

---

**MAYOR'S MESSAGE**

---



January 2013

Dear Citizens of Redmond and Members of the City Council:

With this transmittal letter, I am pleased to present the Fiscal Year (FY) 2013-2014 Budget to Redmond's citizens and the City Council. This budget reflects the tight economic conditions of the past five years by living within our financial plan, delivering high-quality services in new ways and reducing services where the demand has decreased. This is the third budget using the Budgeting by Priorities (BP) process and is shaped by our community vision and our citizens' service priorities. The FY 2013-2014 Budget is noteworthy in several key respects:

- ***Vision:*** The budget reflects our community's vision to work together with the Council to realize Redmond's future as a city with two vibrant urban centers in Downtown and Overlake. It also improves connections to our neighborhoods and provides high quality, responsive services in partnership with an engaged community.
- ***Citizen Service Priorities:*** The organizing principle for this budget was framed with and by the community priorities developed in the BP public process in 2008 and affirmed by Council every biennium. The six priorities citizens identified cover a wide range of services, including those impacting business, environment, community connections, infrastructure and growth, public safety, and responsible government. The City's Capital Investment Program (CIP) is similarly focused on priority projects that advance the City's vision as compared to the traditional allocation to departmental functional areas. This Capital Investment Strategy (CIS) context was introduced in the FY 2011-2012 Budget and our FY 2013-2014 approach was previewed with the Council on September 11, 2012.
- ***Value/Accountability for Results:*** Within these six priorities, the budget presents key goals and initiatives that span all City departments, along with an increased accountability for service-specific performance measures. In this way, it serves as a useful tool for citizens to better gauge the City's progress in achieving these results to assess the value they receive for their City tax dollars. This transparency and accountability is especially important in the context of continued economic uncertainty over the next biennium.

The Budgeting by Priorities process, adopted by the Council in 2007, has provided a solid framework that enables the City to provide a structurally balanced financial plan over a six year horizon. Necessary reductions and appropriate spending adjustments over the past two budgets have created financial stability and a foundation for the City to continue implementing the services and programs that our citizens value within the available resources.

### **Guiding Principles/Economic Context**

In developing the budget, there were several guiding principles at work. Predicated on a commitment to honor the many citizen and staff efforts that went into our BP process to date, my focus was on preserving core City services within the current constrained fiscal environment. While the broader economy is showing mixed recovery signals, City revenues continue to lag, and the FY 2013-2014 Budget is built on a conservative forecast with slight growth in some areas (property taxes, sales taxes, utility taxes, and licenses and permits) and continued modest growth in development revenues. As the budget notes, it is anticipated that development will recover gradually through the next six years, but will not reach the levels experienced in 2007 until beyond the forecast period. Based on these projections, this budget reflects a number of expenditure reductions and some limited additions in key priority service areas as noted below and as described further in the budget sections to follow.

For City operations, the budget is structurally balanced through a combination of reductions that focused on gaining additional efficiencies in current operations, assessing declines in service demand, reducing capacity and levels of service, as well as eliminating new requests. The City has continued to build on the innovations/efficiencies efforts identified in my first biennial budget and will focus on innovations in FY 2013-2014 as a means to deliver services without significant revenue increases.

It should also be noted that this budget contains 5.0 full-time equivalent (FTE) position reductions offset by 5.0 FTE position additions realigned in priority services areas, such as public safety communications technology implementation, wastewater maintenance, emergency preparedness, and human services. For the CIP, the budget reflects a vision-centered, priority-based approach, as well as the Council's policy direction to date on key capital elements for the City's stormwater, water, and wastewater utilities.

With this foundation, major themes for the FY 2013-2014 budget include:

- Fund core services within available resources and pursuant to Council policy;
- Advance BP offers for City services highly ranked by staff and citizen results teams;
- Focus the City's limited CIP resources on advancing our urban centers vision and on priority projects in neighborhoods;
- Hold the line on utility increases when possible; and
- Continue the organization's evolution of its BP approach, as outlined in the 10-year BP plan reviewed with the Council in the last biennium.

All this is presented in a context of our ongoing efforts to make our services more efficient and customer-focused over the biennium, and to embrace innovation in service delivery as a means to demonstrate value to our Redmond citizens.

### **Administration Goals for FY 2013-2014**

Within this framework, my administration's efforts will be focused on the following challenges over the next two years:

- Manage the City's third Budgeting by Priorities (BP) financial plan, with increased accountability and reporting for performance measurement and results in delivering citizen-identified priority services in a challenging fiscal environment;
- Maintain a focus on innovation and efficiency initiatives to improve services and reduce costs, thereby demonstrating value and accountability for results to our community;
- Execute service improvement initiatives identified in the information services strategic plan to advance cost-effective technology solutions in a range of City service areas;
- Continue implementation of recent improvements in permit processing that preserve the community's values while delivering a fair, predictable product;
- Work with Redmond business and community stakeholders to establish a strong and sustainable public-private partnership to advance economic development and related community building events and activities through OneRedmond;
- Advance the customer service program efforts that began in FY 2009-2010, so that all City services are customer-focused, including related training and organizational development efforts, to ensure employees are prepared to advance service improvement initiatives and other associated organizational cultural changes;
- Pursuant to the Council's July 2009 policy direction, continue to implement the City's Capital Investment Program within a vision/BP context versus traditional functional area allocations, to ensure future funding is directed to priority capital projects;
- Implement the City's communication strategy/outreach efforts to increase citizen engagement in major policy decisions through the City's digital and electronic media and other relevant tools to improve access to public information and other community connections;
- Further efforts to enhance Redmond's stature in the region by working cooperatively with other leaders in the area to more strategically advance Redmond's interests at the regional, state and national level; and
- Build on existing relationships with Council, residents and businesses to foster collaboration and trust.

We have made great strides in these areas since I took office in January 2008, but much work remains to be done. As noted, our efforts will also focus on the three areas of emphasis identified by the Council at its 2012 retreat, specifically fiscal stability, economic development, and communications with our community.

### **In Closing**

Serving as Mayor has been both a privilege and a welcome challenge, as I have worked to lead the City organization to think and act collaboratively in delivering vital public services to our community. Even in these uncertain economic times, I have been encouraged by the continued comments and suggestions from many of you that doing business at City Hall has been enhanced by the customer service initiatives put in place. I remain committed to our ongoing efforts to emphasize cost-effective, citizen-focused municipal services and to work in partnership with residents and businesses to enhance our City's quality of life. In so doing, I will continue to advance the interests of this wonderful community and its vision in a way that our citizens will be proud to call home. In this, our 101<sup>st</sup> year, I feel honored to fulfill my role as Mayor in leading our City into its next great century.

I thank those of you who participated in the Budgeting by Priorities process to date and urge others to get more involved in this and other efforts to build community and improve the services we deliver to you. I also thank the Council, whose support for this process in FY 2007-2008 established the foundation upon which I have been able to continue this work as Mayor.

That said, I look forward to continuing discussions with the Council and community, and hope these efforts serve as a catalyst for an ongoing dialogue with citizens. I encourage your questions and suggestions on the community issues important to you and the services we provide. You can contact me by telephone at (425) 556-2101 or email at [mayor@redmond.gov](mailto:mayor@redmond.gov).

Sincerely,

A handwritten signature in cursive script that reads "John Marchione". The signature is written in black ink and is positioned above the printed name and title.

John Marchione  
Mayor

---

## **BUDGET HIGHLIGHTS**

---

**BUDGET HIGHLIGHTS**  
**2013-2014 Adopted Budget**  
**CITY OF REDMOND**

---

This section summarizes the major changes in the 2013-2014 Adopted Budget. For details on these changes, please see each of the priority sections of the budget.

<b>Budgeting by Priorities</b>	As in the past two biennial budgets, the City of Redmond is using the Budgeting by Priorities (BP) process to build the budget. As a result, Redmond is presenting information in the context of the priorities as defined by the community and refined by the City Council.
See the “Budget by Fund” section for Prior Year Comparisons	The only financial information presented in the context of prior years is the “Budget by Fund” financial summaries. By its nature, BP is a form of “zero based” budgeting in that some offers may be comparable over time, but staff is encouraged to be innovative and collaborate in creating offers. Therefore it is difficult to compare budget offers over multiple budgets.
<b>One-time revenue</b>	The preliminary budget maintains the City’s core services while continuing to make significant investments in Redmond’s future. The City is anticipating one-time resources in the General Fund to total \$9.98 million due to underexpenditures and unanticipated sales tax audit recoveries in 2011-2012. Consistent with the City’s Long Range Financial Strategy, this budget includes a 1% property tax increase and water/wastewater utility rate increases in the next biennium. In addition, the budget honors the Council’s policies with regard to reserves and transfers from the General Fund to the Capital Investment Program (CIP).
<b>1% property tax Utility rate increases</b>	
<b>Capital investments</b>	The total General Fund transfers to capital investments amounts to \$13.8 million. This includes the council policy which is 5% of revenues transfer (\$6.8 million), sales tax on construction (\$2.4 million), pavement management (\$600,000) and anticipated surpluses from the current budget of \$4 million. The total 2013-2014 capital investment proposed by this budget including utility investments equals \$112.3 million (excluding ending fund balances and transfers out). The budget uses the newly developed Capital Investment Strategy to ensure that capital expenditures are focused on developing the City’s vision as illustrated in the comprehensive plan.
<b>Realignment of authorized employees</b>	The budget includes a decrease of 5.0 full time equivalent (FTE) employees, however these reductions were offset by realignment of employees to priority service areas. The positions eliminated represent a “right sizing due to innovations or efficiencies gained in City operations.

A summary of the changes is found at the end of this section.

**The budget highlights of each priority are summarized below:**

**Business Community**

• **BUSINESS COMMUNITY**

*I want a diverse and vibrant range of businesses and services in Redmond.*

- Sustainable Economic Development – Provides continuation of Redmond’s economic development initiatives.
- Predictable Development Permitting – Supports the City’s Development Services Center (DSC) made up of the Planning, Public Works and Fire Departments. In 2014, eliminated 1.0 FTE Permit Technician (\$82,610) and reduced professional services and various line items (\$193,824) through right sizing in anticipation of status quo development review activity.
- Business License – transferred to Planning Department (from Finance) to improve customer service and orient services around technology platforms.
- OneRedmond – Provides for City’s stakeholder commitment to the OneRedmond community effort.

Decline in development service demand and efficiencies gained through technology

Business License

Continued support of OneRedmond

**Clean & Green**

• **CLEAN & GREEN ENVIRONMENT**

*I want to live, learn, work, and play in a clean and green environment.*

- Green Infrastructure Management – Maintains maintenance and management of green infrastructure within park sites and natural areas, while reducing costs and limits the flower pot program to downtown. Allocates \$260,000 to the parks maintenance levy.
- Park Facility Maintenance – Maintains maintenance schedules to continue essential maintenance of park buildings, sports fields, play structures, pathways and other park infrastructure.
- Water Utility Natural Resources – Protects the City’s drinking water aquifer and conserves drinking water resources with reorganized water conservation educational programs. Transferred vacant position (\$176,000) from this offer to Water System Maintenance to provide for maintenance of the utility’s above ground infrastructure.

Maintaining and managing Redmond’s green spaces

Maintaining park facilities

Protecting Redmond’s drinking water

Reduced various line items (\$186,563) including professional services, supplies, supplemental help, small tools and external repairs and maintenance through right sizing.

**Community Building**

• **COMMUNITY BUILDING**

*I want a sense of community and connections with others.*

Community Events

- Community Events – Maintains highly valued community events at pre-centennial celebration levels (with Sunday events on Derby Days).

Human Services for a sustainable Redmond

- Human Services – Ensures residents have access to needed human services. Includes 1.0 FTE Senior Planner (\$238,723) on a limited duration basis as well as an additional one-time \$50,000 over the biennium to support human services programs. Reduced various line items (\$6,000) through right sizing.

Providing recreation to the community

- Recreation – Maintains the popular (and growing) community recreation programs. Reduced vacant Recreation Assistant Manager position (\$283,435) through reorganization.

Connecting the community

- Communications – Maintains current level of funding for communications, community engagement and print shop activities. A plan for improving these functions is being developed consistent with direction originating from the Council's 2012 retreat planning.

Redmond's neighborhoods

- Neighborhood Planning – Continues the neighborhood planning effort through this biennium.

Future development of Downtown Park

- Downtown Park – With acquisition completed in the 2011-2012 budget, planning for the future development of a Downtown Park will commence with this budget. The 2013-2014 CIP recommends \$1.4 million be set aside for future development.

**Infrastructure & Growth**

• **INFRASTRUCTURE & GROWTH**

*I want a well-maintained city whose transportation and other infrastructure keeps pace with growth.*

Regional transportation planning

- Transportation Planning – Maintains Redmond's participation in and advocacy for regional transportation solutions. Eliminated 0.5 FTE Principal Planner (\$148,590) through reorganization.

Developing and implementing future plans

Transportation infrastructure

**Responsible Government**

Information Services

City financial services

Innovation fund

Citywide reserves and contingencies

City Hall

- Plans for Redmond’s Future – Updates and implements the City’s Comprehensive Plan, Zoning Code and companion documents to preserve and enhance Redmond’s quality of life.

- Transportation Services – Ensures Redmond’s transportation and transit infrastructure and programs are carefully planned and coordinated with land use.

- **RESPONSIBLE GOVERNMENT**

- I want a city government that is responsible and responsive to its residents and businesses.*

- Information Services – Ensures the City technology systems can support the delivery of services by providing highly reliable, state of the art systems. Reduced 1.0 FTE Applications Support Analyst (\$139,778) in 2014 due to efficiencies gained through the implementation of new technology. Reduced various line items (\$542,600) through right sizing the budget including professional services, outside repairs and maintenance, small tools and supplies.

- Financial Services – Provides utility billing, accounting, auditing, purchasing and cashiering services to support the operations of the City. Through innovations and reorganization of functional areas, eliminated 1.0 FTE.

- Innovation Fund – Creates a new innovation fund (\$150,000) to be managed by the Mayor’s Office. This fund will be available for use by city staff to implement new approaches to provide and improve service.

- Citywide Reserves – Provides sufficient cash flow to meet the City’s needs and to support an acceptable level of City services in the event of a catastrophic incident. Meets all policy targets (8.5% General Fund; 12% Utility Funds).

- Economic Contingency – Made permanent, consistent with change in Financial Policy and now includes Development Review reserves.

- City Hall Lease Obligation – Maintains the long-term lease obligation, as well as provides maintenance on the City Hall building and parking garage.

## Safety

- Review of Fire Department
  - Fire Department Strategic Planning – Enables department to create a strategic plan using the accreditation system methodology.
- Jail services
  - Jail Services – Reduced jail services costs (\$400,000) through effective contract management.
- New offer – public safety technology
  - Public Safety Information Technology Support – Recognizes unique public safety technology support role. Increased 1.0 FTE Senior Systems Analyst (\$269,043) to continue support for the City's partnership with NORCOM and other technology improvements.
- EMS / Suppression
  - Emergency Medical Service / Suppression – Reduced overtime (\$150,000) by decreasing minimum staffing from 24 fire personnel to 23 fire personnel on shift. No anticipated impact on service.
- School safety zones
  - School Safety Zones – Add improvements to school zones with the net revenues from the discontinued traffic camera enforcement program.
- Emergency management and disaster preparedness
  - Emergency Management – Provides emergency management programs to improve city and community preparedness for disasters. Includes addition of 2.0 FTEs to provide improved continuity to the programs in response to community requests.
- Police and Fire Levy
  - Public Safety – Allocated 4.5 FTEs to the Police Levy; 1.0 FTE and \$300,000 in overtime to the Fire Levy from the General Fund. Public safety levies have been underutilized to date and will enable the continuation of the current level of service.
- Prosecution
  - Prosecuting Attorney's Office – Prosecutes criminal misdemeanors, gross misdemeanors, traffic infractions and civil code violations. Scalability of 0.5 FTE Prosecutor position (\$138,751) is eliminated in this program due to decreased demand from the City's discontinued red-light camera program and reduced court caseloads.

## • SAFETY

*I want to be safe where I live, work, and play.*

**Summary of staffing changes**

<b>Department</b>	<b>2013-2014 FTE Reductions</b>	<b>2013-2014 FTE Additions</b>
Executive	0.50	
Finance	2.00	1.00
Parks	1.00	
Planning	1.50	1.00
Police		2.00
Public Works		1.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

**Future outlook**

The City of Redmond works to manage its fiscal responsibilities in a sustainable manner using best practices, while conforming to council policies. To that end this budget balances the need to reduce expenses, continue to innovate and capture efficiencies where possible and right-size resources in the future within the “Price of Government” framework and the City’s ten-year Budgeting by Priorities plan as described in the Process Overview section of this document.

The balance between providing the right level of service and maintaining the price of government at current trend levels has proven more difficult than anticipated. The City will utilize its Long Range Financial Strategy to examine the best way to provide adequate resources to meet community service needs in the future.