

CITY COUNCIL STUDY SESSION

Introduction of the Preliminary 2019-2020 Operating Budget and the 2019-2025 Capital Investment Program (CIP) Plan

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

The City Manager's Preliminary Budget will be presented for City Council feedback, discussion, and requests for additional information. Additional study sessions are scheduled through the end of November, and anticipated Budget adoption is scheduled for December 3, 2018. Attached to this agenda memo is the City Manager's Transmittal Letter and the 2019-2020 Preliminary Budget Executive Summary. The full budget document will be available on the city's website on Monday, October 15.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

Tonight, the City Council will be presented the 2019-2020 Operating Budget and the 2019-2025 Capital Investment Program (CIP) Plan. This will be the first of several meetings with the council for review, deliberation, and adoption of the 2019-2020 Operating Budget and the 2019-2025 CIP plan.

The 2019-2020 preliminary operating budget and 2019-2025 CIP plan include resources needed to provide quality services to Bellevue residents. The preliminary operating budget provides a blueprint for the continuation of operations, and the CIP plan sets forth a strategy for the ongoing progress of the city's long-term infrastructure needs.

The 2019-2020 biennial budget totals \$1.7 billion. This total includes \$1.1 billion in operating budget (\$476 million in General Fund, \$215 million in Internal Service and other operating funds, \$442 million in Enterprise Funds), \$72 million in special purpose expenditures (such as grants, donations and debt, among others), and \$534 million for the 2019-2020 portion of the General and Utilities CIP. The total growth from the 2017-2018 Amended Budget is 3.0 percent net of double budgeting and reserves, broken down by fund type, total General Fund increases by 8.1 percent, Internal Service and other operating funds by 2.6 percent, Enterprise Funds by 6.1 percent, Special Purpose expenditures by 1.7 percent, and Capital by 4.3 percent. The Preliminary Budget:

- Invests in public safety by increasing patrol officer time in the community and increasing fire inspectors to maintain current service levels.
- Advances Council Priorities with targeted investments in Grand Connection, affordable housing, Bellevue College connector, smart cities, environmental stewardship and others.
- With the Law Enforcement Officers and Firefighter Plan 1 (LEOFF1) medical reserve fully depleted, this budget includes \$2,300,000 annually to address the ongoing cost.
- Proposes a fire inspection fee to cover the costs of providing fire inspections consistent with cost recovery objectives in similar code inspections.
- Proposes one percent property tax increase for years 2019-2020; A 1 percent increase in property taxes is \$9.50 annually for a median property owner of \$791,000 assessed value.
- Meets many of the city's infrastructure priorities, including all voted levy projects (Parks, Fire Facility, and Neighborhood Congestion, Safety and Connectivity), other amenities and community priorities.
- Adjusts Development Services rates to account for growth and Utility rates to address aging infrastructure, and wholesale costs.

The full budget document will be published on the city's website on Monday, October 15, 2018. Please see the attached additional information including the City Manager's Transmittal Letter, and the Preliminary Budget Executive Summary.

Council Calendar

Council held a budget workshop on March 26 to kick off the budget development season. At that time, the council received information on the budget process, the state of the City's general fund financial forecast, the Utilities forecast, budget and business survey highlights, and the early look at the Capital Investment Program plan.

On September 10, staff reviewed the upcoming budget calendar with the council and reviewed the actions necessary for budget adoption.

Council held public hearings on June 4 and August 6. Thus far, 26 public testimonies have been heard on numerous issues. The preliminary budget document provides a summary listing of all testimonies. The third and final public hearing is scheduled for November 19. Those wishing to provide testimony to the council regarding the budget at the public hearing may sign up to speak during that evening's Regular Session, or submit comments in writing to the City's Budget Manager (dbaldwin@bellevuewa.gov) or City Clerk (kstannert@bellevuewa.gov) by 5 pm on the 19th. Feedback is also welcome at other meetings during Oral Communications.

The following table provides an overview of the tentative council calendar dates:

Proposed Topics	Date
City Manager’s Preliminary Budget Presentation <ul style="list-style-type: none"> • Overview of Total Budget • General Fund and CIP 	October 15
Study Session: <ul style="list-style-type: none"> • Development Services Rate Review • General Follow up from Prior Week (If needed) 	October 22
Study Session: <ul style="list-style-type: none"> • Human Services Update • Council Follow up if needed 	November 5
Study Session: <ul style="list-style-type: none"> • Utilities Rates • CIP – Transportation, Parks, Community Development • Operating - Public Safety • Council Follow up if needed 	November 13
Study Session: <ul style="list-style-type: none"> • Council Follow up if needed 	November 19
Regular Session: Third Budget Public Hearing	November 19
Study Session: <ul style="list-style-type: none"> • Council Direction for Adoption 	November 26
Budget Adoption	December 3 (tentative)

Preliminary Budget Council Required Actions

There are several items that will be required to adopt the 2019-2020 budget:

Ordinance Title	Brief Explanation
Human Services Commission Recommendation Ordinance	Adopt funding recommendations for allocations to human services agencies
Update to the Fire Code	Inspection Fee Ordinance
Community Development Block Grant Recommendation Ordinance	Adopt recommended spending plan for Community Development Block Grant funds
Development Services Fee Ordinance	Set Development Services 2019 rates
Utilities Rates Ordinances	Set the Utilities 2019-2020 rates
2019 Property Tax Banked Capacity Resolution	Preserve the full levy amount available to the City
2019 Property Tax Levy Ordinance	Adopt 2019 property tax levies (RCW 35A.23.230 and RCW 84.55.092)
2019-2020 Budget Ordinance	This is the “umbrella” budget ordinance which includes appropriation approval by Fund, 2019 pay plans, and summarizations of grants and donations accepted that are less than \$90,000

Staff requests the council bring the Preliminary Budget document to each of the future Study Sessions scheduled for budget review and deliberations.

POLICY & FISCAL IMPACTS

RCW 35A.34 – Biennial Budgets:

State law specifies requirements that must be followed in budgeting each of the city’s funds. Key areas covered include:

- Preparation and filing of a preliminary budget by the Chief Administrative Officer, i.e., City Manager;
- A “budget message” from the Chief Administrative Officer explaining the content, financial policies and major proposed changes;
- A public hearing on the proposed preliminary budget conducted before adoption of a final budget, which shall be held on or before the first Monday in December;
- Balanced expenditure and revenue estimates for each of the city’s funds;
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e., January 1, 2019.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. City Manager's Budget Transmittal Letter
- B. 2019-2020 Preliminary Budget Executive Summary
- C. 2019-2020 Fund Appropriation List

AVAILABLE IN COUNCIL LIBRARY

N/A