

City of
Bellevue



Transportation Commission Study Session

DATE: June 12, 2025
TO: Chair Stash and Members of the Transportation Commission
FROM: John Resha, Director, Finance & Asset Management Department
SUBJECT: TFP Capital Revenue Forecast

DIRECTION REQUESTED

_____ Action
 _____ Discussion/Direction
 X _____ Information

The Director of the City's Finance & Asset Management Department (FAM), John Resha, will attend the Transportation Commission meeting on June 12th to present and discuss the capital revenue forecast for the update of the Transportation Facilities Plan (TFP). Primarily due to current economic conditions and competing city priorities, unconstrained revenue available for allocation to priority TFP projects, even over an extended 20-year TFP planning horizon, appears extremely limited.

In a second segment of the TFP Study Session at this meeting, Transportation staff will share a preliminary allocation of both the forecasted TFP revenue and the adopted 2025-2030 Capital Improvement Program (CIP) Plan revenue to the prioritized TFP candidate project list – refer to separate memorandum and attachments under agenda item 7b.

BACKGROUND

The TFP is required and adopted pursuant to the Bellevue City Code ([Title 22, Development Code](#)). The TFP serves as the City's intermediate-range transportation capital facility planning document. The TFP is revenue constrained, meaning the cost of projects included in the TFP must balance against anticipated revenues (i.e., only projects that the city can reasonably expect to afford can be included).

INFORMATION

Historically, the primary basis for projecting future year revenue has been to analyze the revenue sources and funding levels allocated to transportation investments in the adopted CIP

in place at the time of the TFP update process. The level of funding from each source is assumed to continue at that level through the ‘out years’ of the TFP period – the years beyond those included in the CIP Plan. For consistency with project cost estimating, all future year revenue assumptions are normalized into a single year dollar value. In the current process, that dollar value year is assumed to be 2026, the first year of the new plan period. This makes sense as the TFP does not allocate revenue or project costs by year throughout the plan period.

The process involves close coordination with the Finance & Asset Management Department. Revenue sources (listed below) are identified, and amounts forecasted, again primarily based upon amounts included in the adopted CIP. There is one key exception, transportation state and federal grants. Grant revenue is conservatively forecast based upon the department’s past performance in securing grant awards over the past decade and an assessment of the grant competitiveness of projects proposed in this TFP update.

Transportation revenue generally comes from the following sources, some transportation dedicated, some general city revenue.

Typical transportation dedicated revenue sources include:

- Motor Vehicle Fuel Tax (MVFT)
- Neighborhood Congestion, Safety and Connectivity Levy
 - The current voter-approved levy expires after 2035, before the end of the TFP plan period, whether 12 or 20 years. Because the TFP is a planning document, we may assume that the levy will be renewed by a future city ballot measure.
- Transportation Impact Fees
- Developer Contributions
- State and Federal Grants
- Outside Agency Contributions (or Cost Sharing Agreements)

Additionally, General Fund revenues also support transportation capital, maintenance and operations including Property, Sales and Use, Business and Occupancy, and Real Estate Excise Taxes, and other general revenues.

There are a few additional potential new revenue sources or expansions of existing sources including Transportation Benefit District with Sales and Use Taxes and/or Vehicle License Fees, Property Taxes, and Tax Increment Financing), but none of these are assumed.

As part of the 2025-2026 Council budget deliberations, Council established a prioritization waterfall for investment of City resources, including dedicated revenues such as Transportation. The City’s Comprehensive Financial Policies, Chapter 7 begins:

7.0 Revenues

The financial resources of taxes, fees, grants, donations, rates, and other incomes received and subsequently managed by the City. Revenues can be restricted in their use by the State and other sources such as granting agencies or limited in their use by the City to specific or categorical operating and/or capital uses, or they can be unrestricted.

- 7.1 **Responsibility** – FAM is responsible for the receipt, administration, investment, forecasting, and oversight of revenues authorized by the City Council. Departments responsible for generating fee revenues actively partner with FAM for the regular reporting and forecasting of revenues.
- 7.2 **Prioritization of City Resources** - Revenues of the City will be invested in Debt, Operations, and Capital as guided by the below Investment Prioritization Waterfall. The waterfall, while a guide, provides discretion and flexibility between prioritization levels that will be justified to Council as part of any budget or budget amendment process.
 - 7.2.1 **Debt** – Meet all financial obligations to creditors.
 - 7.2.2 **Current Operations and Maintenance** – Maintain (and replace) the City’s assets and services of the Current Financial Plan to Industry Standard levels of service, which includes.
 - 7.2.2.1 Funding Major Maintenance to support lifecycle capital planning.
 - 7.2.2.2 Meeting and replenishing Reserve and Contingency requirements.
 - 7.2.2.3 When possible, maintaining the City’s assets and services at specified levels and benchmarked against relevant industry standards/best practices.
 - 7.2.3 **Planned New Investments** – Utilize the planned resources to implement the capital investments and operations, as anticipated through long-range planning and growth planning in the waterfall being delivered.
 - 7.2.4 **Growth Planning** – Financially plan for operations and infrastructure, including land acquisition, to meet planned and approved growth as represented in the Long-Range Facility Master Plan. Planning for growth also includes the deposit of Capital Recover Charges and Direct Facility Charges into the Utility long-term capital replacement reserve to ensure growth (new customers connecting to utility systems) pays for capital infrastructure capacity to accommodate growth.
 - 7.2.5 **New Pilot and Service Delivery Demonstrations**– Invest in new or pilot programs, services, and assets in support of emerging priorities.

For Transportation, this resulted in Transportation Infrastructure and Innovation Act (TIFIA) loan repayment being funded first with dedicated revenues, maintenance shifting from the CIP to Operations along with associated revenues (and increases in maintenance to meet the growing needs), and then after other obligations in a economic downturn being met as a City, then funding new capital investments as prioritized through the TFP.

In the two most recent TFP update processes (for the 2019-2030 and 2022-2033 Plans), unconstrained revenue totals averaged between \$21 and \$24 million per year (totaling \$110 to \$130 million), allowing for the inclusion of many high priority projects and project phases in those 12-year Plans. For this update, while the currently adopted 2025-2030 CIP lists over \$353 million of projects and ongoing programs, it also includes a \$157.5 million “Transportation CIP Contra” (a negative) line item, meaning that the list of CIP priorities is not fully funded. This reality has significant implications to the amount of unconstrained revenue available for allocation to out-year TFP project priorities. To address this, the Transportation Department Director recommends that the TFP term be extended to 20 years. Though even at a 20-year

term, unconstrained revenue is projected to be extremely limited totaling approximately \$26 million.

Staff will present additional information related to the 2025-2030 CIP and 2026-2037 (or 2026-2045) TFP capital revenue and cash flow forecast will be presented at the meeting.

NEXT STEPS

In the second segment of the TFP Study Session, Transportation staff will share and discuss the preliminary allocation of the forecasted TFP revenue to the prioritized TFP candidate project list – refer to separate memorandum and attachments under agenda item 7b.

Transportation staff plan to return to the Commission on July 10 to further vet the TFP project list and funding allocations as needed with the goal of finalizing a Transportation Commission Preliminary TFP project priority array recommendation for transmittal to and discussion with the City Council, tentatively scheduled for August 5, 2025. Upon Council's review and input, staff will return to the Commission in the fall to ultimately develop a final Commission TFP update recommendation for Council's review and approval.

If you have questions or need additional information prior to the meeting, please contact Eric Miller (Transportation Implementation Planning Manager) at (425-452-6146) or emiller@bellevuewa.gov.