

CITY COUNCIL STUDY SESSION

Discussion of the Preliminary 2019-2020 Operating Budget and the 2019-2025 Capital Investment Program (CIP) Plan.

Toni Call, Director, 452-7863
Finance Department

Steve Mylett, Chief, 452-4334
Police Department

Jay Hagen, Chief, 452-6895
Fire Department

Dave Berg, Director, 452-6468
Transportation Department

Patrick Foran, Director, 452-5377
Parks Department

Mac Cummins, Director, 452-6191
Community Development Department

DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

This is the fourth of several discussions on the budget prior to its anticipated adoption scheduled for December 3. Tonight, staff will build on the series of previous meetings with additional information regarding public safety and the CIP plan. Council feedback on specific budget elements and/or requests for additional information that might be needed for deliberation are welcomed this evening and at future scheduled sessions to enable budget adoption on December 3. The Preliminary 2019-2020 Operating Budget and the 2019-2025 CIP Plan may be found at <https://www.bellevuewa.gov/budgets>. Budget overview can be found in Attachment C. Reprint of 2019-2020 Preliminary Budget Executive Summary and Attachment D. Reprint of City Manager's Budget Transmittal Letter from October 15.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS**Background**

The City Manager transmitted his Preliminary 2019-2020 Budget on October 15. This is the fourth in a series of several discussions to review the budget prior to tentative budget adoption on December 3.

The 2019-2020 Preliminary Operating Budget and 2019-2025 CIP Plan include resources needed to provide quality operating services to Bellevue residents and sets forth a strategy for the ongoing progress of the City's long-term infrastructure needs.

The 2019-2020 biennial budget totals \$1.7 billion. This total includes \$1.1 billion in the operating budget (\$476 million in the General Fund, \$215 million in Internal Service and other operating funds, \$442 million in Enterprise Funds), \$72 million in special purpose expenditures (such as grants, donations and debt, among others) and \$534 million for the 2019-2020 portion of the General and Utilities CIP. Further information regarding the overall preliminary budget can be found in the Executive Summary and the full on-line version located at <https://www.bellevuewa.gov/budgets>.

General Fund Operating Budget

The General Fund supports many City operations including police, fire, transportation, parks and community services, community development, and various administrative functions such as City Council, City Management, City Attorney, and Finance, among others. The Preliminary 2019-2020 General Fund budget totals \$476 million. Our current forecasts show General Fund expenditures exceeding revenues by 2021, and if nothing changes, the General Fund reserves are forecasted to fall below the Council adopted 15 percent reserve policy by 2023.

With known financial pressures on the General Fund, this budget begins to take the first steps to fiscal sustainability. Specifically, this budget:

- Implements strategies impacting the out-year health costs,
- Proposes one percent property tax increases for years 2019 and 2020. A one percent increase in property tax is \$9.50 annually for a property with a median assessed valuation of \$791,000 , and
- Proposes a fire inspection fee starting in 2020 to recover the cost of providing fire inspections.

Tonight, staff will provide further information regarding public safety initiatives in the 2019-2020 Preliminary Budget. The Preliminary Budget:

- Invests in public safety by increasing patrol officer time in the community by adding resources to the Police Department including four public safety officers, three administrative positions which are currently being address with patrol officers, and one homelessness coordinator. Additional information can be found in Attachment A.
- Invests in public safety by increasing fire inspector positions and proposes a 100 percent cost recovery of the direct fire inspection program consistent with cost recovery objectives in similar code inspections. The proposed fire inspection fee is budgeted to begin in 2020. In the last 11 years, fire inspectable square footage increased by 27.4 million square feet. Fire inspections are a best practice for the safety of the community. Currently, fire inspections occur on a biennial rotation, except for multi-family housing without sprinkler systems, which occur annually. To maintain existing service safety levels, the Preliminary budget adds two fire inspectors. The

proposed fee is a fair price and in line with industry standards. Additional information can be found in Attachment B.

Capital Investment Program

The 2019-2025 Preliminary General CIP plan prepares and serves as a catalyst for future development within a constrained budget. It builds on the 2017-2023 amended CIP, which included completion of the Downtown Park and Meydenbauer Park Phase 1. It also provided for the implementation of the Transportation Infrastructure Financing and Innovation Act projects in BelRed, as well as neighborhood and other amenities. The 2019-2025 Preliminary CIP totals \$693 million over 7 years; and \$222 million specifically for years 2019-2020, is balanced, and accomplishes the following:

- Advances the Council Priorities above the 2017-2023 amended budget with new investment of a total of \$30 million,
- Ensures debt obligations are met, including a new debt service payment beginning in 2024 for the Transportation Infrastructure Financing and Innovation Act (TIFIA) loan,
- Maintains existing infrastructure in accordance with Council policy,
- Ensures TIFIA projects are completed on schedule and in accordance with federal guidelines – 12 multimodal roadways in the new BelRed neighborhood,
- Continues the voter approved levy commitments – Parks and Natural Areas (2008), Fire Facilities (2016), and Neighborhood Safety, and Connectivity Improvements (2016),
- Provides other quality of life amenities with new investments in affordable housing (\$11.5M), Environmental Stewardship Initiative (\$310k), and two new neighborhood parks (Tyler and Bridle Trails),
- Promotes diversity and accessibility to City services through a new Mini City Hall in the south end of the City (\$250k),
- Continues to show progress on big scale, long term projects including West Lake Sammamish Parkway Phase 3 (\$7M), Meydenbauer Bay Park Planning and Design Phase 2 (\$9M), and Bellevue Way HOV (\$5M),
- Fulfills general government capital responsibilities, including construction of Fire Station #10 and #5, and major maintenance of City facilities, and
- Supports neighborhood programs such as the Neighborhood Enhancement Program, Public Art Program, and the new Neighborhood Congestion Management Project Implementation (\$5M).

Tonight, staff will provide further information regarding what the 2019-2025 CIP will accomplish in Transportation, Parks, and Community Development.

Council Calendar

Council held a budget workshop on March 26 to kick off the budget development season. At that time, the Council received information on the budget process, the state of the City's general fund financial forecast, the Utilities forecast, budget and business survey highlights, and the early look at the CIP plan.

On September 10, staff reviewed the upcoming budget calendar with the Council and reviewed the actions necessary for budget adoption.

On October 15, City Manager Miyake presented his 2019-2020 Preliminary Budget and 2019-2025 CIP plan to the City Council.

On October 22, the Development Services fees were presented to the City Council with direction to staff to return with legislation for adoption, as proposed.

On November 5, the Council received a Human Services and Community Development Block Grant (CDBG) recommendation from the Human Services Commission. Council provided direction for staff to return with legislation for adoption.

Council held public hearings on June 4 and August 6. The preliminary budget document provides a summary listing of comments. In addition, emails, phone calls, and other communications have been received by Councilmembers on numerous issues. The third and final public hearing is scheduled for November 19. Those wishing to provide comments to the Council regarding the budget at the public hearing may sign up to speak during that evening’s Regular Session, or submit comments in writing to the City’s Budget Manager (dbaldwin@bellevuewa.gov) or City Clerk (kstannert@bellevuewa.gov) by 5 p.m. on November 19. Feedback is also welcome at other meetings during Oral Communications.

The following table provides an overview of the tentative Council budget process calendar dates:

Proposed Topics	Date
City Manager’s Preliminary Budget Presentation <ul style="list-style-type: none"> • Overview of Total Budget • General Fund and CIP 	Completed
Study Session: <ul style="list-style-type: none"> • Development Services Rate Review • General Follow up from Prior Week (if needed) 	Completed – <i>direction received to return with rate ordinance with budget adoption</i>
Study Session: <ul style="list-style-type: none"> • Human Services Update • Council follow-up, if needed 	Completed – <i>direction received to return with Human Services Ordinance with budget adoption</i>
Study Session: <ul style="list-style-type: none"> • Operating – Public Safety • CIP – Transportation, Parks, Community Development • Utilities Rates • Council follow-up, if needed 	Tonight
Study Session: <ul style="list-style-type: none"> • Council follow-up, if needed 	November 19

Regular Session: Third Budget Public Hearing	November 19
Study Session: <ul style="list-style-type: none"> • Council Direction for Adoption (tentative) 	November 26
Budget Adoption	December 3 (tentative)

Preliminary Budget Council Required Actions

There are several items that will be required to adopt the 2019-2020 budget:

Ordinance Title	Brief Explanation
Human Services Commission Recommendation Ordinance	Adopt funding recommendations for allocations to human services agencies
Update to the Fire Code	Inspection Fee Ordinance
Community Development Block Grant Recommendation Ordinance	Adopt recommended spending plan for Community Development Block Grant funds
Development Services Fee Ordinance	Staff presented for Council consideration routine inflationary changes to the 2019 Development Services fee ordinance for all Development Services functions, including building, land use, fire, transportation and utilities plan review and inspection
Utilities Rates Ordinances	Staff will present for Council consideration increases in utility rates for 2019 and 2020 to proactively plan and prepare for infrastructure replacement and renewal.
2019 Property Tax Banked Capacity Resolution	Staff recommends a property tax banked capacity resolution to continue to reserve banked capacity
2019 Property Tax Levy Ordinance	By law (RCW 35A.34.230 and RCW 84.55.092), Council is required to adopt property tax levies annually. The Preliminary Budget includes a 1% increase for 2019.
2019-2020 Budget Ordinance	This is the “umbrella” budget ordinance which includes appropriation approval by Fund and 2019 pay plans. Summarizations of grants and donations accepted that are less than \$90,000 are also provided.

Staff requests the Council bring the Preliminary Budget document to each of the future Study Sessions scheduled for budget review and deliberations.

POLICY & FISCAL IMPACTS

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, 2019.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Police Investments
- B. Fire Inspection
- C. Reprint of 2019-2020 Preliminary Budget Executive Summary
- D. Reprint of City Manager’s Budget Transmittal Letter

AVAILABLE IN COUNCIL LIBRARY

N/A