RESOLUTION NO. 1223

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, ADOPTING THE SIX-YEAR FINANCIAL STRATEGY AND FUNDING PLAN.

WHEREAS, on November 22, 2005 the Redmond City Council adopted the City's Long Range Financial Strategy; and

WHEREAS, the City Council has received input from the Mayor and City staff regarding current deficiencies and their associated funding requirements, and

WHEREAS, the City Council has reviewed the deficiencies and determined the priority needs of the City, and

WHEREAS, the City Council has identified the amount and funding sources required to address the deficiencies, and

WHEREAS, The City Council has determined that the most appropriate revenue sources to address the deficiencies include increases in the utility tax, business tax and property tax, and

WHEREAS, the Council has agreed to submit a ballot measure to the voters of Redmond for a property tax levy lid lift on May 16, 2006; now therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Financial Strategy Adopted. The Six-Year Financial Strategy and the associated funding plan for the City of Redmond, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference as if fully set forth, is hereby adopted and approved.

RESOLVED this 7th day of March 2006.

CITY OF REDMOND

MAYOR, ROSEMARIE IVES

ATTEST/AUTHENTICATED:

MALISA FILES, CITY CLERK

FILED WITH THE CITY CLERK: March 3, 2006
PASSED BY THE CITY COUNCIL: March 7, 2006
RESOLUTION NO.: 1223

EXHIBIT A

Six-Year Long Range Financial Strategy

To Address Existing Deficiencies

(Millions of Dollars)

	2007	2008	2009	2010	2011	2012
1.) Close Existing Fiscal Gap*	1.000	1.050	1.103	1.158	1.216	1.276
2.) Public Safety*						
- Phase in Minimum Police Staffing (18.5 commissioned/civilian personnel)						
Phase 1: 50% starting in 2007	0.750	0.788	0.827	0.868	0.912	0.957
Phase 2: 25% starting in 2009			0.413	0.434	0.456	0.479
Phase 3: 25% starting in 2011					0.456	0.479
- Address staffing deficiencies at Fire Station 12 (9 FTEs)	0.850	0.893	0.937	0.984	1.033	1.085
- Staff Station 17 with an Aid Car (9 FTEs)			1.158	1.216	1.276	1.340
3.) Critical Equipment Replacement Funding*						
- General Assets (Computers, Office Equipment, Dispatching, Records Management, PERMIT Tracking, etc.)	1.000	1.050	1.103	1.158	1.216	1.276
- Fire Apparatus (Engine, Aid Cars)	0.250	0.263	0.276	0.289	0.304	0.319
- Radio Conversion to 800 Mhz	0.850					
4.) Mobility*						
- Signal Maintenance, LED lights (2 FTEs)	0.375	0.394	0.413	0.434	0.456	0.479
5.) Building Community						
- Parks Operations/Recreation Base Funding (.25 FTE)*	0.240	0.252	0.265	0.278	0.292	0.306
- Phase in plan for Affordable Housing	0.100	0.100	0.150	0.150	0.200	0.200
- 5% Transfer to the CIP	0.361	0.366	0.459	0.466	0.537	0.547
Total Direct Costs	**5.776**	**5.154**	**7.103**	**7.434**	**8.352**	**8.743**
Total Ongoing Direct Costs (excludes 800 Mhz Funding & CIP Transfer)	4.565	4.788	6.644	6.968	7.815	8.196
Ongoing Indirect Costs @ 25%	1.141	1.197	1.661	1.742	1.954	2.049
Total Existing Deficiences Costs	**6.917**	**6.351**	**8.764**	**9.177**	**10.306**	**10.792**

*Assumes 5% Annual Increase

Revised: 03/07/2006

Six Year Long Range Financial Strategy

Funding Plan

	(Millions of Dollars)					
	2007	2008	2009	2010	2011	2012
1.) Increase Utility Tax Rate Effective 1/1/07 from 5.8% to 6% Assumption: 3% Annual Inflation	0.275	0.283	0.292	0.300	0.310	0.319
2.) Property Tax Levy Lid Lift of $0.65 per $1000/AV effective 1/1/07 1% annual increases approved by Council starting 2008	6.500	6.565	6.631	6.697	6.764	6.832
3.) Reinstate existing Business Tax for 2007 and make permanent						
Increase Business Tax by $6.75 to reflect inflation through 2007 (total tax rate $90)	0.452	0.466	0.480	0.494	0.509	0.524
Raise Business Tax in 2009 by $25 (total tax rate $115)			1.777	1.830	1.885	1.942
Raise Business Tax in 2011 by $17 (total tax rate $132)					1.282	1.320
Total Funding	**7.227**	**7.314**	**9.179**	**9.322**	**10.750**	**10.937**
Less: Cost of Existing Deficiencies	**6.917**	**6.351**	**8.764**	**9.177**	**10.306**	**10.792**
Contingency to Address Other Deficiencies And Future Challenges	**0.310**	**0.963**	**0.416**	**0.145**	**0.444**	**0.145**

Six Year Long Range Financial Strategy
Summary by Year

Council Priority	2007	Outcomes if Programs Not Funded
	Existing Deficiencies - Close existing fiscal gap (Gap still exists after adjusting for development review increases due to lowering of sales tax and other revenue projections and higher overtime and worker's compensation costs)	-Results in major cuts of existing services and programs
Security of people and property	- Begin Phase 1 (50%) of minimum Police Staffing plan (50% in 2007/08; 25% in 2009/10; 25% in 2011/12)	- Reprioritization of police response protocols for calls for service (i.e. modified or no response to non-emergency calls such as burglary alarms, noise complaints, animal calls, 911 hang-ups, found/lost property, abandoned/diabled vehicles, lockouts, gas drive-offs) - No police staff capacity for managing future issues such as response times to projected commercial growth, emergency preparedness, jail population management, emerging crime trends impacting all citizens (elder fraud, computer crime)
	- Address staffing deficiencies at Fire Station 12	- Decreased patient survivability; increased property damage
Mobility of people & goods	- Address signal maintenance needs and embark on conversion of street lights to LED	- Increased traffic congestion; less efficient intersections; continued high City energy consumption and maintainence burdens
	- Allocate resources for Critical Equipment Replacement: * General Assets (Computers, Office Equipment, Dispatching, Records Management, PERMIT Tracking, etc.) * Fire Apparatus (Engine, Aid Cars) * Radio Conversion to 800 MHz	- Equipment become old and obsolete and repair costs increase significantly - Outdated technology which lowers productivity and reduces department effectiveness - Unable to communicate effectively with public safety personnel within and outside the city operating on 800 mhz
Building Community	- 5% Transfer to the Capital Improvement Program	- Non-compliance with City's Fiscal Policies
Healthy natural environment	- Restore base funding for parks operations and recreation	- Reduced operating hours at recreation facilities such as the Senior Center, ORSCC, Teen Center, Farrel McWhirther, and area parks - Reduced recreation programming, including after school youth programs and other areas supported by the General Fund (arts, Persons with disabilities, league sports, seniors)

Council Priority	2007	Outcomes if Programs Not Funded
Recreation opportunities		- Less well-maintained parks/associated facilities; inability to take on added maintainence responsibilities or absorb inflationary increases
	- Begin phase in of Affordable Housing ongoing funding ($100k 2007/08; $150k 2009/10; $200k 2011/12)	- No ongoing funding to address affordable housing needs on the Eastside
Protect Assets	- Indirect costs reflected in 20% overhead costs	- Inadequate management of fixed assets - Abandonment of citywide records management project - Poor internal controls for cash management and receipting - Backlog of Information Services projects/deferred maintenance of City systems that reduces department effectiveness & places current technology investments at risk - Shift focus on maintaining existing system infrastructure with no resources to keep pace with technology changes; City falls backward on existing technology as well as future improvements that save costs/improve service delivery - Limited staff capacity for long term cost management in salary/benefit areas
	Funding - Council approves increase in the utility tax rate from 5.8% to 6% - Voters approve a Property Tax Levy Lid Lift of $0.65 per $1,000/AV effective 1/1/07; levy rate increases from $1.23 to $1.88 in 2007. (For a summary of historical levy rates see Exhibit 1). From 2008-2012, Council approves 1% annual increases to help pay rising costs. - Council reinstates existing Business Tax surcharge and makes permanent. In addition Council increases tax by $6.75 to reflect inflation through 2007 and support general operations. (Tax rate increases from $83.25 to $90).	- Inadequate resources to sustain existing services and address critical service deficiencies (Proposal strikes a balance between residents and businesses in sharing the tax burden of paying for city services and levy lid lift proposal results in a levy rate that is slightly less than the level supported by a majority of residents surveyed in 2004.)

Council Priority	2008	Outcomes if Programs Not Funded
	Funding (continued) - Council approves a 1% property tax increase	- Inadequate resources to sustain existing services and address critical service deficiencies

Council Priority	2009	Outcomes if Programs Not Funded
	Existing Deficiencies (continued) - Continues with Phase 2 (25%) of minimum Police Staffing plan	- See above
	- Staff Fire station 17 with an Aid Car	- Decreased patient survivability; increased property damage
	- Phase in of Affordable Housing funding continues (raised to $150k for 2009/10)	- See above
	Funding (continued) - Council increases Business Tax by $25 (total tax rate $115) - Council approves a 1% property tax increase	- See above

Council Priority	2010	Outcomes if Programs Not Funded
	Funding (continued) - Council approves a 1% property tax increase	- See above

Council Priority	2011	Outcomes if Programs Not Funded
	Existing Deficiencies (continued) - Implements last phase (25%) of minimum Police Staffing plan	- See above
	- Complete phase in of Affordable Housing funding (funding level $200k for 2011/12)	- See above
	Funding (continued) - Council approves a 1% property tax increase - Council increases the Business Tax by $17 for general operations (total tax rate $132)	- See above

Council Priority	2012	Outcomes if Programs Not Funded
	Funding (continued) - Council approves a 1% property tax increase	- See above