



Building a Sustainable, Inclusive,  
and Resilient Future

# LONG-RANGE FINANCIAL STRATEGY

CITY OF REDMOND | 2026

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# City of Redmond – Long-Range Financial Strategy

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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.

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## **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.

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## **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, 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.
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## 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.

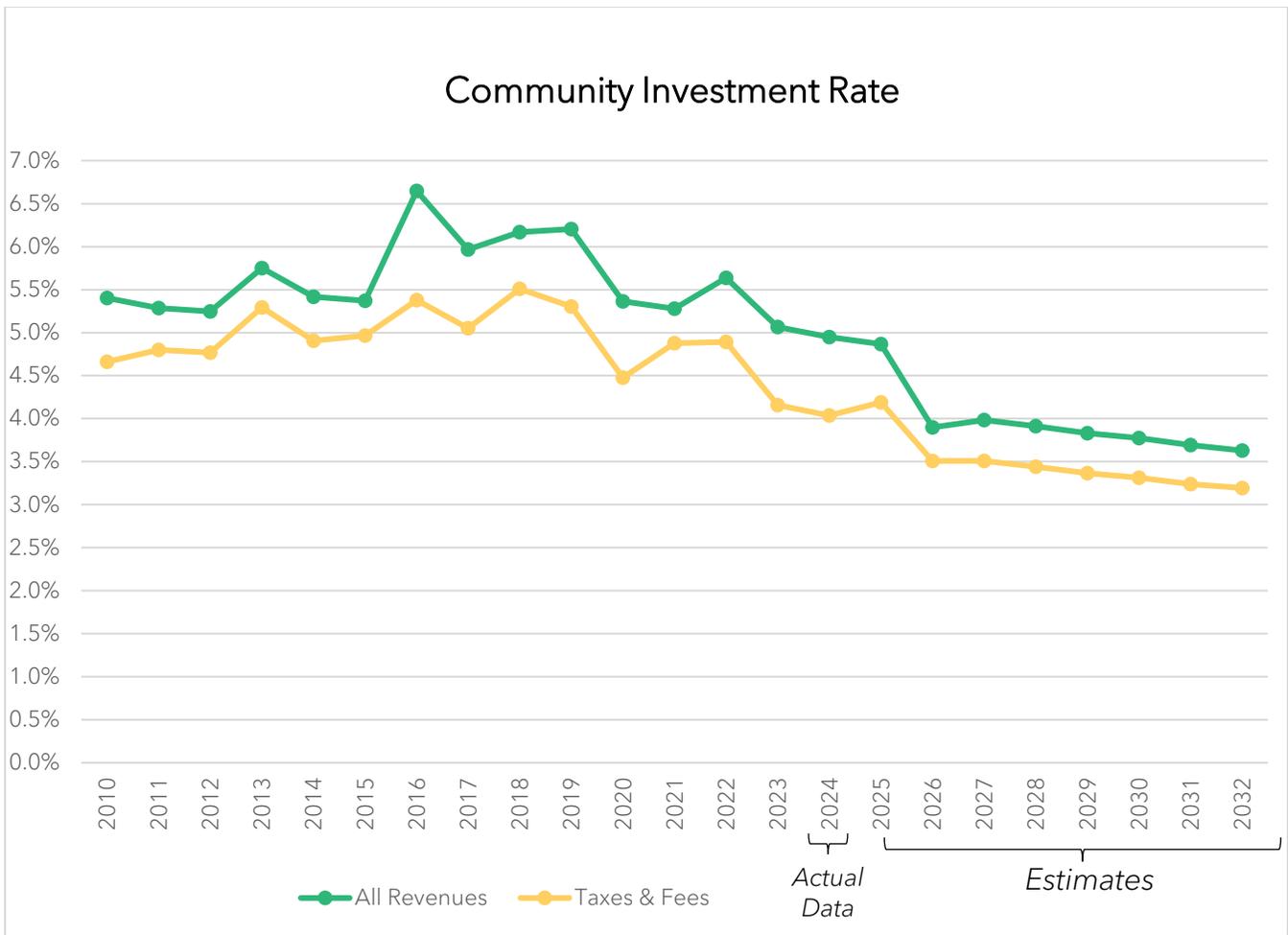
While the underlying calculation remains the same, the guiding metric has been renamed from the Price of Government to the Community Investment Rate (CIR). This updated term reflects not just what the community pays, but what it invests - in safety, mobility, sustainability, and recreation. It is calculated by comparing the City’s total ongoing annual revenues to the total personal income<sup>1</sup> 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.

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<sup>1</sup> 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.

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## **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.

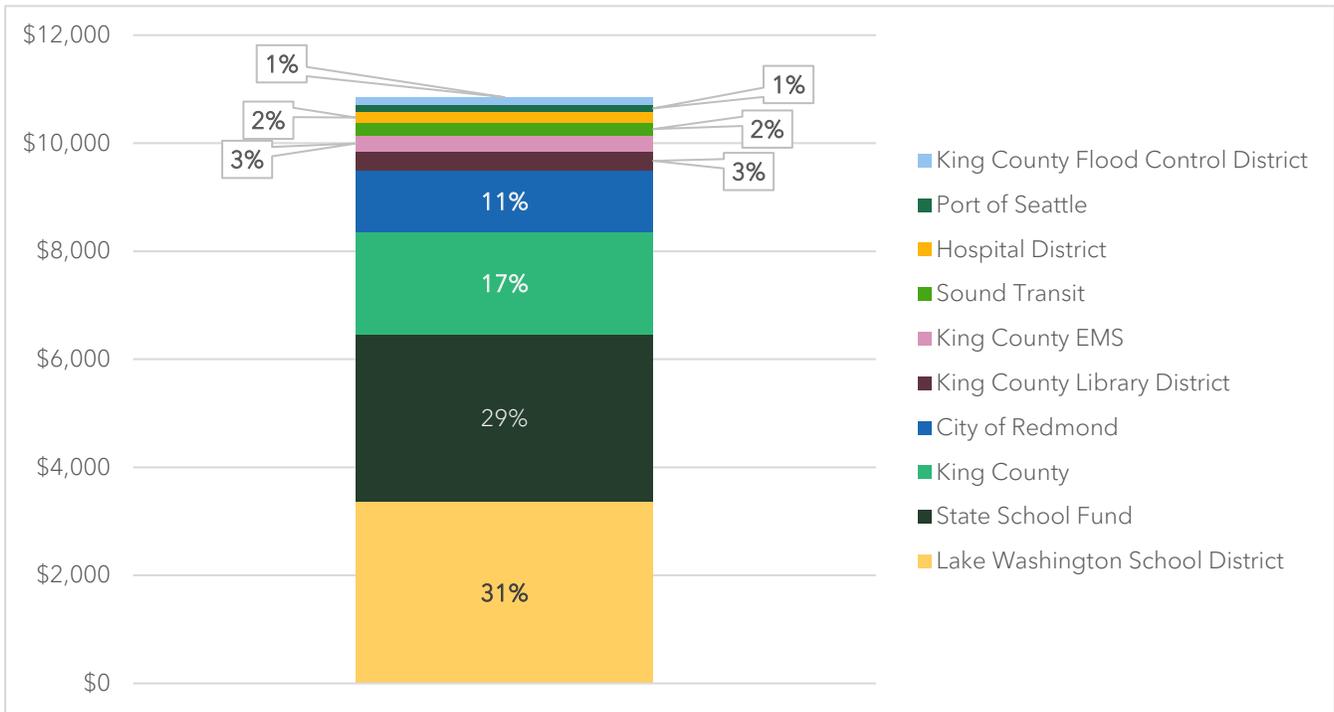
Redmond must establish a clear, community-informed value proposition that balances the benefits of living and doing business in Redmond with the associated costs. Excessive increases in taxes, rates, and fees may risk driving businesses and residents elsewhere, potentially reducing overall revenue and 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



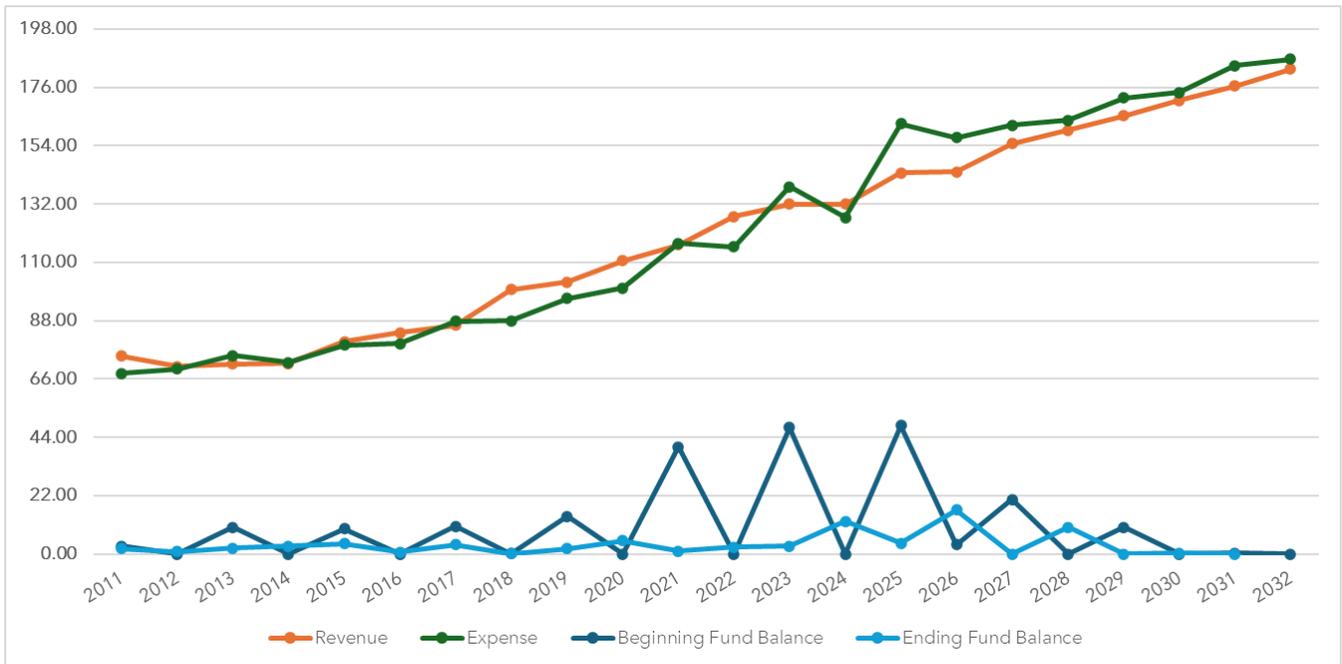
The median property tax burden on a typical Redmond residence in 2025 is \$10,851, or \$7.85 per \$1,000 of assessed value. Of this, the City of Redmond receives 11%, or \$1,154 of the typical tax bill.

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%
<b>City of Redmond</b>	<b>\$1,154</b>	<b>11%</b>
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%
	<b>\$10,851</b>	<b>100%</b>

### 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. Expenditure
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](http://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.

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#### **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)
<b>Respect, Equity, Diversity, Equity, and Inclusion (R.E.D.I.)</b>	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.
<b>Environmental Sustainability</b>	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 <a href="#">Environmental Sustainability Action Plan</a> and Council’s <a href="#">2020 Climate Emergency Declaration</a> .
<b>Housing Choices</b>	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 <a href="#">Housing Action Plan</a> .
<b>Infrastructure</b>	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.

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		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.
<b>Public Safety</b>	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>

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### **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)<sup>2</sup>, 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 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

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<sup>2</sup> 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.

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## 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.

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### **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.

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### **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.

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### **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.

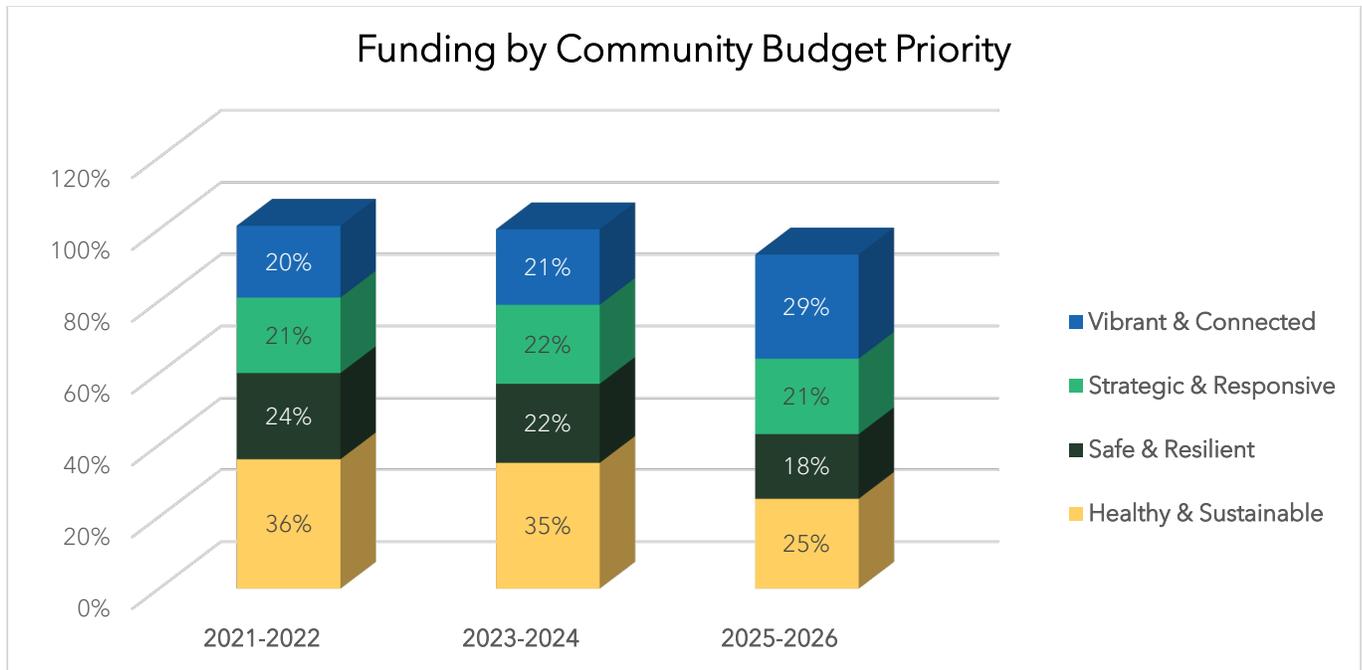
Community input is essential to understanding the budget priorities and outcomes expected from the City. The City works to facilitate strong feedback from the community in a variety of forms as the basis for its spending choices. Each biennial budget cycle, the priorities and desired outcomes are validated. 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**

<b>Budget Priority</b>	<b>Healthy and Sustainable</b>	<b>Safe and Resilient</b>	<b>Strategic and Responsive</b>	<b>Vibrant and Connected</b>
<b>Community Value</b>	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
<b>Outcomes</b>	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.

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**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)<sup>3</sup>. 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.

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**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.

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<sup>3</sup> 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

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[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](#)

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## 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)
<b>Subtotal</b>	<b>\$283,443,451</b>
<b>Redmond Community Income</b>	
Per Capita Income (CPI-W Increase)	\$74,998
Population (1% Increase)	80,280
<b>Total Community Income</b>	<b>\$6,020,816,372</b>
Community Investment Rate (Total City Revenue)	4.95%
Community Investment Rate (Total City Revenue Less Capital Contributions and Debt Proceeds)	4.71%

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## 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 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.
  - 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](#)).
- 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 Council comments are documented in the Budget Adoption Packet.

## 13. Budget Implementation

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

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## 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 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%.

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## **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 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.

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## **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) <sup>4</sup>	6%	6%	No	City Council	Medium
Utility Tax (City Utilities) <sup>5</sup>	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 <sup>6</sup>	\$66.00	None	Yes	City Council	Medium
Business Transportation Tax <sup>7</sup>	\$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

<sup>4</sup> See table 6

<sup>5</sup> See table 6

<sup>6</sup> See table 7

<sup>7</sup> 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

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## 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 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 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 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 2008<sup>8</sup>, 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

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<sup>8</sup> 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 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



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