

CITY COUNCIL AGENDA TOPIC

Budget Deliberations: Discussion of the 2025-2026 Operating Budget and the 2025-2030 Capital Improvement Program (CIP) Plan through the Vibrant Economy and High Quality Built & Natural Environment Strategic Target Areas

John Resha, Chief Financial Officer/Director, 452-2567
Finance and Asset Management Department

Emil King, Community Development Director 452-7223
Community Development Department

Rebecca Horner, Development Services Director, 452-6045
Development Services Department

Michael Shiosaki, Parks & Community Services Director, 452-5377
Parks & Community Services Department

EXECUTIVE SUMMARY**INFORMATION
ONLY**

Tonight, staff will present information related to the 2025-2026 Preliminary Budget and 2025-2030 Capital Improvement Program (CIP) Plan for the Vibrant Economy and High Quality Built & Natural Environment Strategic Target Areas.

RECOMMENDATION

N/A

BACKGROUND/ANALYSIS

On September 17, the City Manager transmitted the 2025-2026 Preliminary Budget and 2025-2030 CIP to Council, providing an overview of the investments and approach to the budget process including the revenue picture and first steps of the budget equity toolkit.

On September 24, staff presented the latest information on the resources and revenues included in the Preliminary Budget and the impacts of recent updates to the City's Comprehensive Financial Policies. The Development Services Department presented proposed adjustments to fees and rates charged for the development services line of business and adjustments related to school impact fees for the Issaquah and Renton school districts.

This is the second of three meetings covering each of the six Strategic Target Areas (STAs) that guide the City's operations, investments and objectives. Tonight, the Council will discuss proposed investments in the Vibrant Economy and High Quality Built & Natural Environment STAs. On October 8 Council received information related to Community Safety & Health and Safe & Efficient Transportation System, as well as the proposed Utilities rates for 2025-2026.

The sequence of the discussions on the City's Strategic Target Areas and scheduled topics for the remainder of Council's budget deliberations are below.

Next Items on the Council Budget Calendar

Date	Budget Item(s)
Tonight October 15	<ul style="list-style-type: none">• Vibrant Economy• High-Quality Built & Natural Environment
October 22	<ul style="list-style-type: none">• High-Performance Government• Thriving People & Communities
October 29	<ul style="list-style-type: none">• Council Questions, Follow-Up & Deliberation
November 12	<ul style="list-style-type: none">• Final Public Hearing• Council Direction for Adoption
November 19	<ul style="list-style-type: none">• Tentative Budget Adoption

Vibrant Economy

The 2025-26 Preliminary Budget contains funding for a package of programs and services that promote a healthy, sustainable economy that reflects community values. This includes investment in public spaces, arts and cultural opportunities that promote a high quality of life for residents and make Bellevue a premier destination.

A Diverse, Thriving Economy

In 2023, 80% of businesses surveyed said Bellevue was a better place to do business than other cities because it provides services people of all backgrounds need to thrive. Over the next year, the City will update its Economic Development plan. With a focus on small and mid-sized businesses, the City will enhance programs that advance workforce development, entrepreneurship, and business support.

For example, the Preliminary Budget extends City staff's work with the Old Bellevue Merchant Association and BelRed Arts District Community Alliance to improve public space management and programming in those neighborhoods. The collaborative work improves business activity that supports small businesses' retention and makes the areas more attractive when vacancies occur. Staff also routinely do small business walks across Bellevue to build trusting relationships with business owners and managers so there are established connections at City Hall when issues arise.

The Preliminary Budget also extends workforce development opportunities with Bellevue College and other training providers to improve access to Bellevue-based jobs. This important work pairs well with work to continue Bellevue's recent successes with office leases and work to expand the impact of Startup 425 to help a larger portion of Eastside residents to start new businesses. Increased investment will make it easier to program outdoor spaces along the Grand Connection as we move towards full design on the Grand Connection I-405 Crossing. In BelRed, continued investment in the BelRed Arts

District and the release of an RFP for the redevelopment of the BelRed Station parcels will advance the Council's 2024-26 priority of exploring options to expand arts funding through mechanisms such as the annual grant process, direct investment in the BelRed Arts District or others.

Community Gathering & Cultural Amenities

The Preliminary Budget adds permit support for small businesses, special events, and activities associated with public space activation. The budget funds one full-time position and outside consulting services in Development Services to assist with the development of a new program aimed at providing services that streamline the permitting process for small businesses, special events, and public space activation activities.

The arts are a vital platform for cultural exchange and creative inspiration. In alignment with the City Council's 2024-26 priorities, the Preliminary Budget recommends increasing investment in the funding and planning for arts programs and arts grants to ensure that Bellevue is not only the economic heart of the Eastside but the cultural heart as well. Increased investment in arts grants will bring more cultural activity to Bellevue, enriching the lives of our residents, visitors, and workforce and driving economic impacts to the overall community. This work is further supported by the investments in streamlining the permitting process for special events mentioned above.

High Quality Built & Natural Environment

In the 2025-26 Preliminary Budget, the City maintains its services that residents and businesses alike have praised for creating a community that is safe, clean and vibrant. This has driven significant growth and investment, and this budget funds a variety of services that support and maintain this high quality of life.

Planning for Growth

In October, Council is scheduled to act on the next Comprehensive Plan update, which serves as a roadmap for future growth in Bellevue and is a foundational policy document that guides the growth and development of the city over the next 20 years. Bellevue's Comprehensive Plan is organized into two volumes. All the citywide policies in Volume 1 are divided into different elements such as land use, housing, transportation, capital facilities and parks. Volume 2 contains goals and policies for each of the 16 neighborhood areas within the City. Neighborhood area plans reflect current citywide and neighborhood priorities and address issues and opportunities that are relevant to the local community. The Crossroads and Newport Great Neighborhoods area planning processes launched this month, with Eastgate and Factoria neighborhoods expected to start in 2025.

Additionally, Development Services strives to be a regional leader by providing predictable and timely permit review services. In response to changes to the Local Project Review Act, chapter 36.70B RCW, which were adopted through Senate Bill 5290 in the 2023 state legislative session, the Preliminary Budget has funding to satisfy the implementation of three permit streamlining measures. These funds will further the Department's ability to provide prompt, coordinated review and ensure accountability to applicants and the public by imposing reasonable permit fees, budgeting for contingent positions, and maintaining and budgeting for on-call permitting assistance when permit volumes or staffing levels

change rapidly as outlined in RCW 36.70B.160. Development Services uses flexible staff positions to allow deployment during high development cycles, allowing the Department to stay responsive as conditions change.

To support the future growth of the City, the Preliminary Budget recommends the addition of a code and policy position. The requested position supports Council's two-year adopted land use planning initiatives work plan, state mandates, the critical areas ordinance, and other key policy items such as middle housing and permit streamlining.

Community Spaces

The Grand Connection unites a set of "only in Bellevue" destinations to make a more vibrant city center filled with regular programming along the entire 1.5-mile route. The Preliminary Budget continues progress on the Grand Connection I-405 Crossing by allocating funding to reach 70% of the design. This investment will support governance planning and a public-private partnership philanthropic fundraising campaign for the route.

Anchoring the west end of the Grand Connection is Meydenbauer Bay Park. A design process, following the implementation principles in the master plan, is currently underway and capital funding is included in the Preliminary Budget to support continued phased development of the park, including improving the connection from the park to Main Street and Downtown, in line with the Grand Connection vision.

For the Parks & Community Services department, the Preliminary CIP Budget focuses on the implementation of project commitments in the 2008 and 2022 parks and open space levies approved by Bellevue voters. The customary recommendations on the CIP from the Parks & Community Services Board are provided (Attachment B). Funds from the levies support the construction of new parks and trails and the renovation of existing park facilities to meet the needs of a growing community. In the next biennium, the City will continue to build on its commitment to the community by investing in park planning and maintenance staff to support the levy-funded expansion of Bellevue's park and open space system. Of note, the preliminary budget adds a staff position and programmatic capital funding to increase the accessibility of parks and park facilities by accelerating the removal and reconstruction of features in existing parks that present a barrier to physical accessibility.

Livable City for All

The Preliminary Budget capitalizes on previous one-time funding in the last biennium by maintaining the staff and resources needed to effectively execute the city's policy commitments. Adopted in the last budget cycle, Keep Bellevue Beautiful fosters community pride by organizing volunteers dedicated to maintaining designated segments of Bellevue streets through litter removal and clean up events, as well as, reporting abandoned shopping carts for quick retrieval. Since 2023, Keep Bellevue Beautiful has retrieved 4,285 abandoned shopping carts, engaged 650 volunteers and collected over 365 bags of litter from city rights-of-way. Additionally, Keep Bellevue Beautiful launched the Adopt-A-Street program connecting with 41 business and neighborhood adopters who share a two-year commitment to the upkeep of city's streets across Bellevue.

The creation and preservation of affordable housing is a key policy goal of the City, with a target of 35k new housing units over 20 years with 40% targeted as affordable. In addition to the upcoming update to the Affordable Housing Strategy, the Preliminary Budget recommends investing funds in the initial planning for an Office of Housing and affordable housing permit support to incentivize the development of at least 100 units on average per year. As part of the Next Right Work for affordable housing, Council approved the permit review and inspection fee reduction program for affordable housing development in 2023. Qualifying projects for this program include 100% affordable housing at or below 80% of area median income, permanent supportive housing, emergency housing, and homeless services uses. The preliminary budget includes a 100% appropriation increase over the next biennium to incentivize this type of development.

Over the next year, the Sustainable Bellevue Environmental Stewardship Plan (Plan) will be updated, to identify actions to implement over the next five years. Efforts to implement the existing Plan continue, including maintaining the Environmental Stewardship Initiative (ESI) staff and resources for implementation. In the last budget cycle, the City made significant investments in sustainability for the community and municipal operations. Investments in key programs such as Energy Smart Eastside have resulted in 96 heat pumps installed in Bellevue and leveraged \$7.4M in grant funding for the program. The Clean Buildings Incentive Program has supported 275 buildings in complying with the Washington State Clean Buildings Standard. The ESI team has also expanded outreach and engagement efforts, developed an Electric Vehicle Roadmap, created a strategy for a Wilburton Sustainable District, and completed planning and design for greening the city's fleet and improving energy efficiency at several city facilities.

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

Fiscal Impact

This briefing is information only and, until adoption, will have no fiscal impact.

OPTIONS

N/A

ATTACHMENTS

- A. Council Questions and Responses (Memory Bank)
- B. Parks & Community Services Board CIP Recommendation Memorandum

AVAILABLE IN COUNCIL LIBRARY

N/A