



COUNCIL STUDY SESSION

Strategic Plan Update & Financial Forecast

August 13, 2019

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Purpose



Community Strategic Plan

- Outreach
- Feedback
- Progress

2019-2024 Financial Forecast Update

- General Fund
- Utilities
- Capital Investment Program (CIP)
- Future Revenue

Community Strategic Plan



Housing Choices

Program Vision:
A Redmond with a variety of housing choices for all income levels that reflects our community.



Environmental Sustainability

Program Vision:
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.



Technology & Information Services (TIS) Infrastructure

Program Vision:
A Redmond that is connected, smart, and future-focused, with highly-engaged users (internal & external) and easily used products.



Cultural Inclusion

Program Vision:
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.



Infrastructure

Program Vision:
A Redmond that is safe, multi-modal, smart, green, and has high value for long-term infrastructure investments that support the future needs of Redmond.

Let's Connect

Redmond



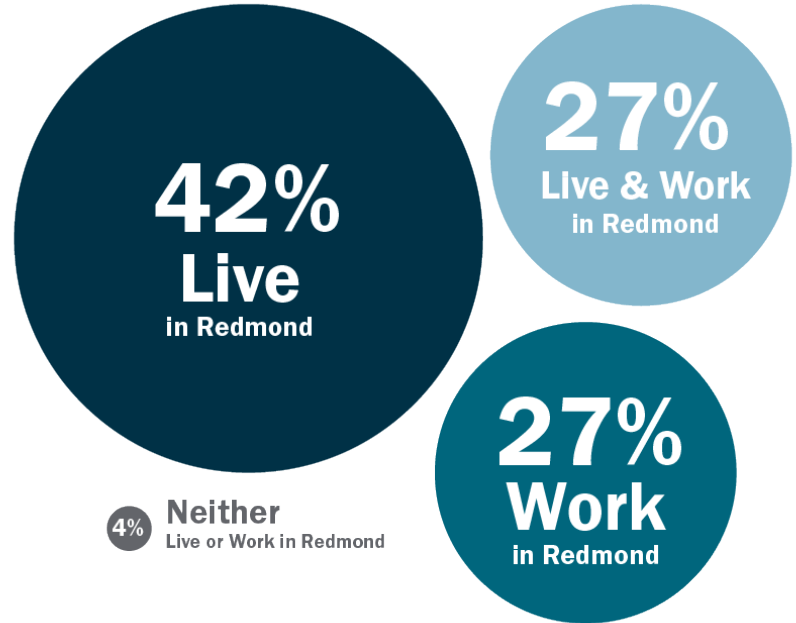
- Questionnaire July 8 through August 15
(Today's data collected through August 6)
- Promoted via:
 - ✓ eNewsletters
 - ✓ Social Media
 - ✓ Derby Days
 - ✓ Redmond.gov
 - ✓ LetsConnectRedmond.com
 - ✓ Press Release



Let's Connect

Redmond

- 488 Visited Project
- 153 Downloaded Draft Plan
- 33 Survey Responses





Let's Connect

Redmond

How important are these community priorities?

Housing Choices



Environmental Sustainability



Technology & Information Services (TIS)



Cultural Inclusion



Infrastructure



● Not Important ● Neutral ● Important ● Very Important

Community Strategic Plan



Progress to date:

- Housing Choices
- Environment Sustainability
- Cultural Inclusion
- Infrastructure (Capital and Technology & Information Services)



Financial Forecast Update

- 2019-2024 Forecast Update
 - General Fund
 - Utilities
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 - Future Revenue

National and State Economies



- Inflation expected to grow at slower pace
- GDP expected to grow by 2.1%
- Unemployment expected to hold at 3.6% (a 50-year low)

Federal Reserve Board



- Growth slowing but no recession
- Downside risks
- New downside risk: 737 MAX
- April forecast increased by:
 - \$307 million for 2017-2019
 - \$554 million for 2019-2021

Steve Lerch, WA State Economist

King County

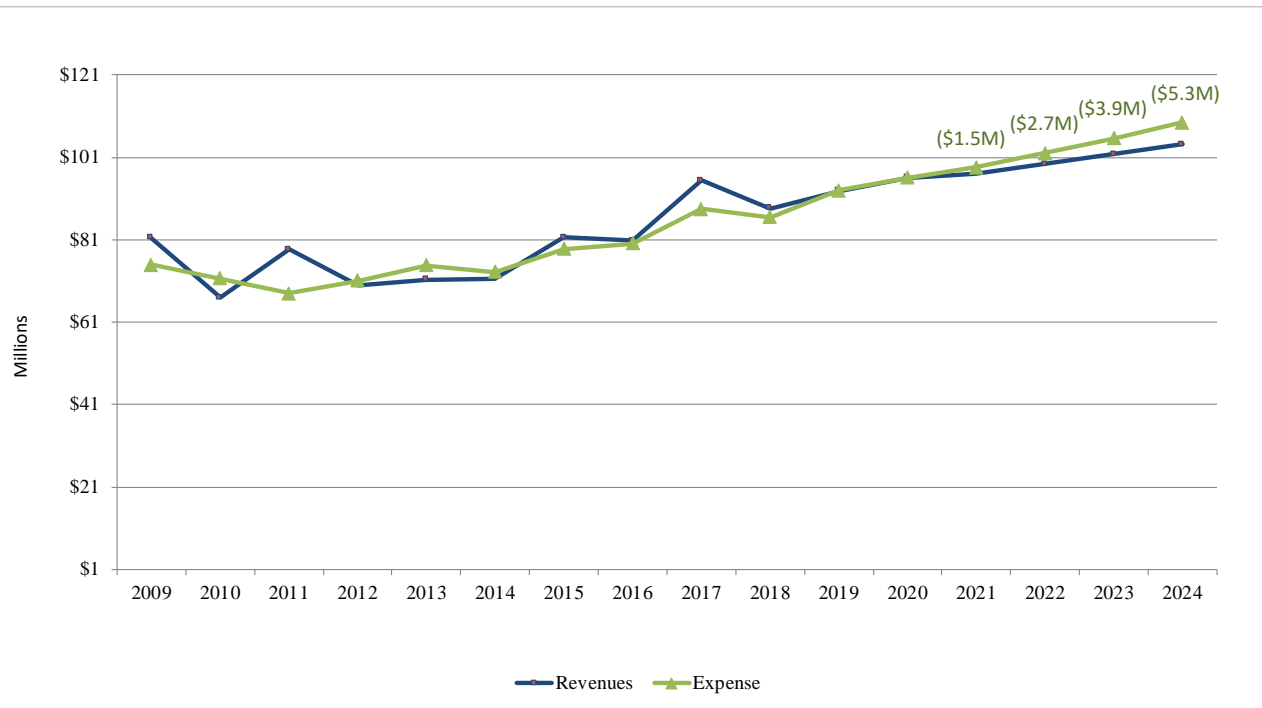


- Employment growth growing at a slower pace
- Current construction boom continues
- Residential real estate market slowed considerably in 2018
- Downside risks
 - Trade and tariffs
 - US Government
 - Global slow down

Policy Guidance



2019-2024 Updated Forecast



Previously,
the forecast
resulted in a
\$7.3 million
deficit by
2024

Year End Review Summary



2019-2020 General Fund beginning funds equaled \$20 million

Revenue	Amount
2017-2018 Ending Fund Balance	\$12.3 Million
Net Income	\$7.7
2019 Beginning Fund Balance	\$20 million

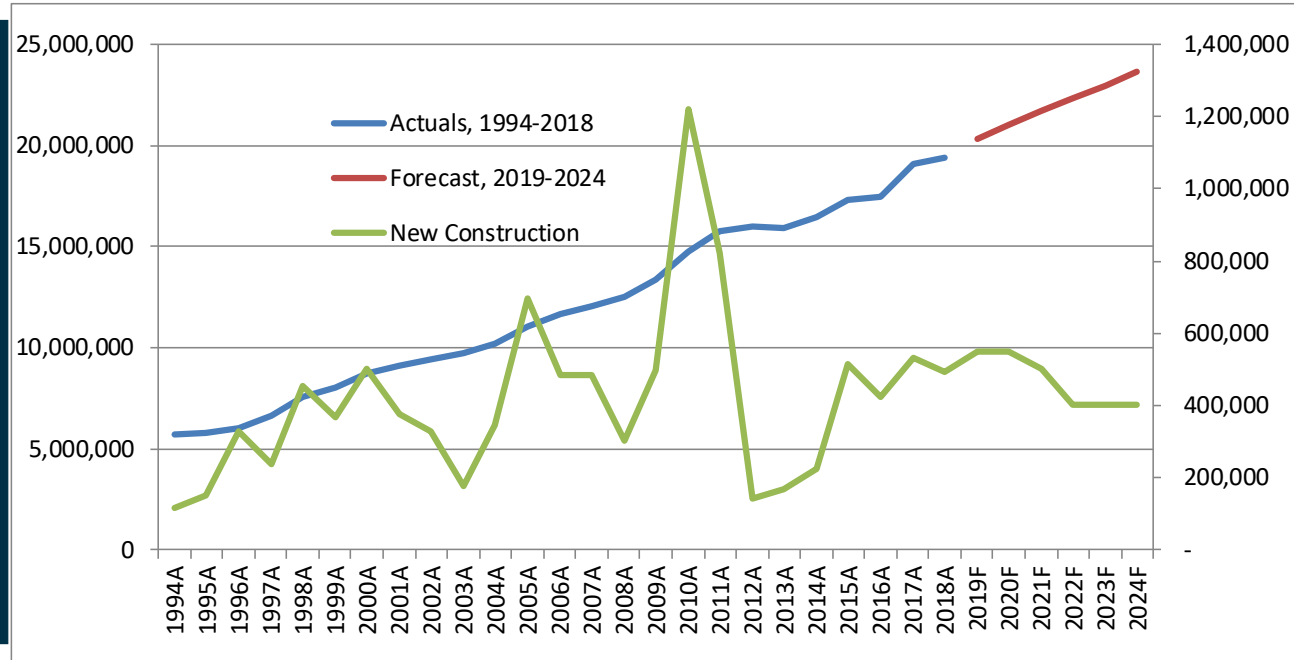
Allocations	Amount
2018 Budgeted Beginning Funds	\$8.9 Million
Howe Property Purchase	\$5.2
Unallocated Balance	\$5.9 Million

Property Tax

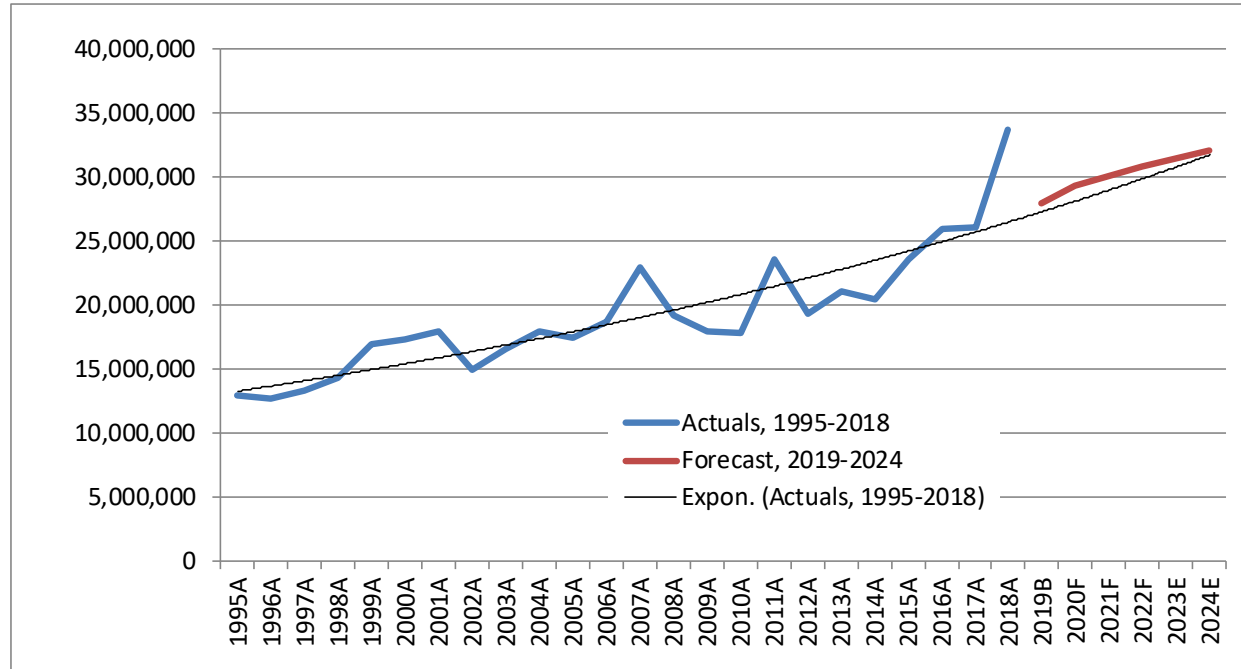


Assumes 1%
increase
each year

New
construction
forecasted
at \$550k in
the near
term and
declining
after that



Sales Tax



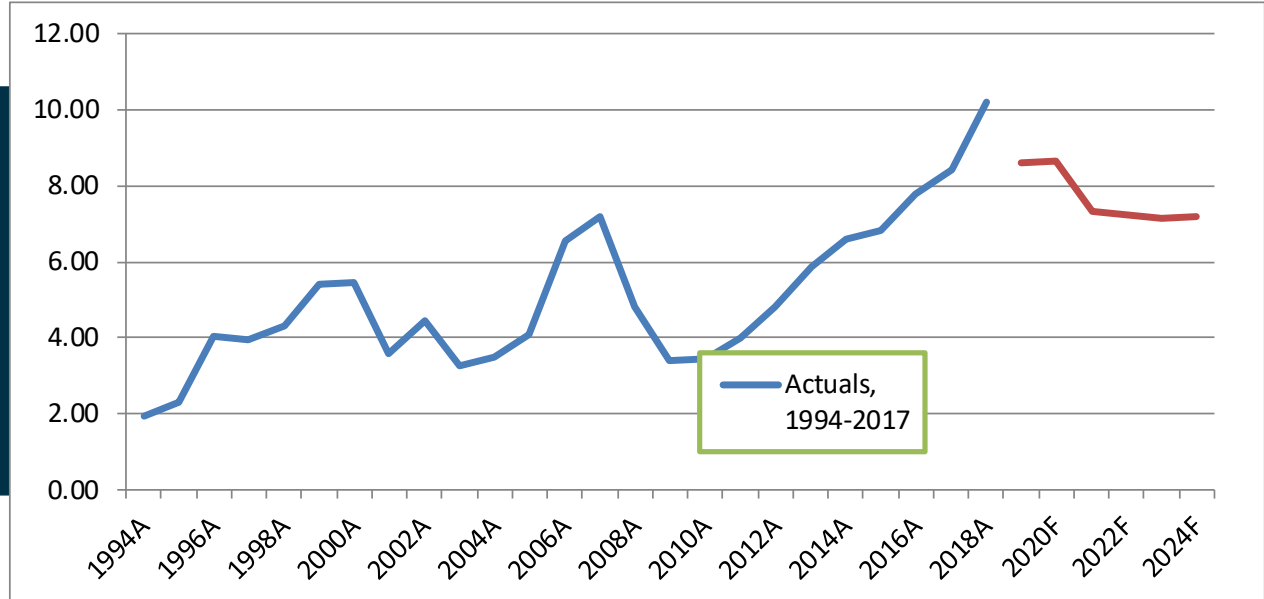
2018 collections include approximately \$5 million in one time construction sales tax

Ongoing sales tax showing average growth of 3.4%

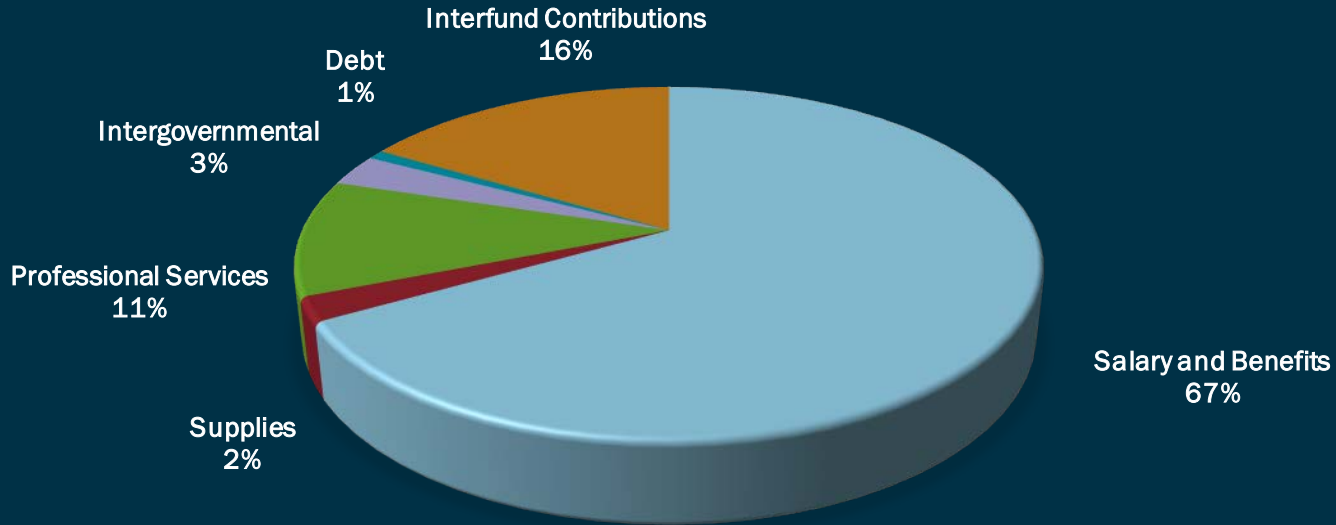
Development Revenue



21% growth between
2017 and 2018 or
\$1.8 million in added
collections

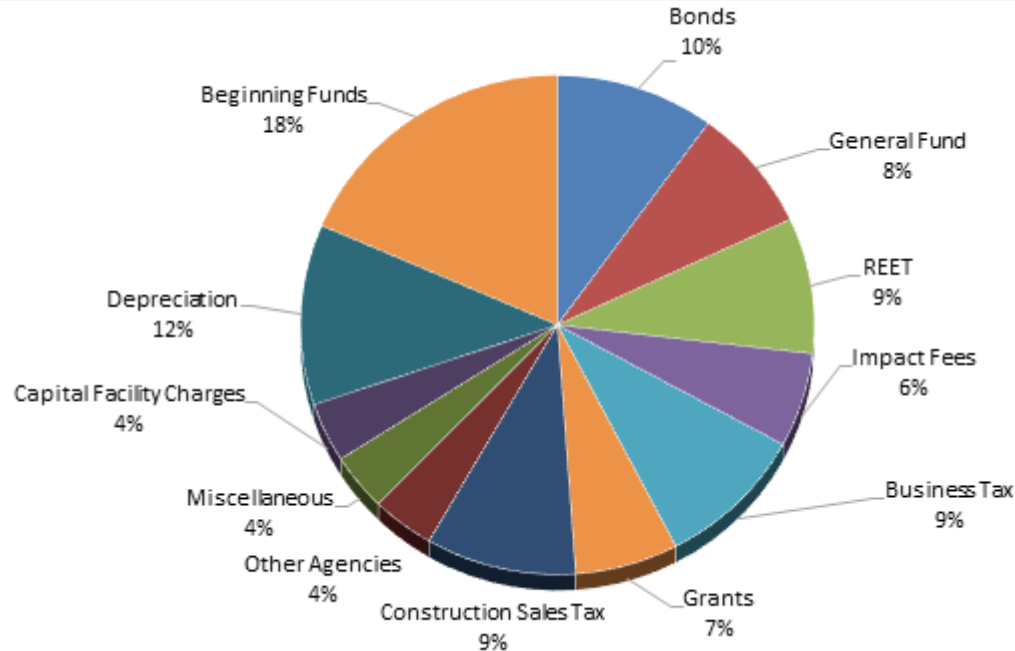


General Fund Expenditures



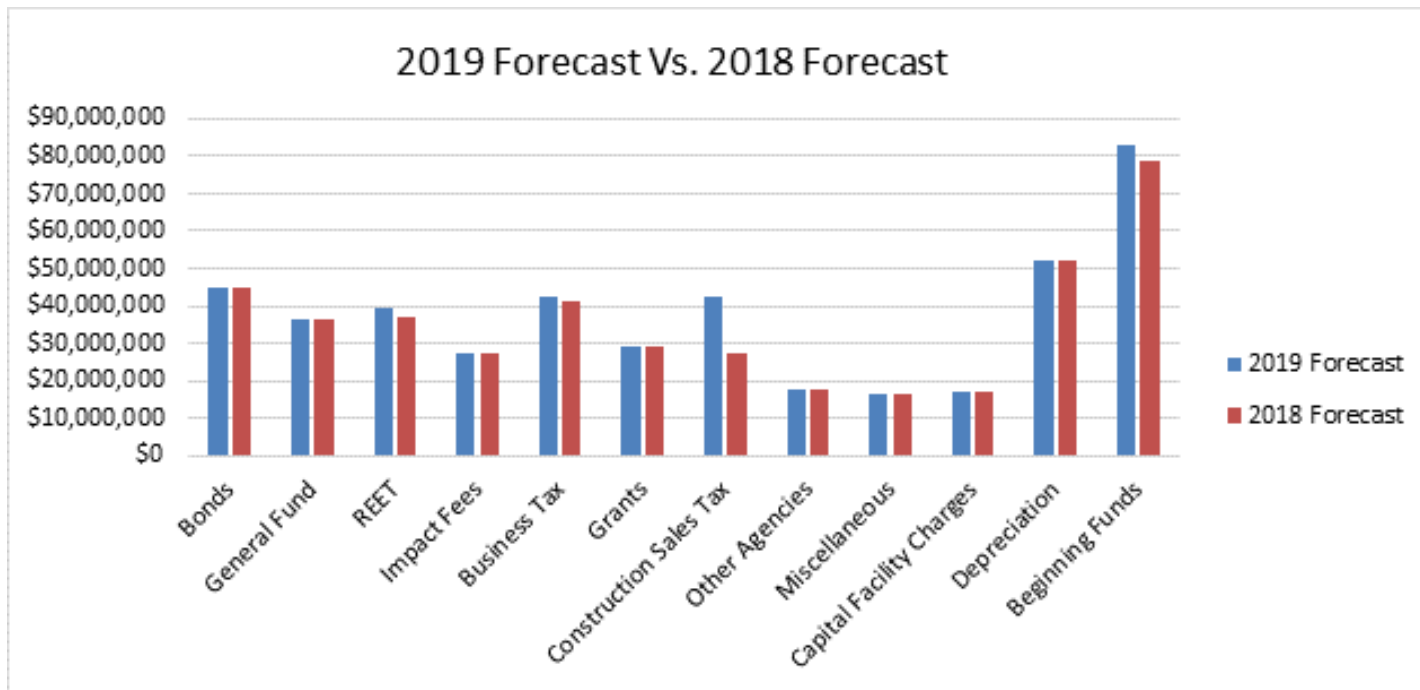
2019-2020 Total \$198 million

2019-2024 Capital Investments

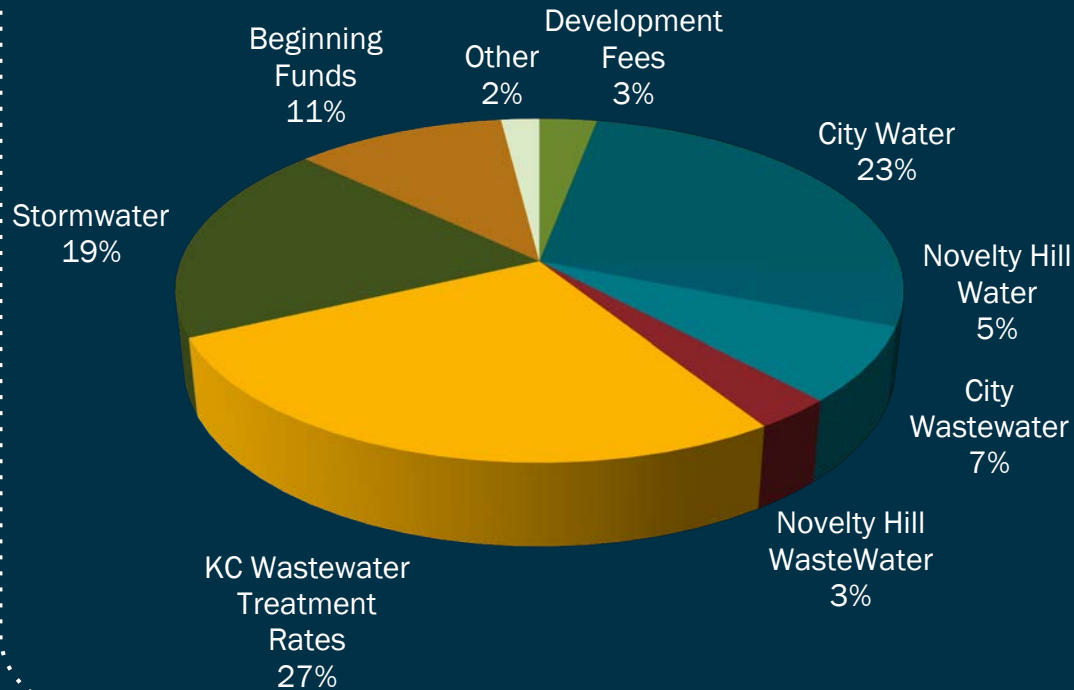


Change in forecast includes additional funds from Sales Tax on Construction

CIP Comparison



Utility Revenues



- ❑ King County Wastewater Treatment increase of 2.5%
- ❑ Steady development revenues through 2020
- ❑ Build-out of Novelty Hill service area
- ❑ Continued grant funding for Wellhead Protection and Stormwater programs

Financial Forecast **Challenges and Opportunities**



Housing Choices



Public Safety

Housing Choices Funding

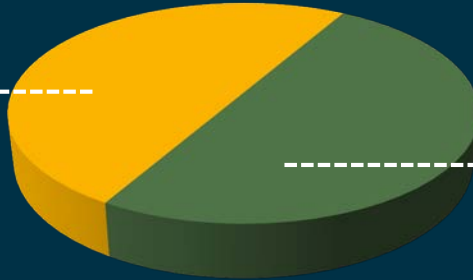
House Bill 1406



Local 0.0146% credit against state sales tax

**0.0073% or
\$300,000**

Available by adopting a local
qualifying tax



0.0073% or \$300,000

Available by Council resolution

Deadlines:

- January 31, 2020 resolution of intent
- July 31, 2020 adopt “qualifying local tax”

Public Safety Levy



Approved by voters in 2007

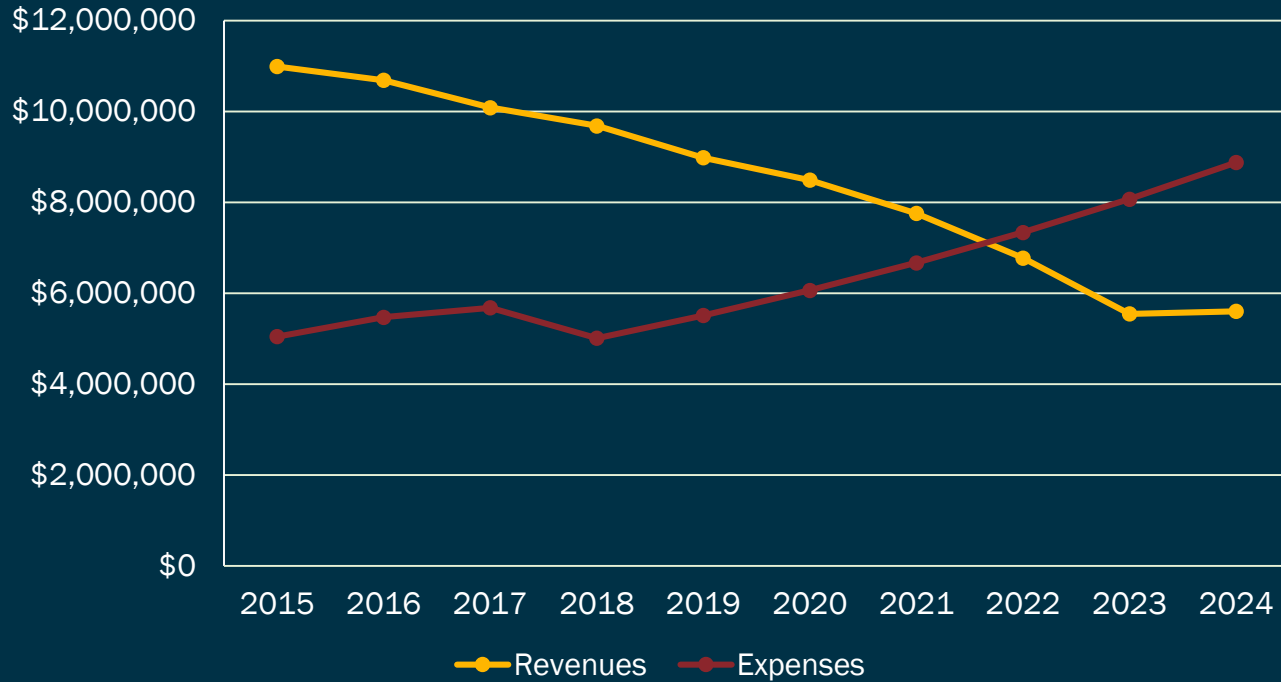
- Originally 35 cents per \$1,000 of assessed valuation
- Currently 21 cents per \$1,000 of assessed valuation

Raises approximately
\$5.2 million annually
and supports:

18
Firefighters

17
Officers

Public Safety Levy



Next Steps

- Finalize and adopt Community Strategic Plan
- Discuss action on local revenue sharing for affordable housing (FAC 8/27)
- Discuss community involvement on public safety services (FAC 8/27)
- Continued Council and community updates



Thank you. Any Questions?

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