



City of Bellevue

# Budget Workshop

Toni Call, Director and Evan Phillips, City Budget Manager  
*Finance & Asset Management Department*

Michael Shiosaki, Director  
*Parks & Community Services*


*March 7, 2022*



# Direction Needed from Council

- Staff will review and seek feedback from Council regarding the budget process and the current financial information that informs the development of the 2023-2024 operating budget and the 2023-2029 capital investment program.
- In addition, staff will provide an overview of Parks Long Range Capital plan and seeks feedback on whether staff should explore specific parks funding options and return to Council with additional information.

# AGENDA



Budget process, timelines, and public engagement:  
focus on developing and testing an equity lens



Update on Inflation



General Fund Forecast and Longer-Term Strategies



Capital Investment 2023-2029 Update



Parks Long Range Capital Planning



# **Budget Process, Milestones, and Public Engagement**

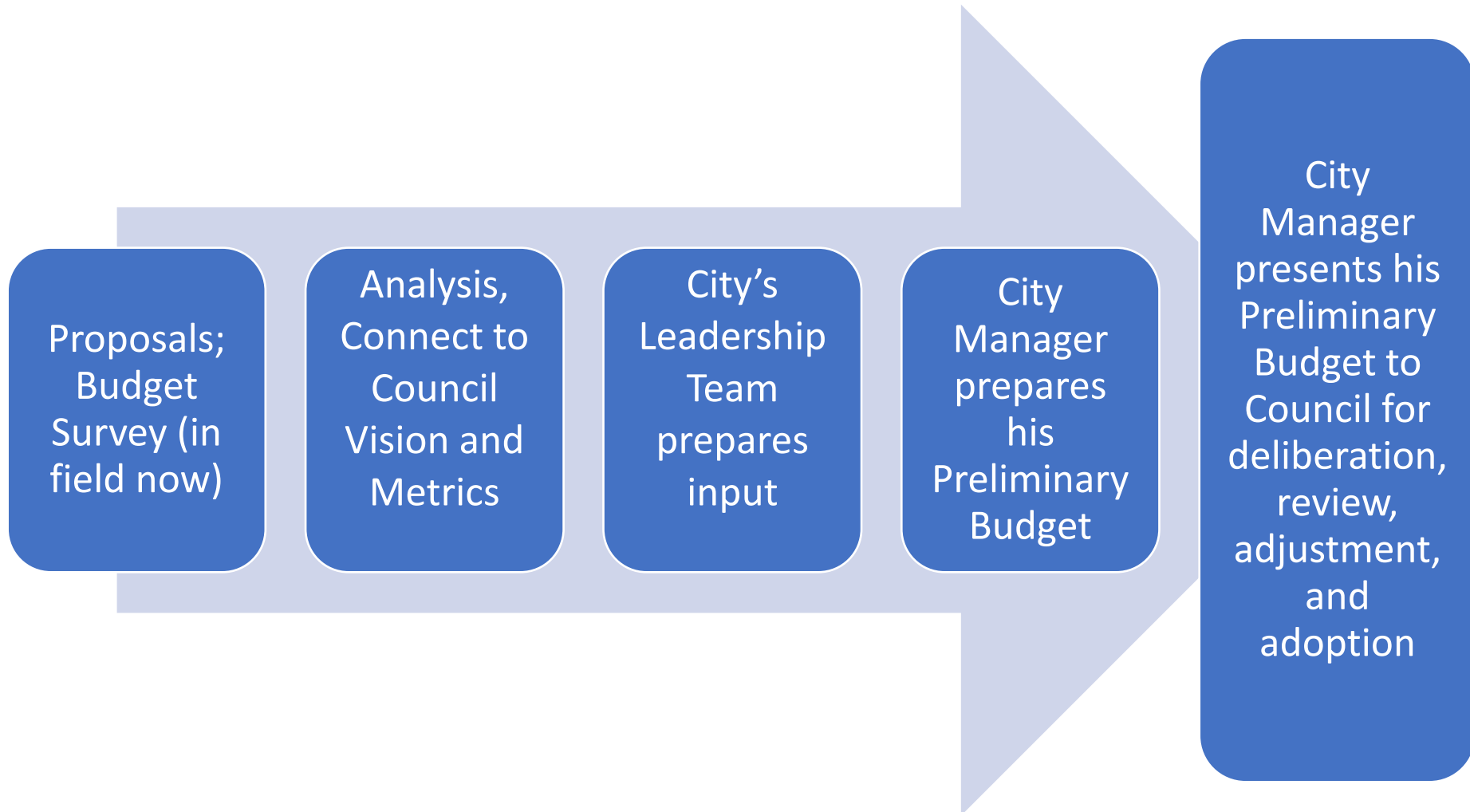
Staff seeks questions, comments, and feedback on the process or milestone. In addition, staff seeks feedback on the proposal to develop and test an equity lens.

# Overview Budget Process

- Identifies the community's priorities;
- Prioritizes services to meet those priorities; and
- Funds those services with available monies.



# Process Work Flow



# Council Milestone Calendar

Budget  
Workshop  
*Tonight*

Initial  
Public  
Hearing  
**TBD**

Council  
Process  
&  
Deliber-  
ation  
**Sept to  
Nov**

Proposed  
Adoption  
**Nov 21**

Council  
retreat

Second  
Public  
Hearing  
**TBD**

Final  
Public  
Hearing  
**Nov**

\*Other fiscal items such as ARPA may come separately to Council.

# Public Engagement

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- Website:
  - [Budget Public Involvement](#)
- Budget, Performance, & Business Surveys
- 3 Public Hearings
- Public Comment at Council Meetings
- Email directly to Council or FAM
- Boards and Commissions



# Budget Guiding Principles

- Quality service programs will be offered
- Other guiding principles include:
  - Deliver outcomes important to the community and accessible to all;
  - Realize opportunities;
  - Examine the entire budget;
  - Innovation, efficiency, and sound business practice;
  - Focus on Citywide, not department, priorities;
  - Long-range approach to an affordable and sustainable budget;
  - If expenditure reductions; service elimination is preferred over poor or marginal quality programs.

# Frame with the Council Vision



**Bellevue City Council**  
2021-2023 Vision & Priorities

## Seven Strategic Target Areas



**Economic Development**



**Transportation and Mobility**



**High Quality Built and Natural Environment**



**Bellevue: Great Places Where You Want to Be**



**Regional Leadership and Influence**

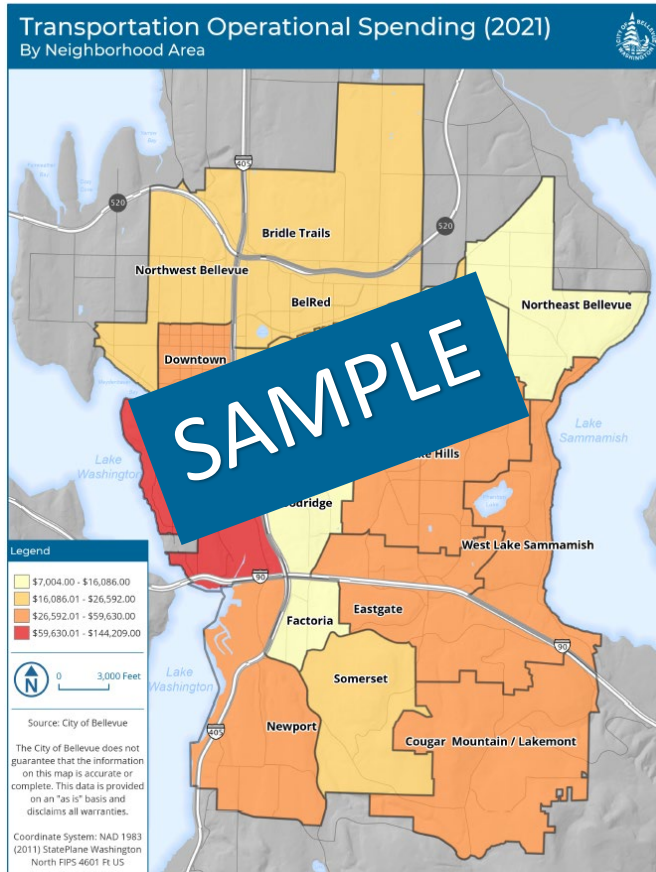


**Achieving Human Potential**



**High Performance Government**  
Includes Public Safety

# Staff Proposes to Develop and Test an Equity Lens



Sample only – Data is for illustration purposes only

- One more tool in our toolbox for decisions
- Operational metrics
  - Mapped along side demographic data
  - Vision:
    - First attempt
    - Build in subsequent budget processes
- Informed by other jurisdictions and uses existing data available



# Questions/Comments?

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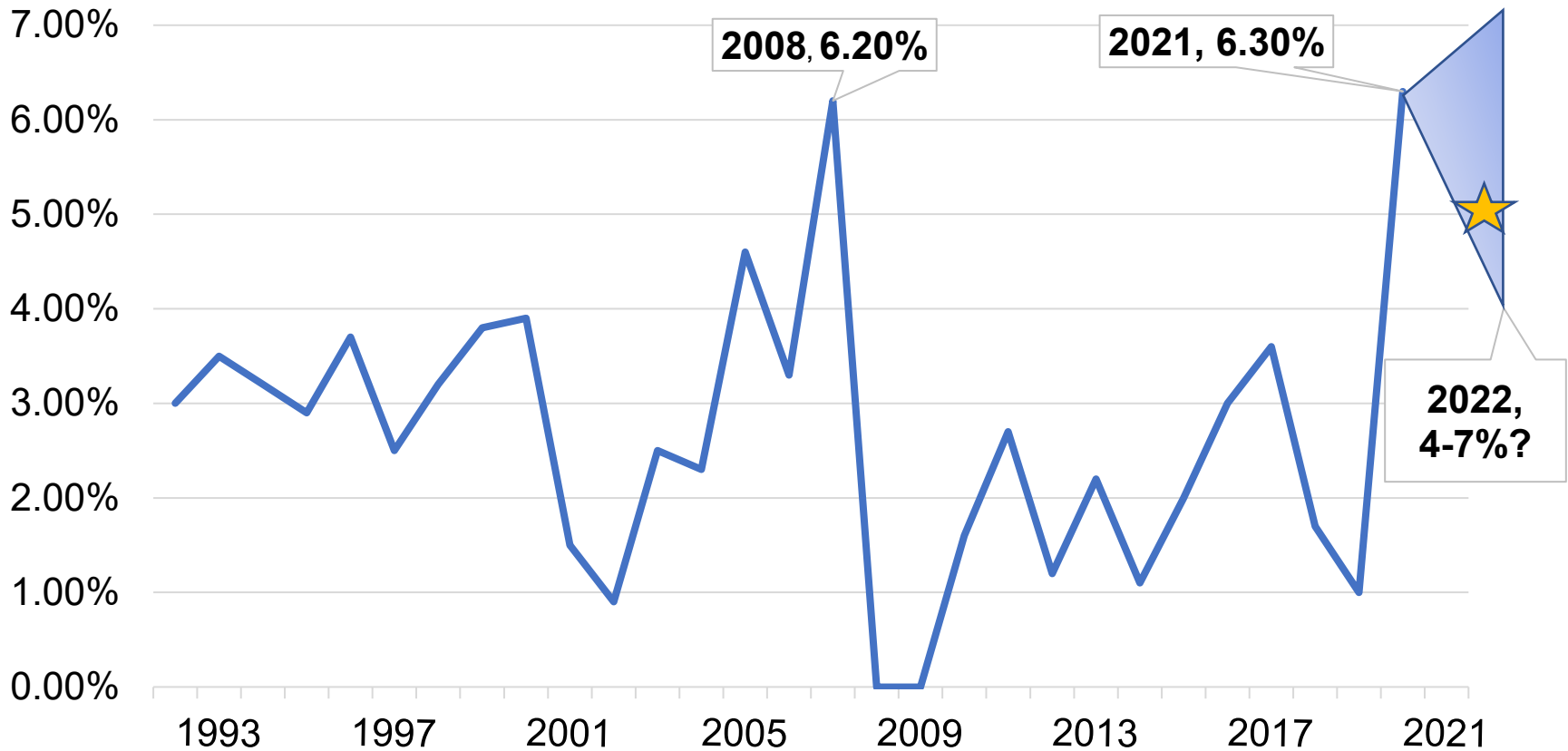


# Update on Inflation

Staff will provide Council a preview of inflationary impact for Council questions, comments, and feedback.

# Inflation chart from 1990 to 2021; forecast 2022

## Seattle-Tacoma-Bellevue CPI-W



Denotes the assumption included the city's forecast for 2022

# CHECK IN ON THE AGENDA



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General Fund Forecast and Longer-Term Strategies



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# General Fund Forecast

Provide background and potential future scenarios regarding the impact of growth on the general fund forecast six-year period 2023 to 2028. Seek feedback on principles, actions for consideration to assist the City Manager in developing his 2023-2024 Preliminary Budget.



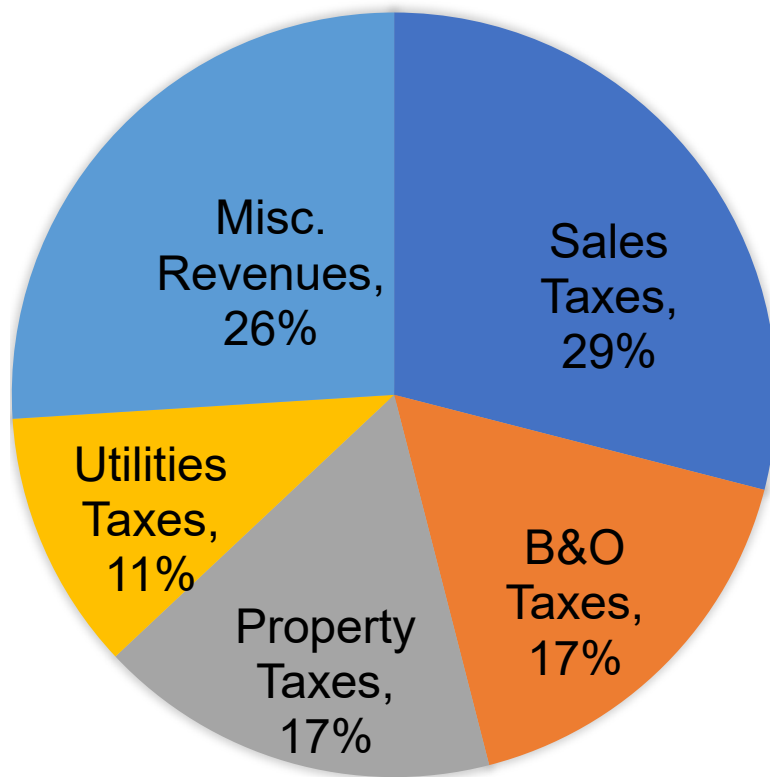
# Long Term General Fund Structural Deficit

Like other local governments, the city has faced and continues to face an ongoing structural deficit where expenditure growth outstrips revenue growth in the general fund. The main drivers are twofold:

- Revenue Imbalance - Property tax does not grow at a sustainable rate; Sales and B&O tax cannot make up the difference.
- Urbanization and Growth – the City will require enhanced and new urbanized services.

# Overview of Revenue/ Impact from Growth

2023 Forecasted Revenue Pie  
Sales/B&O = 46%



- Sales – driven by onetime construction; retail sales 4%
- B&O – new businesses
- Property Tax – only 1% with Council approval plus New Construction
- Misc. Revenue – varies; primarily CPI
- Utility Taxes – rates and decrease in land lines/cell data

# Actions the City has taken:

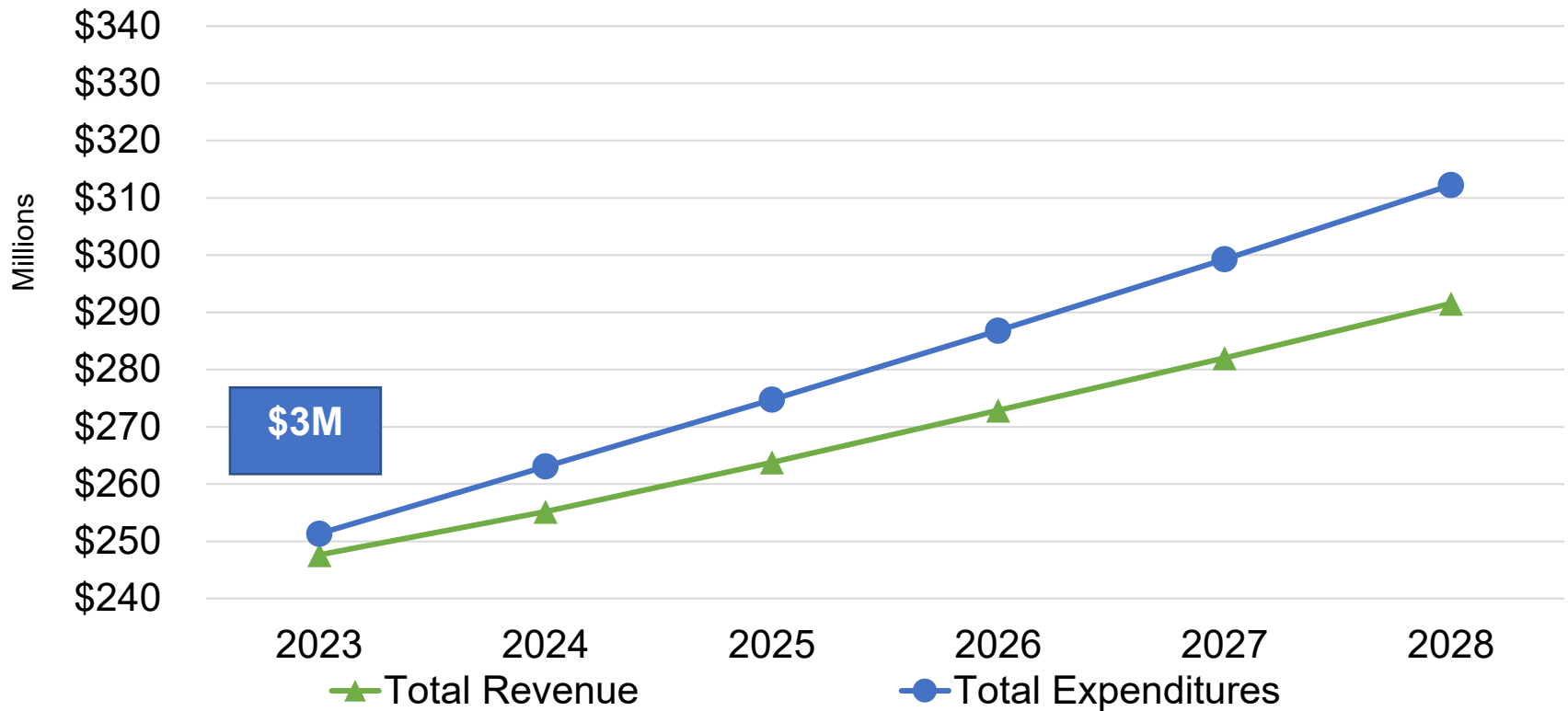
- Prior to the pandemic,
  - Built reserves
  - 1 percent Councilmanic property tax and fire inspection fees
- City (working with employees) began implementing strategies impacting out-year health care costs

# Actions continued....

- Pandemic required swift action to balance:
  - Reduced ongoing costs: (total ~\$8M annually)
    - Cost containment
    - Implemented a more reactive response to some maintenance
  - One-time bridge structures to provide time to understand COVID impacts
  - Modest increases in revenues
    - 1% property tax adjustment,
    - increase in Basic Life Support transport fee
    - Compliance with B&O code

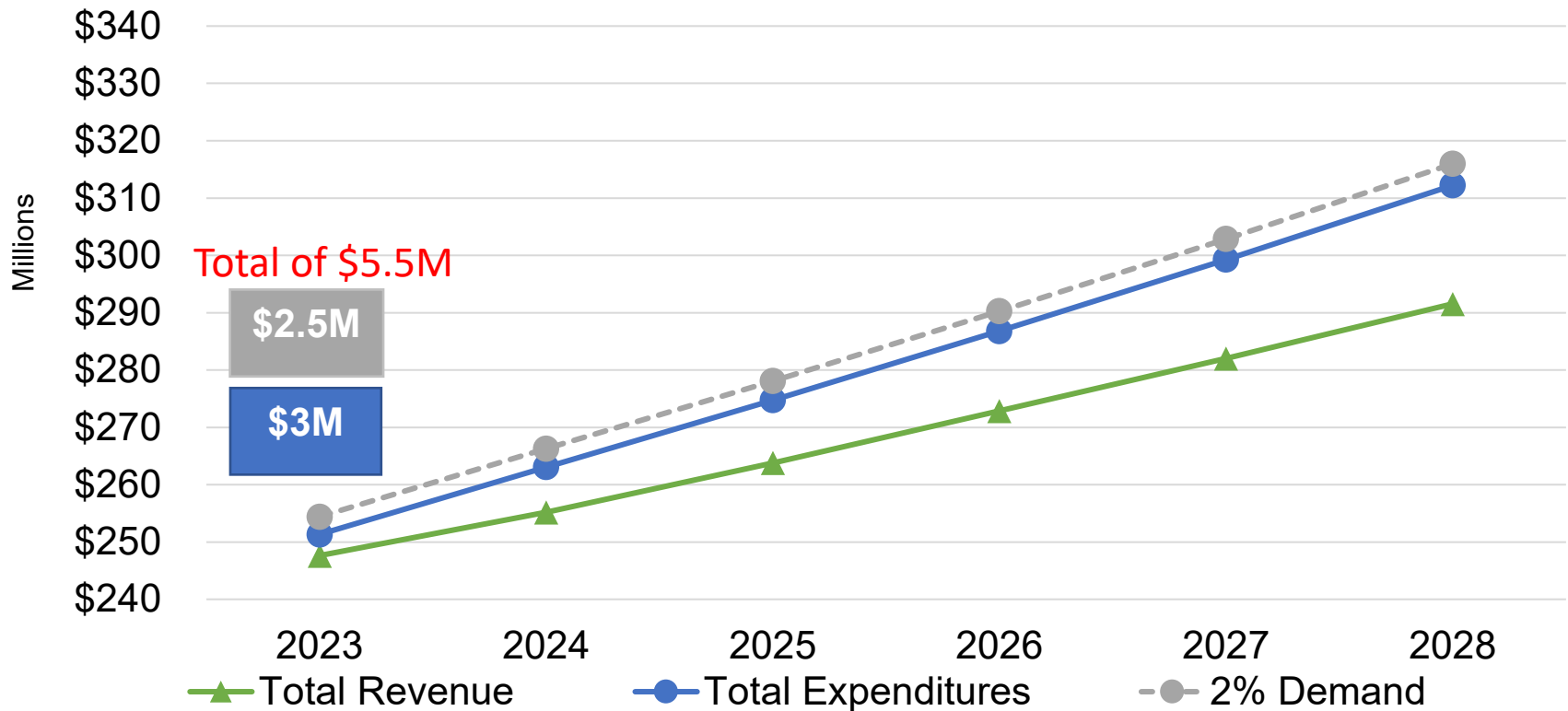
# Early Look General Fund Forecast

## Early Look General Fund Forecast ('23-'28)



# Early Look General Fund Forecast Assumptions if Add 2% FTE growth

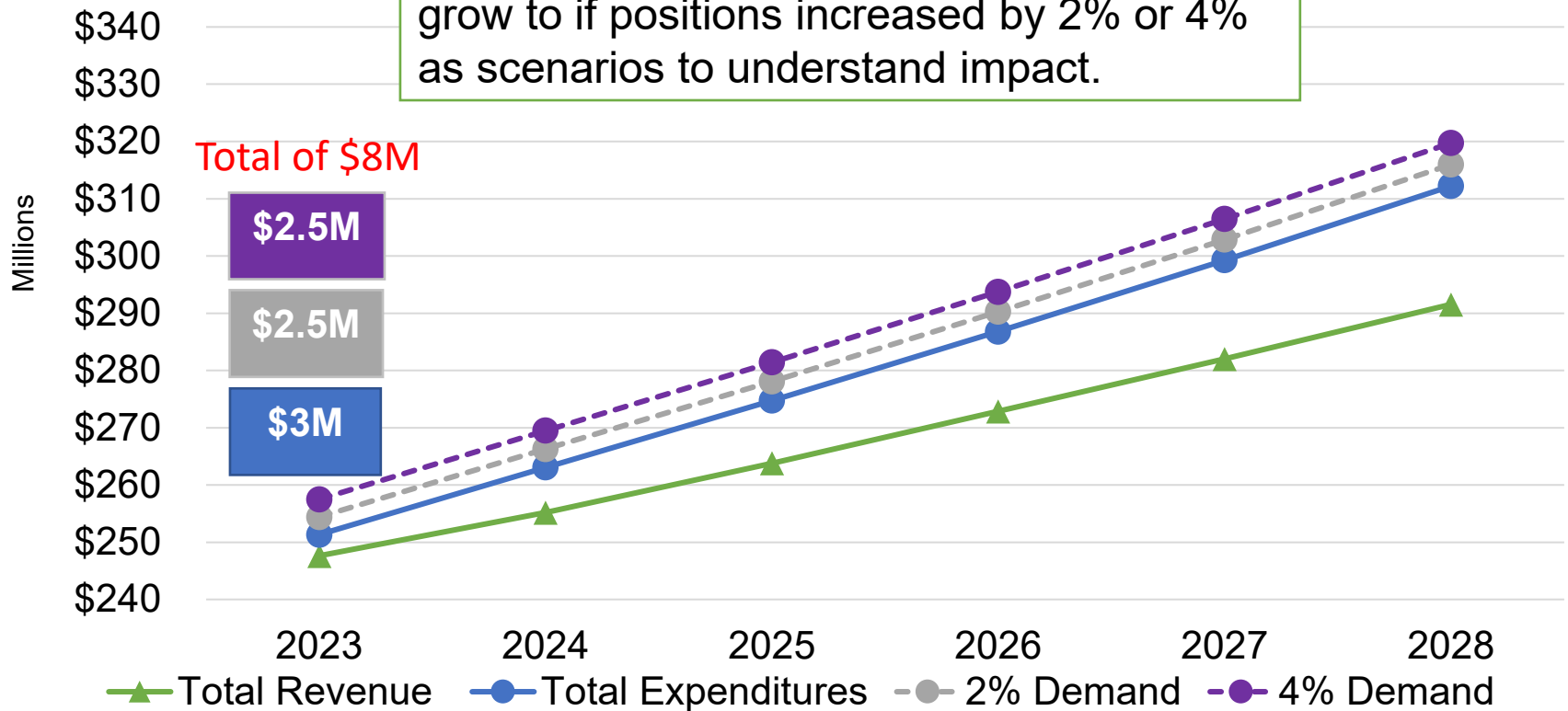
Early Look General Fund Forecast ('23-'28)  
Scenario: Adding 2% or 19 FTE growth  
To understand impact ONLY



# Early Look General Fund Forecast Assumptions and Growth Scenario

## Early Look General Fund Forecast ('23-'28)

This chart shows the current forecast (green and blue line) and what the blue line would grow to if positions increased by 2% or 4% as scenarios to understand impact.



# Budget Balancing will be Challenging

1. Reduce expenditures. Remaining choices and/or tradeoffs will be difficult
2. Increase revenues. Adjustments in tax rates or other rates or authorizing a new revenue source, either councilmanic or by a vote of the people, requires Council approval and action
3. Use Reserves. Onetime funding source



# Reduce Expenditures

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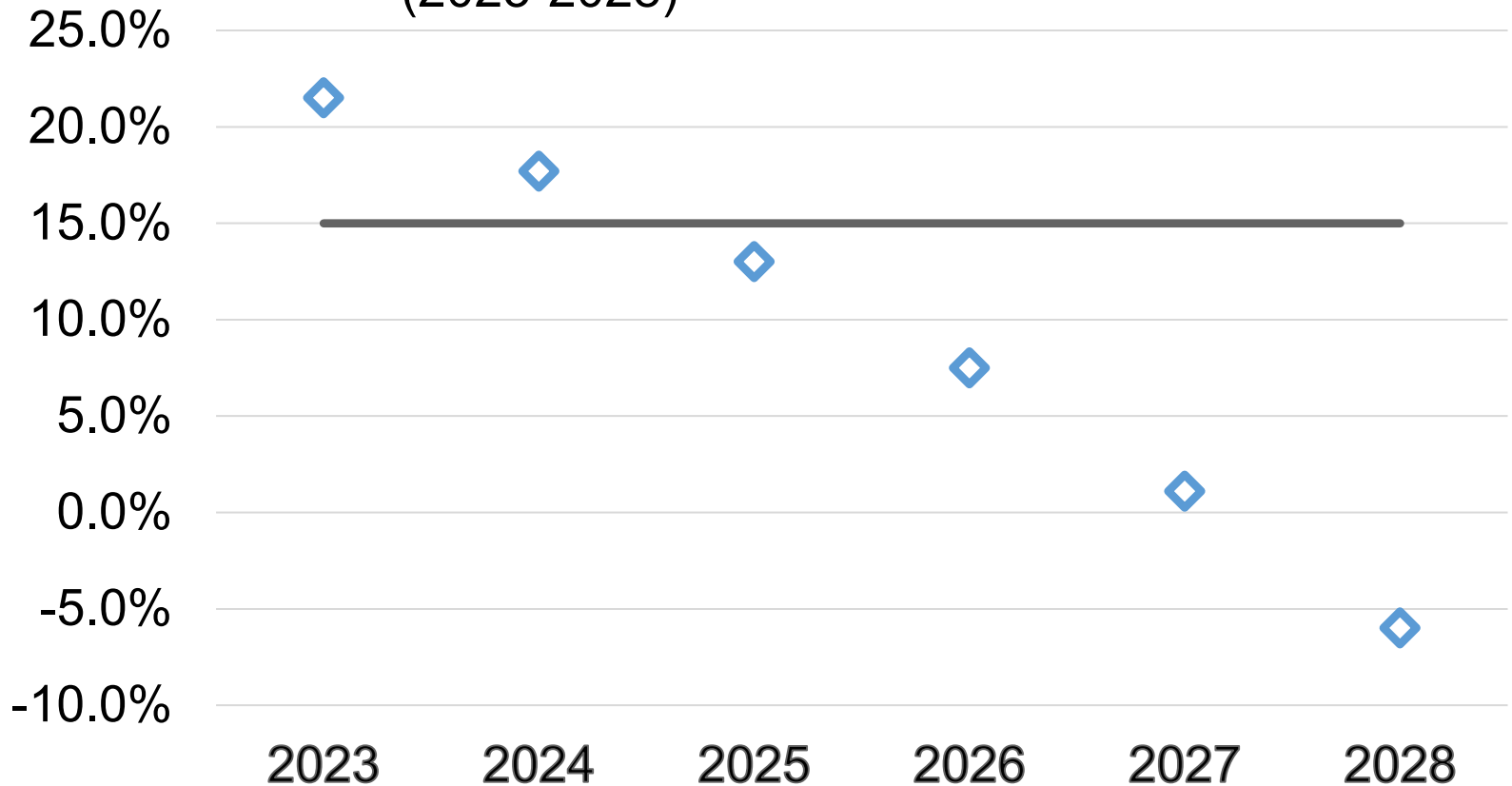
- Remaining choices will be difficult
  - Forecast continues reductions taken in in the 2021-2022 budget
  - Growing needs of the community
  - Inflation remains uncertain

# Increase Revenues for Operations

- Councilmanic Options of existing sources:
  - 1% Statutorily Adjustment (1% = \$482k to GF)
  - Banked Capacity (up to \$9M or 14%)
  - Business & Occupation Tax increase (0.5% = \$14M)
  - Utility Taxes (0.5% = \$2M)
  - Among Others
- New Options (Councilmanic and/or Voted):
  - Many choices including Parking Tax, Regional Fire Authority, Fire Protection District, Transportation Benefit District, Affordable Housing Levy, Public Safety Sales Tax, Cultural Access Program, and Others

# Use Fund Balance – One time Funding

General Fund Forecast Estimated Ending Fund Balance  
(2023-2028)





# Questions/Comments?

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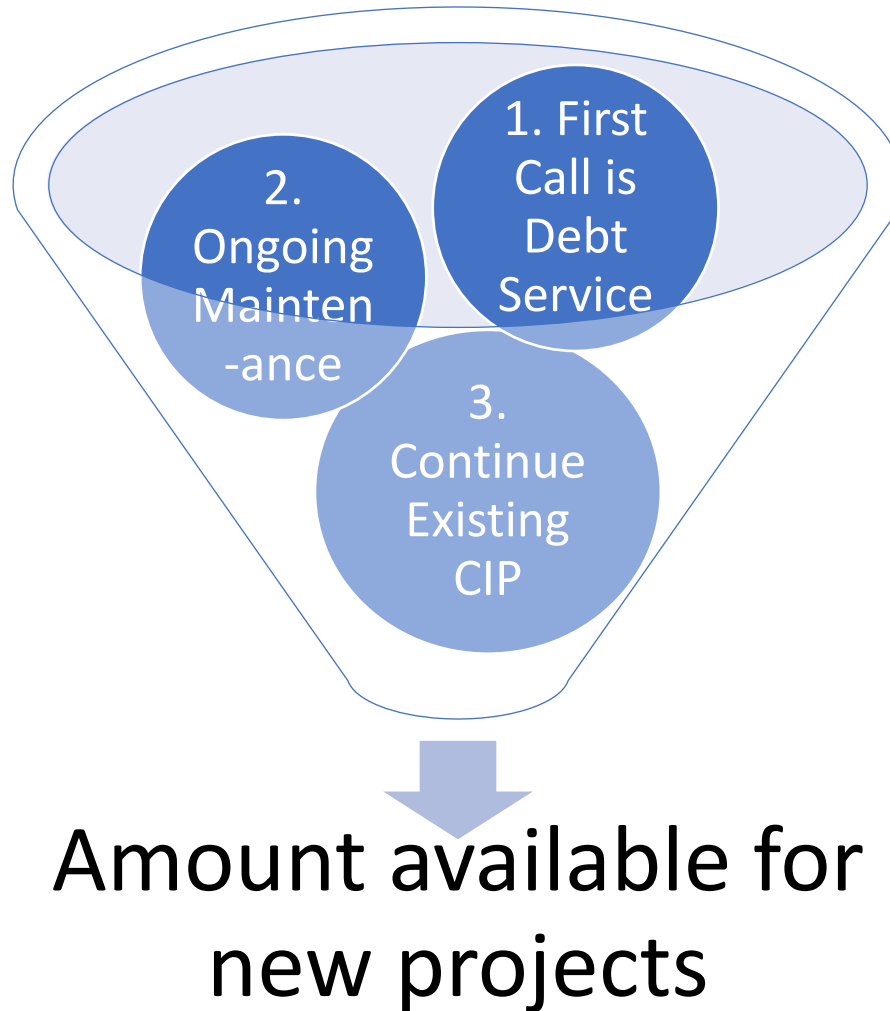
Parks Long Range Capital Planning



# General Capital Investment (CIP)

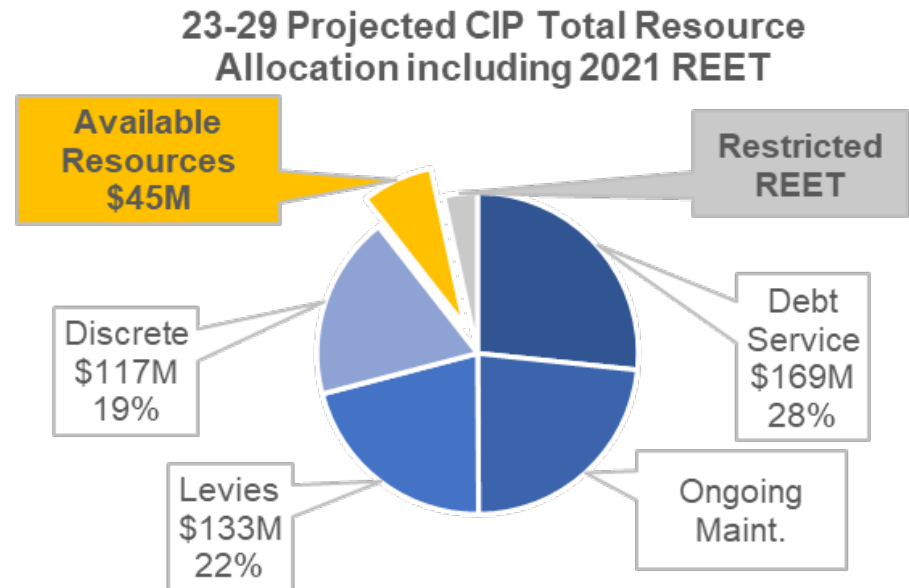
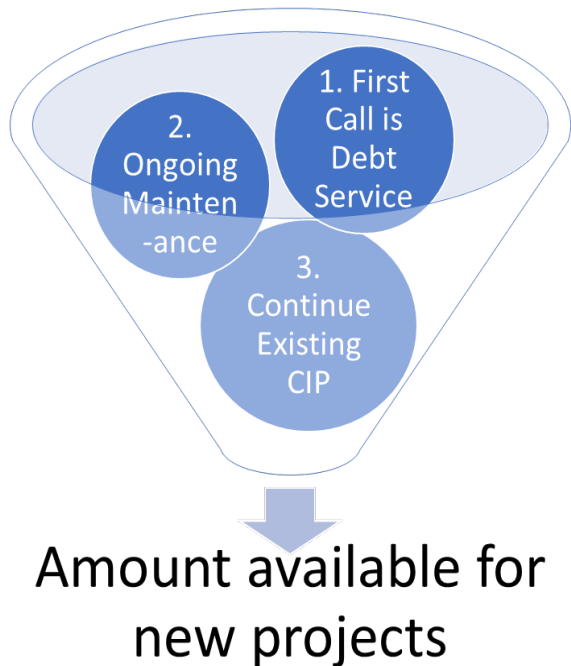
Staff seeks feedback on these criteria or other criteria that Council may wish to provide as the City Manager begins to develop his Preliminary Budget.

# Building the 23-29 CIP, Add 2 years



# Balancing CIP

- After Debt, Maintenance, Existing CIP \$45M
- REET 2021 exceeded budget \$20M





# Pressures on the CIP

- CIP is resource constrained and choices will be difficult – not enough funding for all:
- Infrastructure: 120th Stage 4, Bellevue Way HOV, 150th Ave. SE corridor, future phases of West Lake Sammamish and others
- Quality of Life investments: aquatics center, additional phases of Meydenbauer Bay Park, neighborhood parks, open space, sports, cultural
- Critical City Facilities: replacing aging enterprise technologies and aging or deficient facilities

# Starting place for Balancing the CIP

- Effectiveness
  - City Mission/Community Outcomes/Council Priorities
- Mandates
  - Meet new requirements or law
- Financial factors
  - Leveraging other funds; Cost versus benefit; Sunk costs; Avoided costs; Stewardship
- Timing/Urgency
  - Project readiness; linkage to other high priority projects
- Scaling
  - Level of Service (LOS); Right project at this time



# Questions/Comments?

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