



Memorandum

Date: 12/10/2020
Meeting of: City Council Special Meeting

File No. AM No. 20-174-2
Type: New Business

TO: Members of the City Council
FROM: Mayor Angela Birney

DEPARTMENT DIRECTOR CONTACT(S):

Finance	Malisa Files	425-556-2166
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DEPARTMENT STAFF:

Finance	Kelley Cochran	Deputy Finance Director
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TITLE:

Adoption of the 2021-2022 Biennial Budget Components: 2021 Property Tax Levy; Amending the Redmond Municipal Code to Increase the Business License Fee by the Consumer Price Index; Changes to City of Redmond Fiscal Policies; and Adoption of the 2021-2022 Biennial Budget and Capital Investment Program

- a. Ordinance No. 3024: An Ordinance of the City of Redmond, Washington, Levying Property Taxes for the City of Redmond for the Fiscal Year Commencing January 1, 2021, on all Property, Both Real and Personal, in Said City which is Subject to Taxation for the Purpose of Paying Sufficient Revenue to Carry on General Operations, Recognize Voter Approved Levy Lid Lifts for Public Safety and Parks for the Ensuing Year as Required by Law
- b. Ordinance No. 3025: An Ordinance of the City of Redmond, Washington, Amending Sections 5.04.070 and 5.04.080 of the Redmond Municipal Code Increasing the Business License Fee Providing for Referendum, and Establishing an Effective Date
- c. Ordinance No. 3026: An Ordinance of the City of Redmond, Washington, Adopting the Final 2021-2022 Biennial Budget of the City Commencing January 1, 2021

OVERVIEW STATEMENT:

Described below are the various ordinances and actions required by Council to approve the 2021-2022 Biennial Budget package.

2020 Property Tax

Pursuant to state law, the City of Redmond may levy property taxes annually for general operations and the payment of debt service on voted bond issues (if any). The Revised Code of Washington (RCW) 85.55.005 allows a jurisdiction over 10,000 in population to raise property taxes by the lesser of the implicit price deflator (IPD) or 1% plus new construction, annexations, and other miscellaneous adjustments (e.g. refunds) with a simple majority vote. In September, the Bureau of Economic Analysis calculated the implicit price deflator to be 0.602%. The attached ordinance establishes the 2021 property taxes at \$29,128,831 with

\$22,569,141 for general operations and \$6,559,690 supporting Redmond's levy lid lifts.

Business License Fee

Currently, the City levies \$117.00 per full-time equivalent (FTE) employee on people doing business in Redmond. Of the total, \$50.00 per FTE goes into the General Fund to support City operations and \$67 per FTE is used to fund transportation and transportation demand management projects. The ordinance in Attachment B would index the 2021 and 2022 business tax to inflation currently estimated at 1.71%. In 2021, the increase in the business tax is \$2.00 to a total of \$119 per FTE of which \$51 per FTE would be apportioned to the General Fund and \$68 per FTE to the capital investment program. In 2022, the increase is calculated at \$3.00 raising the business tax to \$122 per FTE of which \$52 would be collected in the General Fund and \$70 in the capital investment or transportation demand management programs.

Changes to City of Redmond Fiscal Policies

The City's fiscal policies are reviewed and updated as part of the City's biennial budget process. Changes proposed and accepted by Council to the fiscal policies are contained in Attachment C. Council reviewed the changes during council budget deliberations.

Budget Adoption

On October 6, 2020, the Mayor presented to the Redmond City Council the 2021-2022 Preliminary Budget and Capital Investment Program (CIP), reflecting her recommendations, as per her authority provided in the Revised Code of Washington (RCW) 35A.34. Consistent with the City's Budgeting by Priorities process, the budget was designed around the community priorities. Public hearings were held in keeping with state law on June 16, October 20, and November 2, 2020 with an extension to November 17, 2020.

The ordinance in Attachment D establishes the 2021-2022 Biennial Budget at \$795,679,696. During Council deliberations the following changes were made to the budget:

Funded

- Capital Investment Project: Sidewalk Repair; 166th Avenue NE from 80th Street to NE 85th Street - \$477,007
- Capital Investment Project: Sustainability LED Street Light Retrofit - \$322,993
- Capital Investment Program: Contingency \$2,000,000
- Human Services - \$2,500,000
- Bike and Pedestrian Program - \$25,000
- Sustainability Data Collection - \$250,000
- City Council Supplemental Staff - \$150,000
- Personal Protective Equipment for Wildland Firefighting - \$21,000

Unfunded

- Capital Investment Program: Senior Center Debt Proceeds - \$4,611,339
- Capital Investment Program: Senior Center Debt Payment - \$2,016,000
- Capital Investment Project: Adaptive Signal Phase 1 (Downtown) - \$800,000
- Capital Investment Project: Community Treasures - \$31,046
- Capital Investment Project: Neighborhood Fund Program - \$23,436

- Public Safety Levy Consultant - \$150,000

Council changes and technical adjustments to the budget are highlighted in Exhibits D-1 and D-3 with a proviso on the Capital Investment Program contained in D-2. The final Issues Matrix/Parking Lot and Public Comment Matrices contained in Exhibit D-4 and D-5.

Additional Background Information/Description of Proposal Attached

REQUESTED ACTION:

- Receive Information** **Provide Direction** **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
N/A
- **Required:**
Actions contained in the 2021-2022 Biennial Budget package must be approved by December 31, 2020, in order to take effect by January 1, 2021.
- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

Adoption of the biennial budget package for 2021-2022.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
2019-2020
- **Outreach Methods and Results:**
Focus Groups, Civic Results Team, Staff Results Team, Survey, Public Hearings
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

N/A

Approved in current biennial budget: Yes No N/A

Budget Offer Number:

N/A

Budget Priority:

N/A

Other budget impacts or additional costs: Yes No N/A

If yes, explain:

N/A

Funding source(s):

N/A

Budget/Funding Constraints:

N/A

Additional budget details attached

COUNCIL REVIEW:

Previous Contact(s)

Budget Process Overview and 2020 Calendar	January 28
Public Hearing	June 16
Budget Process Update	June 16
Community Outreach/Involvement Update	July 28
Community Outreach/Involvement Update	August 25
Capital Investment Program Forecast	August 25
Revenue Forecast	September 22
Budget Document Overview	September 22
Public Hearing	October 20
Budget Deliberations	October 20 - December 3
Public Hearing	November 2
Public Hearing	November 17

Proposed Upcoming Contact(s)

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

Per RCW 35A.34.120, budget adoption must occur by December 31, 2020.

ANTICIPATED RESULT IF NOT APPROVED:

N/A

ATTACHMENTS:

- Attachment A: Ordinance: 2021 Property Tax Levy
- Attachment B: Ordinance: Business License Fee
- Attachment C: Fiscal Policies
- Attachment D: Ordinance: Adoption of the 2021-2022 Biennial Budget and CIP
 - Exhibit D-1: Summary of Budget Changes
 - Exhibit D-2: Capital Improvement Program Proviso
 - Exhibit D-3: Final Council Deliberation Matrix
 - Exhibit D-4: Final Council Issues Matrix/Parking Lot
 - Exhibit D-5: Final Public Comment Matrix