



## Memorandum

**Date:** 11/19/2024  
**Meeting of:** City Council

**File No.** AM No. 24-175  
**Type:** Consent Item

**TO:** Members of the City Council

**FROM:** Mayor Angela Birney

**DEPARTMENT DIRECTOR CONTACT(S):**

Finance	Kelley Cochran	425-556-2758
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**DEPARTMENT STAFF:**

Finance	Haritha Narra	Deputy Finance Director
Finance	Hailey Zurcher	Interim Finance Manager

**TITLE:**

Adoption of 2025-2026 Final Budget Components:

- a. Ordinance No. 3191: An Ordinance of the City of Redmond, Washington, Levying Property Taxes for the City of Redmond for the Fiscal Year Commencing January 1, 2025, on all Property, Both Real and Personal, in Said City Which is Subject to Taxation for the Purpose of Paying Sufficient Revenue to Carry on General Operations, Recognize Voter Approved Levy Lid Lifts for Public Safety and Parks for the Ensuing Year as Required by Law
- b. Ordinance No. 3192: An Ordinance of the City of Redmond, Washington, Amending Sections 5.04.070 and 5.04.080 of the Redmond Municipal Code, Increasing the Business License Fee as Required by RCW 35.90, Municipal Business Licensing, Effective Date
- c. Ordinance No. 3193: An Ordinance of the City of Redmond, Washington, Amending RMC 13.08.030, 13.16.020, 13.16.030, 13.16.040, Increasing Water Meter Installation, Water, Hydrant, and Sewer Rates and Charges; and Providing for Severability, and Establishing Effective Dates
- d. Ordinance No. 3194: An Ordinance of the City of Redmond, Washington, Amending Subsection 13.18.050(B) of the Redmond Municipal Code in Order to Increase the Base Rate Amount for Monthly Stormwater Utility Service from \$16.89 Per Impervious Unit to \$16.97 Per Impervious Unit in 2025 and \$17.06 Per Impervious Unit in 2026
- e. Ordinance No. 3195: An Ordinance of the City of Redmond, Washington Amending Redmond Municipal Code Chapter 5.44 in Order to Add Provisions Regarding Taxation of Water, Sewer, and Stormwater Utility Service; Providing for Severability; and Establishing an Effective Date
- f. Resolution No. 1598: A Resolution of the City Council of the City of Redmond, Washington, to Adopt the Implementation of Project Review Provisions to Provide Prompt, Coordinated Review and Ensure

Accountability to Applicants and the Public, in Conformance with State Legislative Updates Regarding Permit Process Streamlining

- g. Ordinance No. 3196: An Ordinance of the City of Redmond, Washington, Adopting the Final 2025-2026 Biennial Budget of the City Commencing January 1, 2025

**OVERVIEW STATEMENT:**

Described below are the various ordinances related to the 2025-2026 Final Budget.

**2025 Property Tax Levy Ordinance**

Pursuant to state law, the City of Redmond may levy property taxes annually for general operations and the payment of debt service on voted bond issues (if any). The Revised Code of Washington (RCW) 85.55.005 allows a jurisdiction over 10,000 in population to raise property taxes by the lesser of the implicit price deflator (IPD) or 1% plus new construction, annexations, and other miscellaneous adjustments (e.g., refunds) with a simple majority vote. Given that the IPD was determined to be 2.57% by the Bureau of Economic Analysis in September, the 1% limitation applies to the 2025 levy. Ordinance No. XXXX (Attachment A) sets the 2025 total property tax levy at \$33,334,316, with \$26,508,199 for general operations and \$6,826,117 related to three levy lid lifts. Relative to the 2024 total levy, a 1% increase amounting to \$322,414 is included as well as \$697,716 from new construction and \$72,771 from prior year refunds that will be re-levied in 2025.

**2025 Business License Fee Ordinance**

Currently, the City charges a business license fee of \$141.00 per full-time equivalent (FTE) employee doing business in Redmond. Of this amount, \$61.00 per FTE supports City operations through the General Fund, while \$80.00 per FTE is allocated for transportation capital improvements and transportation demand management projects. Ordinance No. XXXX (Attachment B) proposes a 4.0% increase in 2025, based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Seattle/Tacoma/Bellevue region (First Half of 2024). Additionally, the fee will increase by 3.7% to address inflation since 2016 and by 2.0% to generate additional revenue for ongoing operations. As a result, the business license fee will rise from \$141.00 to \$153.00 (rounded to the nearest dollar) per FTE in 2025, with \$66.00 per FTE going to the General Fund and \$87.00 per FTE allocated to transportation-related expenditures.

**2025-2026 Water/Wastewater Rate Ordinance**

Ordinance No. XXXX (Attachment C) adjusts the 2025 and 2026 water and wastewater rates for the Redmond and Novelty Hill service areas as follows:

Service Area	2025 Percent Increase	2026 Percent Increase
<b>Redmond Service Area:</b>		
Water	7.5%	7.5%
Wastewater	7.5%	7.5%
<b>Novelty Hill Service Area:</b>		
Water	7.5%	7.5%
Wastewater	7.5%	7.5%

The King County wastewater treatment charge, which is a pass-through charge, will increase 6.75% in 2025 and 6.50% in 2026. The rate increase will offset increased operating costs and the implementation of a 1% Utility Tax.

#### **2025-2026 Stormwater Rate Ordinance**

Ordinance No. XXXX (Attachment D) increases the stormwater rates by 0.50% in 2025 and 0.50% in 2026. The rate increase will offset increased operating costs and the implementation of a 1% Utility Tax.

#### **2025-2026 Utility Tax Ordinance**

Ordinance No. XXXX (Attachment E) implements a tax on City Water, Wastewater, and Stormwater Utility services in the amount of 1% of income derived from sale of said utility services.

#### **Development Services Project Review Resolution**

Second Substitute Senate Bill (SSSB) 5290 was approved by the Washington state legislature to streamline the project permit review process. Resolution No. XXXX (Attachment F) adopts the implementation of project review provisions to provide prompt, coordinated review and ensure accountability to applicants and the public. The provisions include imposing reasonable fees, maintaining and budgeting on-call permitting assistance, and adding four unfunded positions to the staffing authorization to address any potential gaps in service.

#### **2025-2026 Final Budget Ordinance**

On October 1, 2024, the Mayor presented the 2025-2026 Preliminary Budget, including the 2025-2030 Capital Investment Program (CIP), and Business Technology Investment Program (BTIP) to the City Council per her authority provided in the Revised Code of Washington (RCW) 35A.34. Consistent with the City's Budgeting by Priorities process, the operating budget was organized around the following four priorities: 1) Healthy and Sustainable, 2) Safe and Resilient, 3) Strategic and Responsive, and 4) Vibrant and Connected. Public hearings were held on July 16, October 1, October 15, and November 4, 2024, to gather public comments on the proposed budget.

Ordinance No. XXXX (Attachment G) establishes the 2025-2026 Final Budget at \$1,220,733,158 and includes the following exhibits:

- Exhibit G-1: Summary of Changes to 2025-2026 Preliminary Budget
- Exhibit G-2: Council Parking Lot Items
- Exhibit G-3: Council Follow-Up Items
- Exhibit G-4: Public Comments
- Exhibit G-5: Fiscal Policy
- Exhibit G-6: Staffing Authorization Summary

The following changes to the 2025-2026 Preliminary Budget were reviewed and finalized by the City Council on November 12, 2024.

#### **Council Changes to 2025-2026 Preliminary Budget (Revenues/Fund Balance)**

Description	Change to 2025 -2026 Prelim Budget	Note
No changes		

**Council Changes to 2025-2026 Preliminary Budget (Expenditures/Reserves)**

Description	Change to 2025 -2026 Prelim Budget	Note
Bike and Traffic Safety Planning and Improvements	\$300,000	Funding source: General Fund Surplus; \$50,000 budgeted in General Fund; \$250,000 budgeted in Transportation CIP
Communications Program Staffing	\$145,000	Funding source: General Fund Surplus
World Cup Communications Staffing	\$145,000	Funding source: General Fund Surplus
Community Based Events Innovation Fund	\$25,000	Funding source: General Fund Surplus
Affordable Housing Program	\$1,400,000	Funding source: General Fund Savings; budgeted in Human Services Fund
Human Services Funding	\$100,000	Funding source: General Fund Surplus; budgeted in Human Resources Fund
Asphalt Art Installations	\$150,000	Funding source: General Fund Surplus; Budgeted in Arts Activity Fund

**Staff Changes to 2025-2026 Preliminary Budget (Revenues)**

Description	Change to 2025 -2026 Prelim Budget	Note
<b>New revenue:</b> The U.S. Department of Housing and Urban Development - Community Project Funding Grant program	\$500,000	Fire Equipment Reserve Fund; no change to expenditure budget
<b>New revenue:</b> Bike and Scooter Share Fees	\$80,000	General Fund; no change to expenditure budget

<b>New revenue:</b> Washington State Department of Commerce Energy Audit Grant	\$26,500	General Government Capital Fund; increase in Public Safety Building Phase 2 project revenue and expenditure
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**Staff Changes to 2025-2024 Preliminary Budget (Expenditures)**

Description	Change to 2025 -2026 Prelim Budget	Note
<b>Funding change:</b> Increase the Council Baseline Budget to include salary and benefit increases as recommended by the Salary Commission, increased funding for neighborhood community events, and increased funding for Council travel and training.	\$168,000	Funding source: General Fund Contingency
<b>Funding change:</b> adding CIP projects. • Joint Use - Kirkland South Reservoir Tank Painting and Seismic Retrofit - \$8,334,264 increase to Water Capital Investment Fund. • Sidewalk Repair - 40th Street (156th Ave to Bel-Red Road) - \$1,085,000 reduction to Transportation Capital Investment Fund. • PPE and Extractors - \$137,000 increase to General Government Major Maintenance Fund.	\$7,386,264	• Funding Source: Water Capital Fund Reserves • Funding Source: N/A - funding returned to Transportation Capital Investment Fund Surplus. • Funding Source: General Fund Surplus; budgeted in General Government Major Maintenance Fund.
<b>Budget update:</b> Move funds for Data Governance Plan from baseline to service enhancement budget.	\$125,000	No budget impact
<b>Budget correction:</b> Transfer to General Government Major Maintenance Fund to fund projects proposed in the preliminary budget	\$579,750	Funding Source: General Fund Surplus; budgeted in General Government Major Maintenance Fund
<b>Budget update/correction:</b> The Preliminary Budget included a transfer from Lodging Tax Fund to General Fund for \$50,000 of eligible World Cup expenditures. For tracking purposes, this expenditure has been changed as directly budgeted out of the Lodging Tax Fund, and the transfer to General Fund has been removed.	\$0	No net budget impact, reduction of \$50,000 in revenue and expenditure budget in the General Fund.

<b>Budget update/correction:</b> Transfer \$1,624,000 from Parks Capital Projects Fund to General Government Capital Fund for MOC Development project.	\$1,624,000	Funding Source: General Fund Surplus moved from Parks Capital Projects Fund, now budgeted in General Government Capital Fund.
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☒ **Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

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

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
N/A
- **Required:**  
The ordinances related to the 2025-2026 Final Budget must be approved before the end of the year to take effect on January 1, 2025.
- **Council Request:**  
N/A
- **Other Key Facts:**  
N/A

**OUTCOMES:**

Approval of the attached ordinances will establish the 2025 property tax levy, the 2025 business license fee, the 2025-2026 water/wastewater utility rates, the 2025-2026 stormwater utility rates, the 2025-2026 utility tax on City utilities, implementation of project review provisions in accordance with SSSB 5290, and the 2025-2026 final budget.

Additionally, the approval commits the City to the Council requests that are outlined in Exhibit G-2: Council Parking Lot Items.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
2024
- **Outreach Methods and Results:**  
Annual Community Survey, Civic Results Team, Staff Results Team, questions submitted to budget@redmond.gov, OneRedmond Government Affairs committee, Biennial Budget Questionnaire,

required public hearings, and one additional public hearing

- **Feedback Summary:**

A public comment matrix is included in Exhibit G-4.

**BUDGET IMPACT:**

**Total Cost:**

N/A

**Approved in current biennial budget:**

☐ Yes

☒ No

☐ N/A

**Budget Offer Number:**

N/A

**Budget Priority:**

All

**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
2/13/2024	Committee of the Whole - Finance, Administration, and Communications	Provide Direction
2/27/2024	Study Session	Provide Direction
3/19/2024	Committee of the Whole - Public Safety and Human Services	Provide Direction
4/9/2024	Committee of the Whole - Finance, Administration, and Communications	Provide Direction
4/23/2024	Study Session	Provide Direction

5/28/2024	Committee of the Whole - Parks and Environmental Sustainability	Provide Direction
6/11/2024	Committee of the Whole - Finance, Administration, and Communications	Provide Direction
6/25/2024	Study Session	Receive Information
7/9/2024	Committee of the Whole - Finance, Administration, and Communications	Receive Information
7/9/2024	Study Session	Provide Direction
7/16/2024	Business Meeting	Receive Information
8/13/2024	Committee of the Whole - Finance, Administration, and Communications	Receive Information
9/10/2024	Committee of the Whole - Finance, Administration, and Communications	Receive Information
9/24/2024	Study Session	Receive Information
10/1/2024	Business Meeting	Receive Information
10/8/2024	Committee of the Whole - Finance, Administration, and Communications	Receive Information
10/15/2024	Business Meeting	Receive Information
10/22/2024	Special Meeting	Provide Direction
10/29/2024	Special Meeting	Provide Direction
11/4/2024	Special Meeting	Receive Information
11/12/2024	Committee of the Whole - Finance, Administration, and Communications	Receive Information
11/12/2024	Special Meeting	Provide Direction

**Proposed Upcoming Contact(s)**

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

**Time Constraints:**

Per RCW 35A.34.120, the budget must be adopted by December 31, 2024.

**ANTICIPATED RESULT IF NOT APPROVED:**

Council deliberations would continue until complete and a budget is adopted before the December 31, 2024, deadline.

**ATTACHMENTS:**

Attachment A: Ordinance No. XXXX (2025 Property Tax Levy)

Attachment B: Ordinance No. XXXX (2025 Business License Fee)



Attachment C: Ordinance No. XXXX (2025-2026 Water/Wastewater Rates)

Attachment D: Ordinance No. XXXX (2025-2026 Stormwater Rates)

Attachment E: Ordinance No. XXXX (2025-2026 Utility Tax on Utilities)

Attachment F: Resolution No. XXXX (Development Services Project Review)

Attachment G: Ordinance No. XXXX (2025-2026 Final Budget)

Exhibit G-1: Summary of Changes to 2025-2026 Preliminary Budget

Exhibit G-2: Council Parking Lot Items

Exhibit G-3: Council Follow-Up Items

Exhibit G-4: Public Comments

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Exhibit G-6: Staffing Authorization Summary