

**CITY COUNCIL STUDY SESSION**

Budget Update - Continuation of the Preliminary 2023-2024 Operating Budget with focus on Environmental Stewardship and Diversity, Equity, and Inclusion

Toni Call, Director, 452-7863

Evan Phillips, City Budget Manager, 452-2831

*Finance & Asset Management Department*

Emil King, Assistant Director, 452-7223

Jennifer Ewing, Environmental Stewardship Program Manager, 425-6129

*Community Development*

Linda Whitehead, Chief Diversity Equity, and Inclusion Officer, 452-7886

*City Manager's Office*

**DIRECTION NEEDED FROM COUNCIL****INFORMATION ONLY**

Tonight, staff will continue the series of presentations on several areas of the City Manager's 2023-24 Preliminary Budget. There are three separate agenda topics this evening, the first an overview of the investments in Environmental Stewardship and Diversity, Equity, and Inclusion. Then under separate cover agenda items tonight are recommendations on Human Service Commission Funding allocations and Development Services rates.

**RECOMMENDATION**

N/A

**BACKGROUND & ANALYSIS**

On March 7, Council held a budget workshop where staff briefed Council on the process and milestones of developing the budget, provided a discussion of economic pressures, challenges to the City's fiscal sustainability, and long-range capital planning needs for parks and recreation, among other related topics. Council provided valuable input on the Budget Guiding Principles that assisted the City Manager in developing the 2023-2024 Preliminary Budget.

On May 23 and August 1, Council held public hearings that also informed preparation in advance of the City Manager's Preliminary Budget. Thus far, a couple dozen public testimonies (written and verbal) have been received on numerous budgetary issues. The Preliminary Budget document encloses a summary listing of all testimonies.

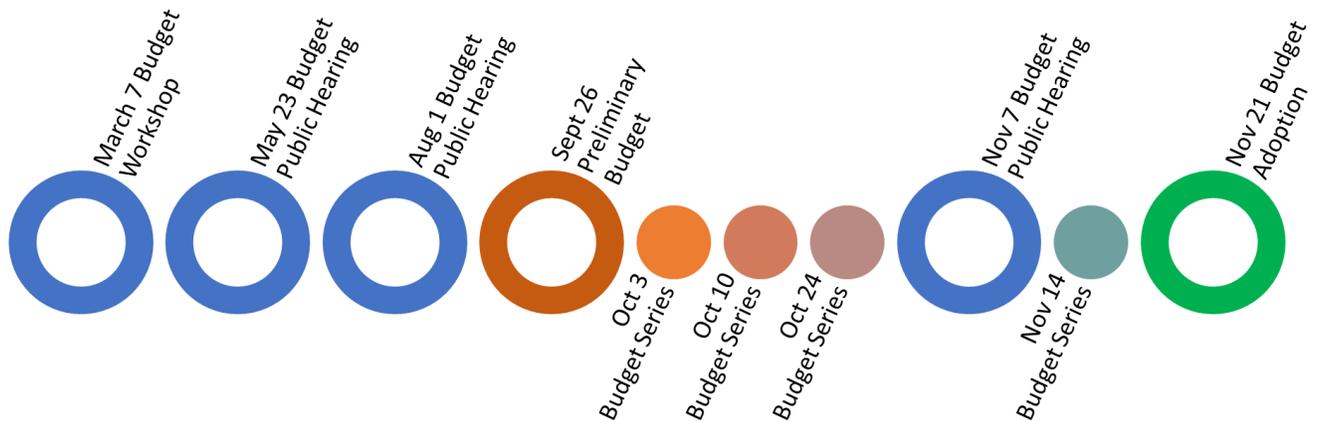
On September 26, the City Manager and staff provided an overview of the 2023-2024 Preliminary Operating Budget and the 2023-2029 (CIP) Plan. Answers to City Council questions received during the September 26 meeting and all subsequent meetings can be found in Attachment D, "Council Questions and Responses," commonly referred to as the "Memory Bank".

On October 3, City staff presented additional information on the 2023-2024 Preliminary Operating Budget including investments in public safety, homelessness, allocation of American Rescue Plan Act funding, and the implementation of a clean, safe, and vibrant City program. These investments seek to meet the challenges of being a growing and urbanizing city.

On October 10, the Utilities Department provided an overview of its proposed operating budget for 2023-2024 as well as the 2023-2029 Utilities Capital Investment Program (CIP) plan. Additionally, staff provided City Council with the anticipated rates adjustments for 2023 and 2024, their impacts to Bellevue customers, and an explanation of the pressures driving utilities costs.

The third and final public hearing is scheduled for November 7, which will provide another formal opportunity for the public to offer testimony to the Council regarding the Preliminary Budget. The public is also invited and welcome to submit comments in writing to the City's Budget Manager, Evan Phillips, at [EPhillips@BellevueWA.gov](mailto:EPhillips@BellevueWA.gov) or the City Clerk at [CityClerk@BellevueWA.gov](mailto:CityClerk@BellevueWA.gov) by 3 p.m. on November 7. Public feedback is welcome at regular Council meetings during Oral Communications prior to the business agenda. As always, the public may at any time communicate informally to Council by calling, meeting with, or writing to Councilmembers.

**Areas for Discussion Tonight:**



Tonight, the City Council will be presented additional information on 2023-2024 Preliminary Operating Budget including investments in the Environmental Stewardship Initiative (ESI), Equity, Inclusion and Access and then under separate cover the Human Services Funding Allocations and Development Services Rates. These investments seek to meet the challenges of being a growing and urbanizing city. Summary information on each topic is noted below.

***Environmental Stewardship Initiative (ESI)***

The Environmental Stewardship Plan is implemented through targeted work across City departments and often through multi-departmental efforts. The Preliminary budget includes increased funding to accelerate implementation of 2021-2025 actions to put the City on a path to meet its community and municipal operations sustainability targets. In total the investment in ESI is approximately \$11 million included in the 2023-2024 Preliminary Operating Budget as well as the 2023-2029 Capital Investment

Program (CIP) plan. This reflects a \$9.5 million increase over existing funding.

Specifically, the Preliminary Budget includes increases in the following items:

- Operating (\$1 million increase in the biennium) and capital funding (\$1.2 million increase for the 2023-2029 CIP) for implementing community actions from the Environmental Stewardship Plan, and new funding for implementing the municipal operations actions. For the community actions in the plan, the additional funding will allow for expanded implementation of existing programs, such as the Clean Buildings Incentive Program and Home Energy Retrofit Program, and funding for new efforts to reduce energy use in residential and commercial buildings, expand access to renewable energy, and support green building. The funding will increase staff capacity to allow for greater impact and ability to pursue grant funding.
- In addition, the Preliminary Budget recommends funding for two new CIP proposals for electric vehicle (EV) charging infrastructure at City facilities and for energy efficiency retrofits of City facilities totaling \$7.3 million increase in the 2023-2029 CIP Plan. This funding is essential for enabling the City to meet its 2030 greenhouse gas emissions reduction goals and to lead by example through Bellevue's City operations. Staff will provide an overview of how this increased funding will accelerate Bellevue's implementation of the Environmental Stewardship Plan.

### ***Equity, Inclusion, and Access***

The 2023-2024 Preliminary Budget includes approximately \$1.3 million of new investments in equity, inclusion and access over the biennium. Of this total, \$400K would increase capacity over the biennium within the Diversity Advantage Team (DAT). An additional \$500K is proposed to support the next steps on the City's path towards cross-cultural programming as well as approximately \$400K to enhance the current Minority, Women, Disadvantaged Businesses (MWDB) program and to implement a City apprenticeship program. The following section outlines in greater detail some of the notable impacts of these investments.

#### ***Increasing Capacity & Deepening Impacts (\$400K)***

Looking ahead to 2023-2024, the DAT will continue to focus on building the City of Bellevue's capacity towards Diversity, Equity, and Inclusion (DEI) efforts while deepening the impacts of the work, both internally and externally. During the next two budget cycles, the Team's workplan includes:

1. Closely working with colleagues and community stakeholders to update the 2014 Diversity Advantage Plan, focusing on past accomplishments, areas of growth, and opportunities for alignment.
2. Rolling out new organizational-wide DEI training program for staff, leadership, and the City's Boards and Commissions that will allow the development of a shared language, learning, and action around our DEI work.
3. Prioritize the implementation of a new organization-wide Budget Equity Framework that will provide departments and leadership with the guidance necessary for ensuring inclusivity is considered in budgets and resource allocation.
4. Lastly, the DAT will bring in an outside facilitator to help the work being done by the City of Bellevue and our external advisory groups, Bellevue's Diversity Advisory Network (BDAN) and Communities of Color Coordinating Team (CCC).

Additionally, this work will be supported by national-award winning DEI leader Joshua Barr and will culminate in community-generated proposals for changes in City policies and practices. Collectively, staff aims to create community dialogues focused on advancing racial equity and building trust and awareness across the City.

*Cross Cultural Programming (\$500K)*

New investments in the City’s Diversity Advantage Initiative will support staff in the development of the Cross-Cultural Center project. In May of this year, Council directed staff to move forward with developing cross-cultural programming within the City’s community centers and with our community partners, as well as identifying possible non-profit partnerships for a future cross-cultural center. The 2023-2024 Preliminary Budget includes \$250K annually (\$500K over the biennium) to support the next steps on the City’s path towards cross-cultural programming.

The first steps will include adding capacity to the Diversity Advantage Team by establishing a new DEI Administrator position focused on the development of the cross-cultural project and hiring a consultant focused on community engagement and co-creation of project milestones. As staff continue to explore both existing and new space possibilities for a physical cross-cultural center, the City will also create a formal cross-cultural programming initiative that will center existing cross-cultural programming within the community and incentivize community partners to develop new opportunities for cross-cultural engagement and activities. Ensuring consistent communication and collaboration with our community partners will be an essential component throughout all phases of this project.

The timeline below outlines the anticipated next steps for this cross-cultural programming initiative.



## Council Budget Calendar

Date	Budget Item(s)
March 7	Council Budget Workshop
May 23	Initial Public Hearing
August 1	Second Public Hearing
September 26	2023-2024 Preliminary Operating Budget & 2023-29 Capital Investment Program (CIP) Plan Overview
October 3	Overview of investments in: Public Safety, Homelessness, the American Recovery Plan Act (ARPA) and, Safe Clean, Vibrant City
October 10	Utility Rates Overview and Other Areas of Interest as Requested
Tonight	Development Services Rates Overview, Human Services Commission Recommendations, the Environmental Stewardship Initiative (ESI) and Equity, Diversity and Access
November 7	Final Public Hearing
November 14	Tentative Council Direction for Adoption
November 21	Tentative Budget Adoption

## Preliminary Budget Council Required Actions

There are several items that will be required to adopt the 2023-2024 Operating Budget and the 2023-2029 CIP Plan which include:

Ordinance/Resolution Title	Brief Explanation
Human Services Fund Recommendation Ordinance	Adopt funding recommendations for allocations to human services agencies
Community Development Block Grant (CDBG) Recommendation Ordinance	Adopted recommended spending plan for Community Development Block Grant funds
Behavioral Health and Housing-Related Services Housing Stability Program Recommendation Ordinance	Adopt funding recommendations for allocations to human services agencies
2023 Development Services Fee Ordinance	Set Development Services 2023 Rates
2023-2024 Utility Rates Ordinances (3)	Set the Utilities 2023-2024 Rates
2023 Property Tax Banked Capacity Resolution	Preserve the full levy amount available to the City
2023 Property Tax Ordinance	Adopt 2023 property tax levies (RCW 35A.34.230 and RCW 84.55.092)
Business & Occupation Tax Ordinance	Adjust the taxable gross receipts rate
2023-2024 Budget Ordinance	Adopt "umbrella" budget ordinance which includes appropriation approval by fund, 2023 pay plans and, summarizations of grants and donations accepted that are less than \$90,000

Notes: The fire inspection fee ordinance is not needed this year as there is no change. Additionally, a substantial need ordinance is not needed for property taxes as the implicit price deflator surpasses 1

*percent. Additionally, a new item for behavioral health and housing -related stability funding has been included to reflect the need for Council direction during the adoption of the Preliminary Budget.*

## **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, 2023.

### **Fiscal Impact**

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

## **OPTIONS**

N/A

## **ATTACHMENTS**

- A. City Manager’s Transmittal Letter
- B. 2023-2024 Preliminary Budget Executive Summary
- C. 2023-2024 Fund Appropriation List
- D. Council Questions and Responses (Memory Bank)

## **AVAILABLE IN COUNCIL LIBRARY**

N/A