



# Quarterly Financial Overview - Q2 2025

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September 16, 2025

Kelley Cochran, Finance Director



# Agenda

- Economic Update
- General Fund
- Other Programs
- Citywide Overtime
- Capital Investment Program
- Business Technology Investment Program

# Finance Reports

- Timing of Quarterly Financial Reports
- Year-end & month-end closing processes/timelines
- Monthly Financial Reports
  - Availability
  - [www.Redmond/Financial-Reports](http://www.Redmond/Financial-Reports)

# Economic Uncertainty & Recession Risk

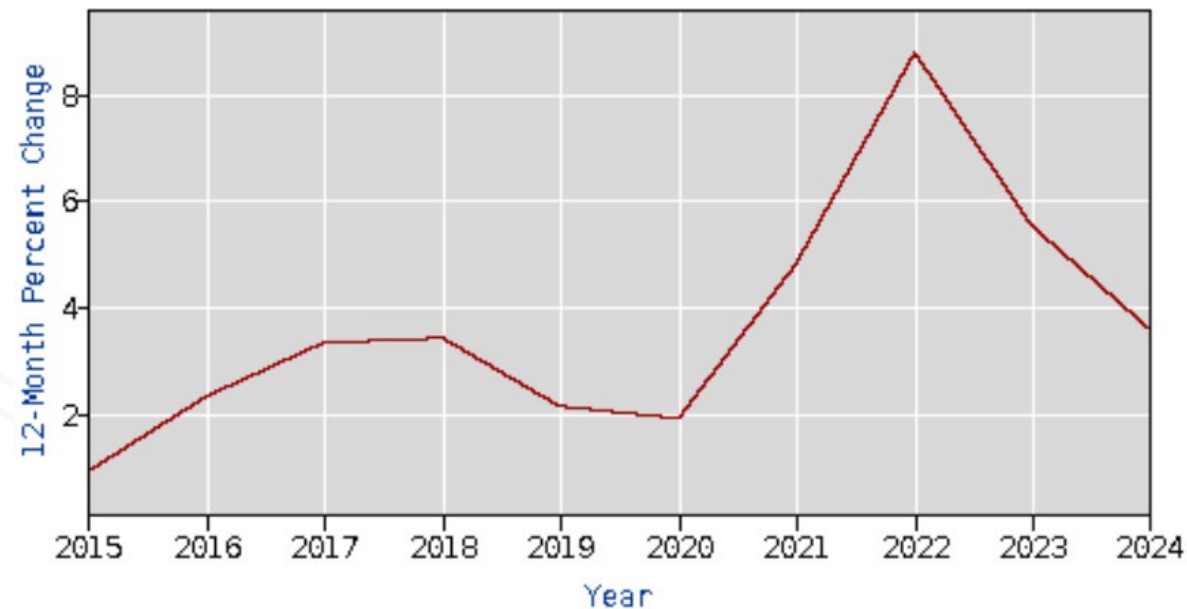
- Federal & Indirect Federal Funding
- Geopolitical & Trade Policy Uncertainty
- Shifts in Consumer Behavior
- Increased Cost of Public Procurement



# Economic Update

## CPI-W (Seattle/Tacoma/Bellevue)

Jun 2023	Aug 2023	Oct 2023	Dec 2023	Feb 2024	Apr 2024	Jun 2024	Aug 2024	Oct 2024	Dec 2024	Feb 2025	Apr 2025	Jun 2025
4.5%	5.1%	4.4%	4.3%	4.2%	4.5%	3.6%	3.0%	2.7%	2.9%	2.6%	1.6%	2.7%



# Economic Update - King County Forecasts

## Countywide Taxable Retail Sales Growth

Forecast	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Current (May 2025)	-0.5%	-0.9%	-0.1%	1.8%	2.0%	2.1%	2.9%	2.8%	3.4%	4.0%
Prior (Feb 2025)	-0.6%	1.8%	1.8%	1.9%	1.9%	2.4%	3.2%	3.0%	3.3%	3.4%

## Countywide Assessed Valuation Growth

Forecast	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Current (Jul 2025)	-5.3%	4.8%	2.9%	3.9%	4.4%	4.27%	4.0%	4.7%	3.5%	3.3%
Prior (Mar 2025)	-5.3%	4.8%	3.6%	3.6%	3.7%	3.3%	4.4%	3.2%	3.7%	2.8%

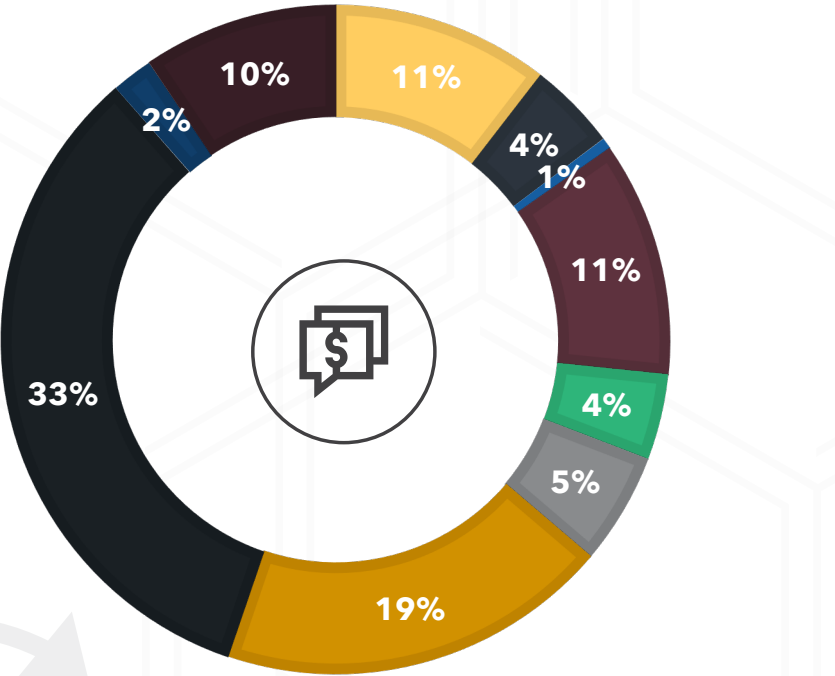
## Countywide Employment Growth

Forecast	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Current (May 2025)	0.3%	0.5%	0.7%	0.8%	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Prior (Feb 2025)	0.3%	0.7%	0.7%	0.7%	0.8%	1.1%	0.9%	0.9%	0.7%	0.7%

Source: King County Office of Economic and Financial Analysis

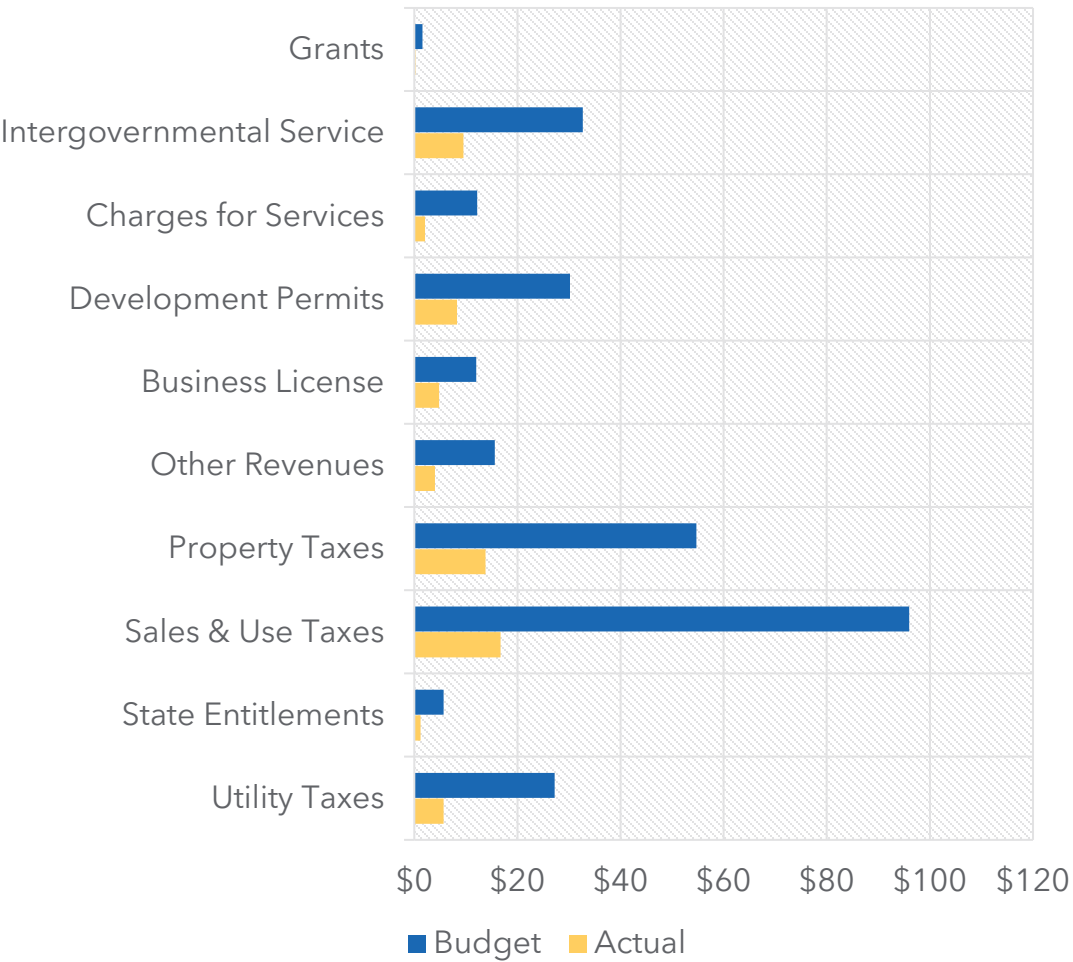
# General Fund Revenue - Q2 2025

**BIENNIAL BUDGET \$287.9M**



- Development Fees
- Grants
- Business License
- Property Taxes
- State Entitlements
- Charges for Services
- Intergovernmental Service
- Other Revenues
- Sales & Use Taxes
- Utility Taxes

**BUDGET VS ACTUAL**



# General Fund Revenue - Q2 2025

Category	Budget	Target	Actuals	\$ Variance (Target)	% Variance (Target)
Property Tax	\$54,698,137	\$14,232,787	\$13,841,046	(\$391,741)	-3%
Sales & Use Tax	95,956,694	13,892,969	16,667,895	2,774,926	20%
Utility Taxes	27,247,937	5,888,628	5,736,619	(152,009)	-3%
Development Permit Fees	30,241,651	7,783,911	8,274,481	490,571	6%
Business License Fees	11,950,814	4,900,051	4,764,298	(135,753)	-3%
Grants	1,609,936	1,592,472	192,120	(1,400,351)	-88%
Intergovernmental	32,684,508	7,168,486	9,511,243	2,342,757	33%
State Entitlements	5,739,102	1,284,416	1,087,591	(196,825)	-15%
Charges for Service	12,169,380	2,926,375	2,135,347	(791,028)	-27%
Other Revenues	15,617,497	4,683,011	4,069,919	(613,092)	-13%
<b>Total</b>	<b>\$287,915,655</b>	<b>\$64,353,106</b>	<b>\$66,280,561</b>	<b>\$1,927,455</b>	<b>3%</b>



# 2025-2026 New Ongoing Revenue

Description	Total Budget	Actuals to Date
EMS Transport Fees	\$1,760,000	\$0
Speed Camera (Parks/Schools)	\$500,000	\$0
1% Utility Tax on City Water, Wastewater, Stormwater	\$1,170,000	\$231,000



# SB 5814 - Overview

Passed as part of Washington State 2025-2027 operating budget to expand retail sales and use tax to cover a new set of services.

- Enacted July 27, 2025. Most provisions take effect October 1, 2025, with nicotine provisions starting January 1, 2026
- New service-based tax base:
  - IT consulting & custom software
  - Advertising (digital and nondigital except traditional print/radio/TV)
  - Data processing
  - Temporary staffing services
  - Investigation/security
  - Live presentations (in-person or remote)
- Expected to generate approximately \$1.1 billion in first biennium and \$2.7 billion over four years across the state. Washington State cities are expected to received \$109 million in 2026
- Cities receive their share since local governments levy a portion of the state sales tax

# SB 5814 - Impacts

- Expected to generate \$2 million annually for Redmond
  - Tech and professional services presence suggests a larger-than-average share of new revenues generated
  - Estimate determined based on current share of state sales tax and assumed new revenue
  - Working to refine estimate based on our local tax base
- Expected to cost Redmond approximately \$325,000 - \$400,000 annually depending on contract amounts.
  - Contract staffing
  - Tech services
  - Cybersecurity
  - Software Development
  - Advertising
  - Working to refine estimate based on current and expected contracts for services
- Net gain between \$1.6 - \$1.7 million expected from initial estimate based and working to refine based on local tax base and contract limits.

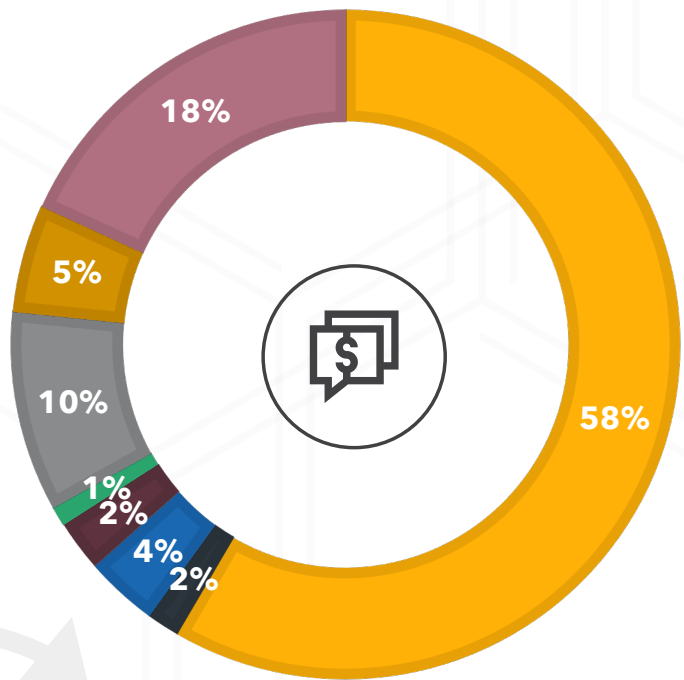
# SB 5814 - Considerations

- The \$109 million estimate for Washington State cities comes from DOR guidance and AWC projections for year one
- Future distributions may shift
- City service contracts volume fluctuates and large one-time BTIP projects could add tax burden
  - Working with TIS to understand the impact for 2025-2026
- Rulemaking and sourcing guidance from DOR through summer 2025 may adjust



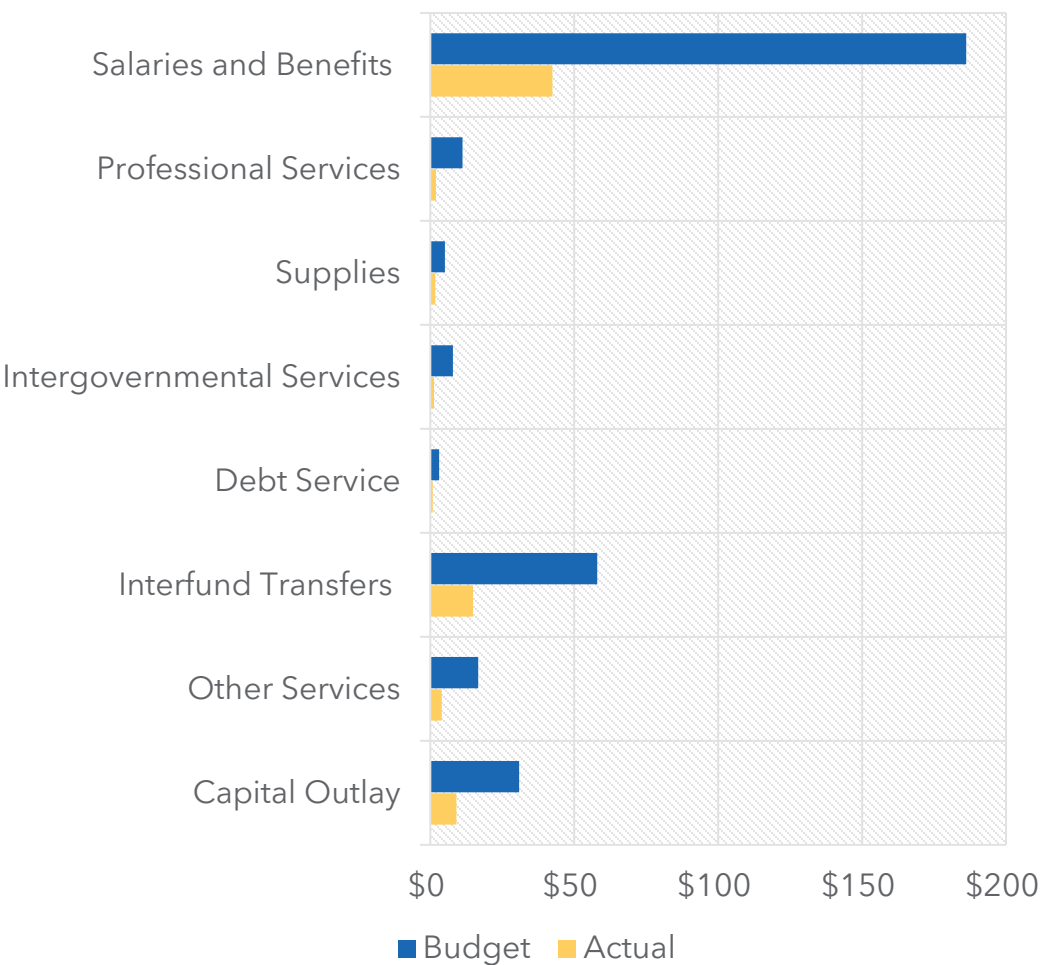
# General Fund Expenditures - Q2 2025

**BIENNIAL BUDGET \$318.9M**



- Salaries and Benefits
- Professional Services
- Debt Service
- Other Services
- Supplies
- Intergovernmental Services
- Capital Outlay
- Interfund Transfers

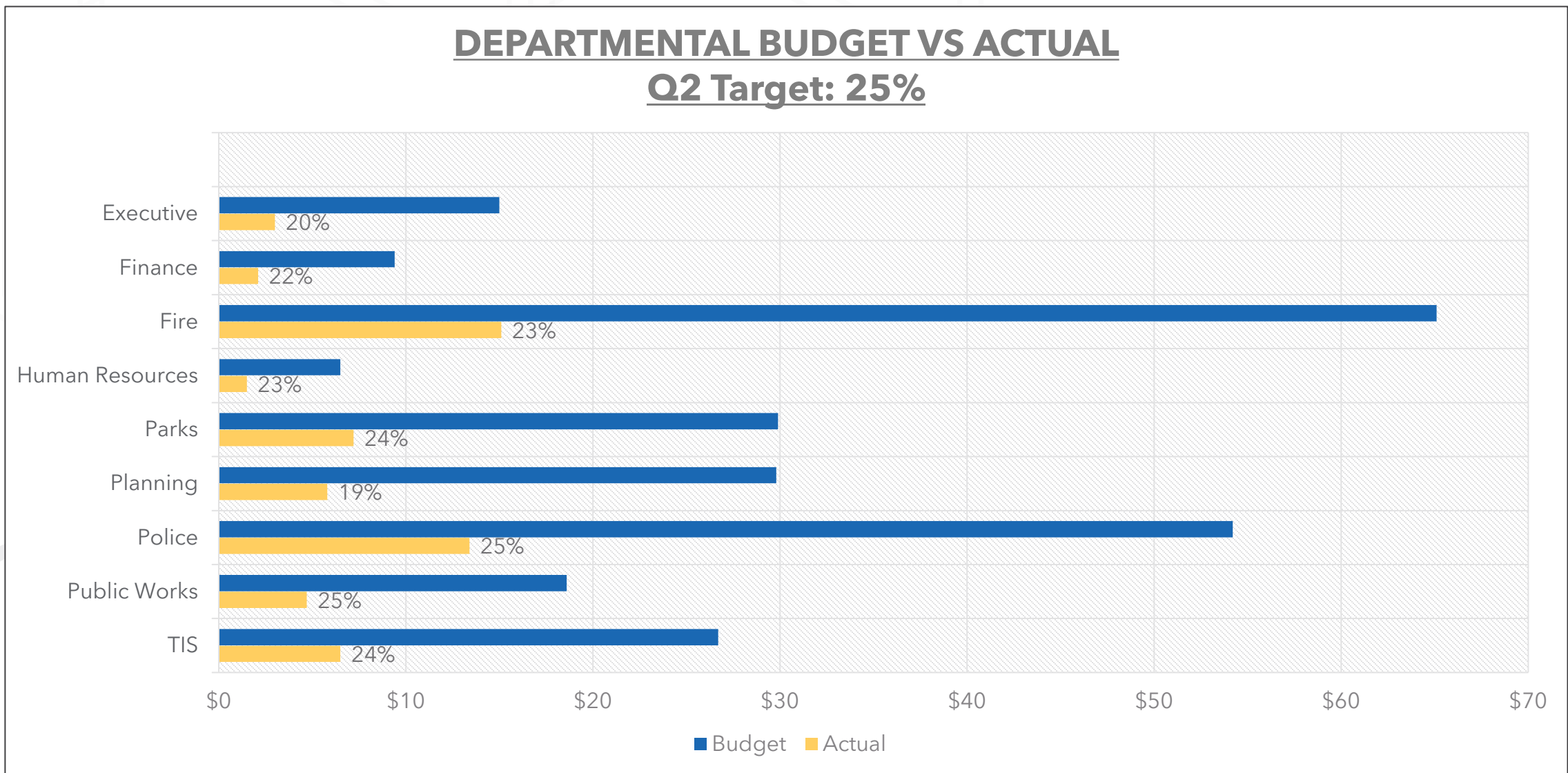
**BUDGET VS. ACTUAL**



# General Fund Expenditures - Q2 2025

Category	Budget	Actual	% Expended	% Over/ - Under
Salaries & Benefits	\$186,207,511	\$42,423,782	23%	-2%
Professional Services	11,208,674	1,879,004	17%	-8%
Supplies	5,093,099	1,703,841	34%	9%
Intergovernmental Services	7,761,921	1,303,973	17%	-8%
Other Services	16,629,280	3,998,595	24%	-1%
Debt Service	3,058,194	763,158	25%	0%
Capital Outlay	30,920,197	9,075,317	29%	4%
Interfund Transfers	57,979,071	14,828,850	26%	1%
<b>Total</b>	<b>\$318,857,948</b>	<b>\$75,976,520</b>	<b>24%</b>	<b>-1%</b>

# General Fund Expenditures - Q2 2025

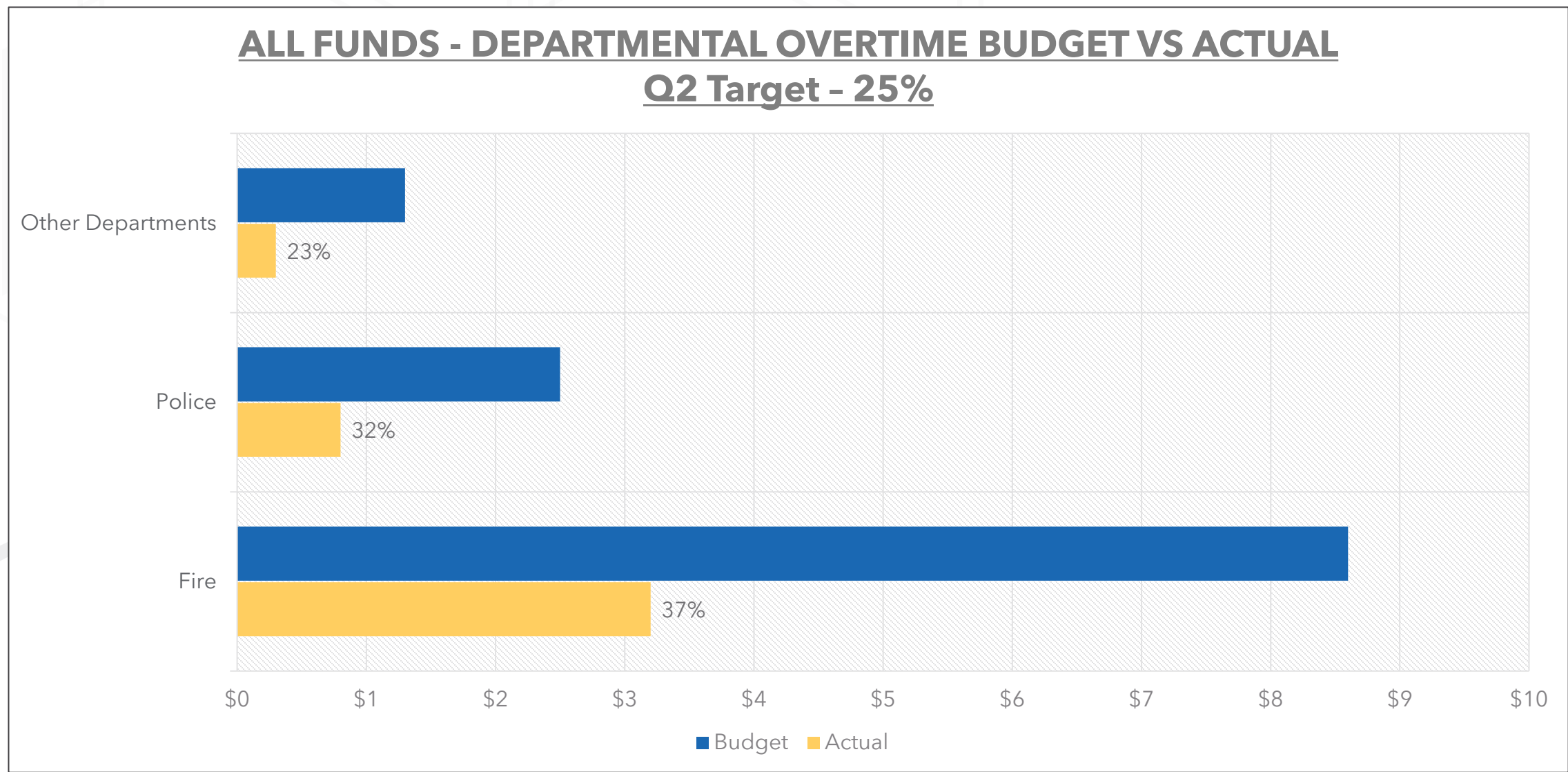


# Opioid Settlement

Description	2023	2024	2025 To Date	TOTAL
Beginning Fund Balance	\$77,533			\$77,533
<b>Revenue</b>	<b>\$39,730</b>	<b>\$583,158</b>	<b>\$156,464</b>	<b>\$779,352</b>
Expenditures				
Handheld Narcotics Analyzer		\$34,162		\$34,162
Porchlight - Behavioral Mental Health			\$12,538	\$12,538
Friends of Youth - Mental Health and Substance Use Disorder Services			\$13,000	\$13,000
IKRON of Greater Seattle - Behavioral Health Services			\$10,750	\$10,750
Therapeutic Health Services - Substance Use and Mental Health Treatment Prog			\$7,560	\$7,560
Youth Eastside Services - Behavioral Health Care for Children and Youth			\$69,897	\$69,897
Youth Eastside Services - Community-Based Outreach			\$25,139	\$25,139
Youth Eastside Services - Early Childhood Behavioral Health			\$22,579	\$22,579
Youth Eastside Services - Latine Programs			\$20,226	\$20,226
Care Solace			\$40,000	\$40,000
<b>Total Expenditure</b>	<b>\$0</b>	<b>\$34,162</b>	<b>\$221,689</b>	<b>\$255,851</b>
<b>Total Balance</b>				<b>\$601,034</b>



# Citywide Overtime - Q2 2025

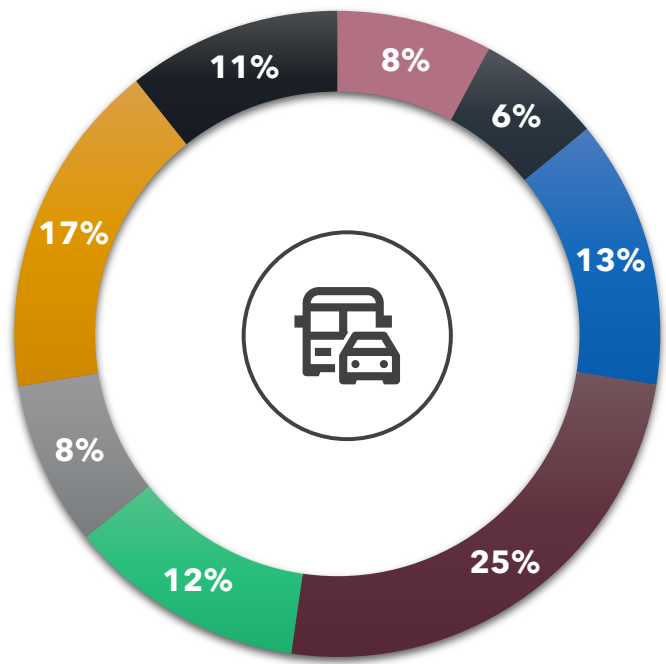


# Citywide Overtime - Q2 2025

Department	Budget	Actual	% Expended	% Over/ Under
Fire Department				
<i>Regular Salaries</i>	\$57,940,278	\$12,578,389	22%	3%
<i>Overtime Salaries</i>	8,573,003	3,161,510	37%	-12%
<b>Fire Department Total</b>	<b>\$66,513,281</b>	<b>\$15,739,899</b>	<b>24%</b>	<b>1%</b>
Police Department				
<i>Regular Salaries</i>	\$36,633,784	\$7,930,296	22%	3%
<i>Overtime Salaries</i>	2,514,014	844,580	34%	-9%
<b>Police Department Total</b>	<b>\$39,147,798</b>	<b>\$8,774,876</b>	<b>11%</b>	<b>3%</b>
All Other Departments				
<i>Regular Salaries</i>	\$105,767,273	\$24,194,016	23%	2%
<i>Overtime Salaries</i>	1,303,293	282,210	22%	3%
<b>All Other Departments Total</b>	<b>\$107,070,565</b>	<b>\$24,476,226</b>	<b>23%</b>	<b>2%</b>
<b>Total Citywide Salaries</b>	<b>\$224,099,432</b>	<b>\$48,991,001</b>	<b>23%</b>	<b>2%</b>

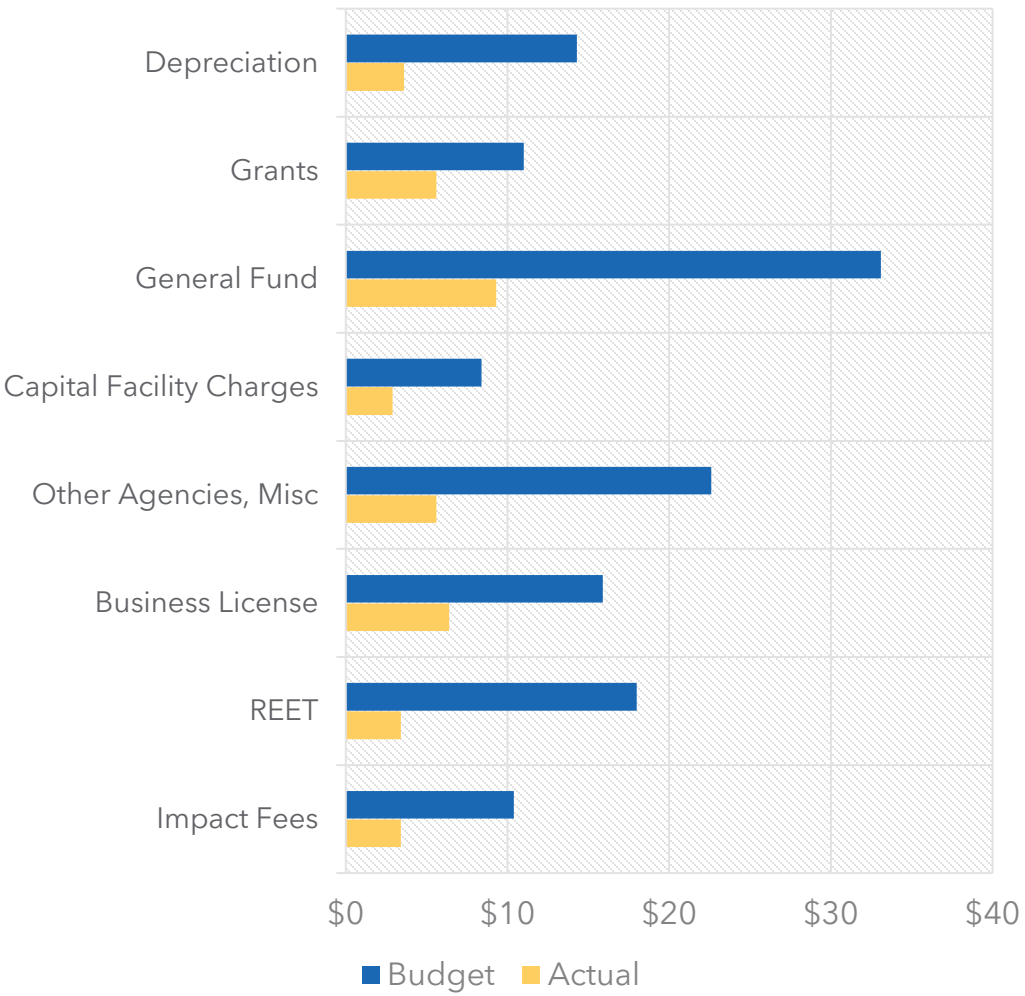
# Capital Investment Program Revenue - Q2 2025

**BIENNIAL BUDGET \$133.7M**



- Impact Fees
- REET
- Business License
- Other Agencies, Misc
- Capital Facility Charges
- General Fund
- Grants
- Depreciation

**BUDGET VS. ACTUAL**



# Capital Investment Program Revenue - Q2 2025

Category	Budget	Actual	% Collected	% Over/ Under
Business License	\$15,890,892	\$6,384,567	40%	15%
Capital Facilities Charges	8,397,365	2,881,902	34%	9%
Depreciation	14,258,141	3,577,790	25%	0%
General Fund	33,093,391	9,320,145	28%	3%
Grants	10,984,509	5,586,728	51%	26%
Impact Fees	10,400,000	3,371,006	32%	7%
Miscellaneous	14,480,350	5,280,029	37%	12%
Other Agencies	8,152,544	365,390	5%	-21%
REET	18,000,000	3,399,233	19%	-6%
<b>Total</b>	<b>\$133,657,192</b>	<b>\$40,166,789</b>	<b>30%</b>	<b>5%</b>

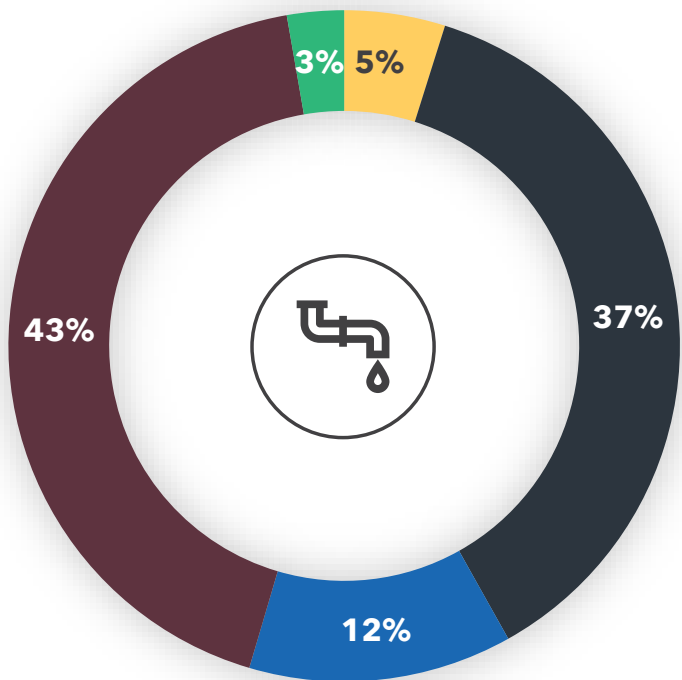
# Capital & Business Technology Investment Programs

## Expenditures - Q2 2025

Program	Budget	Actual	% Expended	% Over/ Under
<b>Capital Investment Program (CIP)</b>	<b>\$172,156,332</b>	<b>\$20,046,232</b>	<b>12%</b>	<b>13%</b>
<i>General Government CIP</i>	<i>\$117,107,722</i>	<i>\$16,841,269</i>	<i>14%</i>	<i>11%</i>
<i>Utility CIP</i>	<i>\$55,048,609</i>	<i>\$3,204,964</i>	<i>6%</i>	<i>19%</i>
<b>Business &amp; Technology Investment Program (BTIP)</b>	<b>9,530,483</b>	<b>1,266,715</b>	<b>13%</b>	<b>12%</b>
<b>Total</b>	<b>\$181,686,814</b>	<b>\$21,312,948</b>	<b>12%</b>	<b>13%</b>

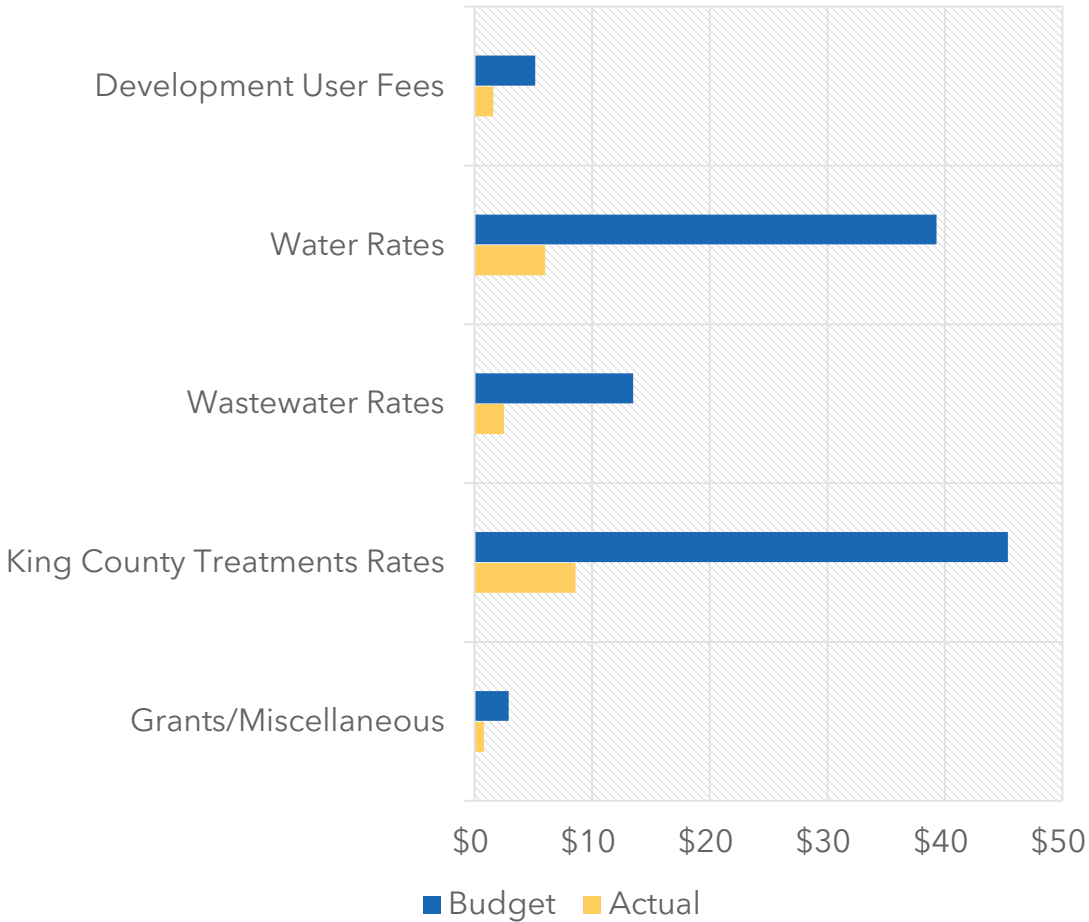
# Water/Wastewater Utility Revenue - Q2 2025

**BIENNIAL BUDGET \$106.2M**



- Development Fees
- Wastewater Rates
- Grants and Miscellaneous
- Water Rates
- King County Treatment Rates

**BUDGET VS. ACTUAL**



# Water/Wastewater Utility Revenue - Q2 2025

Category	Budget	Actual	% Collected	% Over/ Under
Development User Fees	\$5,157,677	\$1,604,642	31%	6%
Water Rates	39,312,077	6,009,933	15%	-10%
Wastewater Rates	13,475,876	2,539,004	19%	-6%
King County Treatment Rates	45,352,228	8,588,423	19%	-6%
Grants/Miscellaneous	2,916,558	786,320	27%	2%
<b>Total</b>	<b>\$106,214,416</b>	<b>\$19,528,323</b>	<b>18%</b>	<b>-7%</b>



# Healthy and Sustainable 2025-2026 Baseline Budget

BUDGET OFFER	BASELINE BUDGET OFFER	LEAD DEPARTMENT	BUDGET	Q2 ACTUAL	% SPENT	% OVER/ UNDER
0000262	Wastewater Management	Public Works	\$62,791,389	\$16,820,289	27%	-2%
0000263	Parks, Trails, & Open Space	Parks	18,084,864	4,205,443	23%	2%
0000264	Environmental Sustainability	Executive	2,097,048	437,155	21%	4%
0000265	Solid Waste Management	Public Works	2,898,862	576,842	20%	5%
0000266	Stormwater Management	Public Works	22,915,408	3,986,252	17%	8%
0000267	Safe & Reliable Drinking Water	Public Works	40,408,988	10,357,749	26%	-1%
0000268	Ground & Surface Water Mgmt	Public Works	6,932,451	1,418,340	20%	5%
0000401	Community Recreation	Parks	14,118,036	3,165,731	22%	3%
TOTAL			\$170,247,046	\$40,967,801	24%	1%





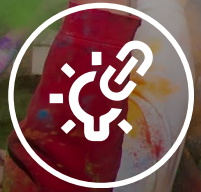
# Safe and Resilient 2025-2026 Baseline Budget

BUDGET OFFER	BASELINE BUDGET OFFER	LEAD DEPARTMENT	BUDGET	Q2 ACTUAL	% SPENT	% OVER/ UNDER
0000275	Criminal Investigation	Police	\$5,742,210	\$1,674,135	29%	-4%
0000276	Criminal Justice	Executive	5,297,556	1,338,840	25%	0%
0000277	Fire & Medical Operations	Fire	71,952,285	17,089,274	24%	1%
0000278	Fire Support Services	Fire	16,057,638	3,359,278	21%	4%
0000279	Police Patrol & Response	Police	33,875,489	7,787,312	23%	2%
0000280	Police Dispatch & Support	Police	13,978,347	3,133,776	22%	3%
0000281	Construction Inspection	Planning	9,476,111	1,887,610	20%	5%
0000282	Street & Traffic Safety	Public Works	20,254,073	4,918,244	24%	1%
0000283	Fire Prevention Services	Fire	2,585,881	579,296	22%	3%
TOTAL			\$179,219,590	\$41,767,766	23%	2%



# Strategic and Responsive 2025-2026 Baseline Budget

BUDGET OFFER	BASELINE BUDGET OFFER	LEAD DEPARTMENT	BUDGET	Q2 ACTUAL	% SPENT	% OVER/ UNDER
0000288	Operating Reserves	Finance	\$82,373,848	\$1,423,929	2%	23%
0000289	City Council	Executive	968,670	223,495	23%	2%
0000290	Executive Leadership	Executive	12,390,705	1,738,495	14%	11%
0000291	Fleet Management	Public Works	20,106,333	4,987,778	25%	0%
0000292	Community Outreach/Involvement	Executive	2,946,246	601,255	20%	5%
0000293	Citywide Communications	Executive	2,485,441	545,614	22%	3%
0000294	Technology Solutions	TIS	27,991,672	6,855,587	24%	1%
0000295	Diversity, Equity & Inclusion	Executive	776,900	157,012	20%	5%
0000296	Human Resources	Human Resources	46,753,798	11,775,431	25%	0%
0000297	Fiscal Accountability	Finance	17,905,223	4,876,614	27%	-2%
TOTAL			\$214,698,837	\$33,185,211	15%	10%



# Vibrant and Connected 2025-2026 Baseline Budget

BUDGET OFFER	BASELINE BUDGET OFFER	LEAD DEPARTMENT	BUDGET	Q2 ACTUAL	% SPENT	% OVER/ UNDER
0000302	Microsoft Campus Refresh	Planning	\$2,348,436	\$589,621	25%	0%
0000303	Development Services	Planning	20,014,026	4,282,810	21%	4%
0000304	Community/Economic Development	Planning	7,914,3391	1,337,391	17%	8%
0000305	Capital Investment Delivery	Public Works	835,732	217,276	26%	-1%
0000306	Facilities Management	Parks	9,222,953	2,078,958	23%	2%
0000307	Housing & Human Services	Planning	9,345,614	2,137,121	23%	2%
0000308	Arts & Community Events	Parks	2,558,045	411,946	16%	9%
0000309	Light Rail	Planning	847,220	210,290	25%	0%
0000310	Mobility of People & Goods	Planning	6,986,272	1,368,387	20%	5%
TOTAL			\$60,072,637	\$12,633,800	21%	4%

# Next Steps

- Q3 Financial Report November 18
- Budget Planning Study Session November 12
  - Long-Range Financial Strategy
  - Fiscal Policies
  - Performance Report
  - 2025-2026 Service Enhancements Status
  - HB 2015
  - 2027-2028 Budget Process Community Involvement Plan



# **Thank you**

Any Questions?

