

**REDMOND CITY COUNCIL  
STUDY SESSION**

April 28, 2009

**Mayor**

John Marchione

**Members of the Council**

Nancy McCormick, Council President

Kim Allen

David Carson

Richard Cole

Hank Margeson

Hank Myers

Pat Vache

**Staff**

Mike Bailey, Finance and Information Services  
Director

Bill Campbell, Public Works Director

Ron Grant, Deputy Public Works Director

Rob Odle, Planning and Land Use Director

Jane Christenson, Assistant to the Mayor

Tim Fuller, Fire/Police Chief

Larry Gainer, Assistant Police Chief

Tom Norton, Deputy Fire Chief

Anne Carlson, Administrative Supervisor

Gloria Newby, Program Administrator

Erika Vandebrande, TDM Program Manager

Karen Brandon, Fire Business Operations Manager

Shannon Carr, Financial Analyst

Kelley Cochran, Management Analyst

Sandy Yeager, Management Analyst

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**MEETING SUMMARY**

Convened: 7:45 p.m.

Adjourned: 10:30 p.m.

Councilmember McCormick opened the study session and overviewed the agenda for the evening.

**Capital Improvement Policy Discussion**

Mr. Mike Bailey, Finance and Information Services Director, provided a presentation to the Mayor and Members of the Council addressing follow-up questions to the budget discussions and Council's desire to review the Capital Improvement Program policies.

The policies under review include:

- five percent General Fund transfer to the Capital Improvement Program (CIP)
- General Fund and Real Estate Excise Tax (REET) percentage allocations to the functional areas;
- sales tax on construction; and
- CIP development and maintenance.

Mr. Bailey noted that the Public Administration and Finance Committee members also discussed potential CIP policy changes remaining in line with Comprehensive Plan policies and the balance of City resources versus outside contributions supporting projects.

**Policy Question: What is the “right” amount of General Fund revenue to be transferred to the CIP?**

Mr. Bailey reviewed the historical practices of the City with regard to this transfer, noting that in all years since 2000, the transfer has been in excess of five percent. He also noted the pros and cons of increasing the transfer.

**Pros:** Provides the CIP, which is most likely made up of restricted revenue sources, additional discretionary funding and is one of the more stable revenue sources to the CIP

**Cons:** Increasing the transfer would decrease the support available for general City operations possibly disrupting the ability to maintain the investments in capital assets

Members of the Council discussed:

- the methodology of transferring General Fund revenues to the CIP in the context of the Budgeting by Priorities process and established citizen priorities;
- increasing/decreasing the transfer;
- being able to budget for infrastructure needs well into the future; and
- budgeting for the actual costs of replacement projects.

Councilmember McCormick expressed her desire to see capital cost estimates, to include an estimate of replacement costs regardless of the limitation of the five percent transfer for a long-term period (ten years). Mayor Marchione noted that staff would be able to provide a range of figures.

**Policy Question: Should the allocations be changed and what methodology will we use in the future?**

Mr. Bailey noted that, currently, the five percent General Fund transfer and Real Estate Excise Tax (REET) collections are split on a percentage basis to each of the CIP functional areas. He overviewed the historical spending patterns in each of the CIP areas, and noted that in total, 11 percent of CIP revenues come from outside sources including private contributions and funding from other governments. Mr. Bailey noted the pros and cons of the allocation split to be:

**Pros:**

- Allows departments to plan for and count on a steady stream of revenue for multi-year projects
- Is consistent with the Capital Facilities Plan of the Comprehensive Plan that provides for infrastructure and services to meet the needs of a growing population and correcting existing deficiencies by providing funding for projects in a variety of capital areas

- Eliminates funding competition between functional areas that creates winners and losers

**Cons:**

- Does not follow the philosophy of the Budgeting by Priorities process where revenues should be allocated to the highest priority projects
- Because revenue is disbursed, it is difficult to fund large, expensive projects within a short timeframe
- In the instance of REET, a more restricted revenue source, it is becoming difficult to match revenues with appropriate project expenditures, especially in the areas of Police and Fire

Members of the Council and staff discussed the allocation methods, how this allocation conflicts with the Budgeting by Priorities (BP) process adopted in 2009-2010, and difficulties for staff in planning for their projects within the context of the BP process.

Councilmember Cole inquired if it was possible to perform a 20 to 30 year projection of capital needs.

Mr. Bailey responded that the City would be able to use the inventory of facilities and the depreciation schedule with regard to the City's needs to make the projection. Councilmember Cole requested that a community center be part of the projection.

Mayor Marchione stated that staff would be able to continue their discussions with Council on the issues of REET allocation once more data has been collected.

**Policy Question: Is the current amount of the \$1.1 million transfer to the CIP appropriate or should it be changed?**

Mr. Bailey recapped that in 1997, the Council authorized the first transfer of \$1.1 million to the CIP to fund projects in the Parks, Transportation, and General Government functional areas. Over the years, sales tax on construction has been used for a variety of projects; however, since 2007, the entire amount has been dedicated to paying the debt service on City Hall.

**Pros:**

- Is consistent with the Capital Facilities Plan principle that growth should pay for growth-related capital facilities
- Is consistent with the Capital Facilities Plan of the Comprehensive Plan that provides for infrastructure and services to meet the needs of a growing population and correcting existing deficiencies by providing adequate funding for projects
- Provides additional discretionary revenue to fund capital projects

**Cons:**

- The General Fund has come to rely on a base amount of sales tax on construction, increasing the transfer would decrease the support available for general City operations

Councilmember McCormick requested that Mr. Bailey distribute the sales tax breakdown handout that was distributed at the last Public Administration and Finance Committee meeting to the members of the Council that were not in attendance at that meeting.

Members of the Council generally agreed on staff's recommendation to determine actual sales tax on construction each year, fund the General Fund base of \$2 million first and then, based on actual collections, transfer sales tax collections, above the base, to the CIP.

**Policy Questions: Is the CIP aligned with long-range plans, does the City provide the appropriate level/mechanisms for funding maintenance and how should the community be involved in CIP development?**

Mr. Bailey advised that:

- the City's Comprehensive Plan specifically outlines the future vision for capital facilities in Redmond;
- potential increases to revenues or changes to the functional allocation percentages will not be in conflict with the Capital Facility Plan principles;
- every budget cycle, Council reviews the revenue amounts associated with the functional areas and determines the amount of unrestricted resources allocated to the various CIPs;
- staff was able to "right-size" programs in the last budget cycle to provide for adequate maintenance of CIP projects within the two years of the biennium, and that once a project is built, any changes to the amount of operating funds going into the CIP will have an impact on the City's ability to maintain existing and future infrastructure;
- staff anticipates continuing to integrate future operating budget impacts from major capital projects into the City's financial planning for operating budgets;
- in the past, when allocating the Business Tax to transportation/transportation demand projects, the City used the Business Tax/Transportation Improvement Committee (BTTI) to advise Council on transportation expenditures from the funds collected; and
- there could be possible formation of a Transportation Commission to review and weigh in on funding for transportation projects/needs in the City.

Staff recommended continuing to explore ways to make the CIP more transparent to the general public such as integrated CIP maps on the website with project location and description or a listserv that allows the City to push information out to citizens regarding construction start dates and timelines.

Members of the Council discussed:

- dedicated funding for cumulative future maintenance costs;
- scalability and variation with regard to maintenance of facilities;
- reformation of the BTTI Committee; and
- the increasing demands on the Planning Commission and the possible necessity to create a Transportation Commission to specifically address transportation needs.

Member of the Council agreed to ask staff to poll current and past members of the Planning Commission for their sense of whether or not a separate Transportation Committee could be beneficial.

*(The study session recessed at 9:21 p.m. and reconvened at 9:31 p.m.)*

### **Downtown Parking**

Ms. Erika Vandebande, TDM Program Manager, provided a presentation to the Mayor and Members of the Council regarding an update on the parking implementation effort of the City. She noted that direction is being sought from the Council regarding: (1) formation of a Parking Advisory Committee, (2) a Parking Permit fee, and (3) answering the question, “Where can I park?”

#### **Parking Advisory Committee**

Members of the Council generally supported the idea of staff forming an ad-hoc Parking Advisory Committee to assist staff with parking issues in the City of Redmond, supported providing the committee with a defined scope of work, and supported going back to the previously established Parking Advisory Committee for their input on whether or not a standing ad-hoc committee is needed.

#### **Parking Permits**

Members of the Council discussed the market calculation of \$50 per month for a parking permit, areas in the City where permitting will occur, sales of permits to 85 percent (supply/demand), incentives that currently exist in the R-Trip program, and concerns of parking displacement to other areas in the City where parking restrictions do not exist, such as Cleveland Street. Members of the Council generally supported a parking permit of \$50, with sales at a rate of 85 percent of the permits.

Councilmember Carson asked staff to consider motorcycle parking in their plan.

#### **Where Can I Park?**

Members of the Council concurred that staff should bring forward their proposals for parking types/classifications in areas of the City.

### **Council Talk Time**

Councilmember McCormick reminded Members of the Council to submit their articles for the next edition of Focus Magazine to Councilmember Allen regarding their favorite piece of public art.

Councilmember Margeson spoke regarding the Council’s performance measures. Councilmember McCormick asked Members of the Council to supply her with the dates and times of the committees they are participating in for performance measure tracking purposes.

Councilmember Myers commented regarding the successful Spring Garden Fair this past weekend, noting that it was a very positive event.