

**MAYOR'S MESSAGE**

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October 2, 2018

Redmond City Council and the Redmond Community:

It is my pleasure to present the 2019-2020 City of Redmond Biennial Budget. As the City enters one of the most transformative phases of its evolution, we are supporting this transition by building on the vision for its continued growth, connection to the community and fiscal health. This budget sets the parameters for success in the next six years by providing funding for programs that our community finds most important, maintaining investments and reinforcing continued improvements to how the City delivers valued services that improve Redmond residents' quality of life.

To guide our future, this biennial budget utilizes the six priorities identified by the community in 2008 and re-confirmed with residents through annual surveys. The priorities and our goals for each are:

- Clean & Green – Continue to advance our environmental stewardship
- Diverse & Connected Community – Enhance outreach and inclusive support of our global and connected community
- Infrastructure – Preserve, maintain or replace what we must to help prepare us for the future
- Responsible Government – Improve processes, systems, and invest in our employees through training opportunities and succession planning to allow us to better serve the community
- Safety – Maintain our safe community and enhance community character
- Vibrant Economy – Support Redmond's robust local economy, businesses, and job growth

The community's influence on the budget continued through the Civic Results Team made up of twelve community members; the most we've had in any biennium. Their advice helped the Directors and I steer the budget toward programs the residents and businesses value most. Other in-person input opportunities helped frame our approach as well. These included the "Neighborhood Conversations" held last year around the community, the National Night Out with sixty-five community events (more than we have ever had) and the traditional public hearings on the budget.

To set Redmond up for a bright, safe and healthy future, this budget focuses on our environmental efforts through increasing our tree canopy, repurposing a position in the Public Works Department to concentrate on our Environmental Sustainability Strategic Plan and creating zero waste initiatives. A capital investment of \$500,000 annually, a

66% increase, will be committed to the ongoing goal of providing affordable housing for Redmond residents.

At the same time, the City will expand cultural inclusion through translation services and arts and events. In the Infrastructure Priority, Redmond will again emphasize maintaining what we have through capital investments in buildings, sidewalks and streets while integrating light rail into the existing built environment. As a part of a technologically forward-thinking community, staff will implement a new Workforce Management system to allow for efficient data capture of employee information from hire to retirement as well as concentrate on effectively managing Citywide records. An improved, consistent Records Management system will create efficiencies in responding to the volume of public records requests organization wide. In addition, we will focus on our ongoing efforts toward customer service, process improvement and organizational development. These are only some of the initiatives we will be pursuing. In the following pages you can find a more complete discussion of other programmatic strategies that will launch Redmond into the next biennium.

This is my sixth budget as Mayor of the City of Redmond, and I am proud of what we've accomplished together over the past decade. I remain committed to delivering high-value, sustainable services to the community, now and in the future. Each budget cycle we concentrate on "raising the bar" by delivering the community's priorities, but for a lower "price of government." We can accomplish this by working together as a team of employees, community and elected leaders, which is integral to our success.

I encourage you to share your questions and suggestions on the community issues that are important to you and on the services we provide. You can contact me by phone at (425) 556-2101 or email at [mayor@redmond.gov](mailto:mayor@redmond.gov).

Sincerely,

A handwritten signature in blue ink that reads "John Manchione". The signature is written in a cursive style with a large initial "J".

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## **BUDGET HIGHLIGHTS**

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**BUDGET HIGHLIGHTS**  
**2019-2020 ADOPTED BUDGET**  
**CITY OF REDMOND**

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The City of Redmond is expecting considerable change in the next six years. The City is preparing to support this change by building on the vision for its continued growth, connection to the community and fiscal health. The focus remains on “One City, One Team” to help support and implement the transformation ahead of us.

Beginning in 2008, Redmond has embraced the Budgeting for Outcomes approach to allocating municipal resources. The approach focuses on greater transparency and accountability to the community, as well as a City budget that better reflects what its residents and businesses value in their government.

The City of Redmond works to manage its fiscal responsibilities in a sustainable manner using best practices and financial strategies, while conforming to Council policies. There is an intentional logic in the design of the City’s financial planning strategy. It is represented in the illustration below and referred to often in this budget.

**City Vision**

To create a City with two vibrant urban centers in Downtown and Overlake, to enhance the livability and connections between our neighborhoods, and to deliver high quality services in partnership with our community.



The foundation of the City’s financial planning efforts is the **Long Range Financial Strategy** (LRFS) first developed by the City Council in 2005 and revised most recently in April 2018. The strategy is comprehensive for all City functions and funds and includes the other elements referred to in the above illustration.

The **Price of Government** is how the City thinks about the right level of resource that should be available to provide City services. The “price” is a ratio of total City revenues, including all funds and external revenues, to total personal income (personal income x population). It has historically been between 5% and 6%. Currently, the Price of Government in total stands at 5.4% due to the influence of one-time revenues from the development surge the City is experiencing. If just taxes and fees are considered, the Price of Government drops to 4.8%, below the Council’s theoretical price range of 5.2% to 5.5%.

The **Community Strategic Plan** was created to provide clarity on the City’s priorities and help guide Redmond into the future. As the City continues to grow, it is important that we remain focused and aligned on the six biennial budget priorities developed by Redmond’s residents:

- Clean & Green
- Diverse & Connected Community
- Infrastructure
- Responsible Government
- Safety
- Vibrant Economy

The **Capital Investment Strategy** (CIS) was developed in 2010-2011 for two primary purposes. First, to ensure capital investments across the City are proposed in a coordinated fashion and focused on the vision as defined by the adopted comprehensive plan. Second, it informs the Capital Investment Program and the ability of the City to facilitate growth. An inherent aspect is the ability to maintain the City’s past investments into the future.

The CIS is portrayed as foundational, as the level of service (described in the State Growth Management Act) is both a **capital investment** and an **operating budget** concept. The Comprehensive Plan describes the type of city and/or community that Redmond strives to provide in the form of infrastructure and levels of service. This should be reflected in both the Capital Investment Program (the implementation of the CIS) and the operating budget.

### **Revenue Strategy**

A total of \$797.7 million has been allocated in the 2019-2020 Budget to support the community’s service priorities. Included in the Council’s Long Range Financial Strategy is the revenue philosophy related to City revenues. These philosophies are intrinsic in Council deliberations related to City revenues and are a foundation for establishing future and revised fiscal/revenue policy. The elements of the philosophy include:

- Assessing and maintaining fair, equitable and stable sources of revenue.
- Prioritizing less volatile revenues sources over revenues more sensitive to changes in the economic climate, such as sales tax and sales tax on construction.
- Considering the “total” tax bill when increasing rates.

- Protecting limits to taxation (the right “Price of Government”) for residents and businesses.
- Seeking voter approval when a proposed tax increase is above historical rates.

Consistent with the Revenue Strategy, this budget maintains the purchasing power of the business license fees with an adjustment for the effects of inflation in the annual amount of \$61,000 or 2.4% in the General Fund and another \$125,000 annually to go toward transportation and transportation demand management investments. In addition, the City will raise the utility tax for cable services by 3% or approximately \$500,000 annually to support General Fund operations. The budget also includes a 1% property tax increase and utility rate increases (annual increases of 2% for water, 4% for wastewater and 0% for stormwater) in the next biennium. The City is also anticipating one-time resources in the General Fund to total \$8.9 million due to under expenditures and carryover of the contingencies from the prior biennium.

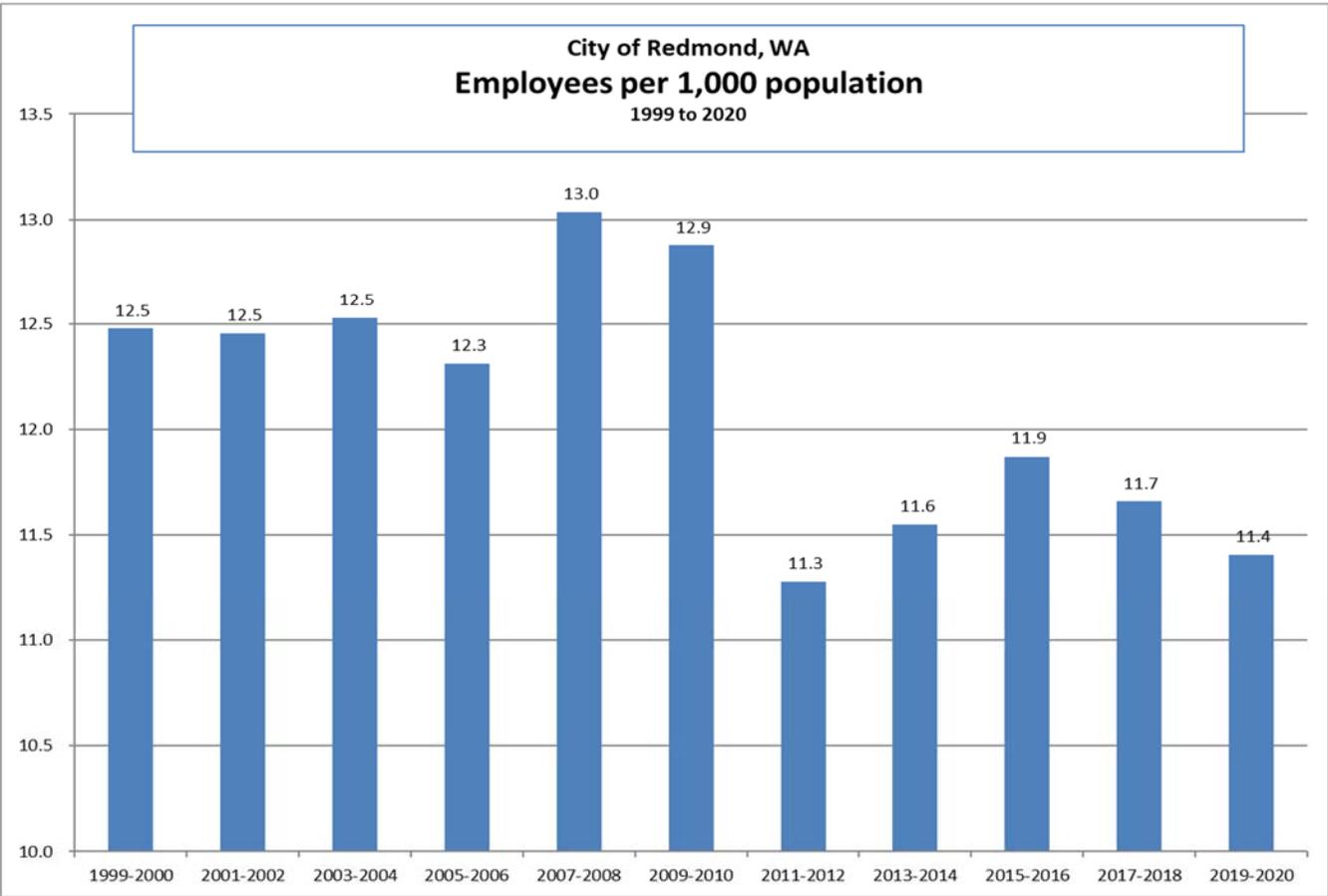
### **REDMOND’S SERVICE PRIORITIES**

In addition to considering the revenue resources, the City has carefully and thoroughly scrutinized the cost of providing service and has captured efficiencies where possible. Right-sizing resources, evaluating programs, seeking resource leverage opportunities and building new community partnerships were also significant steps in balancing the budget. In keeping with the City’s priority areas, the budget reflects the evolution in the refinement of performance measures to maintain the demonstrable alignment among City departments working in interdisciplinary collaborations to advance value added services.

The budget includes an increase of 5.82 full time equivalent (FTE) employees (3.82 FTEs supplemental employees to full time and 2.00 new FTEs) as well as repurposing three FTEs to accomplish priority goals. The supplemental conversions were an outcome of the Supplemental Lean process that identified the need to convert supplemental staff to full time FTEs based on the City’s employment practices. The new FTEs were an addition of a Business Analyst in the Human Resources Department to support technology implemented for workforce management and an Engineer in the Public Works Department to focus on capital project delivery. Additionally, three FTEs have been repurposed to improve effectiveness and service levels for work that is a priority to the City. The FTE’s have been repurposed as; Assistant Maintenance and Operations Manager to support the Facilities Management Division, Safety Program Manager to coordinate and implement safety programs and practices throughout the City, and a Program Manager to focus on environmental sustainability.

The FTE analysis on the following page includes the limited duration employees approved for Sound Transit (10.00 FTEs) and Microsoft (22.00 FTEs) developments during the 2017-2018 biennium.

Department	2017-2018	Additions	2019-2020
	Staffing		Staffing
Executive	22.75	(1.00)	21.75
Finance	29.00	-	29.00
Fire	171.00	-	171.00
Human Resources	12.00	2.00	14.00
Parks	72.03	3.32	75.35
Planning	107.33	-	107.33
Police	129.42	0.50	129.92
Public Works	133.57	1.00	134.57
Technology & Information Services	29.00	-	29.00
<b>Total</b>	<b>706.10</b>	<b>5.82</b>	<b>711.92</b>



The budget also includes \$13.6 million in transfers to the Capital Investment Program. This includes the 5% General Fund policy transfer (\$8.5 million), pavement management (\$600,000) and sales tax on construction (\$2.8 million) to support the debt service payments on City Hall.

The total 2019-2020 capital investments outlined in the Capital Investment Program section of this budget total \$221.8 million (excluding ending fund balances and transfers).

Within the community's priorities, the budget presents key goals and initiatives spanning all City departments, along with an increased accountability for service-specific performance measures. In this way, it serves as a useful tool for the Council and community to better gauge the City's progress in achieving these outcomes and to assess the value received for City tax dollars.

**Clean & Green:** The Redmond community has long treasured its natural resources and the City's efforts in this arena reflect the commitment to a clean and green environment. Redmond supports the preservation and protection of the environment through the Climate Action Plan adopted by Council in 2014. The new biennial budget continues to fund clean and green efforts, including:

- Environmental Sustainability – Repurpose 1.00 FTE from the Public Works Department to concentrate on the City's environmental initiatives and programs including funding to develop an Environmental Sustainability Strategic Plan (\$200,000 one-time).
- Tree Canopy – Continues support of increasing the City's tree canopy through an additional four acres of plantings (\$244,000 one-time) as well as maintenance of street trees around street lights and traffic signals (\$100,000 one-time) to promote safety and the health of the many trees that are already an important asset to the City.
- Zero Waste Program – Providing resources (\$200,000 one-time) to increase outreach, training and education to promote zero waste initiatives.
- Economic Analysis – Build a model and provide analysis (\$195,000 one-time) of long term options to address the interrelated issues of aquifer protection, drinking water supply production and economic impacts to Downtown development from temporary construction dewatering.
- Maintaining the City's Streams – Support regional stream monitoring through the regional monitoring program (\$80,000).
- Beautification – Convert supplemental staff to full time (0.32 FTE) and allocate \$55,000 annually to support newly constructed capital projects including landscaping improvements at Redmond Way, Bear Creek Parkway and Gilman Landing.

The City's goals in promoting a clean and green environment are measured through a variety of metrics, including:



- Reduction of greenhouse gas emissions due to the diversion of commercial and multi-family organics (tons of carbon reduced) equals 2,652 in 2017 with a goal of 2,732 in 2019.
- 2019 goal of number of acres of new tree canopy planted is 4 acres.
- In 2017, 85% of residents were satisfied with the maintenance of parks, trails and open space. Through continued concentration on level of service, that number should reach close to 90% by 2019.
- Clean drinking water is essential to any community and Redmond's water supply meets water quality tests 100% of the time.
- The stormwater system reliably protects public safety and the environment, which is ensured by catch basin cleaning being performed 99% of the time within six months of an inspection.

**Diverse & Connected Community:** Redmond's flourishing economy, globally-known workplace opportunities and quality school system have long attracted residents and visitors from around the world. The community embraces this cultural diversity and has prioritized its welcoming and inclusive community character. This budget continues the support for a diverse and connected community in the following ways:

- Affordable Housing – Through the City's capital investments \$500,000 annually will be committed to the ongoing goal of providing affordable housing to the Redmond community. In addition, the City has other opportunities to support affordable housing through transit oriented design and partnerships with private development.
- Translation Services – Funding for translation and accessibility services (\$30,000 ongoing) to enhance all modes of City engagement and outreach.
- Homeless Policy Review and Development – Supports Redmond's share (\$15,000 one-time) of a comprehensive Human Service policy review with other eastside cities to identify human service needs, trends and gaps in east King County.
- Secure Mobile Connectivity – Adds an interface with the Parks Department registration system (\$51,600 ongoing; \$1,400 one-time) that is HIPAA compliant and allows staff to maintain waivers and forms with secure access at satellite and neighborhood sites.
- Celebration of Arts and Events – Adds one-time funds of \$30,000 to the City's SoBazaar summer events to increase funding for event day rentals, programs and art installations and \$20,000 in one-time dollars to support Downtown Park events.
- Recreation Opportunities – Converts 2.00 supplemental FTEs to full time staff (cost neutral) to continue the support of recreation programming on weekends and newly extended evenings and holidays.

- Recycling Outreach – Supports outreach (\$95,000 one-time) regarding reducing waste, reusing goods and increasing “clean” recycling in all sectors of the City.

The performance measures to support a diverse and connected community include:



- Providing recreation services, spaces and activities to 165,000 people in 2017.
- Volunteers dedicated 22,064 hours to the City’s recreation programs in 2017 which should grow to over 23,000 in future years, providing the City with a significant amount of labor to better serve the community.
- Number of Redmond residents served through human service agency contracts totaled 16,839 in 2017 and is expected to grow to over 17,000 in future years.
- Affordable housing continues to be a focus for the City. The number of affordable housing units developed in Redmond in 2017 was 185. That number should increase in the 2019-2020 biennium.
- A total of 63,600 people attended City produced art programs and events in 2017. With inclusion of Downtown Park activities, that number is expected to grow by about 7,000 participants in the future.

**Infrastructure:** As Redmond has flourished, it has drawn many new residents, visitors and employers necessitating a sustained commitment to public infrastructure and facilities in response to evolving community needs. These include:

- The addition of a 1.00 FTE Engineer, focusing on capital project delivery.
- Mobility – Completing the North-South Corridor Study (\$200,000 one-time) and updating urban street design standards for Downtown (\$200,000 one-time) to support Redmond’s vision of a walkable city.
- Facilities Management and Maintenance – Provides good stewardship of City owned and operated facilities through the repurposing of one FTE, to serve as Assistant Maintenance and Operations Manager in the Facilities Maintenance Division and converting 1.00 supplemental FTE to full time staff (cost neutral). Additional one-time money will be dedicated to a feasibility study for the replacement of Fire Stations 11 and 12 (\$280,000), to evaluate ADA deficiencies in all City buildings (\$150,000) and increased security (\$124,500) though the installation of cameras and other facility improvements.

- Light Rail Integration – Support the light rail construction partnerships between the City, Sound Transit and Microsoft to design and build the infrastructure necessary to deliver light rail to Redmond’s two urban centers and the Marymoor Village neighborhood (\$4.0 million one-time).
- Real Property Management – Adds \$120,000 in one-time funding to support paralegal assistance for the initiation, creation, recording and monitoring of documents associated with real property transactions.
- Park Maintenance – Commits \$202,048 in one-time funding to address a backlog of small maintenance projects in Farrell McWhirter, Reservoir and Meadow Parks, such as concrete and pathway repairs and replacement of a boiler. In addition, \$18,000 of ongoing funding will go toward the maintenance of “Buoyant” the interactive art feature recently installed in the Downtown Park.

The success of the Infrastructure priority is measured through Redmond’s pavement condition index, maintenance report card and mobility report card. Specific measurements include:



- The City’s pavement condition is projected to remain above 70 to support all modes of transportation. In 2017, the pavement condition was at 76.
- The City’s mobility report card measures the ratio of transportation demand to transportation supply or concurrency. Currently, the ratio is 1.8 and targeted to be similar in the future.
- Environmental Protection Agency guidelines target less than two sanitary sewer overflows per year. In 2017, Redmond had one overflow in contrast to 2015 and 2016 where there were no sewer overflows.
- The percent of customers satisfied with the City’s parks, trails and open spaces equals 85% as measured by the 2017 annual community survey.

**Responsible Government:** Redmond has a proven track record for fiscally sound management, fair and equitable human resource administration and strong technology infrastructure. Redmond’s Long Range Financial Strategy sets the course for financial stability and the City’s Community Strategic Plan defines and measures the value the community receives from the community resources collected. Budget highlights of the Responsible Government priority include:

- Cultural Inclusion – Support continued investments (\$75,000 one-time) in cultural inclusion efforts such as; training programs for staff, community engagement and partnerships and recruitment and retention efforts related to increasing diversity in Redmond’s workforce, boards and commissions.

- Technology Strategies – Funds a one-time \$250,000 investment to develop and implement the City’s Technology Strategic Plan.
- Financial Enterprise Systems – Additional one-time funds of \$460,000 and ongoing maintenance and support of \$490,000 are allocated to the City’s new workforce management technology which will combine disparate systems for timekeeping, payroll, human resource information, and performance review management into one system. Another \$270,000 in one-time support has been allocated to upgrade Dynamics, the City’s financial enterprise system. A new 1.00 FTE Business Analyst will be added and another FTE will be reclassified in the Technology and Information Services Department to provide ongoing internal support for both systems.
- Organizational Development – Vibrant cultures are values-driven, mission-focused and vision-guided. Redmond seeks to continue its emphasis on a continuous learning and customer driven culture by participating in a one-time organizational culture assessment (\$20,000), continued investment for crucial conversation training for all employees (\$102,000) and support continuous process improvement (\$150,000).
- Safety Programs – Repurpose 1.00 FTE to serve as a Safety Program Manager and focus on improving and coordinating the City’s currently decentralized safety programs and create a Citywide safety program (\$75,000 one-time).
- Asset Management – Continued investment in implementing an asset management program through one-time support for the capture of asset data gaps (\$250,000) and the purchase of mobile data devices to be used by the Parks Department (\$93,600).
- Infrastructure Data – Budgeted one-time dollars to map the location of all City easements and real property (\$200,000) to better manage property rights and responsibilities and collect current aerial photography and Lidar data (\$100,000) to update existing GIS data layers to eliminate some fieldwork for GIS updates.
- Compensation Study – Added \$150,000 in one-time funds for a Citywide compensation study to analyze compensation systems for recruitment and retention of employees.

The support of a learning and service culture, a customer focused organization, a fiscally healthy condition and the leveraging of technology is measured through the following metrics:



- The City’s AAA bond rating reflects Redmond’s ability to meet or exceed the highest nationally-recognized fiscal policy benchmarks as determined by bond rating agencies.
- The percent of the community responding positively regarding satisfaction with City services is currently at 69% as measured in Redmond’s 2017 annual community survey.

- A focus on hiring and thorough onboarding of new personnel has led to a retention of new employees of 86% in 2017 with projections of the percentage growing to 90% as recommendations from the Onboarding Lean process are implemented.
- Due to strong cyber security infrastructure and awareness, Redmond has had no cyber security breaches from attacks on the City's technology systems.

**Safety:** Redmond enjoys a safe community in which to live, learn, work, and play. City efforts to maintain and enhance the community character include:

- Police Records Management – Includes conversion of supplemental staff to a 0.50 FTE (budget neutral) to provide assistance with Police records management. Currently 60% of all records requests received by the City are for Police records.
- Case Management – Supports \$20,000 in one-time funds for the Prosecutor's office new case management system which was a recommendation proposed by the Police and Prosecutor's Lean process.
- Fire Equipment Compliance – Increased ongoing funding of \$65,734, to ensure that self-contained breathing apparatus equipment is tested, repaired and certified annually as required by the State.
- Construction Inspection Certifications – Added \$24,000 of ongoing funding to provide the training and certifications required for staff performing construction inspections.

The Safety priority is measured through crime prevention, fire suppression and the community's sense of safety in their neighborhoods. Specific measures include:



- Redmond has been successful in maintaining crime rates lower than the Washington State average of 67.5 Type A offenses with a rate of 58.9 in 2017.
- The feeling of safety in their neighborhoods is important to Redmond residents and is measured through the City's annual community survey. In 2017, 96% of Redmond residents felt safe walking alone in their neighborhood during the day and 81% felt safe walking alone in their neighborhood at night.
- The Fire Department has been successful in responding 83% of the time with fifteen firefighters within seven minutes to fires in an urban setting.
- Redmond Advanced Life Support (ALS) services contributes to the 58% cardiac arrest survival rates in King County as a lead agency in ALS.

- Answering 90% of 911 calls within ten seconds is the goal for Redmond dispatchers. Currently, the dispatch team answers calls within an average of 4.85 seconds.

**Vibrant Economy:** The Redmond local economy has experienced robust business and job growth for many years. It enjoys both traditional industries like manufacturing and retail, as well as world class companies that are global brands in the flourishing innovative economy. Programs in this priority include:

- Economic Development – Supports ongoing funds from a Port of Seattle grant (\$50,000 ongoing) to provide training, seminars and resources for entrepreneurs and small businesses to grow and marketing of the eastside to potential technology companies through the Innovation Triangle.
- Business License Software – Adds \$40,000 one-time funds to purchase new business license software required by the State from the passage of House Bill 2005 in May 2017.
- Microsoft Refresh – Includes the funding necessary (\$8.1 million one-time, fully funded by Microsoft) to support the multi-year development agreement between the City and Microsoft to reconstruct the Microsoft campus in the Overlake urban center.

The City’s demonstrable record of performance in this priority includes job growth and increases in the number and types of businesses. Success metrics for the City’s Vibrant Economy priority include:



- The number of businesses licensed for 7+ years is a measurement of Redmond’s ability to attract and retain a vibrant business community. In 2017, the City had 1,283 businesses that had sustained in the community for over 7 years.
- A total of 91% of building and fire plan reviews are complete within established timeframes and 90% of customers are satisfied with the service received at permit issuance.
- Code compliance is important to the City’s safety and insurance rating. Redmond has an 82% success rate of code compliance at the time of the first inspection.

## **CITY ORGANIZATIONAL ALIGNMENT**

Over the decade of Budgeting by Priorities (BP) evolution, the City has made great progress in developing interdepartmental teams to achieve the desired outcomes on community priorities. While pre-2008 and initial BP budgets had many departments and divisions focused on delivering services in a traditionally functional way, the organization has learned to embrace a more interdisciplinary approach to the services and programs needed to advance the City’s vision and ensure a promising future for its ongoing suburban to urban transition.

To illustrate this organizational alignment, the chart on the following page reflects the cross-departmental teams working together to advance the 2019-2020 service results.

**City Organizational Alignment in BP Context**

	Executive	Finance/ TIS	Fire	HR	Parks	Planning	Police	Public Works
Arts and Events								
Capital Investment Delivery								
City Council								
City Engagement & Outreach								
City Vehicle Management								
Community Development								
Criminal Justice Services								
Development Services								
Environmental Sustainability								
Executive Management								
Fire Prevention Services								
Fire Support Services								
Fire Emergency Services								
Fiscal Stewardship								
Ground & Surface Water Management								
Housing & Human Services								
Human Resources								
Light Rail Integration								

	Executive	Finance/ TIS	Fire	HR	Parks	Planning	Police	Public Works
Microsoft Refresh								
Mobility of People and Goods								
Municipal Building Management								
New Construction Inspections								
Organizational Development								
Operating Reserves								
Parks Infrastructure & Amenities								
Parks, Trails & Open Space								
Police Complex Investigations								
Police Emergency Services								
Police Support Services								
Recreation Connects Community								
Solid Waste Management								
Stormwater System Management								
Technology & Data Systems								
Wastewater Utility Management								
Water Utility Management								
Urban Forestry Management								