

## Noteworthy Edits to Redmond's Long-Range Financial Strategy

### *Foreword*

- **Addition (p.2):** The budget should be predicated on what the community values economically, socially, and environmentally to meet the needs of the present without compromising the ability of future generations to meet their own needs. Budgeting by Priorities asks what the community desires based on their values.
- **Addition (p.2):** In this way, regardless of the City's ability to fund existing programs, an outcome-oriented approach will help ensure that results are sustainable, that funding is allocated to priority programs, and that a triple bottom line of economic, social, and environmental impacts is taken into account.
- **Addition (p.2):** Focus on aligning organizational resources to bridge the gap between present conditions and the envisioned future in the Community Strategic Plan.

### *Purpose and Background*

- Our Vision for the Community and its Government
  - **Addition (p.5):** Redmond's neighborhoods are a key focus area in terms of maintaining the public infrastructure and expanding it, if needed.
  - **Addition (p.6):** It is important to note that the Long-Range Financial Strategy update is being done in a time of economic and social stress as a result of the pandemic. However, Redmond has a history of conservative financial practices and economic resiliency that enables it to withstand downturns in the economy.

### *The Philosophy*

- Balancing the financial burden on the community with the level of service
  - **Addition (p.8):** It is essential that the City continues to focus on the priorities of the people and businesses that live and work within its borders, especially in times of fiscal and social stress being felt currently and in the future.

### *The Strategy*

- The Price of Government
  - **Recommended change question (p.10):** Including all City revenues in the "price of government" overstates the impact on most Redmond residents. For example, real estate excise tax is paid by home sellers only, development fees (including impact fees) are paid by developers or a very small segment of homeowners making improvements to their homes, and federal and state grants are funded by federal and state taxes respectively. **Should these revenues be backed out of the "price of government" calculation?**

- Revenue Philosophy
  - **Addition (p.11):** This philosophy encompasses a desire to build resiliency so that the City can adapt and grow through chronic stress to the system and to look at the triple bottom line of economic, social, and environmental impact when making decisions.
- Long-Range Financial Planning (Maintaining Reserves)
  - **Change (p.13):** The City's revised Fiscal Policies call for at least a 12% General Operating Reserve and at least a 5% Economic Contingency. (Taken together, this change would align the City with the GFOA's recommended target of 17%.)
- Budgeting by Priorities
  - **Addition (p.15):** The measures illustrate what the desired outcome of the priority is and how the City's programs will move the community towards the vision as outlined in the Community Strategic Plan. It is the desire of the City to look at the triple bottom line approach as described earlier in this document.
  - **Addition (p.15):** In addition, the City's financial condition is reflected in the City's Annual Comprehensive Financial Report (ACFR).

## ***Tools***

- Budget Process
  - **Addition (p.19):** When the Preliminary Budget is presented to the Council, the Council's questions and suggestions are captured in a working matrix for documentation purposes
  - **Addition (p.19):** When the Council adopts the Final Budget, all community and Council comments regarding the Preliminary Budget are documented in the Budget Adoption packet.
- Property Tax—Voted
  - **Addition (p.22):** There are two types of voted property tax levies: levy lid lifts and excess levies. Levy lid lifts can be used to fund operations or capital projects, and they have a simple majority voter approval requirement. Excess levies are used to pay the debt service (principal and interest) on unlimited tax general obligation (UTGO) bonds, which have been issued to fund one or more capital projects. They have a 60 percent voter approval requirement.
  - **Addition (p.22):** A new public safety levy lid lift needs to go to the voters in November 2022, because the revenue generated by the November 2007 levy lid lift no longer covers the costs of the services funded by the levy due to the 1.0 percent annual levy increase limitation.