



TO: Mayor Marchione  
Redmond City Council

FROM: Mike Bailey, Finance Director

SUBJECT: Agenda, Topics and Materials for Study Session Topic:  
Long Range Financial Strategy Goals and Priorities

DATE: October 25, 2013

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The goal for this study session is to provide the City Council with information and context which will prepare us for a subsequent, in-depth discussion on updating and implementing the City's Long Range Financial Strategy (LRFS).

**Background:**

The LRFS was initially developed in 2005 when the City Council became concerned that a declining economy would put pressure on the city's ability to provide services to the community at the desired level. The LRFS was, and continues to be, a thoughtful collection of the issues, context and options available to the City to manage its fiscal health for the long term with a focus on providing the right type and amount of community service.

The LRFS was updated in 2011 in anticipation of the 2013-2014 budget process. During this update a few significant changes occurred. The City had begun using the "Budgeting by Priorities" method for its budget process. This included a philosophical shift to consider revenues in the context of the "Price of Government". Additionally, the City was creating its "Capital Investments Strategy" (Vision Blueprint) which provided a much better context for capital improvements. Lastly there was a direct connection between the LRFS and the City's adopted budget policies.

Staff recommends that the Council continue to use the LRFS to set policy direction for city services and the related financial planning that supports them.

**Goals for the study session on October 29:**

1. Provide information related to the Long Range Financial Strategy such that a Council retreat in January could result in policy direction for the 2015-2016 budget and capital plan.
  - a. Review of the materials provided
2. Preliminary discussion regarding council priorities and the levels of city service
3. Update on Capital Investment Strategy
4. Discussion: preliminary impressions, additional data needs, confirmation of next steps

**Approach:**

Included with this memorandum are the materials to be reviewed during the study session of October 29<sup>th</sup>.

Brief outline of the information:

1. Presentation – the presentation starts by orienting the discussion around the city’s vision and purpose. It then presents many significant data elements that contribute to the discussion. These include:
  - a. An update and analysis of the operating budget forecast first presented in the current budget
  - b. An update and analysis of the “price of government” calculations
  - c. A review of the capital investment strategy along with an update and preview to anticipated issues for consideration during the next phase of capital project budgeting
  - d. An update to the impacts that capital facilities, once completed, will have on the operating budget
  - e. A brief preview of the recreation facility study
  - f. A brief preview of the facilities condition assessment
  - g. A review of revenue options as presented in the LRFS with a focus on the city’s property tax and recent changes affecting Redmond’s residents
  - h. A screen-shot of the financial forecast model that can be used to analyze different revenue scenarios
2. A draft (red-lined) version of the Long Range Financial Strategy with edits recommended by staff
3. A list of the changes to the CIS that led to the updated charts in the presentations
4. A draft (red-lined) version of the city’s financial policies with edits recommended by staff

Staff will present the information at the study session for the purpose of clarifying questions council may have and gaining a common understanding.