

Mid-Biennium Budget

Council Study Session

Toni Call, Director Finance & Asset Management (FAM)
Chief Steve Mylett, Police
Andrew Singelakis, Director Transportation
Eric Miller, Implementation Planning Mgr, Transportation

November 18, 2019



Direction Needed from Council

- Direct staff to return with an Ordinance for adoption at a future 2019 Regular Session to update the Transportation Impact Fee Rate Schedule
- Staff seeks direction on the proposed mid-biennium budget changes or other adjustments that Council wishes to consider



Agenda

- Calendar
- Major Adjustments
- Police Staffing Update
- 1% Property Tax Adjustment
- Housing Fund
- CIP Update – Including Impact Fees



Mid-Biennium Key Dates

- October 28: Mid-Bi Calendar
- November 4: Development Services Fee Update
- November 12: Overview of Mid-Bi adjustments, General Fund Forecast, Fire Inspection Fee update, SHB 1406 implementation
- Tonight: Study Session – Detail Mid-Biennium Adjustments
- November 25: Council Follow-up (if needed)
Mid-Bi Public Hearing
- December 2: Proposed Mid-Bi Budget Adoption



Mid Biennium Overview

Major Mid Bi Adjustments	11/4	11/12	Tonight
Development Services – Rates and 6 FTEs	×		
Housing Fund – SHB 1406; ARCH (portion of 2 FTEs)		×	×
Police Staffing Increase – 2 FTEs			×
Transportation Impact Fee Schedule			×
Fire Inspection Fee Update		×	
1% Property Tax adopted in 2019-2020 Budget			×
Overall - Technical Adjustments		×	4

Required Council Actions

Tentative Mid-Bi Adoption – December 2

- 2020 Development Services Fee Ordinance
- Fire Inspection Fee Ordinance
- 2020 Property Tax Levy Ordinance
- 2020 Property Tax Banked Capacity Resolution
- 2019-2020 Mid-Bi Budget Ordinance
- Other actions as directed by Council



Police Staffing

Chief Mylett



Bellevue Police Department Staffing Study



Focus of the Study

- Patrol
- Investigations
- Records
- Personnel Services
- Property and Evidence
- Impact of Future Growth



Recommendations

- 6 positions in Investigations
- 2 positions in PSU
- 1 position in Property and Evidence

My Recommendations to the City Manager

- Critical need in Property and Evidence as well as Investigations – requested these positions be filled immediately
- My executive leadership team and I will continue to evaluate the need for the additional recommended positions and work with the City Manager to fill the positions



Questions



Property Tax Adjustment – Included in Adopted Budget

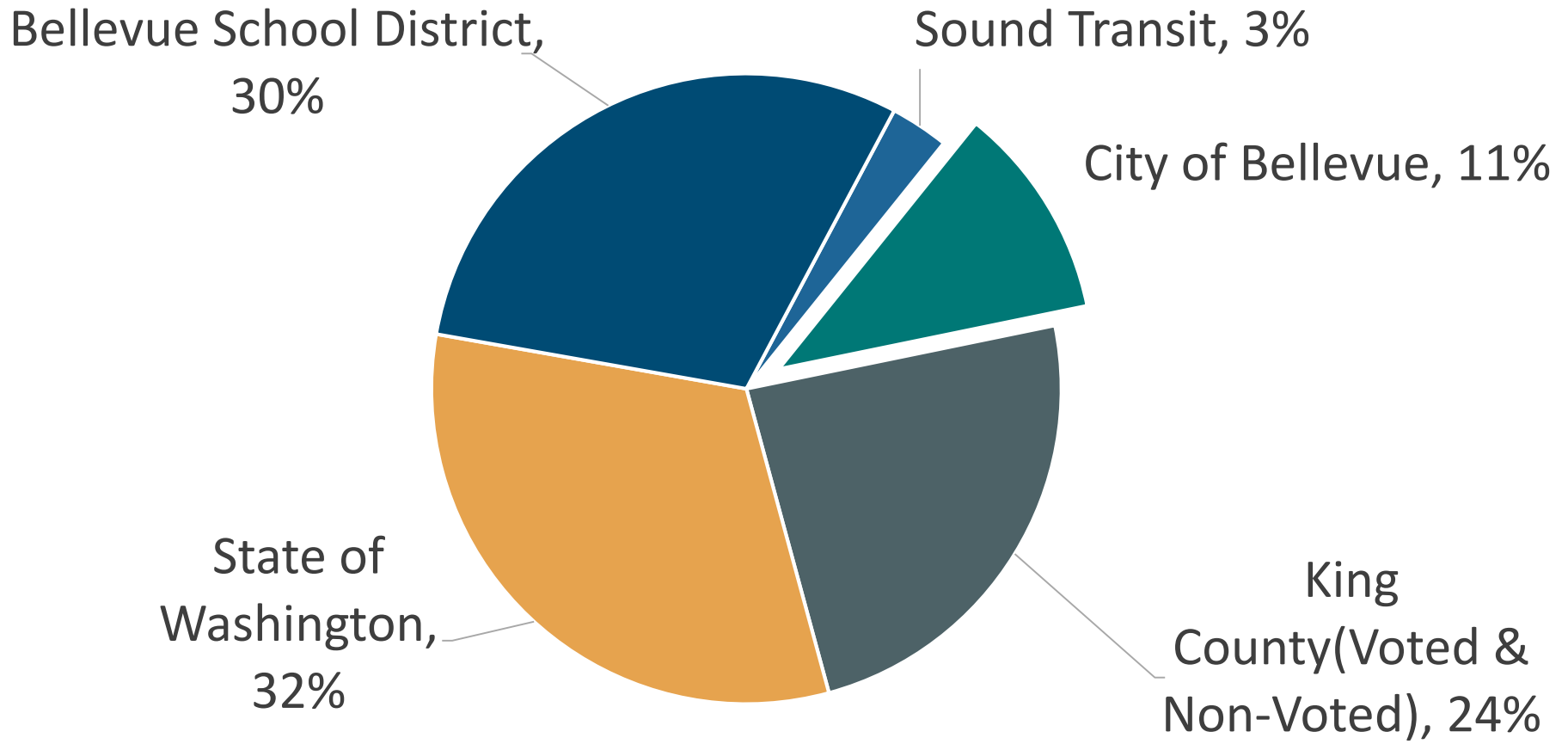
- 1% Adjustment = ~\$8 annually for median home of \$936,000
- ~\$595K (\$451K to GF; \$144K to CIP)

	<u>2019</u>	<u>2020</u> (Estimate)
Regular Tax Rate (Per \$1,000 AV)	0.63	0.62
Voted Tax Levy Rate (Per \$1,000 AV)	0.28	0.28
Total Tax Levy Rates (Per \$1,000 AV)	\$0.92	\$0.90
*May not foot due to rounding		

- Voted Levies includes Parks, Fire, Neighborhood Connectivity.



2019 Property Tax Distribution



Housing Fund

- Housing Fund
 - ARCH Contribution
 - \$96k – Portions of 2 FTEs
 - SHB 1406
 - \$625,000 starting in 2020



Questions



CIP Budget Update

- Proposes adjustments to three projects and a revision to the Transportation Impact Fee schedule
- All expenditure adjustments are revenue backed
 - 2020: Bel-Red Parks and Streams \$252K
 - 2022: Overlay Program -148th Avenue SE Pavement Preservation \$1.4M
 - 2022: New Project -Mountains to Sound Greenway Trail 132nd Avenue SE to 142nd Place SE \$3.725M



2019 Transportation Impact Fee Program Review

June 10, 2019 Council Direction:

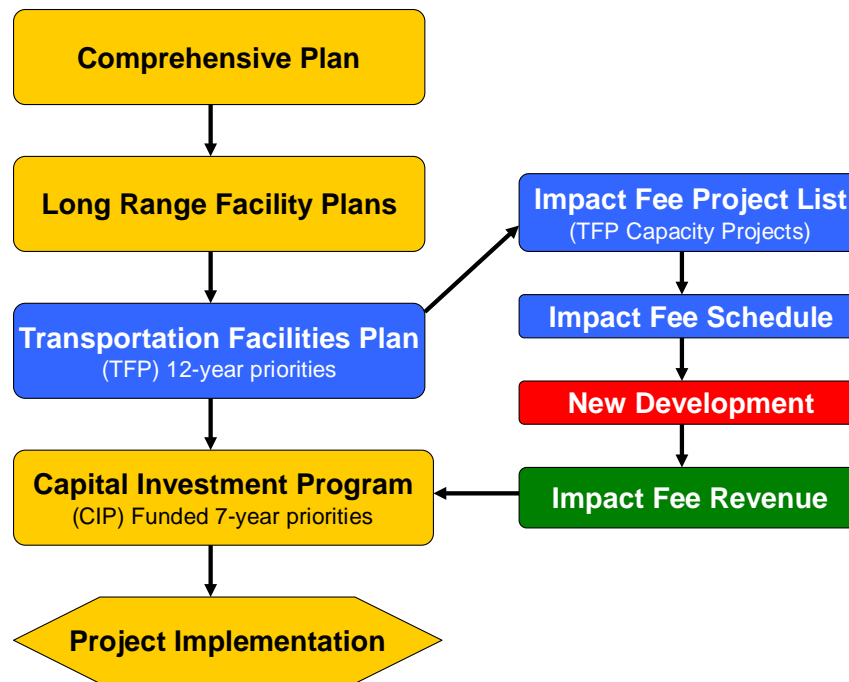
Associated with the Review of the 2019-2030 Transportation Facilities Plan (TFP), Council directed staff to:

“Return with Information and Options to Update the Transportation Impact Fee Rate Schedule”



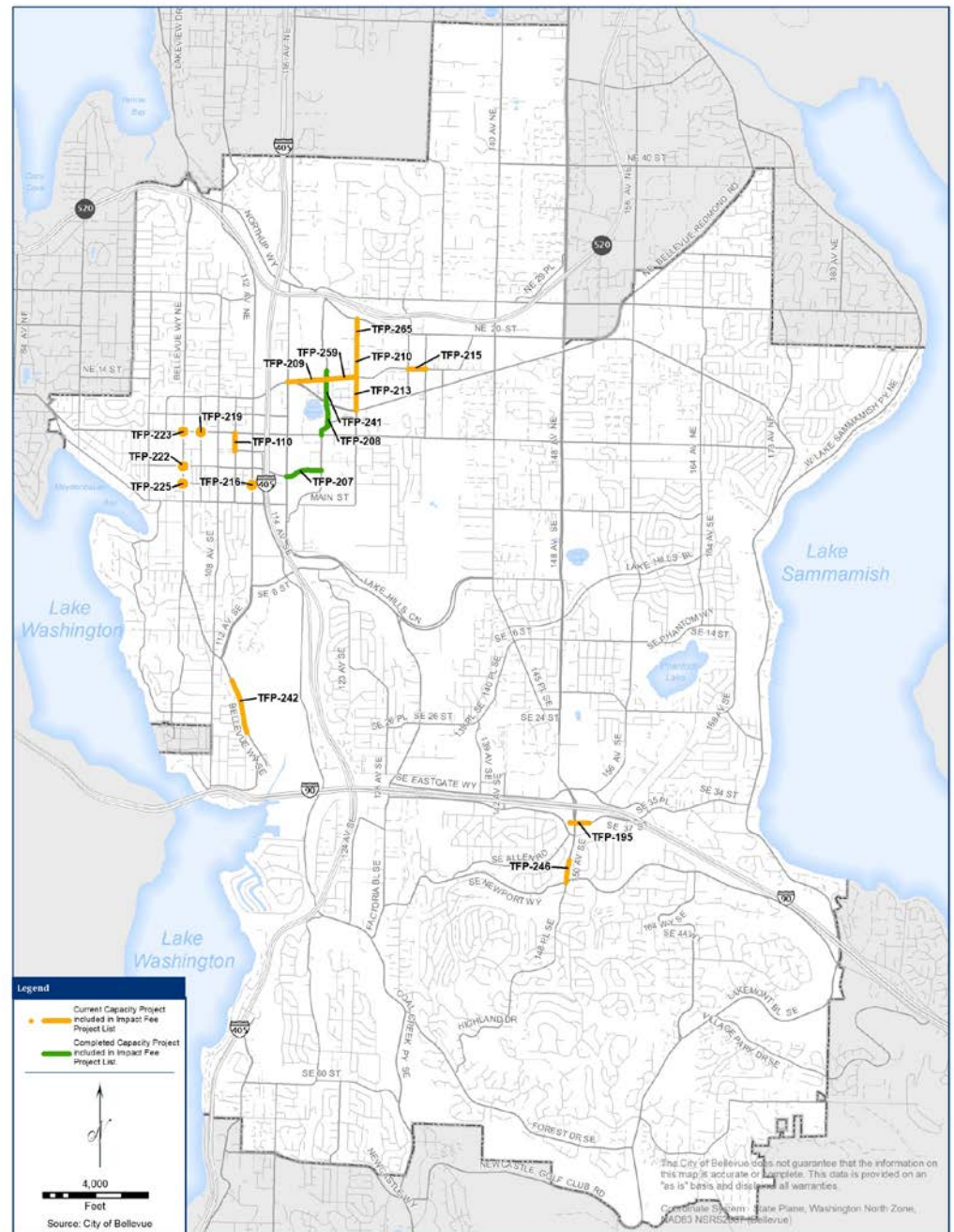
Background

Impact Fees' Place within Bellevue's Transportation Planning & Capital Funding Process



2019-2030 TFP Projects & Costs

- 42 Total TFP Projects (\$388.1M)
- 15 Impact Fee Projects (Funded Roadway & Intersection Capacity)
- +3 Completed Impact Fee Projects
- Eligible Impact Fee Project Costs:
\$320.2M
(\$402.5M incl. Debt Svc.)



Background

Impact Fee Project Examples:

- NE Spring Blvd. (Zones 1 & 2)
- 124th Ave NE Improvements
- Downtown Intersections (5)
- 150th Ave SE/SE 37th St/I-90 Off-ramp

Completed Impact Fee Projects:

- NE 4th Street Extension
- 120th Ave NE Improvements (Stages 2 & 3)

Background

- 2015 TIF Program Report established maximum allowable TIF rate at \$7,992 per trip
 - Reflects development's share of total growth costs at 65.3%
 - Remaining 34.7% is funded by non-impact fee sources
- December 2015 - Council set base 2016 TIF rate for new development at \$4,703 per trip
 - 58.8% of maximum allowable rate
- Council established automatic annual indexing factor of 3%
- Council may revise fee schedule any time it deems “just and appropriate”
- City Code allows application of new, lower trip generation rates if there is a reasonable basis for their use.



2019 TIF Program Review

- Process to update the TFP commenced in fall 2017, concluding with plan adoption on July 15, 2019.
- Results from the DRAFT 2019 TIF Program Report indicate a significantly higher Maximum Allowable impact fee rate. Results assume:
 - New ITE trip generation rates;
 - Increased project costs;
 - Inclusion of debt service costs in overall impact fee project costs (Code requirement); and
 - Include cost of recently completed impact fee projects (3)
- Maximum Allowable TIF rate now \$17,070 per trip



Cost Allocation Results

	2015	2019
Funds Needed for the Cost of Capacity Projects	\$215.4m	\$392.9m
x Bellevue Development's Share of Total Growth	65.3%	59.4%
= Impact Fee Eligible Costs	\$140.7m	\$233.4m
÷ New PM Peak Hour Trip Ends	17,606	13,667
= Maximum Allowable Transportation Impact Fee Rate	\$7,992	\$17,070

Note: Amounts may not foot due to rounding



Key Issue/Finding

Implications of New, Reduced Development (Land Use) Trip Generation Rates

(Source: Institute of Transportation Engineers (ITE) 2017 Trip Generation Manual)

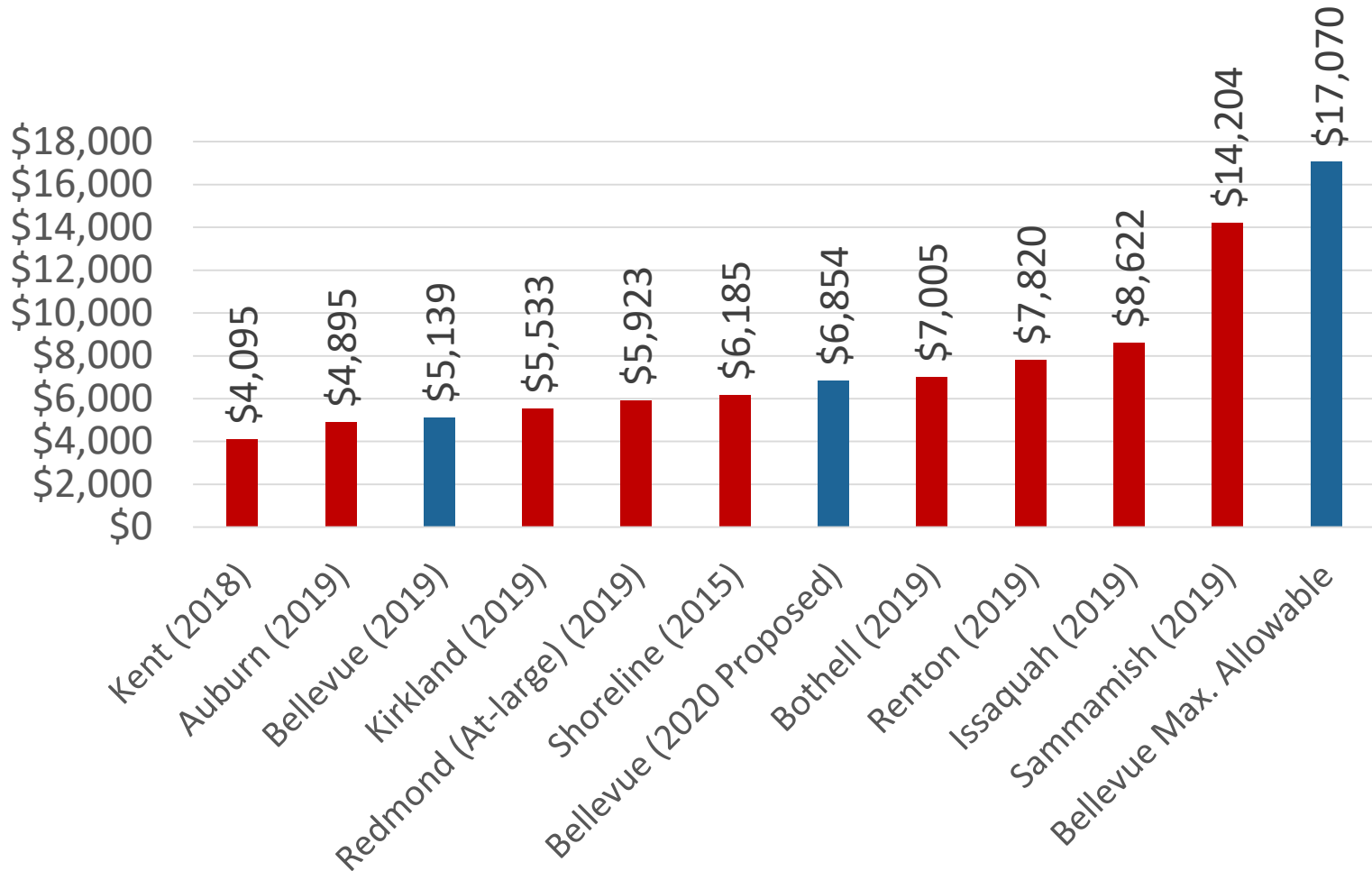
- On average, trip generation rates ~23% lower (for major land use categories: Office, Multifamily, Retail, Light Industrial, Lodging)
- Primary land use: Office (in “Dense Mixed Use Urban” environment (e.g. Downtown Bellevue, BelRed corridor) – 22.8% lower
- Some uses will be higher or lower than this average



Key Issue/Finding (Cont.)

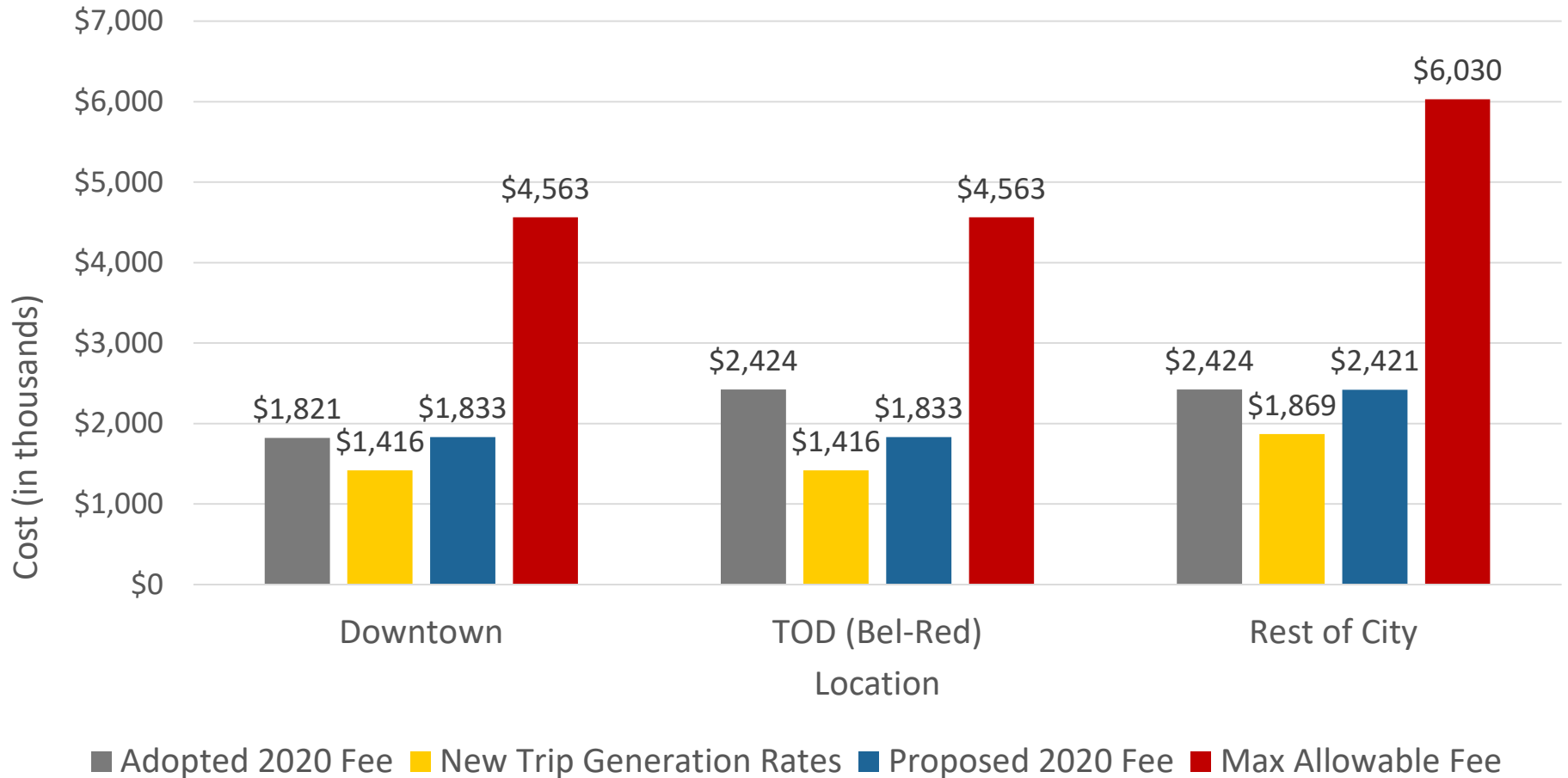
- If there is no corresponding adjustment to the TIF Rate Schedule, the TIF revenue collected from new development will shrink as a proportion of growth's share of costs
- **Potential CIP Implications:**
 - Without adjustment of the TIF charge to compensate for the lower trip generation rates, there would be a projected **23 percent reduction in TIF revenue**
 - Projected \$6M in lost fee revenue between 2020 – 2025
 - Could require CIP amendment to reduce spending/cut projects

Single-Family Homes



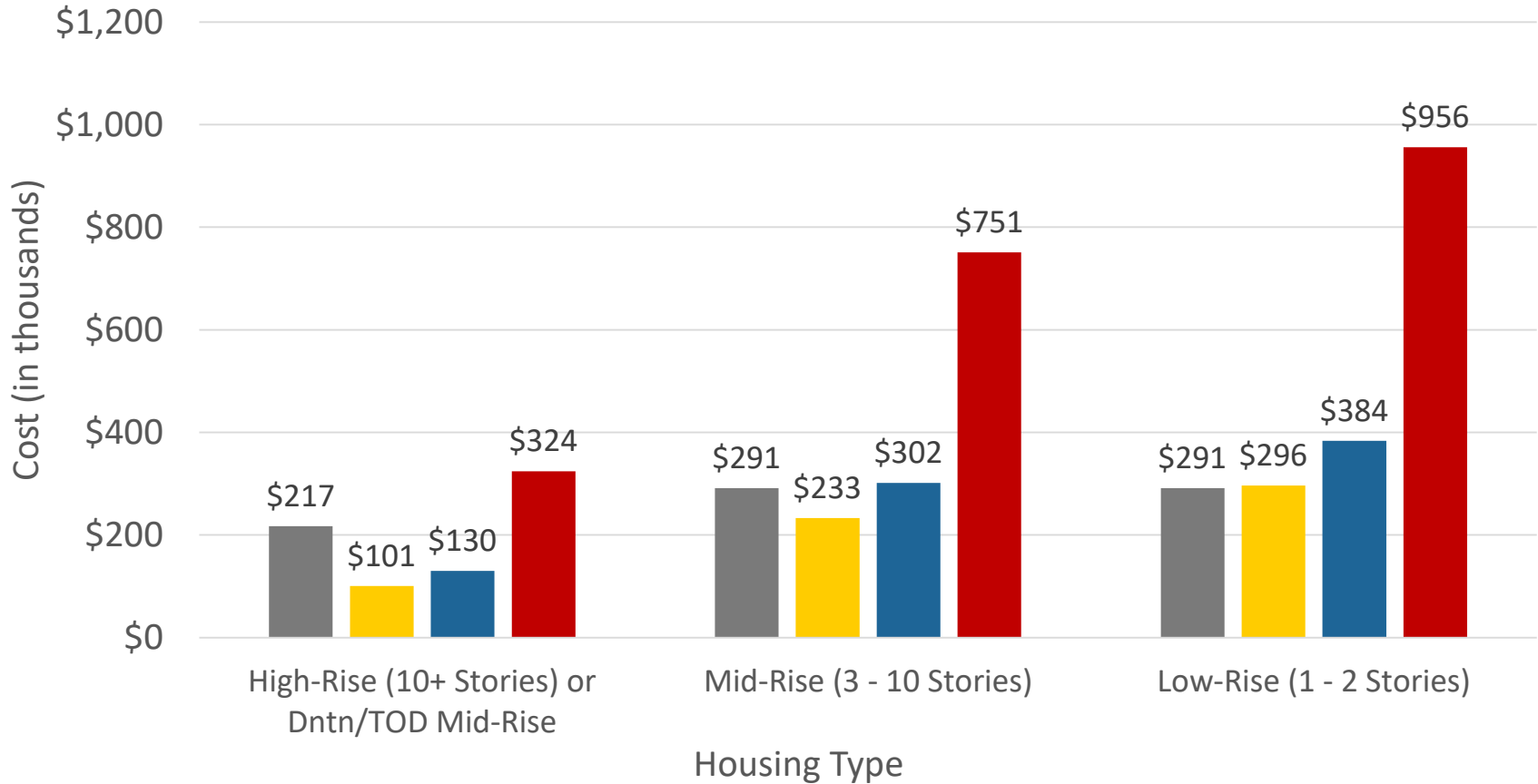
Office Space in Bellevue

Example: Fees for a 300K s.f. Development



Multi-Family Homes

Example: Fees per 100 units



■ Adopted 2020 Fee ■ New Trip Generation Rates ■ Proposed 2020 Fee ■ Max Allowable Fee



Stakeholder Outreach Summary

Staff provided briefings or reached out to inform the following stakeholders:

- Bellevue Chamber of Commerce Land Use Committee
- Bellevue Downtown Association staff leadership
- Representatives for development projects in an active permit review process
- Master Builders Association



Recommendations

- Direct staff to return with an Ordinance for adoption at a future 2019 Regular Session to update the Transportation Impact Fee Rate Schedule to reflect updated trip generation factors and per trip fee rates to be effective on January 1, 2020.
 - Adjust base 2020 per trip fee from \$5,293 to \$6,854
 - Maintain 3% annual indexing adjustment



Questions



Mid-Biennium Key Dates

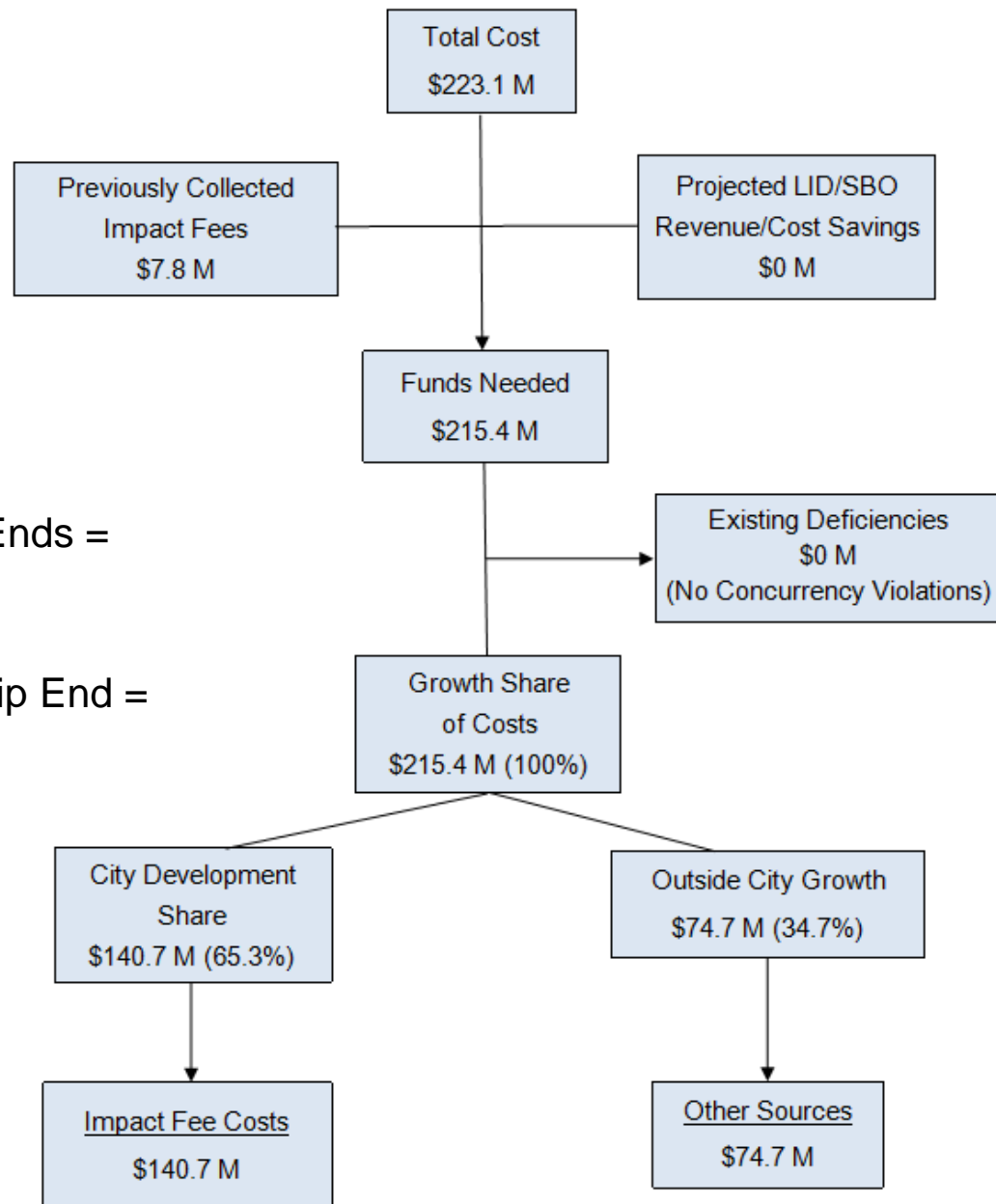
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Cost Allocation Results (2015)

New PM Peak Hour Trip Ends =
17,606

Maximum Allowable Cost/Trip End =
\$7,992



Cost Allocation Results (2019)

New PM Peak Hour Trip Ends =
13,667

Maximum Allowable Cost/Trip End =
\$17,070

