

CITY COUNCIL REGULAR SESSION

Ordinance adopting the City of Bellevue’s 2021-2022 Budget and 2021-2027 Capital Investment Program (CIP) Plan; setting forth the estimated revenues and appropriations; establishing job classifications and pay ranges; and establishing an effective date.

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EXECUTIVE SUMMARY

Ordinance adopting the City of Bellevue’s 2021-2022 Budget and 2021-2027 Capital Investment Program plan; setting forth the estimated appropriations; establishing job classifications and pay ranges; and establishing an effective date.

RECOMMENDATION

Move to adopt Ordinance No. 6557

BACKGROUND/ANALYSIS

This is the final action to implement the 2021-2022 budget. The Ordinance adopts the total appropriation by fund (Attachment C) and summarized in the table below, establishes pay plans for 2021 (Attachment D), notifies Council of accepted grants of less than \$90,000 as received from November 1, 2019 to October 31, 2020 (Attachment E), provides a list of donations received from November 1, 2019 to October 31, 2020 (Attachment F), and the 2021-2027 Capital Investment Program Cashflow (Attachment G).

The total of the 2021-2022 budget is \$1.7B and is summarized by major category in the table below. All numbers reflect changes through December 7.

2021-2022 General Fund	\$474,199,579
2021-2022 Other Operating Funds	212,348,232
2021-2022 Enterprise Funds	456,562,651
2021-2022 Special Purpose Funds	74,067,005
<u>2021-2022 Capital Investment Program</u>	<u>526,282,544</u>
Total 2021-2022 Budget	\$1,743,460,011

Council Directed Adjustments

The Council reviewed and discussed the budget over the course of seven meetings. On December 7, Council gave direction for the following adjustments to the City Manager’s Preliminary Budget (in order of discussion on December 7). Full details of each amendment can be found in the [December 7 packet](#), the following is paraphrased:

- Fire Training Admin Assistant, \$80,000 ongoing, funded through an increase in Basic Life Support Fees
 - *The Council budget restores the fire training admin assistant position and associated net cost of \$80,000 through increasing Basic Life Support (BLS) Fee to \$950 to address expected high training demands. The BLS Transport Fee Ordinance authorizing this fee increase is included in tonight's package for adoption.*
- Chamber/ DT Association Support, \$40,000 onetime (\$20,000 each), funded through Council Contingency.
 - *The Council budget enables both organizations to supplement the City's vital public services in the promoting and advocating for our most vulnerable small businesses and nonprofits while also connecting them to federal, state, and local resources. Funding agreements with each organization will be required, staff will return to Council for an update or for approval if Council authorization is required.*
- Communities of Color Coordinating (CCC) Team, \$150,000 onetime, funded through Council Contingency.
 - *The Council budget allocates funding to implement a community-led effort to advance racial equity in the city and demonstrates the City's commitment to authentically build and strengthen community trust, understanding, and healing across the diverse communities the City serves. Staff will bring back a detailed proposal for Council approval early next year to move this initiative forward.*
 - *As a note: removed from the Council budget amendment discussion was a proposal for a Racial Equity Technical Advisory Group. It was removed pending the workplan presentation to Council. As currently scoped the Communities of Color Coordinating Team includes a team of community members which may meet same intent.*
- Cross-Cultural Feasibility Study, \$200,000 onetime, funded through Council Contingency.
 - *The Council budget provides funding for the next phase of Cross-Cultural Feasibility Study including strategic visioning and City master planning integration, partnership assessment, and financing. Included in this funding is community involvement. Staff will return to Council to present a proposed scope of work including public outreach and community champions for this effort in the first quarter of 2021.*
- Enhanced Stakeholder Group/Public Engagement, Environmental Stewardship Initiative (ESI), \$50,000 onetime, funded through Council Contingency.
 - *The Council budget supports opportunities for utilizing the specialized expertise and knowledge of the stakeholder groups that have been heavily invested in and been very active in providing feedback during the creation of our City policies for the Environmental Stewardship Initiative. This funding will ensure we have effective ways to gather input and ideas for best practices or other relevant technical ideas for consideration by staff for inclusion in implementation of given ESI policy objectives. (Note: The cost and scope was updated on December 7.)*

- ESI Rapid Early Win Actions, \$200,000 onetime, funded through Council Contingency.
 - *The Council budget adds additional funding to CIP project CD-46 ESI Implementation to capitalize on leveraging other funds that would forward the ESI plan. Staff would return to Council in 2021 with a detailed workplan at one of the quarterly ESI Council Updates.*
- Bellevue College Connection, \$100,000 onetime, funded through Neighborhood Safety, Connectivity and Congestion Levy.
 - *The Council budget allocates \$100,000 within existing CIP levy project PW-R-198 Neighborhood Congestion Management (Levy funding) to fund Bellevue College Connection to ensure continued work with Metro and Bellevue college on next steps. This project will be included in the Transportation levy project list in the adopted budget book.*
- Vision Zero Timing of Budget in the CIP, adjust project timing, no additional funding needed
 - *The Council budget adjusts the timing of CIP project PW-R-205: Vision Zero Rapid Build Data Driven Safety Program to spread the total project cost of \$2.5M over seven years for \$357,000 per year. It allows for action to occur more consistently over time and start earlier throughout the CIP.*
- Growth Corridor (Ped/ Bike Project), adjust project timing, no additional funding needed
 - *The Council budget adjusts the timing of CIP project PW-W/B-85: Growth Corridor High Comfort Bicycle Network Implementation to allow \$500,000 budget for this project each year for 2021-2023. It allows for design to occur more quickly and allow for seed funding to leverage for partnerships and potential grant funding.*

With the above changes to the Preliminary Budget directed by Council on December 7, the remaining Council Contingency in the Capital Investment Plan (CIP) totals \$1,360,000 over 7 years.

Other Areas of Interest

In addition to the items above, the following remains for future staff work not related to a specific budget addition, yet was tracked by staff:

- In accordance with Council discussion on November 2, if additional funding becomes available for Human Services, staff will conduct another funding cycle, receiving new applications, in 2021. Potential funding sources would be from federal, state or other funding options. Staff will return to Council as needed.
- One proposal was removed from consideration on December 7 related to a Senior Policy Professional. In lieu of adding staff at this time, the following work items will be added to the objectives of either the City Clerk's office or City Manager's office in the adopted budget book:
 - Assist City Council in the evaluation and continuous improvement of policymaking and legislative processes.
 - Evaluate approaches for increasing capacity to address Council policy questions and preliminary research on policy ideas.
- Following up from the Utilities presentation from November 9, staff will add to a specific objective within the adopted budget book to reflect the ongoing and existing work program

regarding storm water technologies. The objective will identify opportunities for innovation to improve system reliability and stormwater management. Staff will return to Council as needed to provide additional information on storm water technologies.

Budget Overview

The 2021-2022 budget provides for the continued operations of the City; invests to meet the growing needs in the community; while balancing the fiscal constraints that COVID-19 as well as the long-term fiscal challenge facing the City. The Preliminary Budget includes an adjustment to the sales tax allocation between the General Fund and the CIP to allow for \$3 million for years 2021 and 2022 for a total of \$6 million to be transferred from the CIP to the general fund to preserve core services. In addition, the budget changes approved by Council on Dec 7 requires additional \$240,000 adjustment to the sales tax allocation to general fund from CIP for the three adjustments that are operating in nature: Chamber/ DT Association Support, Cross-Cultural Feasibility Study, and Enhanced Stakeholder Group/Public Engagement for ESI. More details of these three adjustments can be found in the [December 7 packet](#).

Highlights of the budget include:

- Maintains funding levels for critical public safety programs related to Fire and Police, while also continuing programs that advance equity and inclusion, build community connections, and help the most vulnerable, including individuals experiencing homelessness.
- Preserves funding for human services and includes increased Community Development Block Grant (CDBG) funds. It keeps important mental health, community relations and outreach programs.
- Continues to fund and prioritize maintenance to ensure safety and the long-term investment of asset replacement. This includes minor aesthetic impacts.
- Adds funding for construction of congestion-relieving transportation projects in neighborhoods.
- Includes reductions to internal-facing operations which will impact the City's ability to be flexible as additional work arises. It reduces budgets for training, consultants and professional services to support specific initiatives.
- Incorporates additional revenues, including an annual one percent property tax adjustment for 2021-2022 and a modest increase to the Basic Life Support Fee.
- Continues to build the highest priority infrastructure needed to address growth and provides for new capital programs including Vision Zero, transportation grants, and economic development/public-private partnership implementation.
- Adjusts Development Services rates to account for growth and maintain cost recovery objectives.
- Enacts modest increases in utility rates to address aging infrastructure and wholesale cost increases.
- Largely preserves current staff, CIP work and transportation infrastructure projects, adds planning capacity, and invests in Bellevue's affordable housing initiatives to responsibly address the significant growth projected for the community.

Further information regarding the overall preliminary budget can be found in Attachment B: 2021-2022 Preliminary Budget Executive Summary; and the full budget document is located here [Preliminary Budget book](#).

Community engagement is an essential component in developing a budget that responds to the community’s needs. Staff and the Council have received public input through a variety of ways. Council held public hearings on July 27, September 21 and November 23, budget and performance surveys were conducted, and staff held neighborhood leadership gathering that provided feedback. Councilmembers and staff have also received emails, phone calls, and other communications on numerous issues. In addition, several community groups including the Bellevue Downtown Association, the Bellevue Chamber of Commerce, and the boards and commissions have provided staff or Council with recommendations.

Actions brought forward in advance of the final budget adoption

Earlier actions brought forward tonight to fully implement the 2021-2022 budget included the following items that have been incorporated into the umbrella Ordinance:

- Human Services 2021-2022 Funding Ordinance: Human Services Commission’s 2021-2022 Human Services Fund funding recommendations.
- Community Development Block Grant Funding Ordinance: Recommendations for the use of 2021 CDBG funds as transmitted by the Human Services Commission.
- Fire Basic Life Support Transport Fee Ordinance: Ordinance authorizes the increase of BLS transport fees.
- Development Services Fee Ordinance: Updates to fees charged for development services applications requiring construction, land use, fire, survey, sign, transportation, utility and clearing & grading review and inspection services, effective January 1, 2021.
- Utility Services Fee Ordinances: Increases water consumption, water standby capacity charges and water, sewer and stormwater service fees effective January 1, 2021. These increases are necessary to support the Utilities’ 2021-2022 operating and 2021-2027 CIP plan funding needs. The table below displays service fee increases for each utility.

Utility	2021 Service Fee Increase	2022 Service Fee Increase
Water	3.5%	3.5%
Sewer	4.1%	4.5%
Storm & Surface Water	3.5%	3.3%

- Property Tax Ordinance and Resolutions:
 1. Substantial Need Resolution – establishing substantial need for the purposes of setting the limit factor for the property tax levy for 2021 at the full 1 percent with a majority plus one vote from City Council. This action allows Council to bank or levy the full 1 percent authorized under state statute.
 2. Property Tax Increase Ordinance – Regular and voted property tax including new construction and other increases allowed under RCW 84.55.010 and refund amounts, including the statutorily available 1 percent allowable increase for 2021.

3. Preserve Banked Capacity Resolution – Preserving the full levy amount available to the City to ensure sufficient capacity to fund operating costs of new facilities and maintain current levels of service.

Previous Council Discussions

Council held a budget workshop on June 22 where staff briefed Council on the process and milestones of developing the budget and provided scenarios regarding the impact of COVID-19-related events in the near term (2021-2022), over the General Fund forecast six-year period (2021-2026), and seven-year (2021-2027) CIP. Council provided feedback in order to assist the City Manager in developing his preliminary budget. The packet information is available here: [6/22 Budget Workshop](#)

Council held public hearings on July 27 and September 21. Thus far, Council has received 58 public comments (oral and written submissions) on numerous issues. The preliminary budget document provides a summary listing of all public comments.

On October 19, the City Manager presented his \$1.7 billion 2021-2022 Preliminary Budget and 2021-2027 CIP plan to the City Council, including a \$16 million reduction to the general fund in 2021. The packet information is available here: [10/19 Preliminary Budget Materials](#)

On October 26, staff provided a presentation on proposed amendments to development permit fees and rates and to the Issaquah and Renton school impact fee schedule for Council consideration and adoption. Council directed staff to prepare Ordinances that amend 2021 permit fees and rates and school impact fees as presented for adoption on December 14 as part of the budget adoption package. The packet information is available here: [10/26 Development Services Materials](#)

On November 2, staff provided an update on the Human Services Commission's recommendations for 2021-2022 Human Services funding and 2021 Community Development Block grants. Council directed staff to prepare Ordinances approving the Human Services Commission's recommendations for 2021-2022 Human Services funding and 2021 Community Development Block Grant funds for adoption as part of the budget adoption package. Staff also provided a Capital Investment Program (CIP) update to address the policy question of the sales tax allocation between CIP and the general fund and summarized overlapping areas addressed in the "memory bank." The packet information is available here: [11/2 Human Services Materials and CIP Materials](#).

On November 9, Staff provided a presentation on Utilities proposed 2021-2022 operating budget and rates, and 2021-2027 capital investment program (CIP) plan. Council directed staff to prepare Utilities Rates Ordinances for final adoption on December 14 as part of the budget adoption package. The packet information is available here: [11/9 Utilities Materials](#)

On November 16, Fire Inspection Fee and Basic Life Support (BLS) Transport Fee were presented to the City Council. Council directed staff to prepare additional analysis on BLS Transport fees. Agenda materials can be found here: [11/16 Fire Inspection Fee and Basic Life Support \(BLS\) Transport Fee](#)

On November 23, following the public hearing described below, Council asked clarifying questions regarding the budget, those not responded to publicly at the meeting were included in the memory bank attached to the [December 7 agenda packet](#). In addition, Council provided 13 budget amendments for further discussion and direction on December 7.

Public Hearings

On July 27, the first public hearing was held. Eleven community members spoke during the hearing and 27 people submitted written comments to City Council. The comments articulated support for increased or sustained investments in human services, climate action initiatives, and efforts to improve racial equity. Several members of the public spoke in favor of and against funding for public safety.

On September 21, the second public hearing was held. Fourteen individuals signed up to speak during the hearing. The City received four written communications regarding the operating and CIP which were provided in the City Council's meeting packet. Local business advocacy groups praised the City's efforts to support economic resiliency and recovery in the budget. Individual members of the public encouraged additional investments in climate action and sustainability efforts within Bellevue. Additionally, there were several individuals calling for the City to maintain the Bellevue Police Department budget at current levels.

On November 23, the third and final public hearing was held. Twenty-three community members spoke during the hearing and 13 people submitted written comments to the Council. The comments voiced support for funding several varied budget items including a Bellevue cross-cultural center, human services and community resources in the community, racial equity, environmental stewardship, Vision Zero, public safety, affordable housing, a community court in Bellevue and a multi-modal transportation system including bikeways and a the Bellevue College connection project.

Bellevue Pay Plans

Pay Plans for represented employees were established in accordance with their respective labor agreements. As a part of the budget ordinance, the Council approves the 2021 City of Bellevue Pay Plans (Attachment D) which include the effect of a 2021 salary range adjustment of 0.9 percent (90 percent of June 2020 CPI-W) for non-represented employees. This increase is consistent with increases associated with most labor agreements. A change to G01 of the 2020 general pay plan and the R pay plan of 1.4 percent, reflect the minimum wage increase due to the voter approved state initiative I-1433 on November 8, 2016 which establishes fair labor standards by increasing the minimum hourly wage every year until 2020. From 2021 forward, minimum wage will increase with inflation.

RCW 41.50.152 requires disclosure of "excess compensation" costs (e.g., overtime payments that exceed twice the regular rate of pay, termination or severance payments, and cash out of unused annual leave in excess of 240 hours for a limited number of eligible employees). This legislation was designed to avoid the situation where significant future liability was unknowingly accepted as part of a compensation agreement. The provisions of the pay plans for non-represented employees are estimated to increase these future retirement billings by \$582 or 2.4 percent (from \$23,807 to \$24,388). Any increases in excess compensation for union contract settlements are communicated in agenda memos when the contracts are proposed for Council approval.

Grants and Donations

Per Ordinance No. 6187, the City Manager is authorized to apply for grants in any amount and to execute grant contracts for grants of up to \$90,000. The City Manager shall notify the City Council

periodically of such grant contracts. A listing of grants received in the most recent annual period of November 1, 2019 to October 31, 2020 is included in Attachment E.

Ordinance No. 4177, which created the Donations Fund on October 8, 1990, delegates authority to accept donations to the City Manager. Attachment F summarizes donations received by project for the most recent annual period of November 1, 2019 through October 31, 2020.

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 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; and
- Council adoption of the budget prior to the beginning of the ensuing fiscal biennium, i.e., January 1, 2021.

Fiscal Impact

This Ordinance adopts the City of Bellevue's 2021-2022 Budget and 2021-2027 Capital Investment Program (CIP) Plan. 2021-2022 fiscal impacts are noted by fund in Attachment C: Total Appropriation by Fund.

OPTIONS

1. Adopt the Ordinance adopting the City of Bellevue's 2021-2022 Budget and 2021-2027 Capital Investment Program (CIP) Plan; setting forth the estimated revenues and appropriations; establishing job classifications and pay ranges; and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. City Manager's Transmittal Letter
 - B. 2021-2022 Preliminary Budget Executive Summary
 - C. Total Appropriation by Fund
 - D. 2021 City of Bellevue Pay Plans
 - E. Summary of 2020 Grants Accepted Under \$90,000
 - F. Summary of 2020 Donations Accepted
 - G. 2021-2027 Capital Investment Program Cashflow
- Proposed Ordinance No. 6557

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N/A