



# Capital Investment Program Funding Strategy

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# Agenda

- Debt Portfolio Management
  - Repayment
  - Future issuance
- Strategic Capital Investment Projects
  - Current recommendation
  - Development of 2027-2032 Capital Investment Program (CIP)
  - Council process and final recommendation
- Public Art Funding
  - Proposed funding strategy



# Financial Strategy Update Goals

- Align Capital Investment Program (CIP) with updated functional and capital facilities plans.
- Fund strategic capital investment projects while minimizing impacts on remaining capital program.
- Reduce risk by utilizing collected revenue within required timeframes.
- Add Public Art investments to Capital Investment Program (CIP).
- Strategically manage debt portfolio and future bond issuances.



# Budgeting for Outcomes

Debt Portfolio Management

# Redemption of LTGO Bonds - Series 15

Optional redemption of Limited Tax General Obligation Bonds (Series 2015 and 2016), issued with a 10-year “call options”

## Series 2015

- Issued December 22, 2015
- Proceeds used to refund a portion of the City’s Limited Tax General Obligation Bonds, 2008 (issued to fund transportation projects including the extension and improvements to Bear Creek Parkway and 161st Avenue NE and other miscellaneous transportation projects)
- Refunded \$8.9M, \$14.59% net present value savings
- Funding source is business tax
  - \$10.83M unallocated estimated at end of 2025
  - \$11.19M remaining unallocated forecast at end of 2027 after repayment and funding CIP

Debt Service on Callable 2015 Bonds			
Year	Principal	Interest	Total
2026	\$2,240,000	\$207,900	\$2,447,900
2027	\$2,310,000	\$140,700	\$2,450,700
2028	\$2,380,000	\$71,400	\$2,451,400
<b>Total</b>	<b>\$6,930,000</b>	<b>\$420,000</b>	<b>\$7,350,000</b>

# Redemption of LTGO Bonds - Series 16

## Series 2016

- Issued January 21, 2016
- Proceeds used to refund a portion of the City's Limited Tax General Obligation Bonds, 2008 (issued to fund transportation projects including the extension and improvements to Bear Creek Parkway and 161st Avenue NE and other miscellaneous transportation projects)
- Refunded \$11.7M, 10.44% net present value savings
- Additional \$6.0M in new debt issued
- Funding source is transportation impact fees (\$3.7M)
  - \$31.7M unallocated estimated at end of 2025
  - \$17.0M remaining unallocated forecast at end of 2027 after repayment and funding CIP

Debt Service on Callable 2016 Bonds			
Year	Principal	Interest	Total
2026	\$290,000	\$177,850	\$467,850
2027	\$300,000	\$166,250	\$466,250
2028	\$315,000	\$151,250	\$466,250
2029	\$335,000	\$135,500	\$470,500
2030	\$350,000	\$118,750	\$468,750
2031	\$365,000	\$101,250	\$466,250
2032	\$385,000	\$83,000	\$468,000
2033	\$405,000	\$63,750	\$468,750
2034	\$425,000	\$43,500	\$468,500
2035	\$445,000	\$22,250	\$467,250
<b>Total</b>	<b>\$3,615,000</b>	<b>\$1,063,350</b>	<b>\$4,678,350</b>

# Impact Fee Requirements

- One-time charges imposed on new development as a condition of development approval to help pay for the additional capital public facilities required to serve that new development as authorized under RCW 82.02.
- Local governments under the Growth Management Act (GMA) may impose impact fees that meet the following requirements:
  - Must be for system improvements reasonably related to new development;
  - Must be a proportionate share of the cost;
  - Must benefit the new development; and
  - Cannot be the sole funding source for the improvements.
- Comprehensive plans must include a capital facilities plan that identifies public facility needs (existing and growth-related) and planned improvements before impact fees can be imposed.
- Must track by type (Fire, Parks, Transportation) and report collections and expenditures annually.
- Fees not used with the statutory period of 10 years generally must be returned to payers unless extraordinary reasons are documented.

# Impact Fee Eligible System Improvements

## Transportation Impact Fees

- Public streets, roads, and multimodal transportation facilities designed to serve increased travel demand due to new development.

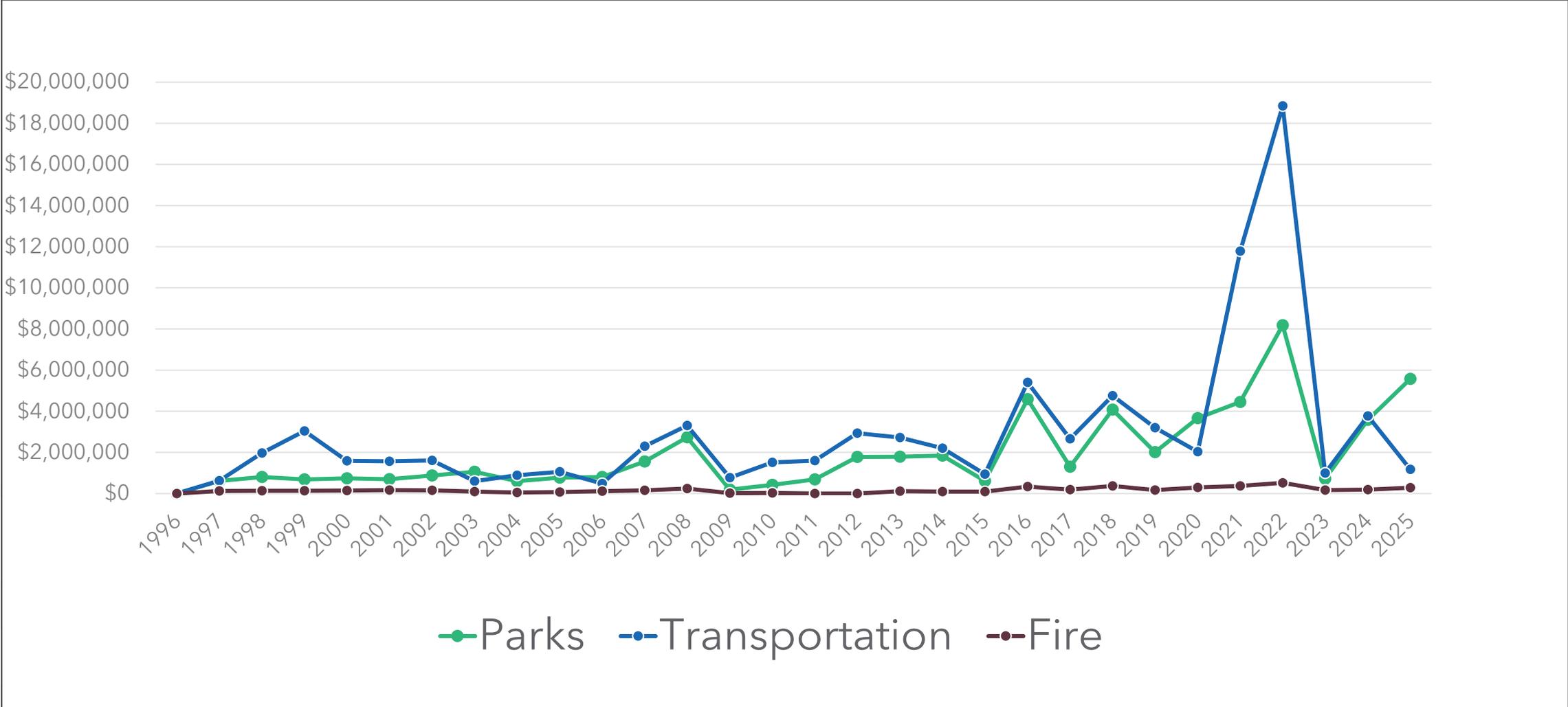
## Parks Impact Fees

- Used for public parks, open space, and recreational facilities that serve the community and help meet demand from population growth.

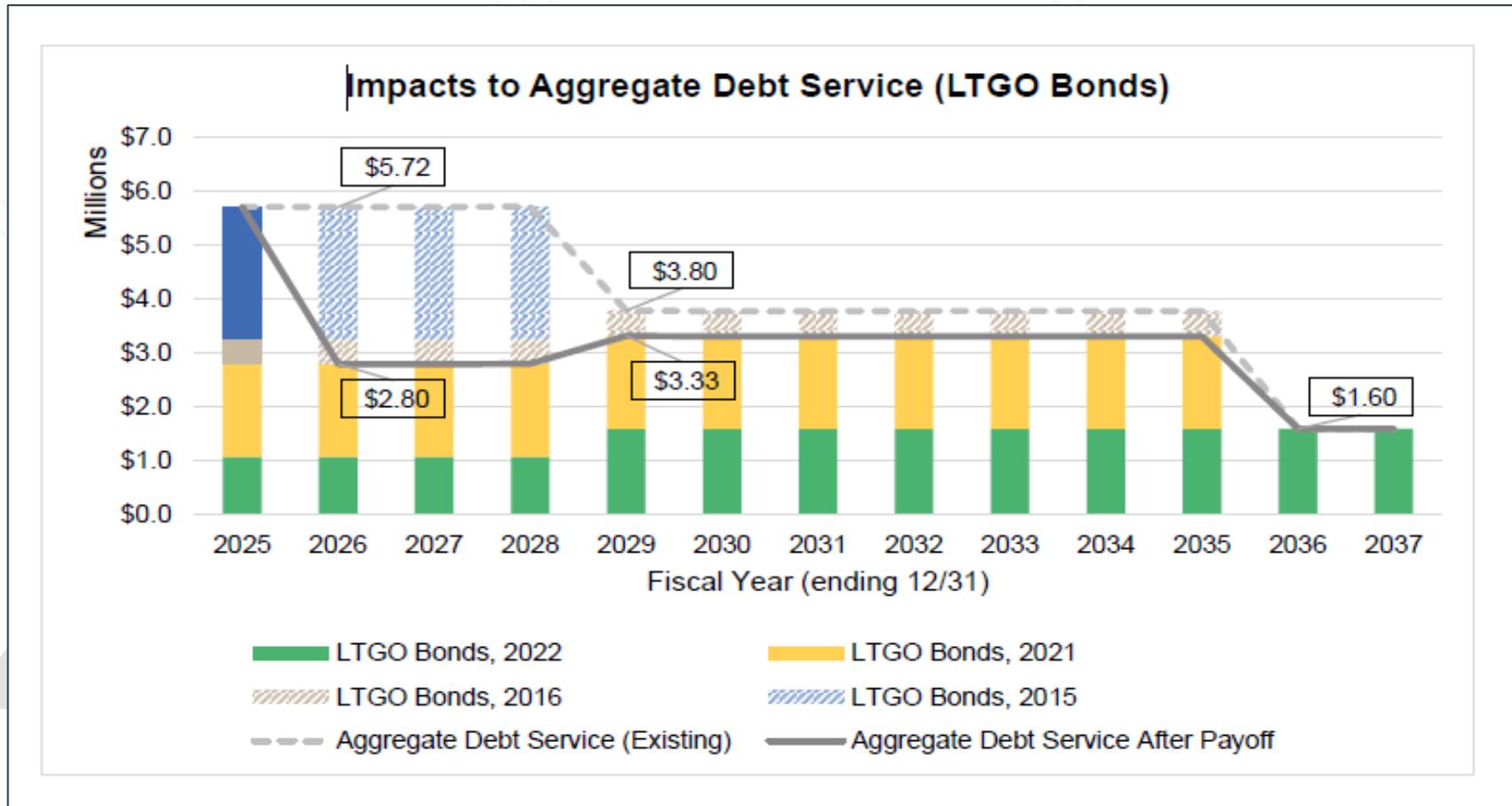
## Fire Impact Fees

- Used for fire protection facilities (stations, apparatus, equipment) needed to serve additional development.
  - May not be used for maintenance, operations, general administrative costs, or to correct existing deficiencies.
  - May be used to pay debt service on bonds to the extent that the facilities provided serve new development.

# Impact Fee Collection



# Impacts to LTGO Portfolio



- Combined savings approximately \$1.48M
- Increased transportation impact fee expenditures by \$3.8M

# Required Council Action

## Bond Redemption Resolution:

- Authorizes the early call/redemption of the bonds
- Specifies the redemption date, redemption price, and the bond series
- Approves required notices to bondholders and the trustee

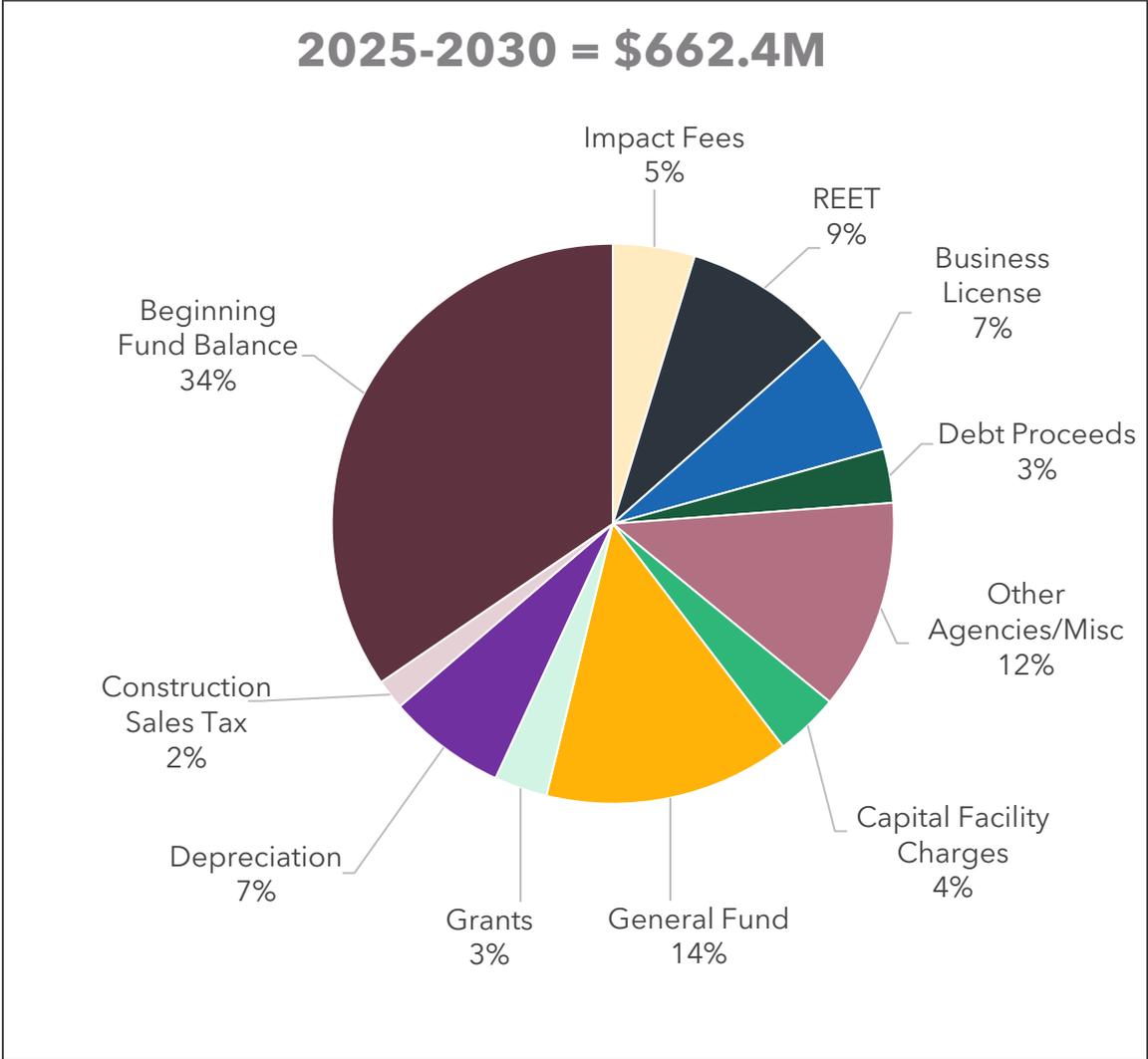
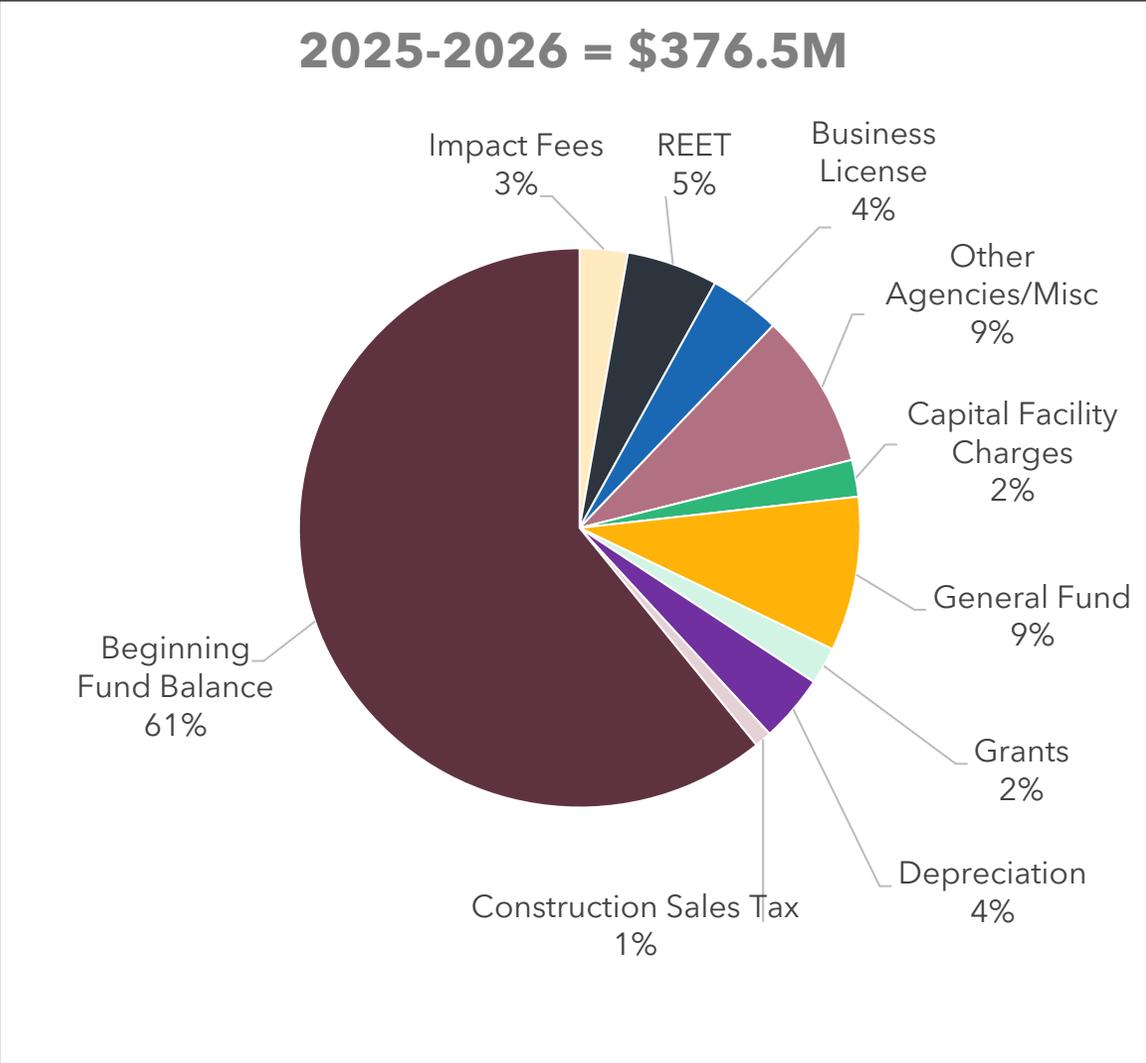




# Budgeting for Outcomes

Strategic Capital Investment Projects

# Capital Investment Program Revenue Forecast



# Strategic Capital Projects

Project Description	Function	Status	Total
Idylwood Park Restroom & Concession	Facilities	Existing	\$8,850,000
Teen Center Rebuild	Facilities	New	\$20,000,000
MOC Redevelopment	Facilities	Existing	\$250,000,000
Overlake Property Acquisition	Facilities	New	\$7,000,000
Fire Station 11 Rebuild	Facilities	Existing	\$20,000,000
Idylwood Park Parking Lot Expansion/Frontage	Parks/Transportation	Existing	\$4,479,223
SE Redmond Neighborhood Park	Parks	Existing	\$13,885,000
Hartman Park Playground Replacement	Parks	Existing	\$1,338,559
ELSP & 187th Ave NE Intersection, Phase 1	Transportation	Existing	\$7,600,000
Bel-Red & WLSP Roundabout	Transportation	Existing	\$4,500,000
WLSP Shared Use Path (Bel-Red to NE 51st Street)	Transportation	New	\$3,000,000
WLSP Shared Use Path (Bel-Red Roundabout to Idylwood)	Transportation	New	\$8,000,000
NE 40th St Shared Use Path (148th Street to SR520)	Transportation	New	\$9,000,000
Cycle Track - 161st Avenue (Redmond Central Connector to 90th Street)	Transportation	Existing	\$5,400,000
<b>Total</b>			<b>\$363,052,782</b>

# Strategic Capital Projects Projected Cash Flow

Project Description	2024	2025	2026	2027	2028	2029	2030	2031	Total
Idylwood Park Restroom & Concession	-	-	825,000	3,200,000	4,325,000	500,000	-	-	8,850,000
Teen Center Rebuild	-	-	500,000	1,000,000	5,800,000	8,700,000	4,000,000	-	20,000,000
MOC Redevelopment	192,947	1,339,500	60,000,000	60,000,000	60,000,000	41,803,128	26,664,426	-	250,000,000
Overlake Property Acquisition	-	-	-	-	-	-	-	7,000,000	7,000,000
Fire Station 11 Rebuild	-	-	500,000	1,925,000	7,700,000	8,375,000	1,500,000	-	20,000,000
Idylwood Park Parking Lot Expansion/Frontage	-	11,066	897,484	1,465,429	2,000,000	105,244	-	-	4,479,223
SE Redmond Neighborhood Park	-	-	1,200,000	1,200,000	6,716,087	3,383,913	1,385,000	-	13,885,000
Hartman Park Playground Replacement	-	-	225,340	711,972	401,247	-	-	-	1,338,559
ELSP & 187th Ave NE Intersection Phase 1	-	-	740,000	2,590,000	3,710,000	560,000	-	-	7,600,000
Bel-Red & WLSP Roundabout	-	-	250,000	1,000,000	2,350,000	900,000	-	-	4,500,000
WLSP Shared Use Path (Bel-Red to NE 51st St)	-	-	400,000	1,200,000	1,200,000	200,000	-	-	3,000,000
WLSP Shared Use Path (Bel-Red Roundabout to Idylwood)	-	-	500,000	3,100,000	4,000,000	400,000	-	-	8,000,000
NE 40th St Shared Use Path (148th St to SR520)	-	-	600,000	3,600,000	4,300,000	500,000	-	-	9,000,000
Cycle Track - 161st Avenue (RCC to 90th St)	-	-	650,000	500,000	4,250,000	-	-	-	5,400,000
<b>Total</b>	<b>\$192,947</b>	<b>\$1,350,565</b>	<b>\$67,287,824</b>	<b>\$81,492,401</b>	<b>\$106,752,334</b>	<b>\$65,427,285</b>	<b>\$33,549,426</b>	<b>\$7,000,000</b>	<b>\$363,052,782</b>

# Strategic Capital Projects Projected Funding Sources

Funding Source	2024	2025	2026	2027	2028	2029	2030	2031	Total
Bonds (LTGO)					26,694,477	24,492,285			\$51,186,762
Business Tax			300,000	4,195,000	9,290,000	1,760,000			\$15,545,000
General Fund 5% Transfer			450,000	600,000	5,717,313	500,000	4,000,000	3,500,000	\$15,667,313
General Fund Surplus	192,947	696,540	15,469,450	7,664,847	3,875,000	3,150,000	1,850,000		\$34,898,783
Grants			708,550						\$917,100
Impact Fees			3,967,726	13,550,139	13,460,000	5,575,000	3,750,000		\$41,102,865
Investment Interest		11,066	1,164,274	2,785,290	2,850,000	1,100,000	1,585,000		\$9,495,630
King County Parks Levy			697,274	861,972	531,247	450,000	450,000		\$2,990,493
MVET					300,000				\$300,000
Real Property Fund			1,000,000						\$1,000,000
REET			14,730,550	23,035,153	15,234,297	7,400,000	8,750,000	3,500,000	\$74,050,000
Solid Waste						1,000,000			\$1,000,000
Utilities		642,960	28,800,000	28,800,000	28,800,000	19,200,000	13,664,426		\$119,907,386
Total	\$192,947	\$1,350,565	\$67,287,824	\$81,492,401	\$106,752,334	\$65,427,285	\$33,549,426	\$7,000,000	\$363,052,782

# Potential Bond Issuance

- Based on the current scenario which will evolve as project decisions are made, revenues are collected, and the complete 2027-2032 CIP is developed.

LTGO Bonds	Investment
Idylwood Park Parking Lot Expansion & Frontage	\$1,105,244
Idylwood Park Restroom & Concession	\$3,375,000
SE Redmond Neighborhood Park	\$6,520,000
Fire Station 11 Rebuild	\$11,500,000
ELSP & 187th Ave NE Intersection Phase 1	\$2,410,000
MOC Redevelopment	\$13,776,518
Teen Center Rebuild	\$12,500,000
Total Debt Service	\$51,186,762,

Forecasted Debt Service
3.80% fixed interest rate
20-Year Term
Semi-annual Payment Frequency
Early years interest heavy
Annual Payment \$3.74M

AAA Bond Rating

# Next Steps

- Reimbursement Resolution: Allows City to start paying for projects now and be legally paid back later once bonds are issued.
- 2027-2032 CIP Development
  - Year-end financials
  - Utility funds analysis and funding strategy development
  - Revenue forecast
  - Project cost estimates
  - Project funding
- Seek external funding: grants, federal funding, earmarks, regional partnerships
- Council information
  - Utility System Updates from Public Works
  - CIP Study Sessions
  - Financial Forecast Study Session
  - Project updates as they occur
  - FAC meetings as needed
  - Study Session with Bond Council



# Budgeting for Outcomes

Public Art Funding

# Current Public Art Investment Funding

## Calculation & Process

- Qualifying projects contribute 1% of the estimated construction cost to the Arts Fund.
- Final contribution amount is calculated and transferred at 60% design milestone.

## Qualifying Projects

- Projects that cost \$100,000 or more
- Construct, renovate, or remodel any public building, decorative or commemorative structure, or park.

### Strength

- Commitment to Art funding
- Parks and Facilities contributions

### Weakness

- Limited number of qualifying projects
- Required contribution does not adequately fund Art Plan
- Dependent on the development and delivery of CIP projects
- Contribution can reduce due to requirements of funding sources
- Limited visibility of Public Art Plan
- Administratively burdensome

# 2017- 2022 1 % for Arts Program Plan Development

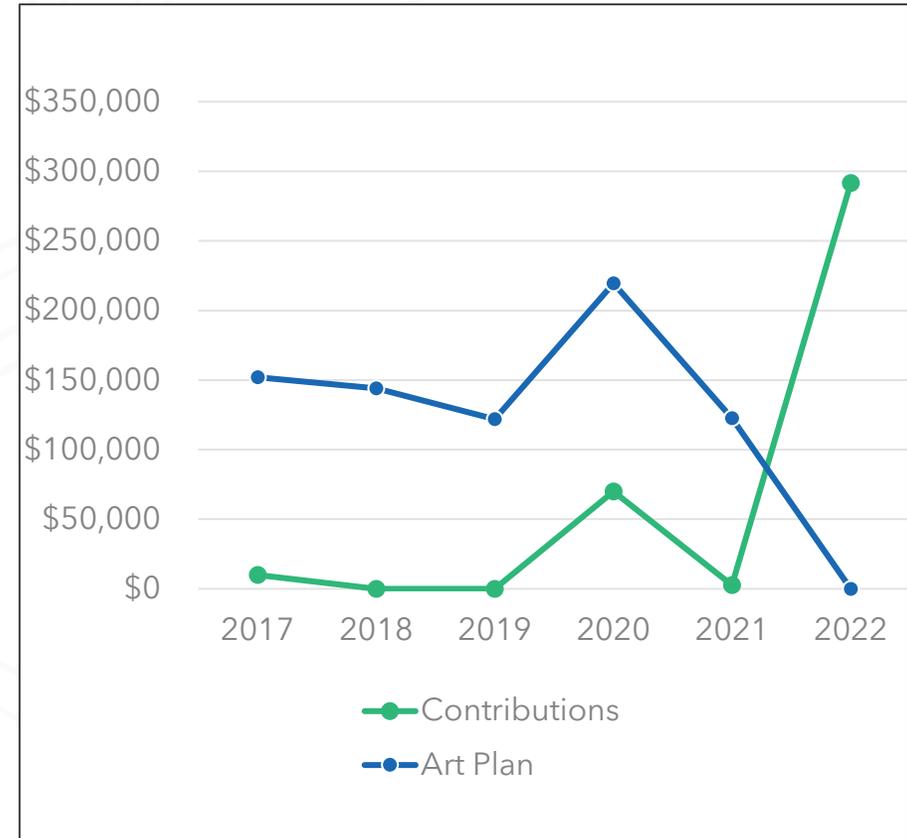
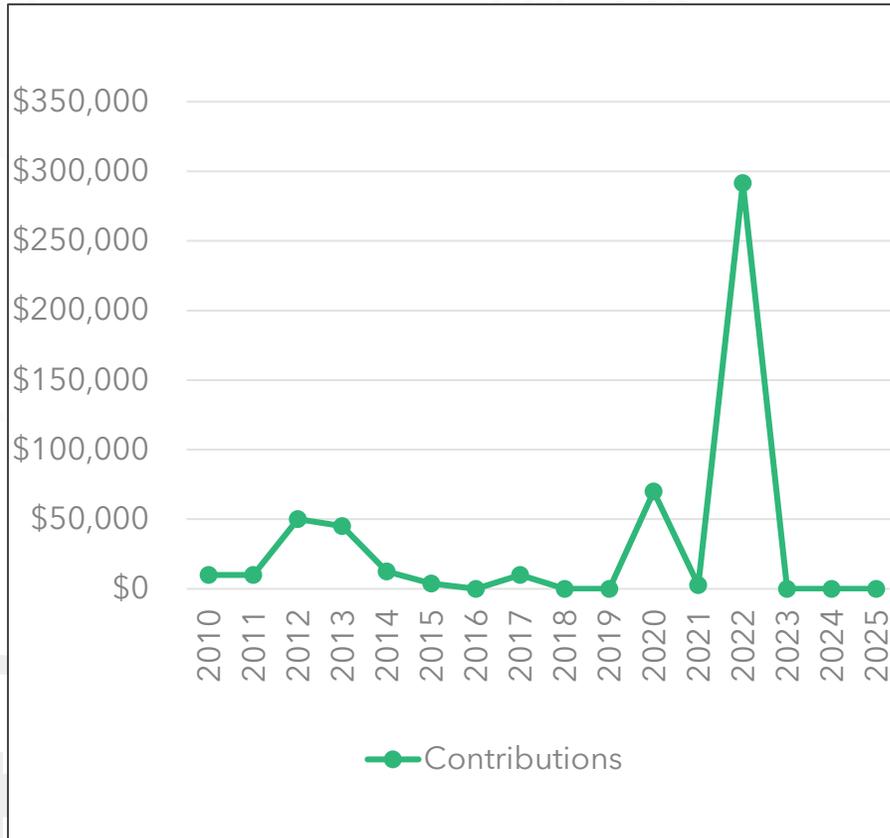
Qualifying Projects	Estimated Construction	1% Contribution	Proposed Public Art Plan							Funding Deficit
			2017	2018	2019	2020	2021	2022	Total	
Municipal Campus Buildings (Sr Ctr/Public Safety Bldg. projects)	\$7,120,000	\$71,200			\$50,000	\$87,500	\$112,500		\$ 250,000	\$(178,800)
SR 520 Trail/pedestrian tunnel	\$7,310,000	\$73,100	\$72,000	\$108,000					\$180,000	\$(106,900)
Redmond Screening Room - IT/Hardware Installation City Hall	\$1,768,000	\$17,680	\$30,000						\$30,000	\$(12,320)
Redmond Central Connector Phase II	\$4,800,000	\$48,000	\$50,000						\$50,000	\$(2,000)
Redmond Central Connector Phase III	\$8,000,000	\$80,000		\$36,000	\$72,000	\$132,000			\$240,000	\$(160,000)
Total	\$28,998,000	\$289,980	\$152,000	\$144,250	\$122,000	\$219,000	\$112,500	\$ -	\$ 750,000	\$(460,020)

Proposed to consider transportation projects as qualifying projects:

- 152<sup>nd</sup> Street Improvements \$250,000
- Cleveland Street Improvements \$100,000
- Total proposal \$1,100,000, total deficit \$760,000
- Not approved



# 1% for Arts Program Contributions



Some capital projects include a significant art investment that is made outside of the 1% for Arts program: Downtown Park, Redmond Pool, 152<sup>nd</sup> Street, and Redmond Senior & Community Center

# Proposed Public Art Investment Funding

- Remove funding for art connection from specific qualifying projects. (no more 1% for Arts)
- Add Public Art as an element of the Capital Investment Program. (create Art Investment Fund)
- Provide ongoing annual programmatic funding consistent with planned investments. (propose \$300,000)
- Treat each art investment as a project. (same as CIP projects)
- Provide additional funding when larger opportunities arise. (same as CIP programs)
- Maintain reserves in the fund to provide flexibility for challenges or opportunities.

## **Strength**

- Consistent and predictable level of funding
- Broader funding source options
- Administrative and accounting process efficiencies
- Increased opportunity for grants and partnerships
- Opportunity for larger investments
- Transparency and accountability
- Data collection and reporting

## **Weakness**

- Moves away from 1% for Arts structure

# Proposed Art Maintenance Funding

- Provide onetime funding in 2026 to catch up on deferred maintenance. (approximately \$75,000)
- Budget service enhancement for ongoing annual maintenance.
  - Approximately \$50,000
  - Request for Information (RFI) completed in 2024
  - Refreshing needs and costs to inform service enhancement request



# Recommended Next Steps

- Bond Redemption Resolution
- Reimbursement Resolution
- Use project funding strategy as the foundation for the development of the 2027-2032 Capital Investment Program (CIP).
- Public Art Plan Study Session - April 14
- Allocate \$75,000 for maintenance of city art assets. To be approved in a future budget adjustment once the contract is approved.



**Thank you**

Any Questions?



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