

CITY COUNCIL AGENDA TOPIC

Budget Deliberations: Discussion of the 2025-2026 Operating Budget and the 2025-2030 Capital Improvement Program (CIP) Plan through the Community Safety & Health, including proposed 2025-2026 Utilities rates, and Safe & Efficient Transportation System Strategic Target Areas.

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

Wendell Shirley, Police Chief, 452-4177
Police Department

Jay Hagen, Fire Chief, 452-6895
Fire Department

Lucy Liu, Utilities Director, 452-4445
Scott Edwards, Deputy Director, 452-2041
Utilities Department

Andrew Singelakis, Transportation Director, 452-6468
Transportation 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 Community Safety & Health and Safe & Efficient Transportation System Strategic Target Areas. Additionally, staff will present the proposed 2025-2026 Utilities rates.

RECOMMENDATION

N/A

BACKGROUND/ANALYSIS

On September 17, the acting city manager transmitted the 2025-2026 Preliminary Budget and 2025-2030 CIP to the 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 first of three meetings covering each of the six Strategic Target Areas (STAs) that guide the

City’s operations, investments and objectives. Safe & Efficient Transportation System and Community Safety & Health will be discussed tonight alongside 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 the Council’s budget deliberations are below.

Next Items on the Council Budget Calendar

Date	Budget Item(s)
Tonight October 8	<ul style="list-style-type: none"> • Community Safety & Health, including Utilities Rates • Safe & Efficient Transportation System
October 15	<ul style="list-style-type: none"> • High-Quality Built & Natural Environment • Vibrant Economy
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

Community Safety & Health

In the 2025-2026 proposed budget, Bellevue continues its commitment to public safety and reliable, high quality utility services as the foundation of a healthy, vibrant community. In the last budget cycle, the city made a significant investment in public safety resources to meet rapid growth and urbanization in Bellevue. The proposed budget provides a continuation of dollars necessary to maintain funding for the services and City staff required to maintain Bellevue as a safe place to live, work, play, learn and visit. Incremental gains in 2025-2026 create the momentum needed for long-term success. Most importantly, this period allows the City to take stock of where the needs are most critical for future funding requests during the off-set period ahead of 2026 and for future budget cycles.

Building on 2023-2024

The Community Crisis Assistance Team (CCAT) recently reached the end of its first year of implementation and in that time the program has fielded 4,147 calls to respond to residents in crisis. The City has been recognized as a national leader in the area of program evaluation for co-response programs, which the Preliminary Budget furthers with funds for both CCAT’s annual evaluation to measure its efficacy and the database and case management system.

In the last budget cycle, Council approved an additional 19 commissioned police officer positions and two professional staff positions. The Bellevue Police Department (BPD) is currently on track to hire 40 new staff by the end of 2024, surpassing last year’s all-time record of 33. In total, about 400 individuals have applied for commissioned and professional roles within the agency.

Implementing New Public Safety Programs and Next Steps

In response to the community's growing needs, funding is included for a dedicated police captain to manage the ever-increasing number of large public events. In 2024, the City's Special Events Committee approved 37 events, of which BPD has staffed 22, including several multi-day events. While BPD does not staff every event, the department is involved in the extensive and detailed planning process which can include coordination across city departments, community organizations, and private businesses. This dedicated position will participate in the planning and managing of police resources needed to ensure the safety and security of large events and their participants in Bellevue.

The proposed budget also includes funding for a domestic violence advocate role in the Police department, bringing the service and expertise in-house to provide resources, guidance, and advocacy for survivors in Bellevue. For the last 20 years, the King County Prosecuting Attorney's Office has provided a domestic violence advocate that offers specialized support for survivors, but this contract ends in 2025. The most recent estimates from the National Coalition Against Domestic Violence indicate that 41.4% of women and 31.7% of men in Washington experience intimate partner violence in their lifetime. BPD responds to an average of 1,200 domestic violence cases per year, with 870 cases to date in 2024.

Timely response and intervention often mean the difference between life and death, and seconds count during every water rescue. With startup funds provided by a generous private donation, Bellevue Fire plans to roll out a new water rescue program in Summer 2025 that will employ four jet skis (two on Lake Washington and two on Lake Sammamish) to expedite lifesaving intervention and transport. This investment represents a significant enhancement to the City's water rescue program, which currently utilizes rescue swimmers and paddle boards.

Investing in Infrastructure

Funds are allocated within the preliminary budget to complete the construction of Fire Station 10. After completion, it will serve one of Bellevue's fastest-growing neighborhoods, taking response pressure off other neighboring stations. The location of the new fire station in the downtown area will reduce current response times ensuring the current emergency service levels as the area develops and grows both higher and denser. In 2016, voters approved a \$0.125 property tax levy to fund improvements to fire facilities, making the construction of Fire Station 10 possible.

In addition to new construction, the proposed budget recommends investing in routine maintenance and operating costs for Bellevue's ten fire stations and the Public Safety Training Center. Essential fire facilities operate 24 hours a day. Proactive maintenance of facilities is required to provide a safe working environment for the over 200 firefighters who live and work within them, ensure that fire stations remain operable, and maximize the useful life of each facility.

The 2025-2026 budget also considers Utilities' aging drinking water infrastructure. This is Utilities largest area of investment as it considers the need to meet regulatory requirements for public health and safety, as well as maintain service reliability by proactively replacing water mains that have a history of failures. Most of the city's drinking water infrastructure is well past its midlife and Utilities

strategic asset management plan is the city's guide to repair or replace failing components and minimize system failures to ensure we are able to deliver reliable and safe utilities that are essential to the community's health and economic well-being.

In addition, Utilities budget allocates funds to support growth with a larger capacity reservoir. This will ensure adequate drinking water supply for normal operations, as well as plan for natural disasters such as an earthquake. As the population grows, more demand is put on the city's water resources and this can impact emergency readiness. This investment allows the city to increase water resources needed to support and sustain a healthy community.

Focus on Equity in Delivering Services

The proposed budget includes funding a new community outreach specialist for focused engagement and partnership with historically underserved communities to enhance emergency preparedness and disaster recovery. The position will support the Office of Emergency Management's charge to reach the whole community with preparedness, response, messaging and training by evaluating current outreach efforts and designing new campaigns to reach underserved community members. Partial funding for this position will be derived from emergency management grant funds.

Also included in the proposed budget is a new position to support community members struggling with an opioid use disorder or experiencing an opioid crisis to connect and remove barriers to treatment resources. This outreach worker is fully funded using external resources and will integrate with the CARES and CCAT teams. In addition to the position, the proposed budget includes contract funding to partner with culturally and linguistically specific human services providers to provide opioid education, prevention and connection to services.

Resources have been included in the budget to expand access to critical utility services, leveraging a streamlined process and robust outreach to maximize Utility Rate Relief benefits for the community. The rate relief program is designed to help ease the financial burden of utility costs for Bellevue's most vulnerable residents, ensuring everyone can access essential utility services regardless of economic circumstances. Five rate and tax relief programs are available to provide financial assistance and support those in need. These programs are covered in more detail under the Utilities Rates section.

Utilities Rates

The Utilities Department operates enterprise funds within the City of Bellevue structure with utility rates being the primary source of funding for its functions without General Fund subsidy. Utility revenues do not generally grow without rate increases, and there is limited potential to increase revenues from population or economic growth.

Utilities is a capital-intensive industry. The City of Bellevue owns, operates, and maintains over \$10 billion of utility infrastructure assets across the three piped utilities, with over 1,600 miles of pipeline and numerous reservoirs and pump stations, to provide clean and safe drinking water; safely convey wastewater away from homes and businesses; and safely manage stormwater to protect property and the environment. Most of this infrastructure is past mid-life. As infrastructure ages, it becomes less

reliable, and more failures occur. As a result, the cost to maintain, repair, rehabilitate, and replace infrastructure increases.

Council Priorities and Key City Policies Guiding Budget Development

Development of the 2025-2026 Operating budget and 2025-2030 CIP budget was guided by aligning utility system needs with City Council’s strategic direction, including:

- Protecting, renewing, and enhancing utility infrastructure and natural resources, as part of the City’s high quality built and natural environment.
- Provide and maintain reliable utility services and infrastructure that directly preserves and improves community health and safety; and
- Continuing to be a high-performing organization by leveraging innovation and technology to improve service delivery and achieve cost efficiencies.

City Policies: The City’s Comprehensive Financial Policies serve as the foundation for development of the Utilities Department budgets and rates. Adherence to these policies have enabled the Department to be recognized as a leader in the industry, provide competitive utility rates, and achieve financial sustainability. Consistent with City policies, the proposed budget is based on:

- Predictable, smooth, and uniform rates
- Full cost of wholesale services
- Full cost of providing utility services now and in the future
- Sufficient operating reserves to protect the solvency of the utility funds
- Investment in capital infrastructure and/or deposit of funds in an infrastructure Renewal and Replacement (R&R) Reserve to ensure current and future customers who use the utility systems pay their proportional share of system costs

Rigorous Budget Review Process

Fiscal stewardship is an essential element of Utilities budget development. The 2025-2026 proposed budget and rates were developed with a lens on delivering reliable and high-quality services to customers, maintaining long-term financial sustainability, responsibly maintaining and replacing aged infrastructure, and ensuring competitive customer rates.

The budget before Council has gone through a rigorous process with multiple layers of review to ensure these objectives are met. This includes budget review and scrutiny by the Utilities Department leadership and the City Manager’s Office. Additionally, the proposed budgets and rates have been thoroughly reviewed by the Environmental Services Commission. Utilities are the only department in the City who’s operating, and capital budgets and rates are reviewed by a board or commission.

Community Engagement

In addition to a CIP online open house, eight Commission meetings this year, and the public hearing conducted by the Commission on the requested Utilities budgets and rates, the Department conducted outreach on the proposed budgets and rates with the Bellevue community. This included a presentation

to community members on September 16, and a presentation/discussion with the business community on September 20.

Utilities Budget Challenges and Cost Drivers

The Utilities Department faces the following key challenges in the upcoming biennium:

- Increases in wholesale water supply and wastewater treatment costs
- Aging infrastructure and the need to maintain, repair, and adequately fund renewals and replacements in a timely and cost-effective manner to minimize customer impacts, overall costs, and risk of expensive emergency repairs
- Inflationary pressures from increased operating costs and City support services (e.g., insurance, facilities)

With this as context, the proposed 2025-2026 Utilities operating, and capital budgets were prepared with high consideration towards rate affordability and capitalizing on opportunities to improve business processes while leveraging efficiencies where possible to ensure ratepayer value.

Figure 1: Proposed 2025-2026 Operating Budget (\$432.1M)

\$ in Millions, Excluding Reserves

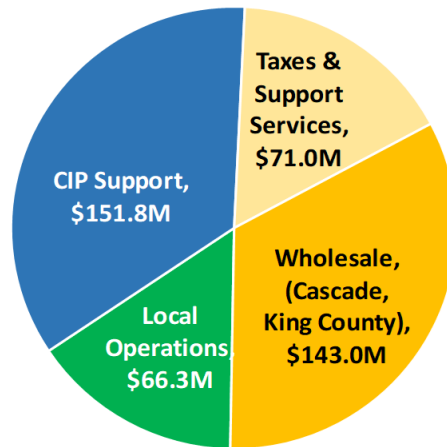
Internal Drivers – 51%

CIP Support – 35%

- *Transfers to CIP / R&R*
- *CIP Delivery & Asset Management*

Local Operations – 16%

- *Operations & Maintenance*
- *Customer Service & Outreach*
- *Engineering*
- *System Planning*
- *Development Services*
- *Support Systems/Assets*
- *Management*
- *Regulatory*



External Drivers – 49%

Taxes & Support Svcs – 16%

Wholesale Costs – 33%

- *Cascade Drinking water supply and RCFC Payments*
- *King County Wastewater Treatment Services*

External Drivers

Wholesale Costs

Wholesale costs, the single-largest cost center for the Utilities Department, represent approximately 33 percent of the department’s total operating budget, or about \$143.0 million for the 2025-2026 biennium. These costs include payments to Cascade Water Alliance (Cascade) for water supply and regional capital facility charges, and to King County for wastewater treatment. Cascade’s wholesale costs to Bellevue Utilities are projected to decrease by 0.6% in 2025 and increase 2.4% in 2026. King County’s wholesale cost to Bellevue Utilities is projected to increase by 5.75% in 2025 and by 7.0% in 2026. These costs are established by the Cascade Water Alliance and King County, respectively. Consistent

with City policies, the proposed budget fully funds wholesale cost increases; thereby, ensuring funding for local operations is not degraded.

Taxes and Internal Service Provider Payments

Taxes and payments for support services from the General Fund represent approximately 16 percent or about \$71.0 million for the 2025-2026 biennium. The amount of taxes is based on the amount of revenue collected and the tax rates assessed by the State and cities.

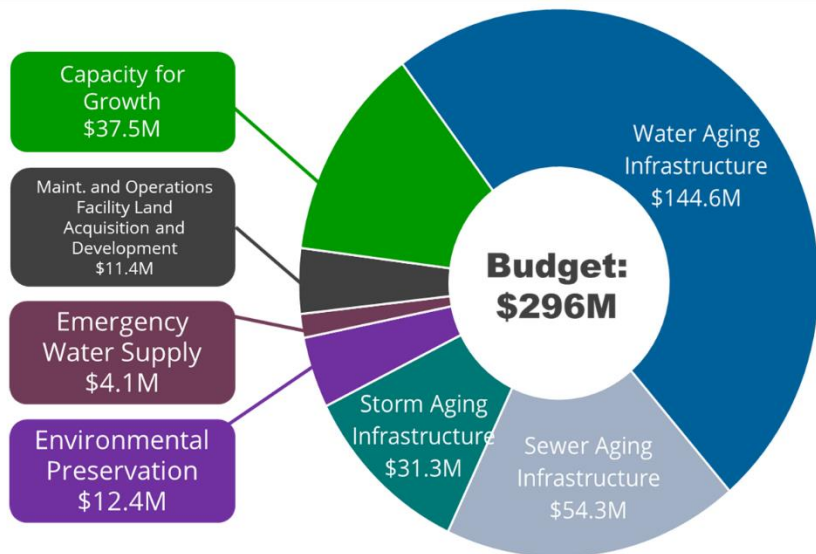
Local Drivers

Capital Investment Program (CIP) Plan

Locally, the next largest cost driver for the Utilities Department is the CIP and the cost to renew and replace infrastructure, representing approximately 35 percent of the total operating budget for the Utilities Department, or about \$151.8 million for the 2025-2026 biennium.

The City’s utility infrastructure is aging, and increased capital investments are inevitable. The future capital program will focus largely on renewal and replacement of this aging infrastructure. The Utilities Department has a strategic Asset Management Program to prioritize infrastructure replacements at the optimal time to minimize costs and maintain service delivery to the community. The proposed CIP is developed in close coordination with other City departments and agencies to leverage cost efficiencies and minimize disruptions to the community during construction.

Over the 2025-2030 planning period, the City’s investment in the proposed Utilities CIP totals \$296 million, as follows:



- *Aging infrastructure*: \$230.2million, or 77.9% of the proposed CIP, is for investments to address aging infrastructure needs. Examples of projects include water main replacements (\$107.8 million), sewer system pump station improvements (\$21.9 million), sewer system pipeline repairs and replacement (\$22.8 million), and storm water infrastructure rehabilitation program (\$30.9 million).
- *Capacity for growth*: \$37.5 million, or 12.7% of the proposed CIP, is to increase utility system

capacity to accommodate growth. Example projects include water storage availability for downtown (\$34.0 million), and septic system sewer extensions (\$3.5 million).

- *Environmental preservation*: \$12.4 million, or 4.2% of the proposed CIP, is for environmental preservation and flood protection projects. Example projects include the fish passage improvement project (\$4.9 million), and flood control project (\$2.9 million).
- *Operational efficiencies*: \$11.4 million, or 3.8% of the proposed CIP, is funding to support operational efficiencies, including building an additional operational facility to maintain service delivery to the community (\$11.4 million).
- *Emergency Water Supply*: \$4.1 million, or 1.4% of the proposed CIP, will fund projects to improve Bellevue's four groundwater wells for emergency water supply, maintain readiness, protect water quality, and optimize the use of groundwater. Examples include rehabilitation and improvements to the Crossroads well sites, and a well siting study for possible future wells (\$4.1 million).

Long-range infrastructure renewal and replacement (R&R) planning

The estimated replacement value of Bellevue's water, sewer, and stormwater infrastructure is approximately \$10 billion across the three piped utilities. In 1995, in recognition of the enormity of this future cost, City Council established the infrastructure Renewal and Replacement (R&R) Reserve (i.e., R&R Account). The purpose of the R&R Reserve is two-fold:

- Achieve customer equity such that each generation of customers who benefit from the utility systems pays their proportional share of the system costs; and
- Create a "savings account" to help smooth peaks in future infrastructure expenditures, producing more stable and consistent rates.

Bellevue Utilities is better prepared than most utilities to meet increasing infrastructure resource requirements due to the Council's foresight to establish the R&R reserve and the use of long-term infrastructure financial planning to accumulate funds necessary to replace Utilities infrastructure as it ages. This allows Utilities to amortize major pending liabilities over a long-time span, while maintaining current service levels, keep rate increases gradual and uniform, and maintain intergenerational equity.

The water utility is currently in active replacement and thus, does not require as high reserves. Sewer and storm infrastructure, while facing similar challenges, are in the very early stages of repair and replacement and will require significant investment in the future. See Attachment A for additional detail on the proposed 2025-2030 Utilities CIP.

Local operations budget

Local operating costs include personnel, supplies, and professional service expenses necessary to carry out the daily operating and maintenance functions of the Utilities Department. This cost category represents approximately 16 percent of the Utilities Department budget, or about \$66.3 million for the 2025-2026 biennium.

A lean budget is proposed to maintain current service levels and meet regulatory requirements. Fiscal stewardship through operational efficiency and prudent management of utility financial resources is a high priority for Utilities leadership. See Attachment B for additional detail on the 2025-2026 proposed Utilities operating budget.

Utility Rates

The following tables summarize the proposed rate adjustments in 2025 and 2026 necessary to support the Utility Department’s operating and capital budgets, as well as the projected annual rate adjustments for the period 2027 to 2030. The rates for 2025-2030 were developed using City policies as the foundation with the goal of achieving both predictable and gradual rate increases.

Table 1: Proposed and Projected Water Rate Increases 2025-2030

Rate	2025	2026	2027	2028	2029	2030
Drivers	Proposed	Proposed	Projected	Projected	Projected	Projected
Cascade	-0.2%	0.9%	1.5%	1.5%	1.8%	1.8%
Local	7.0%	4.0%	4.4%	4.4%	4.9%	4.7%
Total	6.8%	4.9%	5.9%	5.9%	6.7%	6.5%

Table 2: Proposed and Projected Sewer Rate Increases 2025-2030

Rate	2025	2026	2027	2028	2029	2030
Drivers	Proposed	Proposed	Projected	Projected	Projected	Projected
King County	3.3%	4.0%	4.0%	3.9%	4.6%	4.6%
Local	4.1%	3.6%	4.2%	4.1%	3.5%	3.5%
Total	7.4%	7.6%	8.2%	8.0%	8.1%	8.1%

Table 3: Proposed and Projected Storm Rate Increases 2025-2030

Rate	2025	2026	2027	2028	2029	2030
Driver	Proposed	Proposed	Projected	Projected	Projected	Projected
Local	9.2%	9.0%	6.5%	6.5%	6.5%	6.5%
Total	9.2%	9.0%	6.5%	6.5%	6.5%	6.5%

Table 4: Proposed and Projected Combined Water, Sewer, & Storm Rate Increases 2025-2030

Rate	2025	2026	2027	2028	2029	2030
Drivers	Proposed	Proposed	Projected	Projected	Projected	Projected
Wholesale	1.5%	2.2%	2.5%	2.4%	2.9%	2.9%
Local	5.9%	4.6%	4.7%	4.6%	4.6%	4.5%
Total	7.4%	6.8%	7.2%	7.0%	7.5%	7.4%

Total Rate Impact to Customer

The total monthly utility bill for the typical single-family residential customer for water, sewer, and stormwater services is \$222.82 in 2024. With the above proposed rate increases, the total monthly bill for the typical single-family resident would increase by 7.4% or \$16.58 in 2025 and 6.8% or \$16.31 in 2026. The following table summarizes the combined water, sewer, and stormwater utility bill drivers for 2025-2026. Attachment C details the rate drivers for each fund individually and in total.

Table 5: Typical Residential Combined Water, Sewer, & Storm Utility Monthly Bill Rate Drivers

Typical Single-Family Monthly Bill					
2024 Monthly Bill			\$222.82		
2025 Rate Drivers					
Wholesale Costs	1.5%	\$3.36			
Taxes/Support Services	2.8%	\$6.24			
Capital	1.9%	\$4.23			
Local Operations	1.2%	\$2.75			
Total Increase	7.4%	\$16.58			
2025 Monthly Bill			\$239.40		
			2026 Rate Drivers		
			Wholesale Costs	2.2%	\$5.39
			Taxes/Support Services	0.4%	\$0.84
			Capital	3.1%	\$7.48
			Local Operations	1.1%	\$2.60
			Total Increase	6.8%	\$16.31
2026 Monthly Bill			\$255.71		

Bellevue’s utility rates are competitive with neighboring jurisdictions. See Attachment D for a bill comparison with neighboring jurisdictions. Given Bellevue’s long-range financial policies and proactive infrastructure funding plan, our rates will be even more competitive in the future.

Rate Relief Programs

Utilities Rate Relief Program is designed to help ease the financial burden of utility costs for our most vulnerable residents, ensuring everyone has access to essential utility services regardless of economic circumstances, with the purpose of fostering a supportive and equitable community.

Bellevue offers five rate/tax relief programs designed to provide financial assistance and support those in need within our community. The programs include:

Direct Discount Program

This program serves residents who are either (1) 62+ years of age and low-income or (2) permanently disabled and low-income in need of long-term assistance paying their utility bills. The program provides a 70% discount to their utility bills.

Indirect Discount Program

This program serves residents who are either (1) 62+ years of age and low-income or (2) permanently disabled and low-income and are not directly billed by the City for utility services. Residents not billed directly by the City typically reside in multi-family housing where utility services are billed to the owner/management company. The program provides a 70% annual rebate.

Tax Rebate Program

The Tax Rebate program provides a rebate to low-income residents who lived in Bellevue Utilities' service area during the prior year. Applicants who qualify for the Direct or Indirect assistance programs automatically qualify for the Tax Rebate program. In 2023, the rebate amount was \$146 per qualified participant. This program is funded by the General Fund and is administered by the Utilities Department.

Emergency Assistance Program (EAP)

The EAP is a short-term assistance program that serves qualifying low-income residents who have experienced a financial shock. The EAP is designed for residents in situations such as layoffs, a death in the family, or medical incidents resulting in loss of income due to illness or large medical bills. The EAP pays up to four months of basic utility services. Residents are eligible for this program once every three years.

Neighbors Helping Neighbors (NHN)

NHN is the newest bill assistance program launched in 2024. This short-term program serves qualifying low-income residents with a past due account. The goal is to give residents support to bring their account current. NHN pays for up to two months of basic utility services. Residents are eligible for this program once per year.

Non-qualifying Residents

When residents do not qualify for an assistance program, the department offers payment arrangements to ease their immediate financial burden, and to help bring their account current. Utility's goal is not to shut-off utility service unless necessary. In most cases, the department is able to achieve a resolution, preventing service disruption and eventually recovering the service costs incurred.

Environmental Services Commission Recommendation

The Environmental Services Commission (Commission) advises the City Council on water, sewer, stormwater, and solid waste utility programs in the areas of planning, budgeting, ratemaking, CIP financing, and policies. The Commission is comprised of seven members, appointed by the Mayor with the concurrence of Council, who reside within the Bellevue Utilities Department's service area. In this role, the Commission embodies the interests of utility ratepayers throughout the service area, including Bellevue, Beaux Arts, Clyde Hill, Hunts Points, Medina, Yarrow Point, and sections of the City of Kirkland.

The Utilities Department proposed budget has been reviewed in detail by the Commission over nine months. Additionally, the Commission was briefed on public input received on the proposed Utilities CIP through an online open house. The Commission also held a public hearing on the proposed operating and capital budgets and rates on September 5. The Commission's budget review culminates in a budget and rates recommendation to the City Council.

The Commission unanimously recommends the proposed budgets and rates, and the letter of support

is provided in Attachment E. The Commission Chair will attend the October 8 Council meeting to present the Commission's recommendation.

Safe & Efficient Transportation System

In the 2025-2026 proposed budget, the city will focus on providing a transportation system that moves people and goods efficiently, while being reliable, convenient, and sustainable. Whether traveling across the city or through their neighborhoods, residents have multiple transportation options that are safe and accessible. Key investments include:

Getting Shovel Ready

The proposed budget provides funding for the design of NE Spring Boulevard Zone 3, a high-priority multimodal connection project that represents the final phase of this corridor. The focus on design and securing other funding opportunities over the next biennium ensures that the City is ready to begin construction. When completed, this project will provide new and critical east-west multimodal connections consistent with the Mobility Implementation Plan and serve both multifamily units and businesses in the area by connecting them to the broader region.

Focus on Maintenance

Funding in the proposed budget has been dedicated to protecting the city's existing infrastructure and other transportation investments and meeting the level of service expected by the Bellevue community. This includes \$2.8M over the two years of the biennium to cover maintenance expenses, 3 new FTEs to support both street and traffic signal maintenance and two additional street sweepers.

Completion of TIFIA (Transportation Infrastructure and Innovation Act) loan projects.

As part of the BelRed corridor's transformation from an underutilized, semi-industrial area to a collection of vibrant urban villages connected by light rail stations, the city launched several transportation projects designed to widen or add streets. Partial funding was provided via a federal Transportation Infrastructure Finance and Innovation Act loan (TIFIA). These projects will see significant gains over the next biennium, including substantial completion of construction on 124th Avenue NE and 130th Avenue NE and completion of the design for stage 4 of 120th Avenue NE from NE 16th Street to Northup Way.

Filling in the Gaps of the City's Network

Through the Transportation Levy program and grants, funding has been set aside to update the Transportation Implementation Plan with a public-based process to identify and construct smaller achievable bicycle and pedestrian connections. Funding is also available through the neighborhood sidewalk program and the new arterial sidewalk program.

Focus on Safety

Through the City's Vision Zero Safe Systems approach we will advance safety projects in neighborhoods, near our schools and on our arterial network to help the city work toward its goal of zero fatal or serious injury collisions by 2030. The Rapid Build Data-Driven Safety Program is focused on delivering corridor safety improvements along the High-Injury Network. The new Vision Zero Safe

Speeds program will help advance projects to manage speeds on our arterial network, building off speed studies that will be performed with our Bellevue Safe Access for Everyone (BSAFE) federal grant. We also continue to advance technology solutions to support safety on our roadways through our Smart Mobility program.

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

The 2025-2026 Utilities operating budget, totaling \$432.1 million, represents the financial resources necessary to implement the strategies and policies the Utilities Department uses to address key business challenges. The Utilities CIP budget, totaling \$296 million, represents investments in capital infrastructure in the next six years critical to ensuring the integrity of the water, sewer, and storm utility system infrastructure in order to maintain current levels of service delivery to the community.

OPTIONS

N/A

ATTACHMENTS

- A. Utilities A – 2025-2030 Proposed Utilities CIP Financial Statements
- B. Utilities B – 2025-2026 Proposed Utilities Operating Budget
- C. Utilities C – 2025-2026 Proposed Utilities Rate Drivers
- D. Utilities D – 2024 & 2025 Proposed Monthly Bill Comparison
- E. Utilities E – 2025-2026 ESC Budget & Rates Recommendation to Council
- F. Council Questions and Responses (Memory Bank)

AVAILABLE IN COUNCIL LIBRARY

N/A