



Budget Process Update - June 2024

Committee of the Whole - FAC

Kelley Cochran, Finance Director

Haritha Narra, Financial Planning Manager



Redmond
WASHINGTON

Agenda

- Process Update
- Capital Investment Process Update:
 - Preliminary Forecast
 - Recommendations
- General Fund:
 - Actuals through 1st Quarter 2024
 - Forecast development
 - Recommendations
 - Next steps

Budget Process Milestones



Forecast & Budget Process Update

- Budget process development
 - Calendar
 - Results Team
 - Enhancements & Reductions
 - Budgeting for Equity
- Forecast update
 - General Fund
 - Water/Wastewater
 - Stormwater
 - Other major funds
- Internal rate setting
 - Indirect costs
 - Fleet
 - Medical
 - Worker Comp
- Position Budgeting
- City Council
 - Retreat
 - Long-Range Financial Strategy
 - FAC updates



Capital & Business Technology Investments

- Needs identification
 - Department/program meetings
 - Business case submittals
 - Cost determinations
- Forecast update
 - General Fund 5%
 - REET
 - Business License
 - Impact Fees/Connection Charges
 - Grants
- 6-Year program development
 - Project sequencing
 - Staff resources
 - Project funding
 - Governance Committee approval
- City Council Study Sessions and FAC updates
- Community Engagement
 - Public Hearings
 - OneRedmond



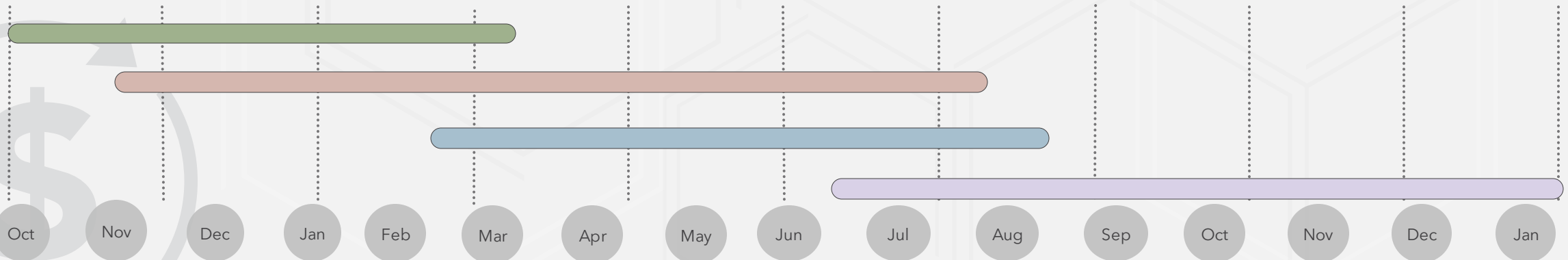
Operating Budgets

- Needs identification
 - Department/program meetings
 - Director's Team meetings & retreats
 - Baseline budget development
 - Budgeting for Equity
 - Service enhancements & reductions
 - Performance measures
- Forecast update
 - General Fund
 - General Fund Sub-Funds
 - Special Revenue Funds
 - Utility Enterprise Funds
 - Internal Service Funds
- Results Team Processes
 - Deputy Director's
 - Civic Results Team
 - Welcoming committee
- Budget Balancing
- Budget Questionnaire
- City Council Study Sessions and FAC updates

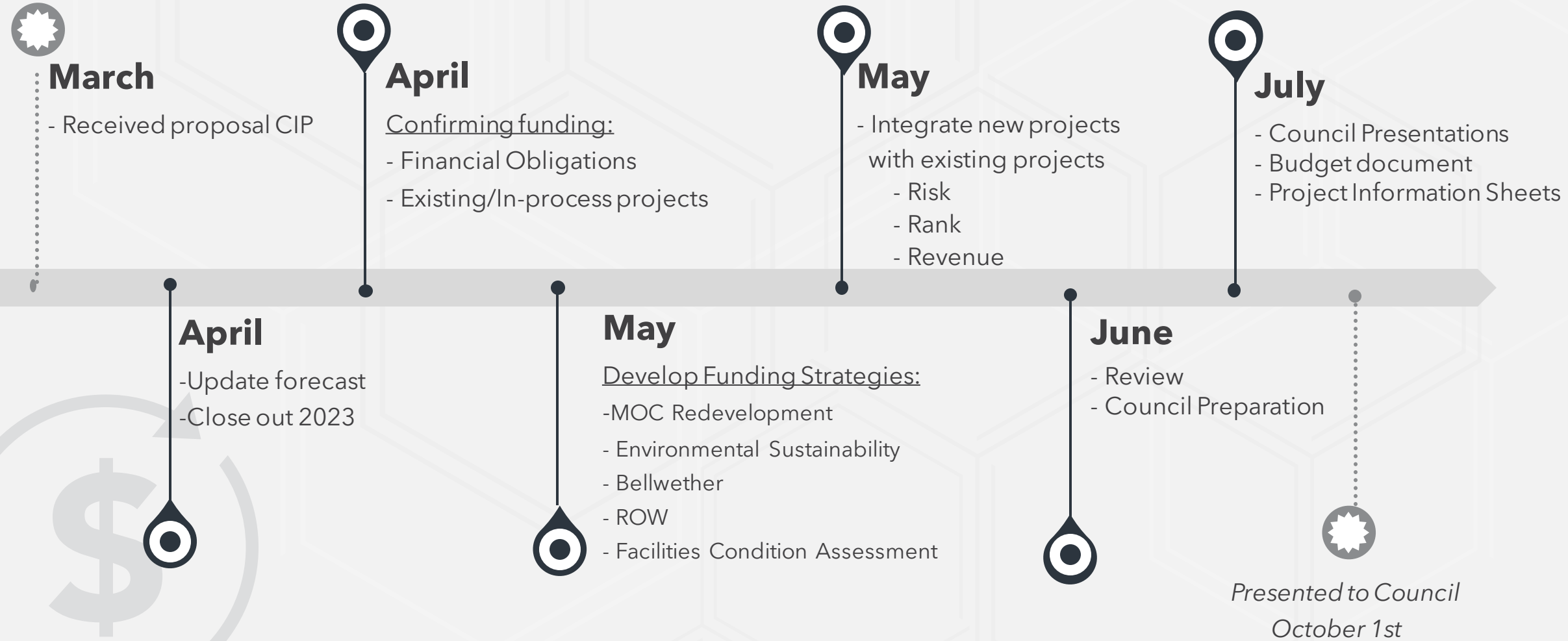


Budget Adoption

- Final reconciliations
- Preliminary Budget Document
 - Final budgets
 - Budget financial overview
 - Budget highlights
 - Staffing authorizations
 - Policies
- City Council presentations
 - FAC updates
 - Forecast
 - Deliberations overview
 - Community engagement
- Communication with union leadership
- Clerk's Office filing
- City staff updated
- Results Teams recognition and thank you
- Preliminary Budget presentation
- City Council Deliberations
- Public Hearings
- Budget Adoption

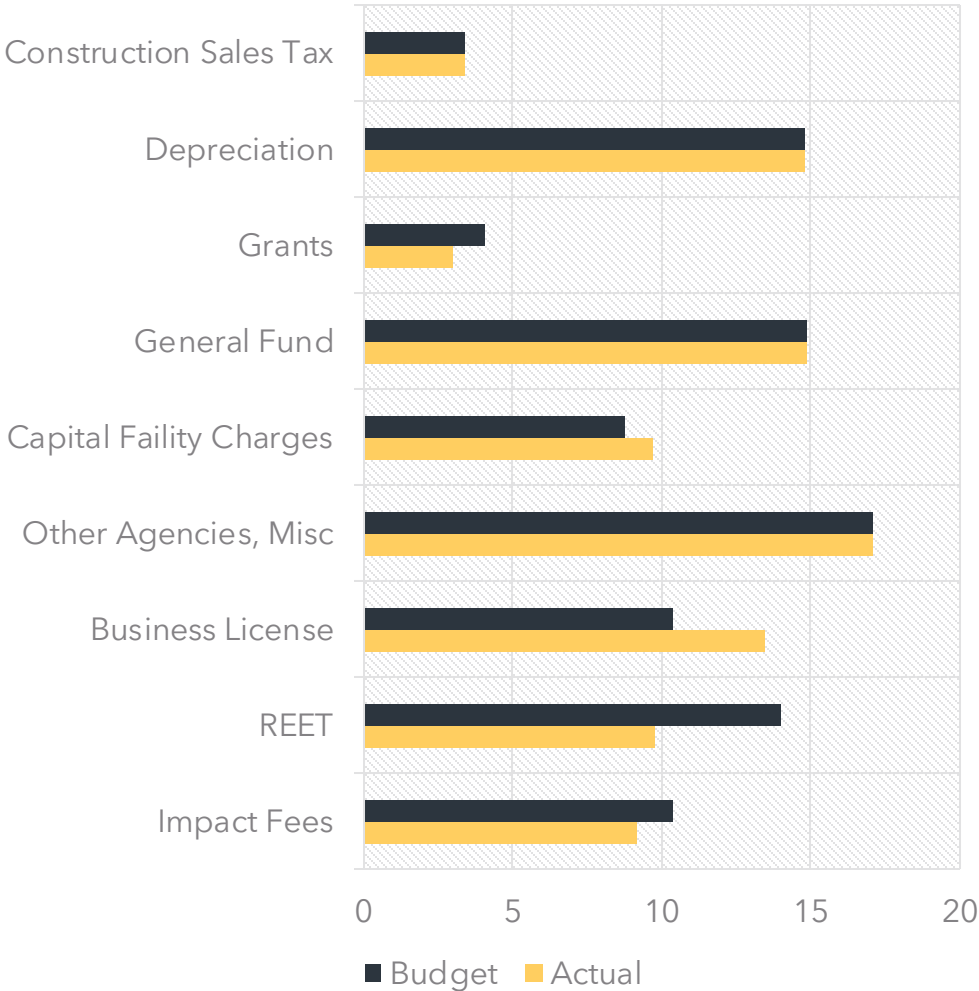


2025-2030 - Preliminary CIP Funding Process

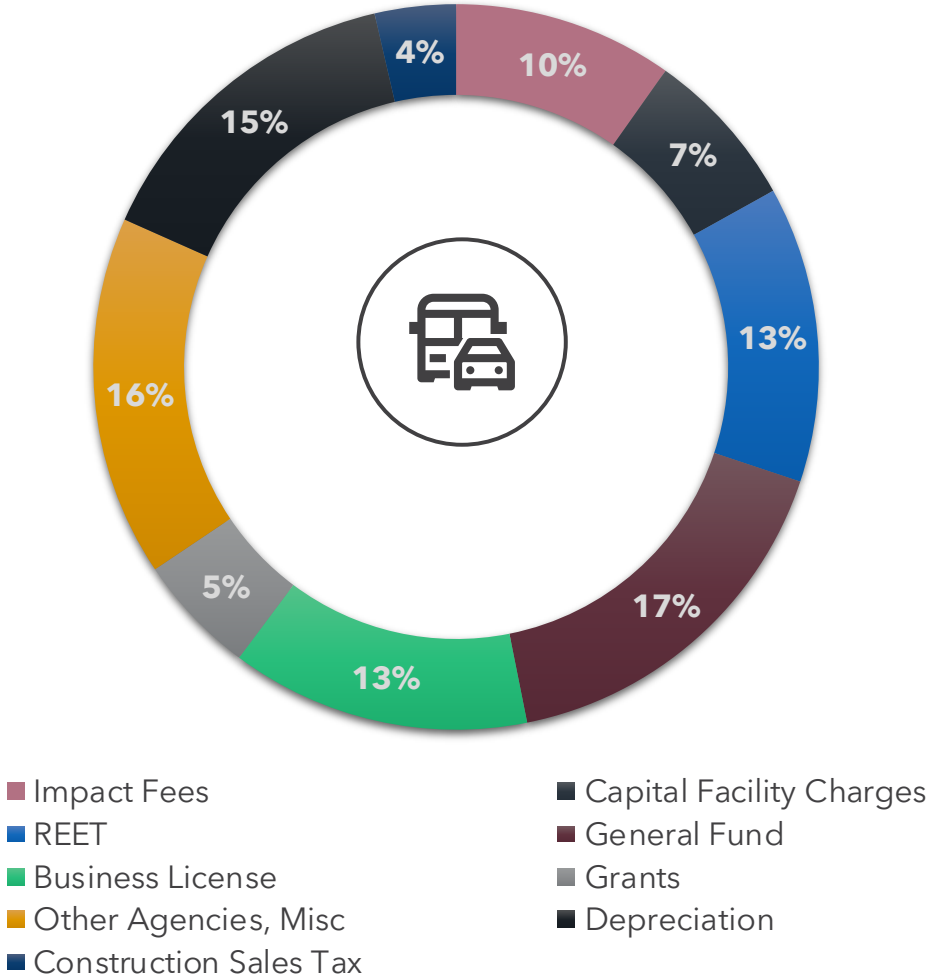


Capital Investment Program - Revenue Forecast

2023-2024 Budget vs. Actual

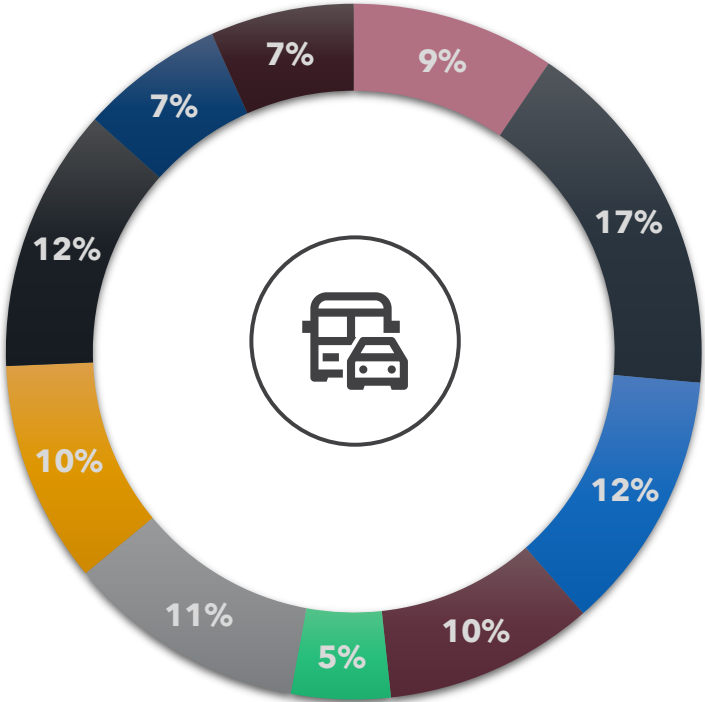


Preliminary 2025-2030 - \$330.1M



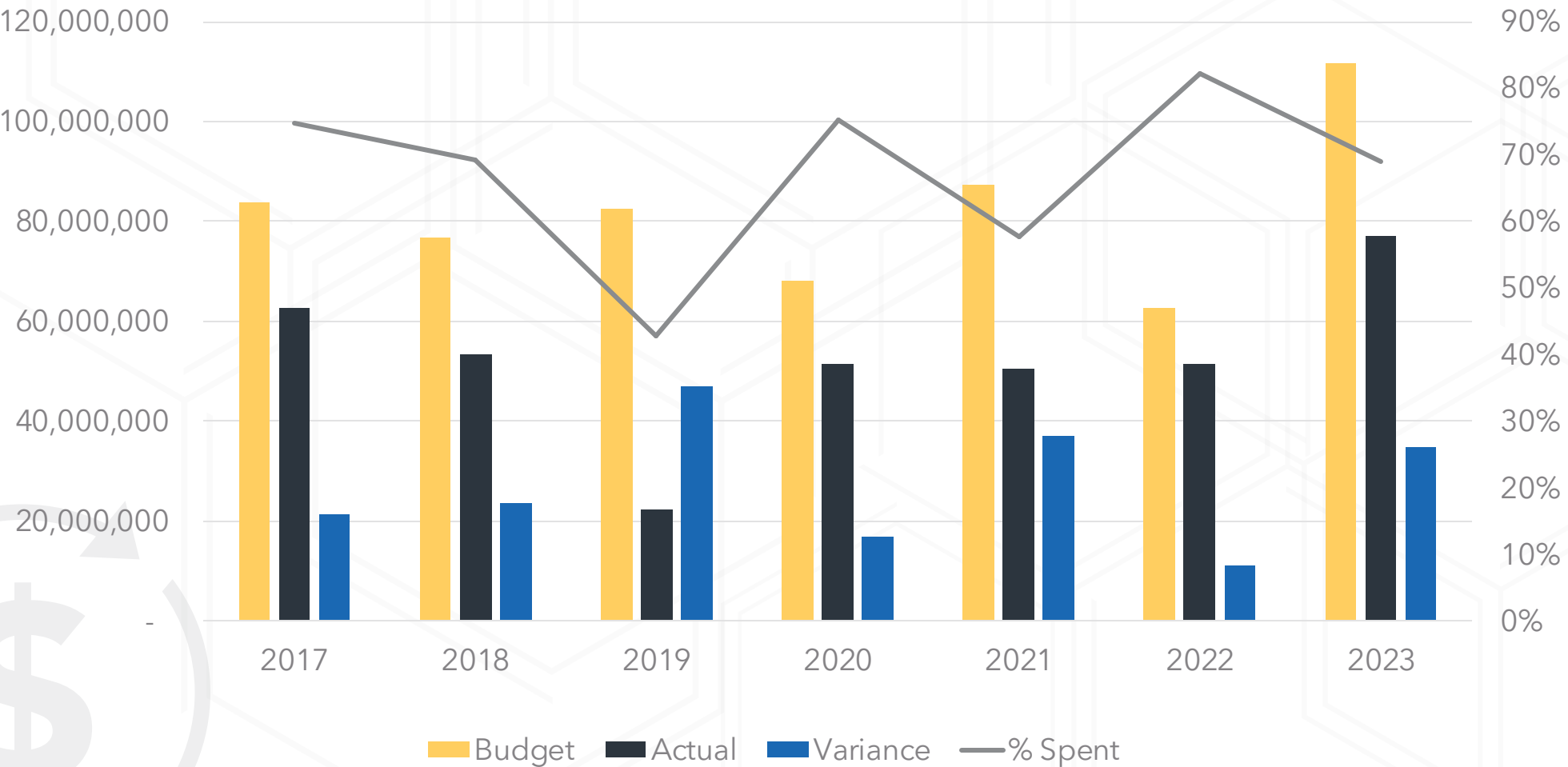
Capital Investment Program - Revenue Allocation

Preliminary 2025-2030 - \$392.5M



- Impact Fees
- REET
- General Fund
- Business License
- Grants
- Other Agencies, Misc
- Construction Sales Tax
- Water Utility
- Wastewater Utility
- Stormwater Utility

Capital Investment Program - Expenditures



Capital Investment Program - Program & Policy Changes/Recommendations

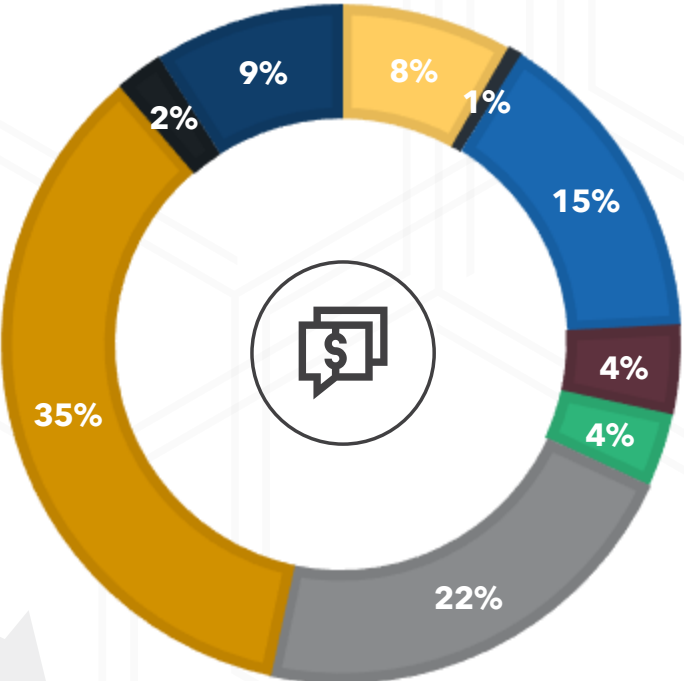
	Project/Policy	Description	Recommendation
	161 st Extension Loan	<ul style="list-style-type: none"> Total Draw: \$1.79M Principal Remaining: \$661,155 Maturity Date: 6/1/2031 Annual Payment: \$95,000 	<ul style="list-style-type: none"> Pay in full 2025 Transportation Impact Fees Interest Savings: \$6,500
	Redmond Way Water Quality Facility Loan	<ul style="list-style-type: none"> Total Draw: \$4.412M Principal Remaining: \$2.672M Maturity Date: 6/30/2035 Annual Payment: \$300,000 	<ul style="list-style-type: none"> Pay in full 2025 Stormwater CIP Fund Balance Interest Savings: \$475,000
	2015 Transportation LTGO Bonds 2016 Transportation LTGO Bonds	<ul style="list-style-type: none"> Principal Remaining: \$13.05M Redemption Date: 12/1/2025 Annual Payment: \$3.1M 	<ul style="list-style-type: none"> Call bonds in 2025 Business Tax 84%/Impact Fees 16% Interest Savings: \$1,945,400
	Capital Program Overhead	<ul style="list-style-type: none"> Indirect salaries & benefits Inequitable to small projects Difficult to forecast Not best practice 	<ul style="list-style-type: none"> Effective 2023 Change Not applied to projects Expensed from major maintenance/operating funds Same process functional areas/Construction division Budgeted CIP charging will be expensed
	Engineering Contingency	<ul style="list-style-type: none"> Flexibility for opportunities/emergencies Accountability measures in D365/CIP System 	<ul style="list-style-type: none"> Begin phasing in 2025 General Fund Surplus possibility Possible utility rate impacts
	Reserves	<ul style="list-style-type: none"> Best practice 1% of asset value Security/opportunity 	<ul style="list-style-type: none"> Begin phasing in 2025 General Fund Surplus possibility Possible utility rate impacts

Study Sessions

Date	Item (Topic)	Department(s)	Requested Council Action
2/27	<ul style="list-style-type: none"> • Preliminary Forecast • 2025-2026 Budget Process 	Finance	<ul style="list-style-type: none"> • Receive information • Provide direction
4/23	Budgeting for Equity (New)	Finance Executive	<ul style="list-style-type: none"> • Receive information
6/25	Department Budget Overviews (New) <ul style="list-style-type: none"> ◦ See example 	All departments	<ul style="list-style-type: none"> • Receive information
7/9	Capital Investment Program <ul style="list-style-type: none"> ◦ Water ◦ Wastewater ◦ Stormwater ◦ General Government ◦ Parks ◦ Transportation 	Finance Public Works Parks Planning	<ul style="list-style-type: none"> • Receive information • Provide preliminary approval
7/9	Business Technology Investment Program (BTIP)	Finance TIS	<ul style="list-style-type: none"> • Receive information • Provide preliminary approval

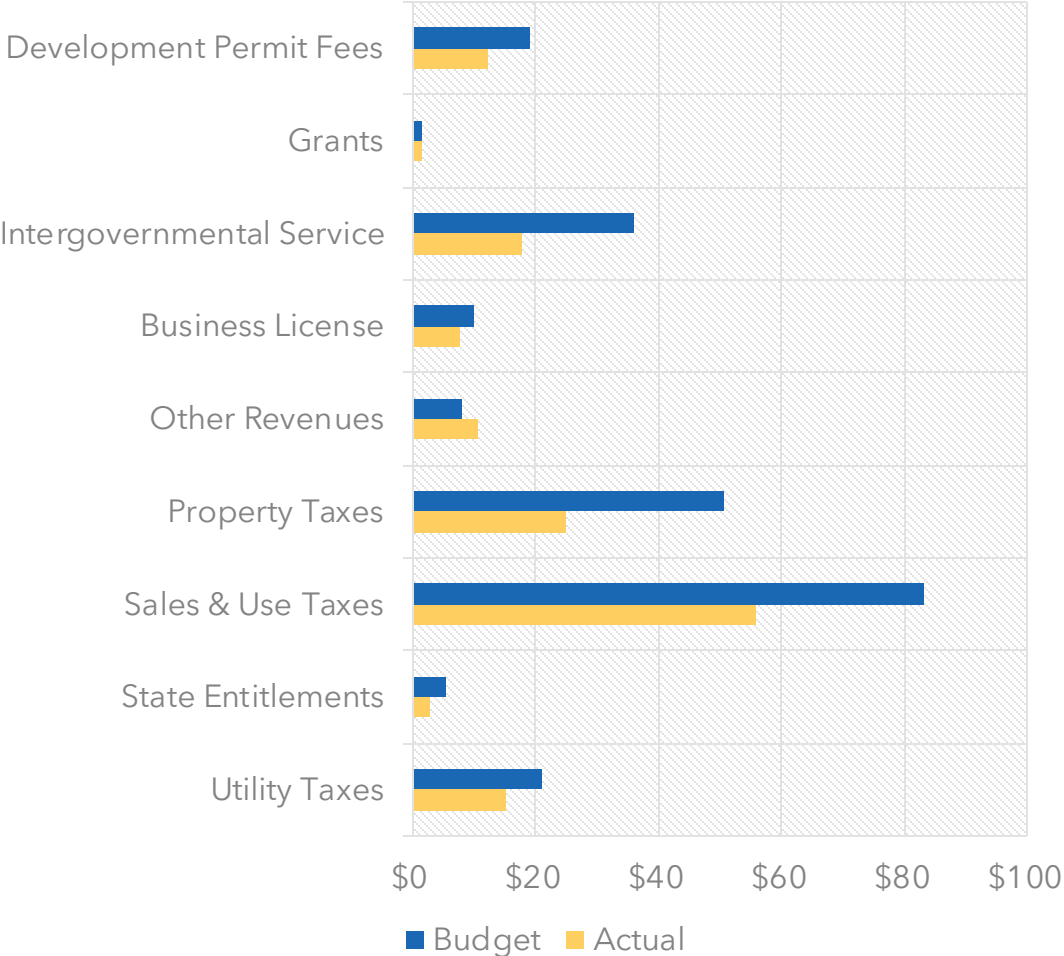
General Fund Revenue - 1st Quarter 2024

BIENNIAL \$283.4M



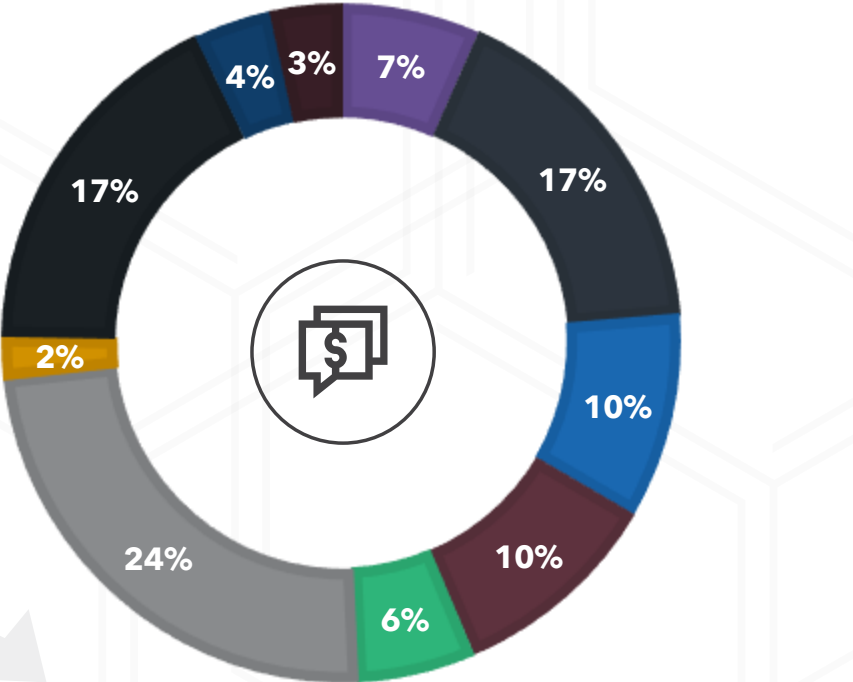
- Development Permit Fees
- Intergovernmental Service
- Other Revenues
- Sales & Use Taxes
- Utility Taxes
- Grants
- Business License
- Property Taxes
- State Entitlements

Budget vs Actual



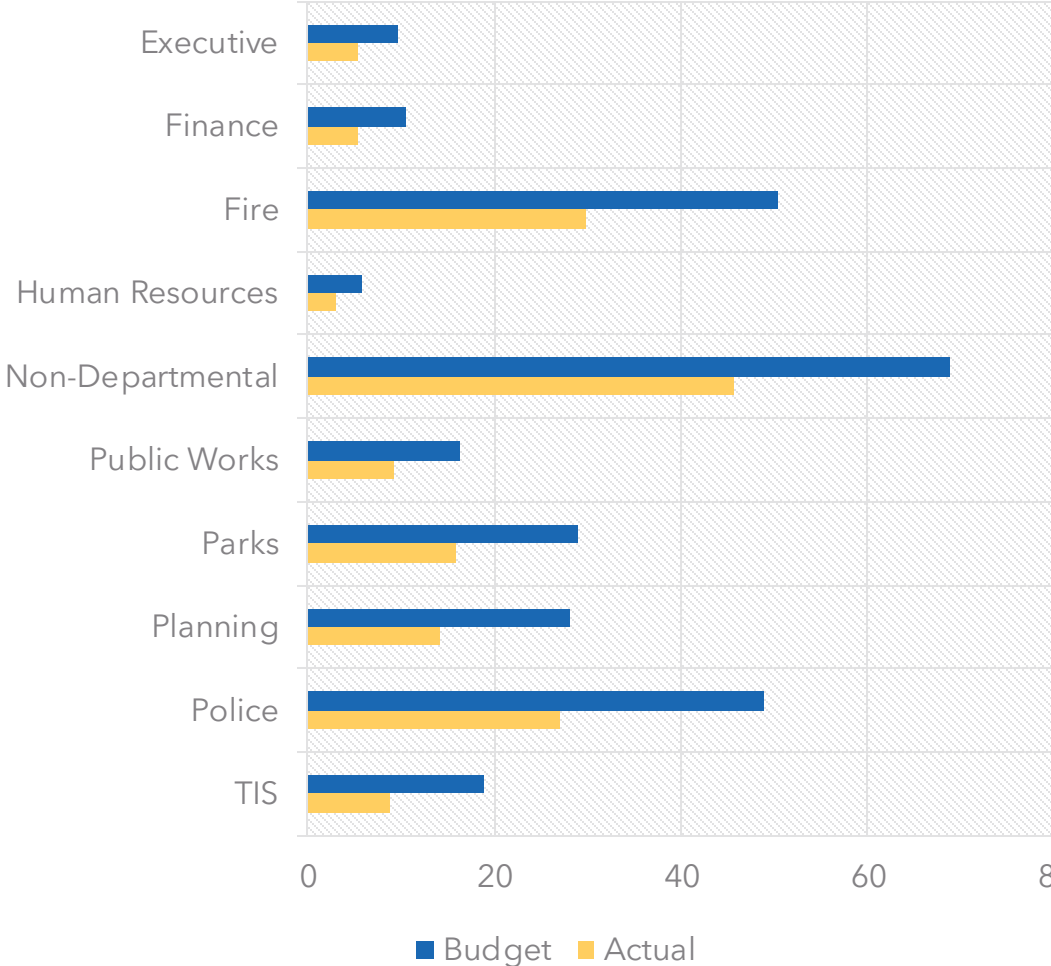
General Fund Expenditure - 1st Quarter 2024

BIENNIAL \$283.4M



- TIS
- Police
- Planning
- Parks
- Public Works
- Non-Departmental
- Human Resources
- Fire
- Finance
- Executive

Budget vs Actual



2025-2026 General Fund Recommendations

- Arts Program Funding
- Human Services Funding



Next Steps

- July FAC:
 - Community Involvement and Engagement
 - Forecast Update
 - General Fund
 - Utilities



Thank you

Any Questions?



Redmond
WASHINGTON