Business License Transportation Surcharge - Tax collected to fund transportation investment that benefit the business community as authorized under RCM 5.04.080.

- Collected through the Business License Fee rather than treated as a separate levy.
- Restricted to planning, construction, operation and maintenance of transportation improvements that benefit the business community and for transportation demand management programs.

Capital Facility Charges (CFCs) - One-time charges on new development designed to ensure that growth contributes equitably toward the infrastructure required to serve it as authorized under RCW 35.92.025.

- Redmond imposes capital facility charges for water, wastewater, and stormwater utilities.
- Each governed by its own methodology.
- Restricted to capital purposes and cannot be used for operations or maintenance.
- Calculated based on the value of utility system assets, planned capital investments, and available capacity within each utility system.

Community Facilities District - Special purpose district formed to provide financing options for community facility infrastructure improvements due to growth as authorized under RCW 36.145.

- Community Facilities District 2016-01 established in partnership with the Microsoft Corporation to fund multimodal, intersection, and signal expenses.
- Governed by a board of three members of City Council and two representatives nominated by the Microsoft Corporation.
- Funding provided by Microsoft is contingent on the City completing agreed upon projects.

Depreciation Transfers - Utility rate funded transfers intended to fund depreciation of capitalized assets and future asset replacement and major repairs.

- Transfers are funded for City water, wastewater, stormwater, and Novelty Hill water and wastewater utilities.
- Calculated based on the capitalizable assets recognized in each utility each year, minus long-term debt principal payments, if applicable.
- The intent of this transfer is to allow the Capital Utility funds to plan and pay for infrastructure and asset replacement and repair.

General Fund – 5% Transfer - A transfer from the General Fund to provide consistent support for the City's Capital Investment Program.

- An annual transfer of five percent of discretionary general fund revenues is directed towards the General Government CIP funds.
- Used for Parks, Transportation, or General Government/Facilities projects.

General Fund – Pavement Management Transfer - A transfer from the General Fund to provide consistent support for the pavement management program.

- An annual transfer of \$300,000 of discretionary general fund revenues.
- Restricted for pavement management projects.

Impact Fees - One-time charges on new development designed to ensure that growth contributes equitably toward the public facilities and infrastructure needed to serve it as authorized under RCW 82.02.

- Redmond imposes impact fees for fire, parks, and transportation.
- Each governed by its own methodology and spending restrictions.
- May be used only for system improvements identified in the City's Capital Facilities Plan (CFP) and cannot fund operations and maintenance.
- Fee levels are established based on the cost of new or expanded facilities required by development, adjusted for existing capacity, prior developer contributions, and other available funding sources.

Keller Farm Wetland Bank - Generated from sales of credits for compensatory mitigation of unavoidable impacts to wetlands associated with new developments.

- Sales brokered through Habitat Bank via consulting services agreement.
- Revenue includes 20% of the gross revenue received from each credit Habitat Bank sells until the City is fully reimbursed the \$2,520,000 purchase price it paid for the Keller Farm property.
- Subsequently, the City will receive 10% of the gross revenue from each credit sale for the remaining term of the agreement (2028), or until all credits are sold, whichever occurs sooner.
- Funds are to be used for Stormwater CIP projects.
- Credit sales and rates will be managed by Habitat Bank via the Certified Wetland Mitigation Bank.
- Fees approved by City Council through the contract agreement with Habitat Bank.

King County Parks Levy - Generated from a King County Property Tax levy to support local parks and trails.

- The King County Parks Levy is a 6-year, voter-approved property tax which has been in effect since 2008.
- Starting 2026, the levy rate will be \$0.2329 per \$1,000 of assessed value, with annual increases for inflation thereafter.
- The levy funds are to be used for Parks capital investment projects.

Motor Vehicle Excise Tax (MVET) - Distributed to cities by the State of Washington based on population as authorized under RCW 46.68.090.

- Allocated 32% to the Transportation Capital Investment Program (CIP).

Municipal Debt - Financial tool used to finance major capital investments that provide long-term community benefit as authorized under (RCW 39.36).

- Redmond utilizes a mix of Limited Tax General Obligation (LTGO) bonds, Utility Revenue bonds, and lease-purchase financing when appropriate.
- Debt issuance is carefully evaluated to ensure affordability, necessity, and alignment with long-term financial and capital plans, with repayment structured to match the useful life of the financed asset.

Real Estate Excise Tax - State-authorized tax on the sale of real property as authorized under RCW 82.45 and RCW 82.46.

- Revenues shared between the state and local governments.
- City collects REET 1 and REET 2, both of which are restricted for specific capital purposes under RCW 82.46.
- The City cannot adjust REET rates but may choose whether to impose them.

Sales Tax - Affordable Housing Tax Credit - Remitted to the City by King County as established by House Bill 1406 and authorized under RCW 82.14.540.

- Receive a credit of 0.0073% against the state sales tax to support affordable housing initiatives.
- Used for investments in affordable housing.

Sales Tax - Sales Tax on Construction - Represents the portion of sales tax revenue generated from construction-related goods and services used within the City.

- Revenues fluctuate with the pace of local development and the City considers them as one-time.
- Transferred from the General Fund to the capital funds during the budget process.
- The City does not have authority to impose its own construction sales tax beyond what is authorized by the State of Washington, and opportunities to adopt new local sales taxes are limited.

Sales Tax - Transportation Benefit District (TBD) - Additional City Council approved sales tax dedicated to funding transportation improvements as authorized under RCW 36.73.

- Sales tax rate is a 0.1%.
- Supports wide range of capital transportation purposes pavement management, pedestrian and bicycle infrastructure, traffic safety improvements, and transportation demand management projects.
- City is authorized to levy the tax for up to 10 years, or longer if pledged for debt repayment, after which it may be renewed indefinitely with voter approval.

Appendix F: Other Available Revenues

Business & Occupation Tax - Gross Receipts Tax

Taxes on businesses, which are typically levied as a percentage of the businesses' gross receipts, less some deductions. This is an unrestricted funding source and can be used for any lawful governmental purpose. The City currently collects a business license fee and surcharge in lieu of the Business & Occupation tax. The City can impose a B&O tax at any rate up to .02% without voter approval and can go above the statutory limit with voter approval. Business & Occupation tax can be riskier than the fee and surcharge as these taxes are subject to initiative/referendum, whether a jurisdiction has adopted those powers.

Property Tax - Affordable Housing Levy

Voted property tax levies are generally described in appendix D. The affordable housing levy is a voted property tax levy. This revenue can be used to finance affordable housing for very low-income households, home ownership, owner-occupied home repair, and foreclosure prevention programs. The City may levy up to \$0.50 per \$1,000 of assessed valuation. A state of emergency declaration around affordable housing is required to levy this tax. The levy may be imposed each year up to 10 consecutive years and requires voter approval.

Appendix G: Current Rates/Fees

TABLE 5 - CURRENT RATES/FEEES

Revenue Source	Current Rate	Authority Limit	Indexed?	Decision Maker	Volatility Rating
Property Tax	\$0.83/\$1,000 of AV	1% year	No	City Council	Low
"Multi-Year Bump" Levy Lid Lift (can exceed 1% limitation for up to 6 consecutive years)	0	\$3.10 / \$1,000	Yes	Voters	Low
"Single Year Bump" Levy Lid Lift (can exceed 1% limitation in first year of levy only)	0	\$3.10 / \$1,000	No	Voters	Low
Utility Tax (Electric, Gas, Telephone, Cable) ⁴	6%	6%	No	City Council	Medium
Utility Tax (City Utilities) ⁵	1%	None	No	City Council	Low
Sales Tax	1%	1%	No	City Council	High
Restricted Local Sales Tax	0.1%	0.1%-0.3%	No	Voters	High
Gross Receipts (B&O)	0%	0.2%	Yes	City Council	Medium
Business License Fee ⁶	\$66.00	None	Yes	City Council	Medium
Business Transportation Tax ⁷	\$87.00	None	Yes	City Council	Medium
Development Review Fees	Full Cost Recovery	None	Yes	City Council	High
Recreation Fees	Direct Cost Recovery	None	Yes	City Council	Medium

⁴ See table 6

⁵ See table 6

⁶ See table 7

⁷ See table 8

TABLE 6 - HISTORY OF UTILITY TAX RATE CHANGES OVER THE PAST TWENTY YEARS

When	Purpose	Service	Rate
2025 (ord. 3195)	General Government Public Safety Purposes	Stormwater	1%
2025 (ord. 3195)	General Government Public Safety Purposes	Wastewater	1%
2025 (ord. 3195)	General Government Public Safety Purposes	Water	1%
2018 (ord. 2942)	Cable Services	Cable	6%
2014 (ord. 2769)	Cable Services	Cable	3%
2014 (ord. 2716)	Fire Suppression Services	Water	0%
2013 (ord. 2673)	Fire Suppression Services	Water	8.53%
2010 (ord. 2545)	Fire Suppression Services	Water	9.23%
2006 (ord. 2281)	General Government Purposes	Elec. Tele. Nat. Gas	6.0% (was 5.8%)
2004 (ord. 2239)	General Government Purposes	Elec. Tele. Nat. Gas	5.8% (was 5.5%)
1996 (ord. 1923)	General Government Purposes	Elec. Tele. Nat. Gas	5.5% (was 4.5%)
1995 (ord. 1867)	General Government Purposes	Elec. Tele. Nat. Gas	4.5% (was 5.5%)

TABLE 7 - HISTORY OF BUSINESS LICENSE FEE CHANGES OVER THE PAST TEN YEARS

When	Purpose	Rate
2026 (forecast)	General Government Purposes	\$69.00
2025 (ord. 3192)	General Government Purposes	\$66.00
2024 (ord. 3131)	General Government Purposes	\$60.00
2023 (ord. 3107)	General Government Purposes	\$56.00
2022 (ord. 3025)	General Government Purposes	\$52.00
2021 (ord. 3025)	General Government Purposes	\$51.00
2019 (ord. 2940)	General Government Purposes	\$50.00
2018 (ord. 2940)	General Government Purposes	\$49.00
2017 (ord. 2862)	General Government Purposes	\$48.00
2016 (ord. 2862)	General Government Purposes	\$45.00
2015 (ord. 2770)	General Government Purposes	\$42.90
2013 (ord. 2667)	General Government Purposes	\$35.00
2004 (ord. 2238)	General Government Purposes	\$28.25
2000 (ord. 2088)	General Government Purposes	\$12.50
1998 (ord. 2003)	General Government Purposes	\$10.00

TABLE 8

HISTORY OF BUSINESS TRANSPORTATION TAX CHANGES OVER THE PAST TEN YEARS

When	Purpose	Rate
2026 (forecasted)	Transportation & Transportation Demand Management Programs	\$91.00
2025 (ord. 3192)	Transportation & Transportation Demand Management Programs	\$87.00
2024 (ord. 3131)	Transportation & Transportation Demand Management Programs	\$81.00
2023 (ord. 3107)	Transportation & Transportation Demand Management Programs	\$76.00
2022 (ord. 3025)	Transportation & Transportation Demand Management Programs	\$70.00
2021 (ord. 3025)	Transportation & Transportation Demand Management Programs	\$68.00
2019 (ord. 2940)	Transportation & Transportation Demand Management Programs	\$67.00
2018 (ord. 2940)	Transportation & Transportation Demand Management Programs	\$66.00
2015 (ord. 2770)	Transportation & Transportation Demand Management Programs	\$64.00
2013 (ord. 2667)	Transportation & Transportation Demand Management Programs	\$57.00
2011 (ord. 2567)	Transportation & Transportation Demand Management Programs	\$56.00
1996 (ord. 1924)	Transportation & Transportation Demand Management Programs	\$55.00

Appendix H: History of the Long-Range Financial Strategy

In 2005, the Redmond City Council was advised that a period of unusual fiscal stress was approaching. In response, the City Council aimed to proactively address potential challenges and provide long-term, strategic guidance on financial matters. The result led to the development of the City's first Long-Range Financial Strategy (LRFS) by the Public Administration and Finance Committee.

Initially titled "Navigating the Rapids," it was intended to acknowledge the anticipated financial pressures of steering through turbulent rapids – challenging but temporary. While the immediate concerns were pressing, the City Council emphasized the importance of sustainability and resilience in financial decision-making over the long term.

Once adopted, the LRFS became a guiding framework for evaluating policy. As noted in the revenue policy framework strategy, the City Council has taken several steps since 2005 to align revenue strategies with community needs – actions that directly reflect the influence of the LRFS on policy decisions made at the time.

To initiate the budget approach in 2008⁸, an independent firm held four focus groups with Redmond residents to determine community priorities. The focus group participants were chosen at random based on gender, age, and location of residence. Following the focus group discussions, the City held a community workshop for all community members to give further input and comment on the focus groups' identified priorities.

Throughout 2019 and 2020, an additional four focus groups consisting of residents and business representatives were assembled by an independent firm to help the City understand evolving community needs and inform an update for improving the budget priorities to reflect how the community currently identifies them.

To communicate progress Redmond maintains a Performance Indicator Dashboard, which tracks progress of each of the community's desired outcomes. Initially developed in 2011 and merged with the Community Indicators Report in 2014, the dashboard was reviewed and updated in 2017 and 2020.

Key Milestones in Redmond Long-Range Financial Strategy:

Foundation and Early Development (2005-2010)

- 2005 - Created the Long-Range Financial Strategy (LRFS)
- 2007 - Proposed a voter-approved property tax levy
- 2008 - Launched initial Budgeting by Priorities (BP) process
- 2008 - First use of long-term financial planning
- 2009 - Established "Price of Government" target
- 2010 - Developed equivalent prioritization process for Capital Investment Plan (CIP)
- 2010 - Conducted Government Finance Officers Association (GFOA) review of financial processes

⁸ See Appendix I for a Key Milestones in Redmond's Long-Range Financial Strategy

Expansion of Innovation and Performance Focus (2011-2014)

- 2011 - Initiated employee innovation program
- 2011 - Implemented Microsoft Dynamics AX 2012
- 2011 - Launched Capital Investment Strategy (CIS)
- 2011 - Embedded performance measures in BP
- 2011 - Validated community budget priorities
- 2012 - Integrated logic models into Budgeting by Priorities
- 2012 - Began performance reporting to City Council at the priority level
- 2012 - Introduced Civic Results Team consisting of Redmond community members
- 2013 - Began quarterly financial performance reports
- 2014 - Applied updated Capital Investment Strategy prioritization process
- 2014 - Established LEAN process improvement framework

Refinements and Strategic Alignment (2016-2020)

- 2016 - Streamlined Staff Results Team process into a single, unified team
- 2016 - Strengthened focus on levels of service and connection to performance linkage
- 2018 - Conducted citywide performance management assessment and identified improvements
- 2018 - Incorporated demonstrated efficiencies into budget decisions
- 2019 - Developed first Community Strategic Plan
- 2019 - Conducted focus groups to inform updated community priorities
- 2020 - Updated community budget priorities, outcome maps, and performance measures
- 2020 - Standardized budget narratives across all programs
- 2020 - Expanded community involvement in the Civic Results Team
- 2020 - Introduced Business Technology Investment Program (BTIP)
- 2020 - Adopted Environmental Sustainability Action Plan (ESAP)
- 2020 - Adopted Climate Action Implementation Plan

Process Improvements and Technological Advancements (2021-2023)

- 2021 - Enhanced CIP reporting, communication, and budgeting
- 2021 - Implemented quarterly CIP reporting
- 2022 - Added public hearing for CIP and BTIP processes
- 2022 - Adopted Vision Zero
- 2022 - Updated Staff Results Team to utilize Deputy Directors Team
- 2022 - Proposed voter levy for Public Safety
- 2022 - Separated service enhancements and reductions from baseline budget plans
- 2023 - Implemented Microsoft Dynamics 365 (D365)
- 2024 - Consolidated service enhancements and reductions into measurable packages
- 2024 - Developed preliminary plan for next steps of service enhancements

Recent Strategic Initiatives (2024-2026)

- 2024 - Implemented Transportation Benefit District (TBD)
- 2024 - Updated the Community Strategic Plan
- 2024 - Introduced Budgeting for Equity lens into budget decision-making
- 2024 - Adopted first Economic Development Plan
- 2024 - Adopted first Tourism Strategic Plan

- 2024 - Initiated departmental and baseline budget overview presentations to City Council
- 2024 - Developed new Budget Summary Report
- 2024 - Adopted the Comprehensive Plan Update (Redmond 2050)
- 2025 - Create Budget Performance Report
- 2025 - Update outcome maps and performance measures through Deputy Directors Team
- 2026 - Begin quarterly BTIP reporting
- 2026 - Implement Budget Performance Report
- 2026 - Enhance department budget presentations with performance measure reviews



The City of Redmond assures that no person shall, on the grounds of race, color, national origin, or gender, as provided by Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. For more information about Title VI, please visit redmond.gov/TitleVI.

无歧视声明可在本市的网址 redmond.gov/TitleVI 上查阅 | El aviso contra la discriminación está disponible en redmond.gov/TitleVI.



Building a Sustainable, Inclusive,
and Resilient Future

FISCAL POLICIES

CITY OF REDMOND | 2026

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1.0 Building a Sustainable, Inclusive and Resilient Future

1.1 Fiscal Policies Purpose and Framework

The City of Redmond's Fiscal Policies establish a framework for managing public finances in a sustainable, transparent, and responsible manner. By maintaining sound financial management practices, the City supports long-term financial health, sustainable service delivery, and strong credit quality. The policies guide consideration of equity and long-term community impacts in resource allocation decisions, helping to sustain a strong economic and social foundation for Redmond.

The policies are adopted by the City Council and shall be applied to all City funds and interpreted in a manner consistent with applicable laws, regulations, and any more specific fund-level or legally required policies.

The fiscal policies are intended to:

- Promote long-term financial stability
- Support equitable allocation of resources
- Maintain public trust and accountability
- Preserve an excellent credit rating and sound fiscal condition
- Ensure compliance with applicable laws and standards

1.2 Fiscal Policies Development and Maintenance

The Fiscal Policies are developed based on recognized best practices in public financial management, including frameworks recommended by the Government Finance Officers Association (GFOA). Input from City leadership, City Council, and departmental stakeholders is incorporated to ensure the policies reflect program requirements.

- The Finance Director is responsible for maintaining the policies and ensuring alignment with the City's financial goals, regulatory requirements and long-range planning efforts.
- The Finance Department shall work with the Mayor, City Council, and departments to ensure consistent application and effective implementation of the policies across the organization.
- The City shall review and update the policies biennially unless there is an urgent need for an adopted change.

2.0 Biennial Budget Policies

2.1 Biennial Budget Policies Purpose and Framework

The biennial budget is the City of Redmond’s comprehensive two-year financial plan. It aligns forecasted revenues with expenditures required to deliver services and maintain infrastructure. A preliminary biennial budget is developed by the Mayor and City leadership for review and adoption by City Council.

The development of the biennial budget must:

- Align resources with community priorities
- Measure progress toward desired outcomes
- Promote efficient use of public resources
- Encourage continuous improvement and innovation
- Build regional coordination and partnerships
- Promote equitable compensation

2.2 Biennial Budget Adoption

- City Council shall adopt a balanced biennial budget in which total resources, including revenues and beginning fund balance, are equal to or greater than total expenditures.
- All ongoing appropriations will lapse at the end of the budget cycle and unspent appropriations will not be carried forward.

2.3 Biennial Budget Amendments

- City Council shall adopt amendments to the biennial budget as necessary to:
 - Recognize reconciled beginning fund balances
 - Accept new revenue
 - Add additional position authority
 - Address unforeseen expenditures
 - Approve additional appropriation requests or capital projects
 - Correct budget entries
- City Council must receive a comprehensive overview of requested budget amendments that includes rationale, financial assessment, and recommended funding sources if required.
- During periods of economic downturn, the City may implement budget reductions or other financial strategies designed to minimize impacts of core service levels and maintain financial stability.

2.4 Forecasting and Financial Planning

- Multi-year financial planning shall be used to support long-term decision-making and identify potential financial risks.
- The City will maintain an annual Community Investment Rate (CIR) between five and five and one-half percent (5.0% - 5.5%).
- 6-Year revenue and expenditure forecasts will:
 - Be maintained and updated biennially.
 - Be prepared using an objective, analytical, and transparent process, consistent with best practices established by the Government Finance Officers Association (GFOA).
 - Include clearly documented assumptions, methodologies, and data sources.
 - Consider economic, legal, and operational risks.
 - Use economic assumptions influenced by reliable and relevant sources such as the Washington State Economic and Revenue Forecast Council and the King County Office of Economic and Financial Analysis.
 - Use conservative forecasting practices for economically sensitive revenues to minimize the risk of revenue shortfalls.
- Budget practices that compromise long-term financial stability will be avoided.

3.0 Revenue Policies

3.1 Revenue Policies Purpose and Framework

The City of Redmond’s revenue policies guide decisions related to the generation, collection, forecasting, and management of financial resources. These policies ensure a diverse, stable, equitable, and sustainable revenue base.

The City will:

- Evaluate all available revenue options within the limits of state law.
- Consider economic competitiveness and community impact when evaluating revenue changes.
- Review revenue policies biennially.
- Encourage departments and programs to identify and pursue opportunities to diversify revenue sources where appropriate.
- Collect all legally entitled revenues efficiently and timely.

3.2 Revenue Structure and Diversification

- As permitted by state law, the City will strive to maintain a diversified revenue mix, encompassing elastic and inelastic revenues, to help manage the downside risks associated with economically sensitive revenue sources and to keep pace with expenditure growth.
- City Council will consider revenue changes as part of the biennial budget process and when new opportunities are available to pursue.
- Revenue sources may include, but are not limited to:
 - Taxes
 - User fees and service charges for licenses and permits
 - Utility rates and surcharges
 - Intergovernmental revenues and grants
 - Contract revenues
 - Development Agreements
- The City will consider the following when evaluating new or modified revenue sources:
 - Legal authority and compliance with state law
 - Stability and predictability of the revenue source
 - Administrative feasibility and cost of collection
 - Economic and equity impacts on residents and businesses
- The City will plan for revenue volatility by:
 - Maintaining adequate reserves
 - Avoiding over-reliance on economically sensitive revenues
 - Aligning expenditures with sustainable revenue levels

- One-time or non-recurring revenues will not be used to fund long-term ongoing operating expenditures or positions.

3.3 User Fees and Charges

- The City will establish user fees and service charges to recover the full cost of providing the related services.
- Fees shall be designed to:
 - Recover full cost of service
 - Promote fairness between users and non-users
 - Support policy objectives
- Full cost recovery shall consider:
 - Direct and indirect costs
 - Cost of service delivery and fee administration
 - Administrative and overhead costs
- Deviation from full cost recovery shall be documented with a clear policy rationale.
- The City will:
 - Adjust all user fees and charges annually based on either the Consumer Price Index (CPI) or the Cost-of-Living Adjustment (COLA), whichever amount is greater. This applies to:
 - Administrative fees
 - Business License fees
 - Operating fees
 - Service charges
 - User fees
 - Conduct comprehensive cost-of-service studies at least every five years.
 - Periodically test user fees and charges to ensure cost recovery.
 - Create new fees for Council approval when appropriate

3.4 Enterprise Fund Revenues

- Enterprise revenues shall be managed to ensure long-term financial sustainability and compliance with bond covenants.
- The City shall establish rates and charges for enterprise funds at levels sufficient to fully support:
 - Operating expenses
 - Capital costs and depreciation
 - Debt service obligations

- Rate-setting shall be informed by financial modeling and include evaluation using:
 - Net Income Test
 - Cash Flow Test
 - Coverage Test (minimum 1.2x annual debt service unless otherwise required)

3.5 Grants and Intergovernmental Revenues

- The City will actively pursue grant funding opportunities that align with City priorities and financial policies.
- Prior to applying for grants:
 - Departments must obtain approval from the Mayor, Mayor designee, Grants Oversight Committee or Governance Committee
 - Long-term financial and operational impacts must be evaluated
- Grant funding is considered one-time revenue, unless it has been received for two consecutive budget cycles (four years).
- Grant management practices shall ensure:
 - Compliance with all grant requirements
 - Accurate tracking of grant-funded revenues and expenditures
 - Identification of funding expiration and associated service impacts
- Grant-funded programs shall not create ongoing financial obligations unless a sustainable funding source has been identified.
- Acceptance of grants that require budget adjustments shall be approved through the formal budget amendment process.

4.0 Operating Expenditure Policies

4.1 Operating Expenditure Policies Purpose and Framework

Expenditures will be proactively managed to ensure that the City's cost of providing services sustainable and are monitored consistently for compliance with adopted or amended budgets.

Expenditure policies are intended to achieve the following objectives:

- Ensure that personnel budgets and the compensation structures to attract and retain a talented workforce are sustainable
- Provide guidelines and targets for non-labor costs
- Allow for expenditures to be forecasted in the short-term and long-term
- Create a framework for evaluating new and current programs that considers cost and performance.

4.2 Operating Expenditure Budget Development Standards

- Baseline budget plans will include:
 - Expenditures for current programs and services forecasted based on historical data, current conditions, and documented assumptions.
 - Operating expenditure impacts of completed capital projects.
 - Carryforward funding needed to complete approved one-time service enhancements.
- Departments will budget expenditures in accounts they are expected to occur and review historical spending patterns to improve accuracy.
- Recognizing that adding new positions creates a long-term commitment for the City, prior to adding positions emphasis will be placed on:
 - Repurposing current or vacant positions
 - Increasing efficiencies to create capacity
 - Implementing technology improvements
- The City shall maintain assets to preserve value and minimize lifecycle costs.
- An equipment replacement needs forecast shall be maintained and updated biennially.
- An indirect cost allocation plan for distributing general government's costs to other funds shall be maintained and updated biennially.
- All positions funded through capital programs will charge time directly to appropriate capital projects. Positions will not be allocated to capital programs via the HR Personnel Action Notice (PAN) process.

5.0 Capital Investment Programs Policies

5.1 Capital Investment Programs Policies Purpose and Framework

The City of Redmond shall manage and invest in capital assets to provide services in a cost-effective, sustainable, and timely manner. The City shall preserve existing assets and plan for future investments, including associated operating and maintenance costs.

The City manages capital investments through two coordinated programs:

- Capital Investment Program (CIP)
- Business Technology Investment Program (BTIP)

The CIP is the primary planning and budgeting tool for infrastructure investments. The BTIP provides a structured framework for planning, prioritizing, funding, and managing technology investments across the organization.

The goals for the development of the capital investment programs include:

- Preserve and enhance the City's assets and systems
- Support reliable, efficient, and secure service delivery
- Align investments with strategic priorities and long-range plans
- Ensure financial sustainability and accountability
- Incorporate lifecycle cost planning and risk management

5.2 Prioritization of Capital Investments

- Priority shall be given to maintaining existing assets while balancing new investments with financial capacity.
- Projects shall be prioritized based on service delivery standards and strategic priorities.
- The following criteria shall be considered in the prioritization of capital investment projects (listed in no order):
 - Legal or regulatory requirements
 - Public health and safety impacts
 - Asset preservation and replacement needs
 - Cost-effectiveness and lifecycle cost reduction
 - Availability of external funding or partnerships
 - Alignment with the City's Comprehensive Plan and strategic priorities
 - Improvement in service delivery and community outcomes

5.3 Capital Program Funding Appropriations

- Capital funding sources may be appropriated for:
 - Infrastructure projects that cost at least \$50,000 with a useful life of at least five (5) years.
 - Technology projects that cost at least \$10,000 with a useful life at least three (3) years.
 - Approved, coordinated, and ongoing programs.
 - Allowable non-capitalizable costs such as assessments, studies, plans, and monitoring of capital asset performance, which will be expended in the operating budget, but funded by transfers from the capital program.
- The City will identify the estimated costs and potential funding sources for each capital project.
- The City will determine the least costly financing method for all capital investments while ensuring cash flow needs are still met.
- City Council will approve the capital investment program plans and project appropriations in two-year increments for inclusion in the biennial budget.
- Funding commitments for the future years will be reconfirmed during future budget processes.
- Capital projects are typically multi-biennial projects implemented in phases with automatic carryover of budget from one biennium to the next.
- Capital investment project budgets will be approved by City Council in total. Budgets for project phases will be managed by project managers.

5.4 Managing Capital Project Financial Risk

- To mitigate project-level risks, contingent appropriation authority shall be included at the project level to ensure on-schedule completion of projects. The contingency amount shall be adjusted as the risk factors are assessed in the planning and design phases.
- Each capital program shall document the methodology for budgeting contingency at the project level.
- Any program or project considering use of an alternate project delivery method which requires approval by the State of Washington Capital Projects Advisory Review Board under RCW 39.10.280 shall seek City Council approval during the planning phase.
- A material change to a Transportation Benefit District (TBD)-funded project shall be defined as a significant modification to the project's scope, schedule, or budget. The following conditions shall constitute a material change:
 - Scope

- A substantial revision to the project’s purpose, design, or intended outcomes that alters the originally approved level of service, functionality, or community benefit.
 - Schedule
 - A delay in the project schedule of more than three hundred sixty-five (365) days, or
 - Any delay that significantly impacts the timing, sequencing, or funding of other TBD projects.
 - Budget
 - A projected increase in total project cost of more than twenty percent (20%) compared to the originally approved project budget.
 - When a material change is identified:
 - The City shall conduct a public hearing to solicit community input on the proposed changed and potential alternatives.
 - City staff shall provide a comprehensive analysis to the City Council that includes:
 - Description of the proposed change
 - Causes and contributing factors
 - Financial and programmatic impacts
 - Impacts to other TBD projects or funding capacity
 - Recommended course of action
 - City Council shall review and approve any material change prior to implementation.
- Technology projects with an estimated project cost of \$10,000 or less, and funded out of the operating budget, shall be established as discrete projects in the City’s financial system for accountability and transparency.

5.5 Operating Impact of Capital Investments

- The near- and long-term support, maintenance and operating costs associated with a capital project proposal shall be estimated and included to evaluate life cycle costs.
- The capital project approval process must ensure that necessary funds can reasonably be assumed to be available for increased operating costs stemming from project completion.

5.6 Capital Investment Funding

- The City will annually transfer five percent (5%) of discretionary General Fund revenues plus the pavement management contribution to the capital investment program as part of the biennial budget.
- General Fund transfers for capital projects will be made on a reimbursable basis.
- Real estate excise tax (REET) will be used for one-time capital project funding. It will not be used for general maintenance of the City’s infrastructure.

- All impact fees and capital facilities charges will be increased annually based on the Consumer Price Index (CPI).
- The City shall conduct comprehensive updates for all impact fees and capital facilities charges at least every five years.
- Business Tax will be increased annually based on the CPI.
- Applications for capital grant funding will only be submitted if the project receiving the funding is part of the City's Capital Investment Strategy and/or approved by the Governance Committee.

Short-Term Debt

- Short-term debt encompasses a payback period of three years or less.
- The City may use short-term debt or interfund loans to meet temporary cash flow needs.
- Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations.
- Interfund short-term borrowing will be subject to City Council approval and will bear interest based upon prevailing rates.
- The City will not use short-term debt for current operations.

Long-Term Debt

- Long-term debt encompasses a payback period of more than three years.
- The City will utilize long-term borrowing for capital projects that cannot be financed with available cash and/or anticipated cash flows on a pay-as-you-go basis.
- Current outstanding debt can be refinanced through issuing refunding bonds provided that the net present value (NPV) savings from securing lower interest rates is at least four percent (4%).
- The City will determine whether self-supporting bonds (such as special assessment improvement district bonds) are in the City's best interest when planning to incur debt to finance capital improvements.
- The City will maintain proactive communications with the investment community, including the secondary market, about its financial condition. In addition, the City will follow a policy of full disclosure on its financial reports and the bond prospectus (also known as the Official Statement).
- The City will not use long-term debt for current operations.

General Obligation Bonds

- Every project proposed for financing through general obligation debt shall be accompanied by a full analysis of the future support, maintenance and operating costs associated with the project.
- Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.
- Before general obligation bond propositions are placed before the voters, the capital project(s) under consideration shall be included in the Capital Investment Program. The source of funds should describe the intended use of bond financing.
- No general obligation bonds issued for one or more capital projects shall exceed 50 percent of the total project funding without voter approval.

Limited Tax General Obligation Bonds

- As a precondition to the issuance of limited tax (i.e., non-voted) general obligation bonds, alternative methods of financing should also be examined.
- Limited tax general obligation bonds should only be issued under certain conditions:
 - A project requires funding not available from alternative sources
 - Matching fund monies are available which may be lost if not applied for in a timely manner
 - Catastrophic conditions.

Revenue Bonds

- Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Investment Program and are generally payable from the enterprise.
- No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

Financing of Lease Purchases

- Lease purchase financing may be used as an alternative method to fund capital acquisitions when it is determined to be in the City's best financial and operational interest.
- The City shall evaluate lease purchase financing based on the following criteria:
 - Cost effectiveness
 - Asset characteristics
 - Budget and cash flow impacts
 - Flexibility and risk
- Lease purchase agreements shall comply with applicable Washington State Law governing municipal debt and financing authority.

- The term of any lease purchase agreement shall not exceed the useful life of the asset being financed.
- Lease purchase obligations shall be used solely for the acquisition of capital assets with a defined useful life and shall not be used to finance recurring operating expenditures.

Long-Term Interfund Loans

- The City may utilize interfund loans rather than outside debt instruments to finance capital investments. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's anticipated operations.
- All interfund borrowing will be subject to prior approval by the City Council and will bear interest based upon prevailing rates.
- The decision to use interfund loans rather than outside debt will be based on which is deemed to be the most cost-effective approach to finance capital investments. Such an assessment will be reviewed by the City's Financial Advisor, who shall provide an objective analysis and recommendation to the City Council.

5.7 Capital Investment Financial Management

- The City will maintain a long-term Capital Investment Strategy (CIS) that addresses the capital needs of the community consistent with the City's vision, comprehensive plan, and functional area plans.
- The City will develop six-year capital investment plans, including related support and maintenance & operations costs. Financial plans shall be updated annually to ensure continued available resources to fund projects.
- Infrastructure investment forecasts will consider changes in population, real estate development, and economic conditions.
- Technology investment forecasts will consider factors such as emerging technologies, cybersecurity risks, and the evolving digital service needs of the community.

6.0 Operating Reserves Policies

6.1 Operating Reserves Policies Purpose and Framework

- The City of Redmond shall maintain operating reserves to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures.
- Reserves will be reviewed on an ongoing basis for sufficiency and relevance.
- Any General Fund surplus at the end of the biennium will be used to meet or increase reserve requirements first. The remaining balance will be used to fund one-time expenditures and to provide additional funding for the capital investments.
- A surplus is defined as the difference between the actual beginning fund balance and the originally budgeted fund balance for the current biennium. It consists of unspent budgeted expenditures from the prior biennium, which are not being carried over to the current biennium, and revenues above what was budgeted in the prior biennium.
- The Operating Reserve, Economic Contingency, and the Revenue Stabilization Fund are all calculated based on revenues. All remaining reserves are calculated based on expenditures, as is GFOA best practice.

6.2 General Operating Reserve

- This reserve shall be created and maintained to provide sufficient cash flow to meet daily financial needs and to sustain City services when there is a catastrophic event.
- The City shall maintain a General Operating reserve at a level of twelve percent (12%) of total General Fund budgeted revenues in the current year, excluding beginning fund balances, development review revenues, and any significant one-time revenues.
 - The target was increased in 2022
 - The City is incrementally increasing the level of reserves each biennial budget and is ty is currently at nine percent (9%)
- The reserves are held separately from the General Fund in the Operating Reserves Fund.
- City Council approval is required prior to use of the reserves.
- In no event shall the reserves be used to support City services longer than two years.

6.3 Other Operating Reserves

- The City shall maintain operating reserves at a level of twelve percent (12%) of total budgeted expenditures in the current year, excluding ending fund balance, development review expenditures, and any significant one-time expenditures in all operating funds.
- Exceptions may occur when code requirements or risk assessments determine acceptable reserve levels for specific funds or programs.
 - Stormwater Operating Fund - Five percent (5%)
 - King County Wastewater Treatment - Three percent (3%)
- Operating reserves are held in fund balance in the respective funds.
- Depreciation reserves are transferred from the utility operating funds to the utility capital investment funds as part of the biennial budget. The reserves are used to maintain significant investments in utility capital assets.
- The City shall maintain a revenue stabilization reserve for the Water and Wastewater utilities. The required reserve balance shall be set at fifteen percent (15%) of the annually budgeted water and wastewater revenues collected through monthly rates, excluding King County wastewater treatment revenue.
- The revenue stabilization reserve can be used to supplement operating revenues when there is a revenue shortfall. If used, the revenue stabilization reserve shall be replenished within two years.
- Debt service reserves must be created and maintained in accordance with provisions set forth in bond covenants.
- The City shall maintain sufficient reserves to meet all statutorily required reserve funds to guarantee debt service.
- Development review reserves shall be maintained to manage revenue fluctuations and ensure continuity of development review services and shall be used solely for costs associated with those services.
- The City shall maintain a vacation accrual reserve.
- The City shall maintain a reserve to stabilize contributions to state retirement systems due to temporary fluctuations in state rates.
- The City shall maintain the following equipment replacement reserves:
 - City Fleet
 - Fire equipment
 - Capital Equipment Replacement Reserve (CERF) for general asset replacement

- The Equipment Replacement Reserves shall be maintained at a level sufficient to meet scheduled equipment replacements that reserve an acceptable level of municipal services.
- Where deficits in reserves exist, a gradual correction over a multi-year period may be preferable to a large one-time increase.

6.4 Economic Contingency

- The reserve shall be maintained to fund one-time operational and/or capital needs, and to support City services on a temporary basis pending the development of a long-term financial solution.
- The City shall maintain an Economic Contingency of at least five percent (5%) of primary General Fund revenues.
- Restoring or increasing the Economic Contingency to its target level is priority when there is a General Fund surplus at the end of a biennium.
- The contingency is held in the fund balance of the General Fund.
- City Council approval is required prior to its use.
- In no event shall the Economic Contingency be used to support City services longer than two years.

7.0 Financial Compliance Policies

7.1 Financial Compliance Policies Purpose and Framework

The Financial Compliance Policies establish standards to ensure the City's financial practices are accurate, consistent, transparent, and compliant with applicable laws, regulations, and professional standards.

The City shall:

- Maintain clear, consistent and documented accounting practices
- Ensure transparency and accountability in financial reporting
- Comply with all applicable federal, state, and local financial requirements

7.2 Accounting and Budgeting Standards

- All budgeting and accounting practices shall comply with Generally Accepted Accounting Principles (GAAP).
- The City shall maintain its accounting system in accordance with:
 - Standards for local government accounting
 - The State of Washington Budgeting, Accounting, and Reporting Systems (BARS)
- The City shall budget and account for revenues and expenditures using the modified accrual basis for governmental funds, consistent with GAAP.
- The City shall establish and maintain Special Revenue Funds in accordance with GASB Statement 54 to account for restricted or committed revenue sources.
- The City shall maintain expenditure classifications consistent with:
 - State law
 - Administrative regulations
 - The City's chart of accounts
- The City shall avoid the use of negative revenues except where required by accounting standards.
- Financial policies and procedures shall be documented and maintained to support consistent application across departments.

7.3 Internal Controls

- The City shall establish and maintain a system of internal controls designed to:
 - Safeguard public assets

- Ensure accuracy and reliability of financial records
- Promote operational efficiency
- Ensure compliance with applicable laws and policies
- Internal controls shall include, at a minimum:
 - Segregation of duties where feasible
 - Authorization and approval processes
 - Regular reconciliations and reviews
 - Protection against fraud, waste, and abuse
- The City shall periodically review and update internal control practices to address risks and improve effectiveness.

7.4 Financial Reporting

- The City shall prepare and present quarterly financial reports to the City Council summarizing revenues and expenditures, with a particular focus on the General Fund.
- The City shall monitor actual financial results against the adopted budget and provide variance analysis as part of regular reporting.
- In the event of a significant economic downturn or material revenue shortfall that cannot be absorbed within the adopted budget:
 - The City shall provide monthly financial reports to the City Council until conditions stabilize.
- Financial reports shall be made available to the public on the City’s website to promote transparency.

7.5 Annual Comprehensive Financial Report

- The City shall prepare an Annual Comprehensive Financial Report (ACFR) in accordance with GAAP and standards established by GFOA.
- The ACFR shall:
 - Present the City’s financial position and results of operations
 - Include all required disclosures
 - Support compliance with secondary market disclosure requirements for outstanding debt
- The City shall strive to maintain eligibility for GFOA’s Certificate of Achievement for Excellence in Financial Reporting.

7.6 Annual State Audit

- The City shall ensure that its financial records and operations are audited annually by the Washington State Auditor's Office.
- Audit results shall be:
 - Presented to City leadership and City Council
 - Made publicly available on the City's website
- The City shall:
 - Address audit findings in a timely manner
 - Develop and implement corrective action plans as needed
 - Monitor programs on audit recommendations.

7.7 Asset Management

- The City shall maintain a comprehensive fixed asset system to track:
 - Asset inventory
 - Location
 - Condition
 - Useful life
 - Depreciation
 - Disposition
- The City shall:
 - Conduct periodic physical inventories of assets
 - Establish capitalization thresholds consistent with accounting policies
 - Ensure assets are properly recorded, maintained, and safeguarded
- Asset management practices shall support:
 - Accurate financial reporting
 - Lifecycle planning
 - Long-term capital investment decisions

8.0 Investment Policies

8.1 Investment Policies Purpose and Framework

Investment policies define the parameters within which funds are to be invested by the City of Redmond. These policies also formalize the framework of the City's policies and procedures to provide the authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this policy.

These policies are intended to be broad enough to allow the Finance Director or authorized designee to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

These policies establish standards and guidelines for direction, management and oversight for all of the City of Redmond's investable cash and funds. Funds must be invested prudently to assure preservation of principal, provide needed liquidity for daily cash requirements, and provide a market rate of return. All investments must conform to federal, state, and local statutes governing the investment of public funds.

8.2 Governing Authority

The City of Redmond's investment authority is derived from RCW Chapters 35A.40.050 and 35.39.032. The investment program shall be operated in conformance with Washington Revised Statutes and applicable federal law. All funds within the scope of these policies are subject to regulations established by the State of Washington.

8.3 Investment Policy Scope

These policies apply to activities of the City of Redmond regarding investing the financial assets of the City. The City commingles its funds to maximize investment earnings and to increase efficiencies regarding investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles (GAAP). The city maintains the right to separate certain funds and exclude them from the scope of this policy. Should bond covenants be more restrictive than this policy, funds shall be invested in full compliance with those restrictions.

8.4 Investment Policy Objectives

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements. In addition, the objectives, in order of priority, of the investment activities will be as follows:

8.4.1 Safety

Safety of principal is the primary objective of the City. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, funds will be diversified, utilizing highly rated securities, by investing in a variety of securities and financial institutions. The investment portfolio will be invested in a manner that meets RCW statutes and all legal requirements of the City.

8.4.2 Liquidity

The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a minimum balance to meet daily obligations.

8.4.3 Return on Investment

The investment portfolio will be structured with the objective of attaining a market rate of return throughout economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio. Nevertheless, return on investment is a lesser objective than safety or liquidity.

8.5 Standards of Care

8.5.1 Delegation of Authority

Governing Body: The ultimate responsibility and authority for the investment of City funds resides with the City Council who has the authority to direct the management of the City investment program.

Authority: Overall management responsibility for the investment program is delegated to the Finance Director, or designee, who shall establish written procedures for the operation of the investment program, consistent with this investment policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

Investment Advisor: The City may contract with an external non-discretionary investment advisor (Advisor) to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such Advisors shall provide recommendations and advice regarding the City investment program including but not limited to advice related to the purchase and sale of investments by these investment policies.

8.5.2 Prudence

The standard of prudence to be used by the Finance Director or any designees in the context of managing the overall portfolio is the prudent person rule which states: *Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

The Finance Director and authorized investment officers and employees who act in accordance with the Finance Director's written procedures and the City's investment policies, and who exercise due diligence, shall be relieved of personal responsibility for the credit risk or market price change of an

investment, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

8.5.3 Ethics

8.5.3 Employees involved in the City's investment program must avoid conflicts of interest. Association with the investment program in any capacity is considered employee involvement.

Employees must avoid personal business activity that may:

- Conflict with the proper execution of the investment program.
- Impair their ability to make impartial investment decisions.

8.5.3 Employees associated with the City investment program must disclose certain personal information to the Finance Director or designee. All disclosures shall be reported at each Investment Committee meeting.

The disclosure should list:

- Any material interests in financial institutions that conduct business with the City.
- Any personal financial or investment positions that could influence the performance of the City's investment portfolio, particularly regarding the timing of purchases and sales.
- Any related interest or personal financial positions that could be perceived as conflict of interest.

8.6 Safekeeping, Custody, and Controls

8.6.1 Delivery vs. Payment

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

8.6.2 Third Party Safekeeping

Prudent treasury management requires that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution or the City's designated depository.

The Finance Director shall designate all safekeeping arrangements, and an agreement of the terms shall be executed in writing. The third-party custodian shall be required to provide a statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number.

All collateral securities pledged to the City for certificates of deposit or demand deposits shall be held in accordance with the State of Washington's Public Deposit Protection Commission (PDPC).

8.6.3 Internal Controls

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points at a minimum:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery of marketable securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Dual authorizations of wire transfers
- Staff training
- Review, maintenance and monitoring of security procedures both manual and automated.

8.6.4 External Controls

The City will have an external review of its investment policies and procedures as needed. The City may enter contracts with third-party investment advisory firms when their services are required.

8.7 Authorized Financial Dealers

8.7.1 Broker/Dealers

- The Finance Director shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes.
- The City shall follow GFOA best practices for evaluating and selecting financial institutions and broker/dealers.
- The Finance Director designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The Advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The Advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list.
- The annual investment advisor broker/dealer review procedures include:
 - A. FINRA Certification check:
 - i. Firm profile
 - ii. Firm history
 - iii. Firm operations
 - iv. Disclosures of arbitration awards, disciplinary and regulatory events
 - v. State Registration Verification
 - B. Financial review of acceptable FINRA capital or letter of credit for clearing settlements.

8.7.2 Investment Advisors

Advisors must be registered under the Investment Advisors Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

8.7.3 Bank Institutions

The City will only place funds, exceeding the current FDIC insurance limits, with banks who are currently participating in the Washington State PDPC program. Compliance/listing with the PDPC will be verified by the Advisor or designated investment officer utilizing the Washington State Treasurer's website.

8.7.4 Competitive Transactions

Transactions must be executed on a competitive basis and documented. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker, then other securities with similar structure may be used for documentation purposes. When an Advisor handles trade executions, they must provide the competitive documentation as requested.

8.8 Authorized and Suitable Investments

8.8.1 Authorized Investments

- Eligible investments are only those securities and deposits authorized by statute (RCW 39.58, 39.59, 43.250, and 43.84.080):
- Among the authorized investments are U.S. Treasury and Agency securities (i.e., obligations of any government sponsored enterprise eligible for collateral purposes at the Federal Reserve), municipal debt, certificates of deposit with qualified public depositories within statutory limits as promulgated by the Washington State PDPC at the time of investment, foreign and domestic bankers acceptances, commercial paper, corporate notes, the Washington State Local Government Investment Pool, and the Department of Revenue's Separately Managed Portfolio Accounts (SMA).
- This policy recognizes S&P and Moody's as major Nationally Recognized Statistical Ratings Organizations (NRSRO). In the case of split ratings, where the major NRSROs issue different ratings, the lower rating shall apply. Minimum credit ratings and percentage limitations apply to the time of purchase.
- All securities must be purchased on the secondary market and may not be purchased directly from the issuer.

8.8.2 Suitable Investments

The City is empowered to invest in the following types of securities:

- **US Treasury Obligations:** Direct obligations of the United States Treasury.
- **US Agency Obligations Primary Issuers:** Government Sponsored Enterprises (GSEs) - Federal Instrumentality Securities include but are not limited to Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Banks (FFCB).

- **US Agency Obligations Secondary Issuers:** Other US government sponsored enterprises that are less marketable are considered secondary GSEs. They include but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac).
- **Municipal Debt Obligations:** Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment the bonds must have at a minimum rating of AA- from S&P or Aa3 from Moody's.
- **Supranational Obligations:** United States dollar denominated bonds, notes or other obligations that are issued or guaranteed by supranational institutions, provided, that at the time of investment, the institution has the United States as its largest shareholder.
- **Commercial Paper:** Commercial paper must be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the three highest rating categories of an NRSRO.
- **Corporate Notes:** Corporate notes must be rated at least weak single A (A-) or better by all the major rating agencies that rate the note at the time of purchase for inclusion in the corporate note portfolio. The percentage of corporate notes that may be purchased from any single issuer rated AA- or better by all major rating agencies that rate the note is 3% of the assets of the total portfolio. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single A (A-) category from all the major rating agencies that rate the security is 2% of the total portfolio. The individual country limit of non-U.S. and non-Canadian exposure is 2% of the total portfolio. Exposure is determined by the country of domicile of the issuers of portfolio securities.
- **Certificates of Deposit:** Non-negotiable Certificates of Deposit of financial institutions that are qualified public depositories as defined in RCW 39.58.010(2) and by the restrictions within.
- **Time Deposits and Savings Accounts Issued by Banks:** Deposits in PDPC approved banks.
- **Local Government Investment Pool:** An investment Pool managed by the Washington State Treasurer's Office.
- **Separately Managed Account:** An investment portfolio managed by the Washington State Department of Revenue.

8.8.3 Bank Collateralization

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under RCW 39.58.240, all public treasurers and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

8.9 Investment Parameters

8.9.1 Diversification

The City will diversify the investment of all funds by adhering to the constraints listed in the following table. Investments in securities shall not exceed the following percentages of the total portfolio at the time of purchase.

Total Portfolio Diversification Constraints

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's, or Equivalent NRSRO
US Treasury Obligations	100%	None	N/A
Primary US Agency Obligations	100%	35%	N/A
Secondary US Agency Obligations	20%	10%	AA-/Aa3
Supranational Agency Obligations	20%	10%	AA-/Aa3
Municipal Bonds	20%	5%	A-/A3
Commercial Paper	25%	3%	A1/P1
Corporate Notes	25%	3%	A-/A3
Certificates of Deposit	25%	10%	Deposits in PDPC approved banks
Bank Time Deposits/Savings	20%	10%	Deposits in PDPC approved banks
Washington LGIP	100%	N/A	N/A
Washington SMA	70%	N/A	N/A

8.9.2 Investment Maturity

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 3 years. This maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in the State Pool, PDPC bank deposits, or cash matched securities.
- Investment funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.

Total Portfolio Maturity Constraints

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	3.00 Years
Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

- Exception to 5-year maturity maximum: Reserve or Capital Improvement Project monies may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

8.9.3 Strategic Allocations

8.93.1 Funds and their Allocation

- Liquidity funds for the operating account will be allocated to LGIP, CD's, PDPC Bank Deposits, Bankers Acceptances, and Commercial Paper.
- The structure of the Investment Core Fund will be targeted to a selected market benchmark based on the risk and return objectives of the portfolio.
- Longer term restricted funds will have an identified market benchmark to manage risk and return.

8.93.2 Monitoring and Portfolio Adjustment: As a general practice, securities will be purchased with the intent to hold to maturity. However, it is acceptable for securities to be sold under the following circumstances:

- A security with a declining credit may be sold early to protect the principal value of the portfolio.
- The portfolio duration or maturity buckets should be adjusted to reflect better the structure of the underlying benchmark portfolio.
- A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- A sale of a security to provide for unforeseen liquidity needs.

8.9.4 Prohibited Investments

8.94.1 The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.

8.94.2 The City shall not invest in:

- a. Mortgage-backed securities
- b. Derivative Products
- c. Securities that leverage the portfolio or are used for speculation of interest rates
- d. Mutual Funds
- e. Repurchase Agreements
- f. Reverse Agreements

8.10 Reporting Requirements

8.10.1 Reporting

The Finance Director shall be responsible for investment reporting. At a minimum, quarterly reporting shall be made to the City Council including but not limited to securities holdings, cash balances, and market values in the investment portfolio.

Specific Requirements:

- Book Yield
- Holdings Report including mark-to-market and security description
- Transactions Report
- Weighted Average Maturity

8.10.2 Performance Standards

The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.

The investment portfolio will be invested into a predetermined structure that will be measured against a selected benchmark portfolio. The structure will be based upon a chosen minimum and maximum duration (average maturity) and will have the objective to achieve market rates of returns over long investment horizons. The purpose of a benchmark is to appropriately manage the risk in the portfolio through interest rate cycles. The investment portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark used will be a US treasury 0-3-year index or US treasury 0-5-year index and comparisons will be calculated monthly and reported quarterly.

The liquidity component yield will be compared quarterly to the LGIP average yield.

8.10.3 Compliance Report

A compliance report will be generated quarterly comparing the portfolio positions to this investment policy.

8.10.4 Accounting Method

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP).

The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to the Governmental Accounting Standards Board (GASB).

Pooling of Funds:

Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.



The City of Redmond assures that no person shall, on the grounds of race, color, national origin, or gender, as provided by Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity. For more information about Title VI, please visit redmond.gov/TitleVI.

无歧视声明可在本市的网址 redmond.gov/TitleVI 上查阅 | El aviso contra la discriminación está disponible en redmond.gov/TitleVI.



Budget Process

- **Long-Range Financial Strategy Update**
 - **Fiscal Policies Update**
-

- Kelley Cochran, Finance Director
- Haritha Narra, Deputy Finance Director

Agenda

- Long-Range Financial Strategy Update
 - Overview
 - Recommended Updates
 - Community Investment Rate (CIR)
 - Long-Range Financial Plan
- Fiscal Policies Update
 - Overview
 - Recommended Updates
- Next Steps
 - Council Review
 - Adoption





Budgeting for Outcomes

Long-Range Financial Strategy

Long-Range Financial Strategy

The financial decision-making framework used to align resources with the community's long-term service priorities.

- Defines the City's service commitments.
- Provides a strategic, sustainable, and fiscally responsible road map to fulfill them.
- Offers insights into future financial capacity.
- Helps guide decisions that balance community's needs, expectations, and level of services.

Community Informed Plans and Budget



Guiding Principles Recommendations

Current	Proposed
1. Resource awareness	1. Resource awareness
2. Understanding interdependencies	2. Understanding interdependencies
3. Strategic alignment	3. Strategic alignment
4. Outcome-based financial planning	4. Outcome-based financial planning
5. Community-informed service outcomes	5. Community-informed service outcomes
	6. Commitment to diversity, equity, and inclusion
	7. Environmental stewardship
	8. Sustaining infrastructure investments
	9. Innovation and continuous improvements
	10. Collaboration and partnerships

Philosophy Recommendations

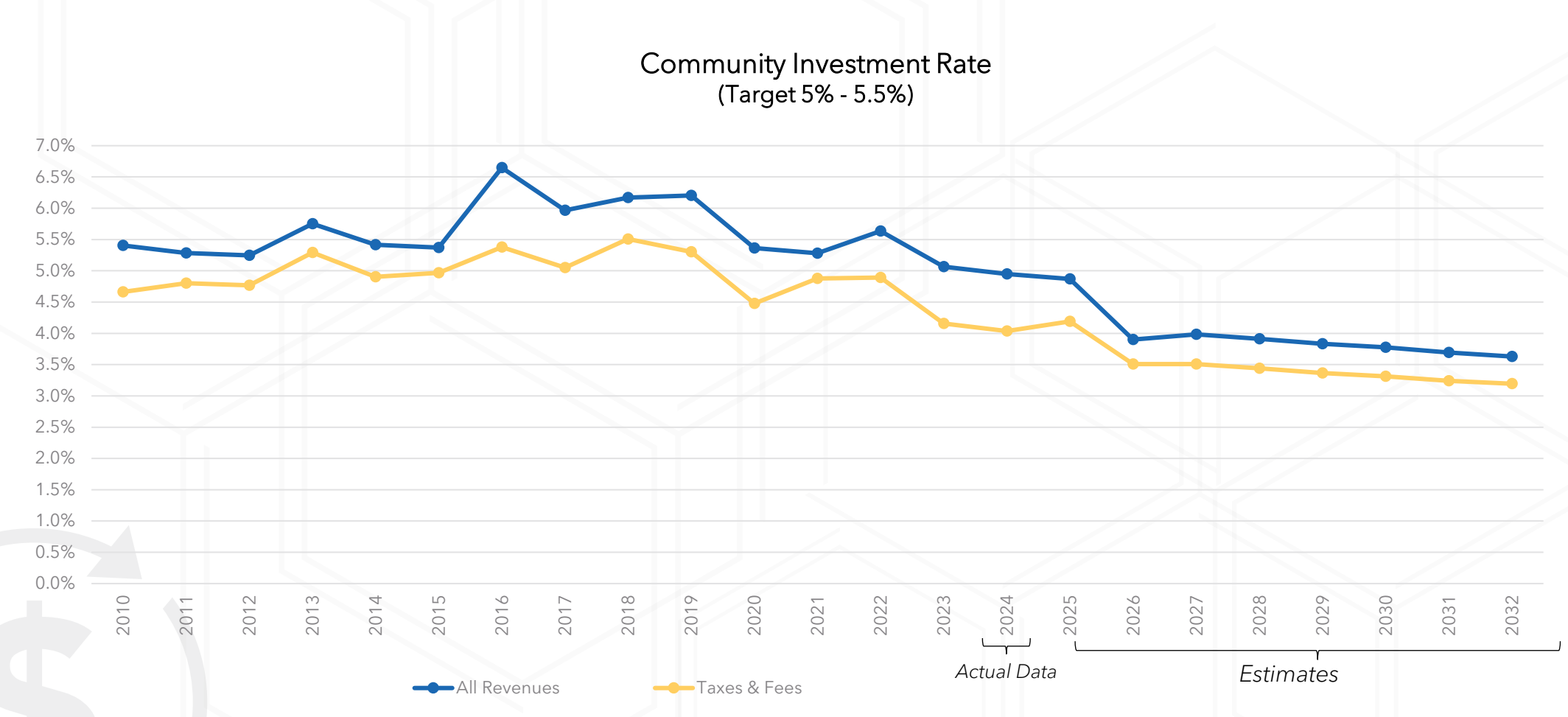
Current	Proposed
1. Balancing the financial burden on community members with the level of service	1. Balance service levels with financial impacts
2. Being intentional in how the revenues are structured	2. Intentional City revenue structure



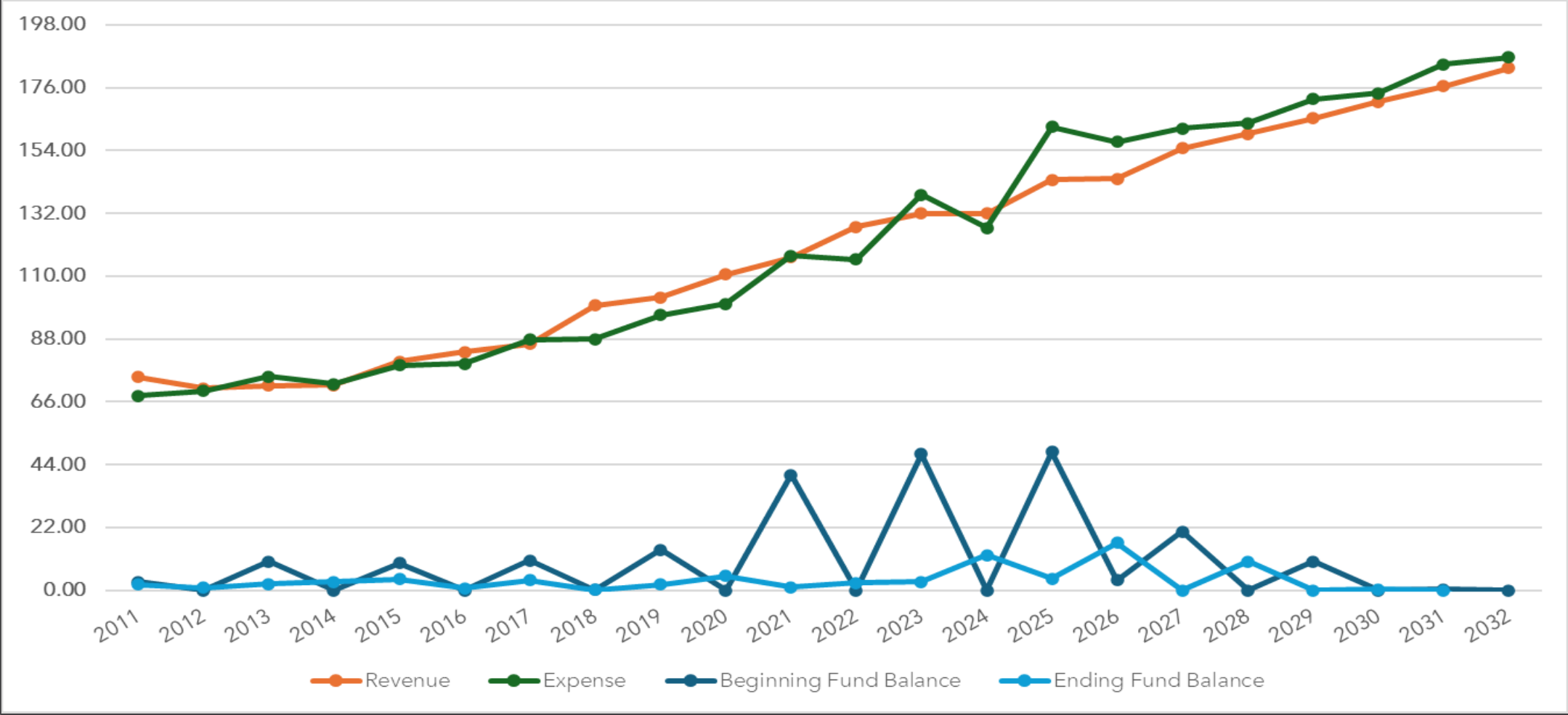
Financial Strategies Recommendations

Current	Proposed
1. Community-based budgeting (8)	1. Community Investment Plan
2. The Price of Government (1)	2. Revenue policy framework
3. Revenue philosophy (2)	3. Long-range financial planning
4. Long-range financial planning (3)	4. Community-informed citywide planning
5. Budgeting by Priorities (8)	5. Economic Development Strategic Plan (New)
6. The “value proposition” (performance measurement) (9)	6. Capital Investment Strategy (CIS)
7. Capital investments (6)	7. Business Technology Investment Strategy (New)
8. Maintaining prior investments (6, 7)	8. Community-based budgeting
9. The Capital Facilities Plan as element of Comprehensive Plan (6)	9. Fiscal resilience and reserve management
10. The Capital Investment Strategy (CIS) (6)	10. Performance management
11. Capital Investment Program Business Technology Investment Program (6,7)	

Community Investment Rate



Long-Range Financial Plan



Appendices Recommendations

Current	Proposed
Fiscal policies	Fiscal policy overview
The budget process	Community Investment Rate Calculation
	Biennial Budget Process
	City operating revenues
	City capital investment revenues
	Other available revenues
	Current rates and fees
	History of Redmond revenues
	History of the Long-Range Financial Strategy



Budgeting for Outcomes

Fiscal Policies Update

Fiscal Policies Update

- Initial review: Financial Planning Manager, Senior Financial Analysts, Accounting Manager and Purchasing Manager
- Updated with recommendations that address:
 - Alignment with best practices, legal requirements, regulatory compliance
 - Clarity and equity of policies
 - Consistency across all fund types and programs
 - Legal and regulatory compliance
- Documented crosswalk, key observations, and expected outcomes of recommendations

Update Overview

- Best Practice
 - Government Finance Officer Association (GFOA)
 - State Auditor's Office (SAO)
 - Generally Accepted Accounting Principles (GAAP)
 - Governmental Accounting Standards Board (GASB)
 - Debt Management Team
- Legal and regulatory compliance
- Consistency across all fund types and programs
- Consolidation, clarity, and ease of document
- Webpage enhancements



Recommendations

Policy Type	Proposed
Biennial Budget	Reductions due to economic downturns
Capital Investment	Financing of lease purchases
Capital Investment	Combine CIP and BTIP policy sections
Capital Investment	Design/Build project approval from Council in planning phase
Capital Investment	Annual CIP increase for impact fees and capital facility charges
Capital Investment	Material Change Policy for Transportation Benefit District
Capital Investment	Expanded Asset Management section
Financial Compliance	Monthly Financial Report
Financial Compliance	Expand Internal Controls section
Investment Policies	Add new section instead of stand-alone policy document

Next Steps

- Internal review and edits continuing
- Council review
 - May, June, and July FAC meeting check-ins with Council for input
- Council approval with 2027-2028 biennial budget adoption



Thank you

Any Questions?



Redmond
WASHINGTON



City of Redmond

15670 NE 85th Street
Redmond, WA

Memorandum

Date: 4/14/2026

Meeting of: City Council Study Session

File No. SS 26-038

Type: Study Session

Council Talk Time