

CITY COUNCIL AGENDA TOPIC

2025-2026 Operating Budget and 2025-2030 Capital Improvement Program (CIP) Plan

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EXECUTIVE SUMMARY**DIRECTION**

This is the final discussion regarding the 2025-2026 Operating Budget and the 2025-2030 Capital Improvement Program (CIP) Plan. Staff seeks final direction from the Council on bringing forward final budget adoption legislation on November 19, 2024, inclusive adjustments identified by staff and the City Council.

RECOMMENDATION

Direct staff to return on November 19, 2024 with appropriate legislation including any adjustments to the Preliminary Budget for final adoption.

BACKGROUND/ANALYSIS

Following the final public hearing on the 2025-2026 Preliminary Budget and the 2025-2030 Capital Improvement Program (CIP) Plan, staff will provide a brief overview of, and seek direction on, the potential budget adoption legislation that is necessary to formally adopt the operating budget and CIP Plan. Additionally, staff will detail what has been identified by councilmembers as their interests and specific activities to be funded utilizing the \$2 million (\$1 million/year) Council Contingency. Should the Council opt to utilize the contingency, staff will seek direction to include those items in the final adoption materials.

Previous City Council Deliberations & Topic Areas

- September 17:
 - Introduction and Overview of the Preliminary Budget and CIP Plan with Key Investments
 - Next Steps in a Budget Equity Toolkit
- September 24:
 - Second Public Hearing
 - Updated Citywide Financial Policies & Fund Structure
 - Citywide Revenues & Resources
 - Development Serves & School Impact Fees Update
- October 8:
 - Strategic Target Area Overviews:
 - Safe Community & Health
 - Safe & Efficient Transportation System
 - Utilities Rates Update
- October 15:

- Strategic Target Area Overviews:
 - Vibrant Economy
 - High-Quality Built & Natural Environment
- October 22:
 - Strategic Target Area Overviews:
 - High-Performance Government
 - Thriving People & Communities
- October 29:
 - Overview of Key Discussion & Memory Bank Topics
 - Discussion of City Council Contingency Interests

Actions Required for Adoption

There are several items that staff will seek direction on to adopt the operating budget and CIP Plan which include the following:

Ordinance/Resolution Title(s)	Brief Explanation
2025-2026 Utilities Rates (4) Ordinances	Set the 2025-2026 Utilities Rates
2025 Development Services Fee Ordinance	Set Development Services 2025 Fees
2025 School Impact Fees*	Set 2025 Passthrough School Impact Fees
2025 Transportation Impact Fees*	Set 2025 Transportation Impact Fees
Human Services Commission Recommendations	Adopt funding recommendations from the Human Services Commission (HSC) for allocations to human services agencies.
Community Development Block Grant (CDBG) Recommendation Ordinance	Adopt recommended spending plan for Community Development Block Grant funds.
Human Services Council Recommendations	Adopt additional funding recommendations from the City Council for allocations to human services agencies.
Sunset Waterworks/Utilities Financial Policies*	Sunset the existing waterworks/utilities financial policies as they are consolidated into the Citywide Financial Policies.
2025 Property Tax Banked Capacity Resolution	Preserve the full regular levy amount available to the City.
2025 Property Tax Levy Ordinance	Adopt 2025 property tax levies
2025-2026 Budget Adoption Ordinance	Adopted “umbrella” budget ordinance which includes appropriation approval by fund, position titles, pay plans, summarizations of grants and donations accepted that are less than \$350,000.

*Item going on the consent calendar.

Technical Adjustments

Tonight, if Council provides affirmative direction to produce adoption materials, staff will be including several technical adjustments which will have no impact on City delivery. Broadly, these changes reflect the inclusion of routine items that have gone through Council since the original transmission of the Preliminary Budget in mid-September including budget ordinances, acceptances of grants and updated salary information. One notable item is the carryforward of the remaining American Recovery Plan Act (ARPA) funding that is set aside for economic development, small business initiatives and administration of the ARPA funding.

Importantly, there are technical changes that are unique to this budget process as staff have had additional time to validate the impacts of the City’s updated Comprehensive Financial Policies. These include appropriation for separate contingencies supporting the development services line of business and for each of the City’s four utilities. The updated policy document (Attachment B) includes these changes marked up for clarity. Additionally, updates will reflect revisions within the utilities financial plan that show reduced revenue flows between funds. Accuracy is the goal of these changes and, will not change the substance of the budget or Council discussions to date.

Council Contingency

In line with past practice, the 2025-2026 Preliminary Budget includes one million dollars each year for the City Council to allocate to one-time priorities. The following section reflects funding priorities staff have heard Council articulate and validated across various topic areas. Tonight’s discussion seeks to receive direction on the inclusion or omission of these items in the budget adoption materials staff will prepare in the coming weeks.

Interest	#	Description	Amount
Community Event Support	1	Cost Recovery Fund for Fees Associated with Community Events at City Locations While Fee Structures are Analyzed	\$25,000
	2	Cultural Events and PopUps Fund to Support Small Businesses and Community Activation (Includes Category for Farmers Markets)	\$50,000
	3	Pilot Program for 2025/2026 to Activate City Hall for Extended Hours and Select Fridays and Saturdays	\$250,000
	Community Event Support Total		\$325,000
Council Resources*	4	Councilmember Travel & Education*	\$80,000
Environmental Stewardship	5	Electric Vehicle (EV) Charging at 100-150 Affordable Housing Units	\$50,000

Interest	#	Description	Amount
	6	Energy Smart Eastside Incentives	\$50,000
		Environmental Stewardship Total	\$100,000
Human Services**	7	\$290K Additive Investment to the Supplemental \$2.5m 2025/2026 Human Services funding and prioritize Youth Services, Rent Assistance, and Shelters/Housing	\$290,000
Supporting Growth	8	Energy Capacity Needs and Gap Analysis	\$100,000
All Interests		Total	\$895,000

*Amount reflect the net increase in Council's shared travel and training budget.

**For the one-time addition of \$2.79 million Human Services funding the table below shows the allocation of dollars by service area. For more detailed information, please see Attachment C.

Service Area	2025	2026	Biennium Total
<i>Shelter/Housing</i>	\$264,719	\$271,946	\$536,665
<i>Financial/Rent Assistance</i>	\$264,720	\$271,947	\$536,667
<i>Youth Services: Supportive Services</i>	\$91,770	\$94,275	\$186,045
<i>Youth Services: Behavioral Health</i>	\$88,410	\$90,824	\$179,234
<i>Youth Services: Childcare</i>	\$666,596	\$684,794	\$1,351,390
Total	\$1,376,215	\$1,413,786	\$2,790,001

POLICY & FISCAL IMPACTS

Policy Impact

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 context, 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; and
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e. January 1, 2025.

Fiscal Impact

There is not fiscal impact of this discussion.

OPTIONS

1. Direct staff to return on November 19, 2024, with appropriate legislations including any adjustments to the Preliminary Budget.
2. Provide alternate direction to staff.

ATTACHMENTS

- A. Council Questions and Responses (Memory Bank)
- B. Updated City of Bellevue Comprehensive Financial Policies
- C. 2025-2026 One-Time Human Services Funding Detail

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N/A