



2025-2026 Budget

Public Hearing & Early Guidance

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Finance & Asset Management Department

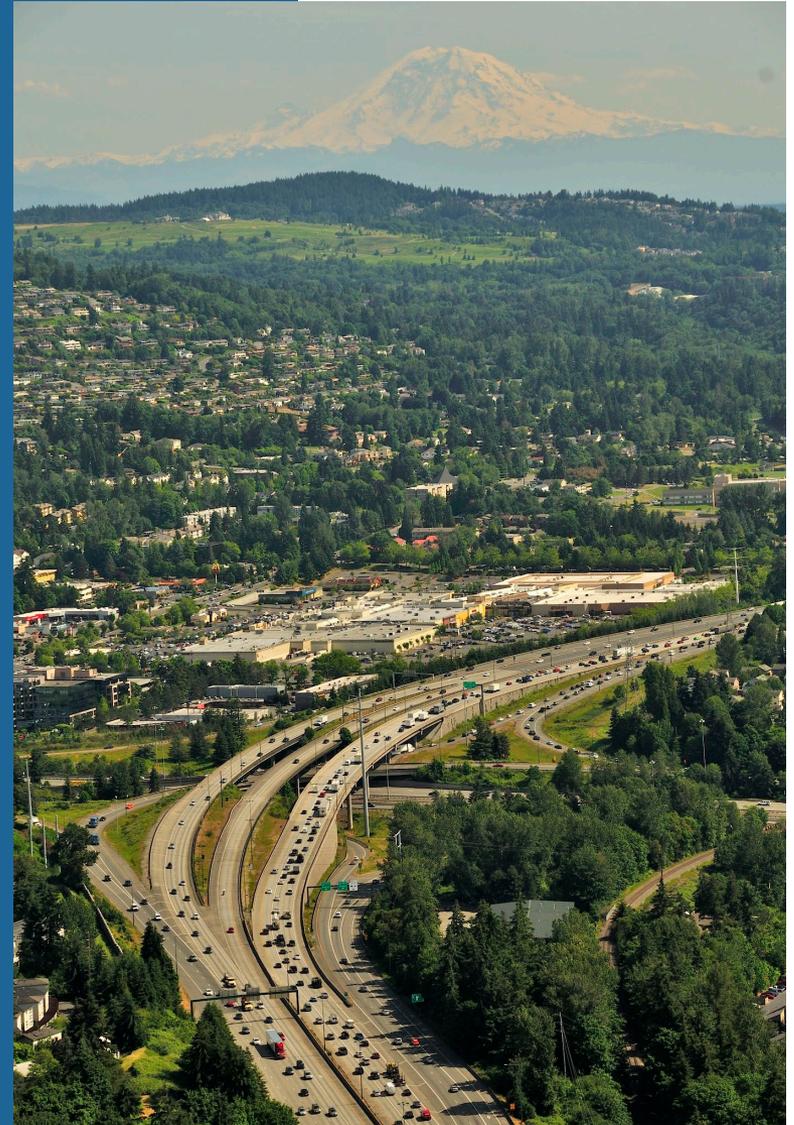
July 9, 2024



Information

Staff will ask the City Council to conduct a public hearing on the 2025-2026 operating budget and the 2025-2034 Capital Investment Program (CIP) Plan.

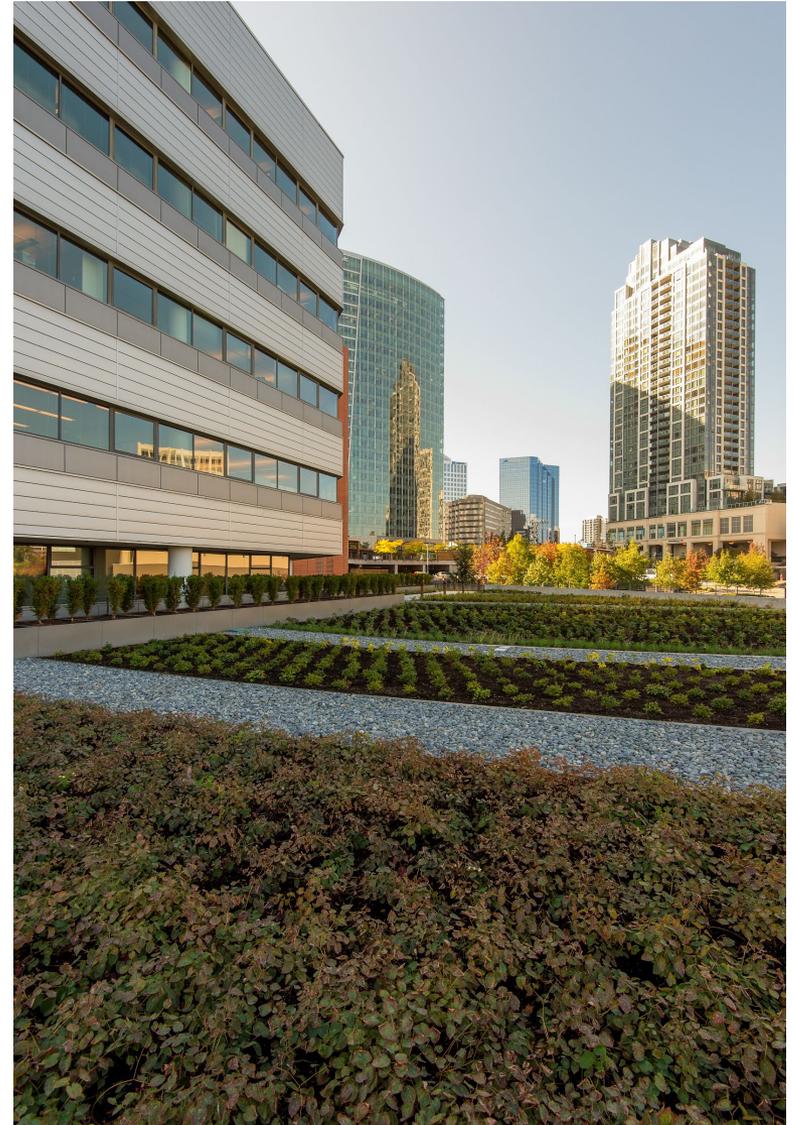
Staff will review and seek feedback from City Council regarding the 2025-2026 Revenue Forecast, budget process and the information that informs the development of the 2025-2026 operating budget and the 2025-2034 CIP Plan.





Agenda

1. Public Hearing on the development of the 2025-2026 operating budget and 2025-2034 CIP
2. Presentation & Discussion
 - A. 2025-2026 Tax Revenue Forecast
 - B. Preliminary Budget Inputs
 - C. Approach to 2025-2026 Preliminary Budget



2025-2026 Anticipated Budget Timeline





Public Hearing Regarding

The 2025-2026 Operating
Budget

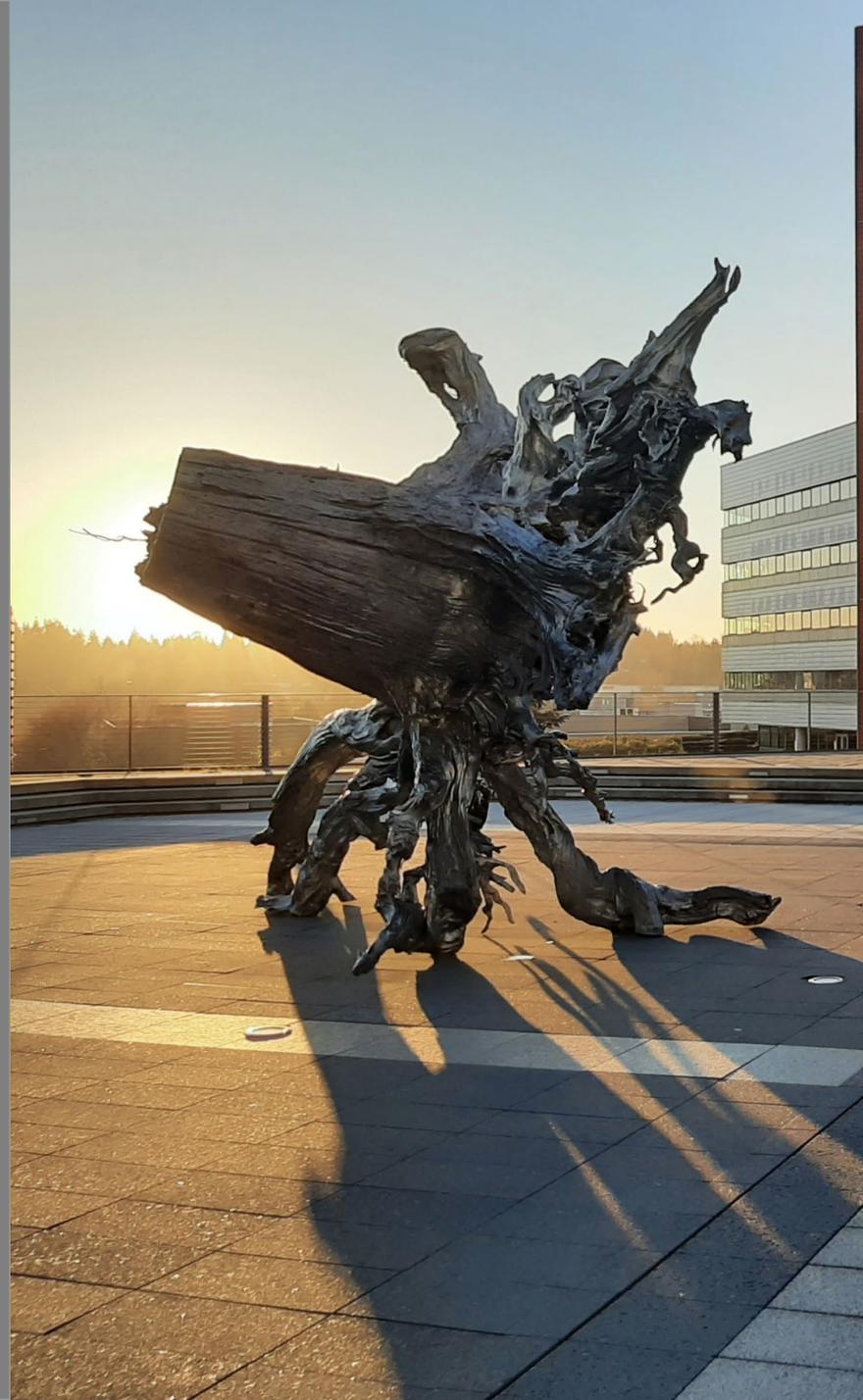
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2025-2034 Capital Investment
Program (CIP) Plan





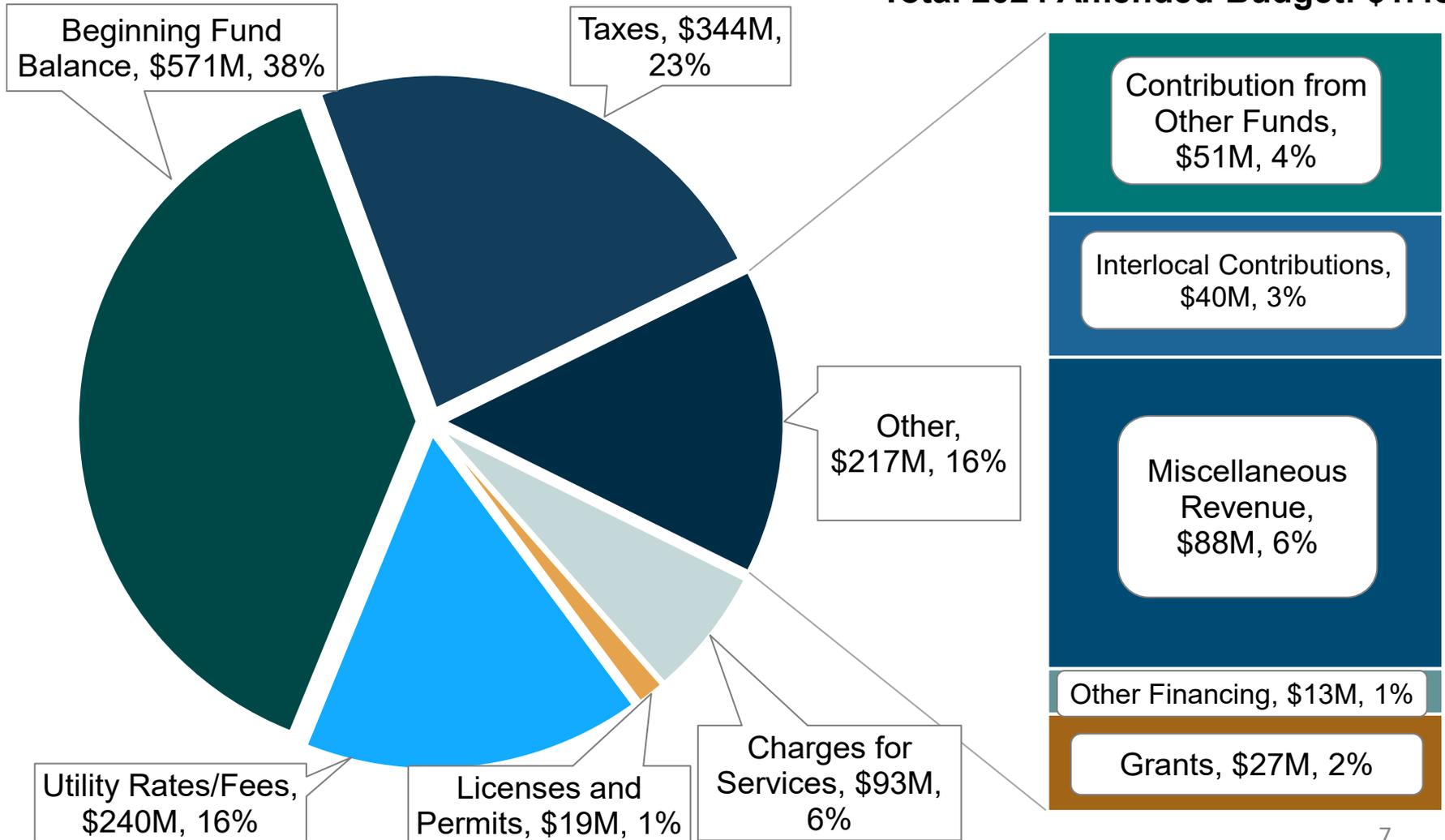
2025-2026 Tax Revenue Forecast





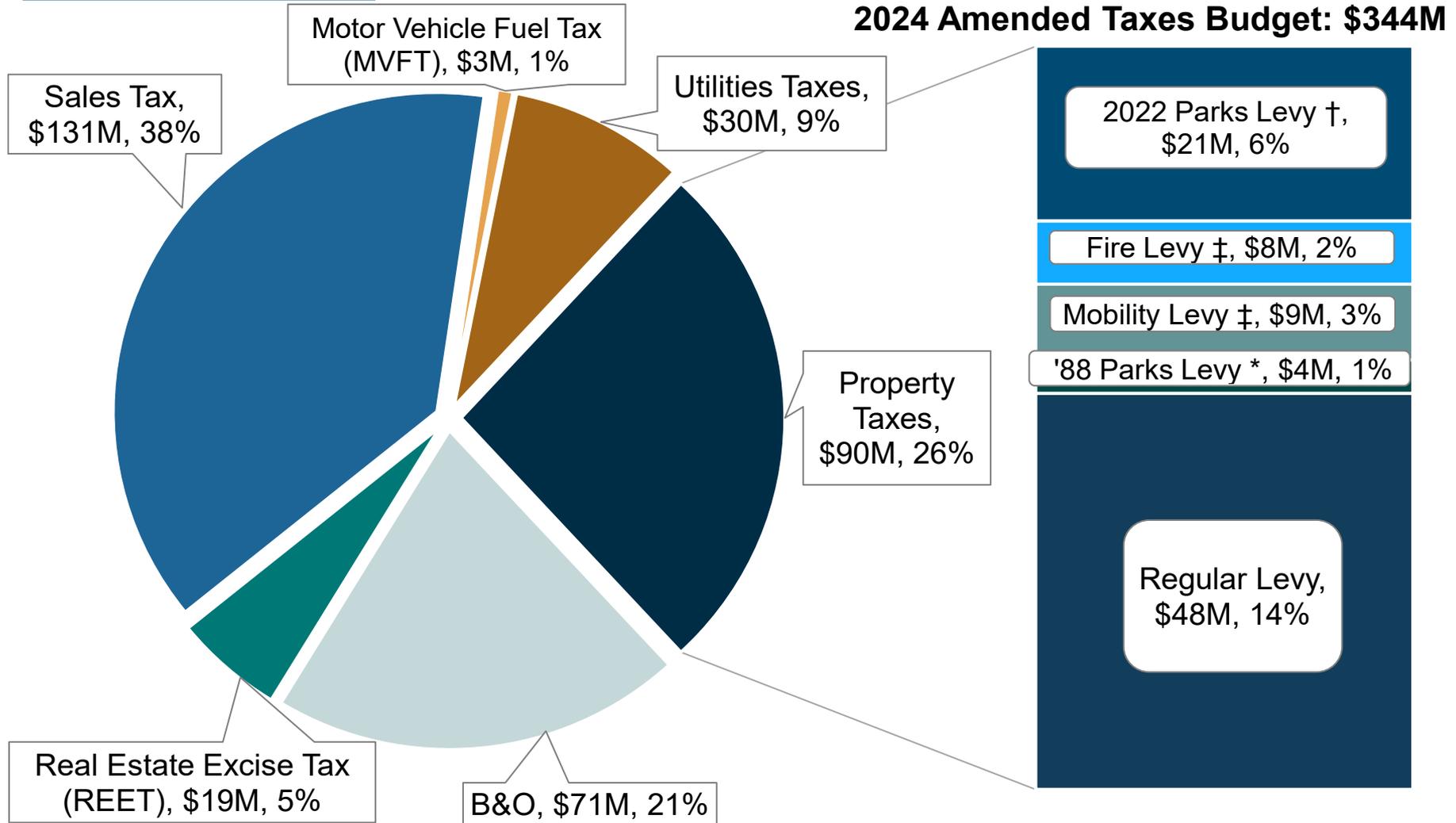
2024 Amended Resources

Total 2024 Amended Budget: \$1.48B





2024 Tax Sources



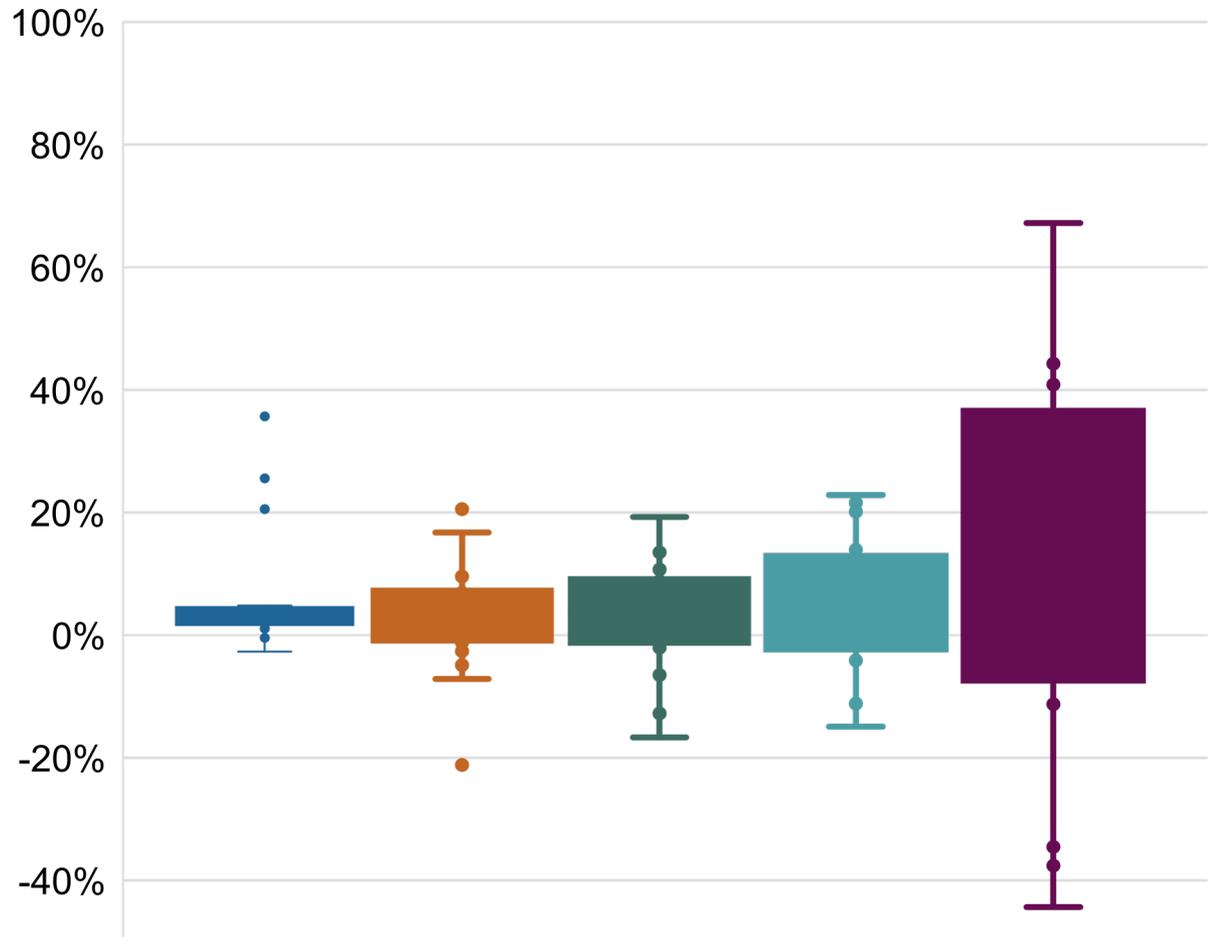
Levy Expires in: *2029, †2032 ‡2036

2002-2023 Annual Tax Revenue Growth

*Shaded Areas
Reflect the middle
50% of growth within
the last 20+ years.*

From Left to right

- Property Tax Growth
- Utilities Tax Growth
- Sales Tax Growth
- B&O Growth
- REET Growth



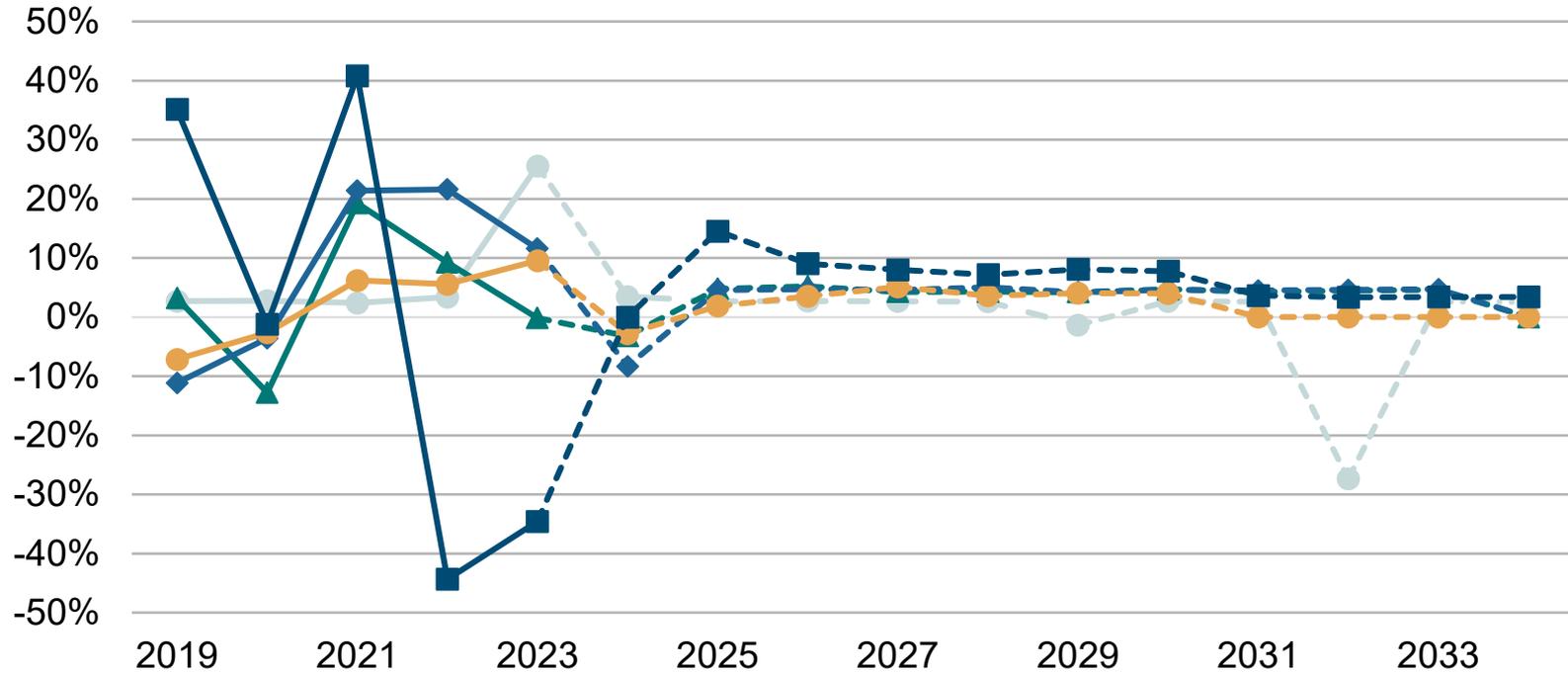


Observations

- City revenues are flat on net.
- Reductions in one-time revenues from Real Estate Excise Taxes (REET) & Construction-related taxes.
- Structural gap between expenditures & revenues persists but, diverse revenue sources carrying the burden.
- Bounce back for many Bellevue sectors expected in 2026 and thereafter.



2019-2034 Actual & Forecasted Tax Revenues

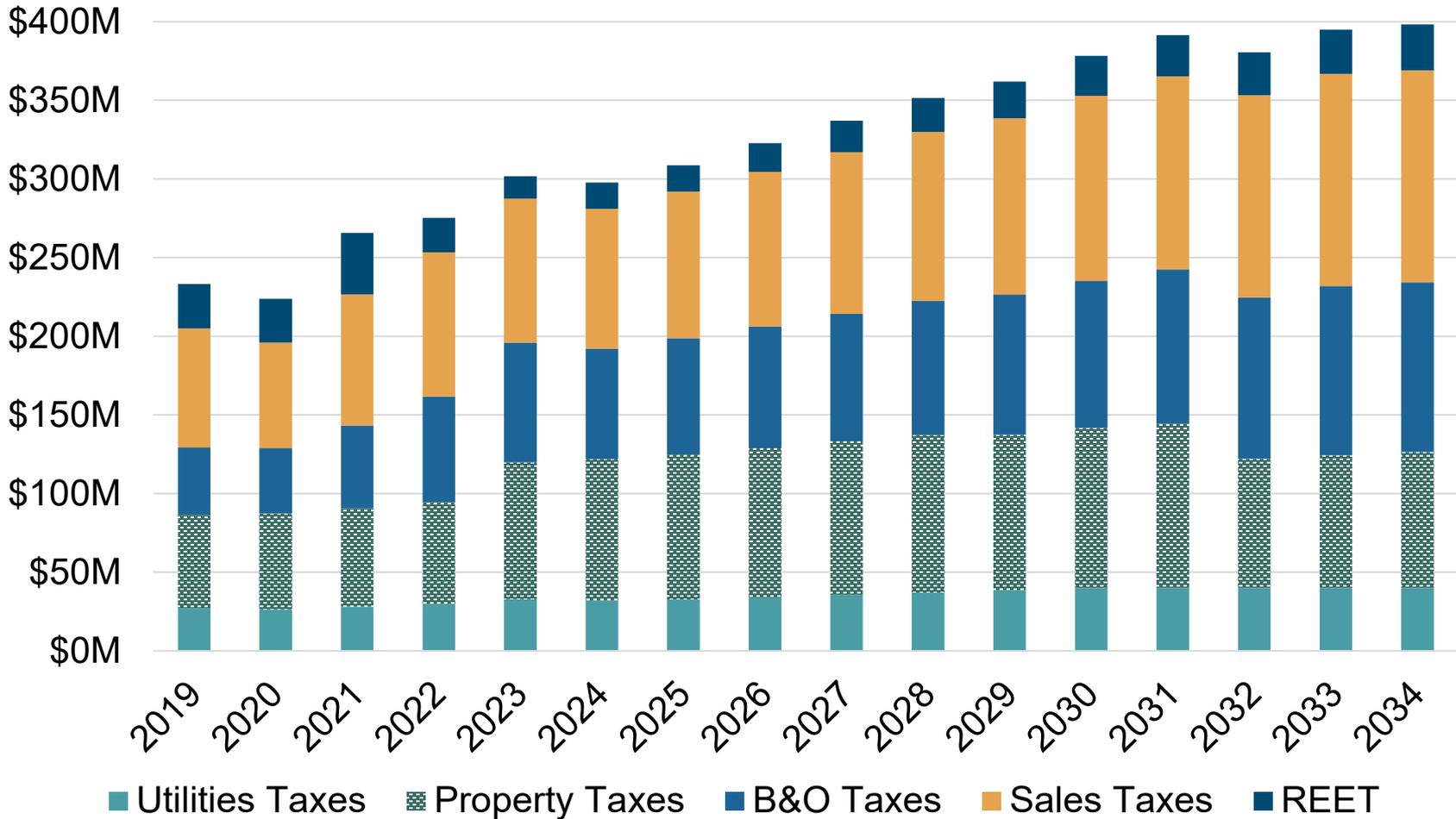


Avg. Growth Per Year	Property Taxes	Sales Taxes	B&O Taxes	Utilities Taxes	REET
2025-26	2.7%	5%	5%	3%	12%
2027-34	2.1%*	4%	4%	2%	6%

*Excludes 2032 Expiration of 2022 Parks Levy



2019-2034 Tax Growth in Dollars





Forecasted Tax Revenues

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Utilities Taxes	\$28.1M	\$29.8M	\$32.9M	\$32.0M	\$32.7M	\$33.8M	\$35.7M	\$37.0M	\$38.6M	\$40.2M
Property Taxes	\$32.4M	\$64.6M	\$86.8M	\$89.9M	\$92.4M	\$95.0M	\$97.6M	\$100.2M	\$98.9M	\$101.6M
B&O Taxes	\$52.8M	\$67.3M	\$76.2M	\$70.3M	\$73.7M	\$77.3M	\$81.1M	\$85.4M	\$89.1M	\$93.5M
Sales Taxes	\$83.2M	\$91.7M	\$91.6M	\$88.7M	\$93.2M	\$98.3M	\$102.7M	\$107.3M	\$112.0M	\$117.6M
Real Estate Excise Taxes	\$39.2M	\$21.8M	\$14.3M	\$16.7M	\$16.7M	\$18.4M	\$20.0M	\$21.5M	\$23.4M	\$25.4M
Total Tax Revenue	\$235.7M	\$275.2M	\$301.8M	\$297.6M	\$308.7M	\$322.8M	\$337.1M	\$351.4M	\$362.0M	\$378.3M



Preliminary Budget Inputs & Approach

- Financial Policy Update
- Updated Strategic Target Areas
 - Council Priorities
 - 2024 Budget Survey
 - Budget Equity Toolkit
- Acting City Manager's Guidance





Policy Updates

Investment Waterfall

Priority	Category
First	Debt
Second	Maintain Assets & Services
Third	Deliver on <i>Planned</i> Growth
Fourth	Plan for <i>Future</i> Growth
Fifth	Demonstrate New Programs, Services & Pilots

Note: This is not exact math– meaning there is some discussion and flexibility on the edges and where staff may not fully exhaust a step in the waterfall before looking towards the next step.

Draft Guiding Principles

- Stewardship
- Transparency
- Professionalism
- Balanced Risk Profile
- Nimble

Policy Updates

- Debt
- 10-Year CIP
- Financial Visibility

Strategic Target Areas (STA) Update

- Reexamined how the City organizes its projects and services to deliver on the Council Vision.
- Public Safety & related services across the city have a new STA.
- Discontinued 2 prior STAs and incorporated into more appropriate STAs.
- Staff budget presentations this fall will focus on STAs and how the budget delivers outcomes in each area.

New Strategic Target Areas



Built & Natural Environment



Vibrant Culture & Economy



Public Health & Safety



Transportation & Mobility



Thriving People & Communities



High Performance Government



City Council Policy Priorities

- Council updated Policy Priorities for 2024-2026
- Previous priorities completed or incorporated into normal business removed
- Emerging priorities added to reflect new emphasis projects and service areas

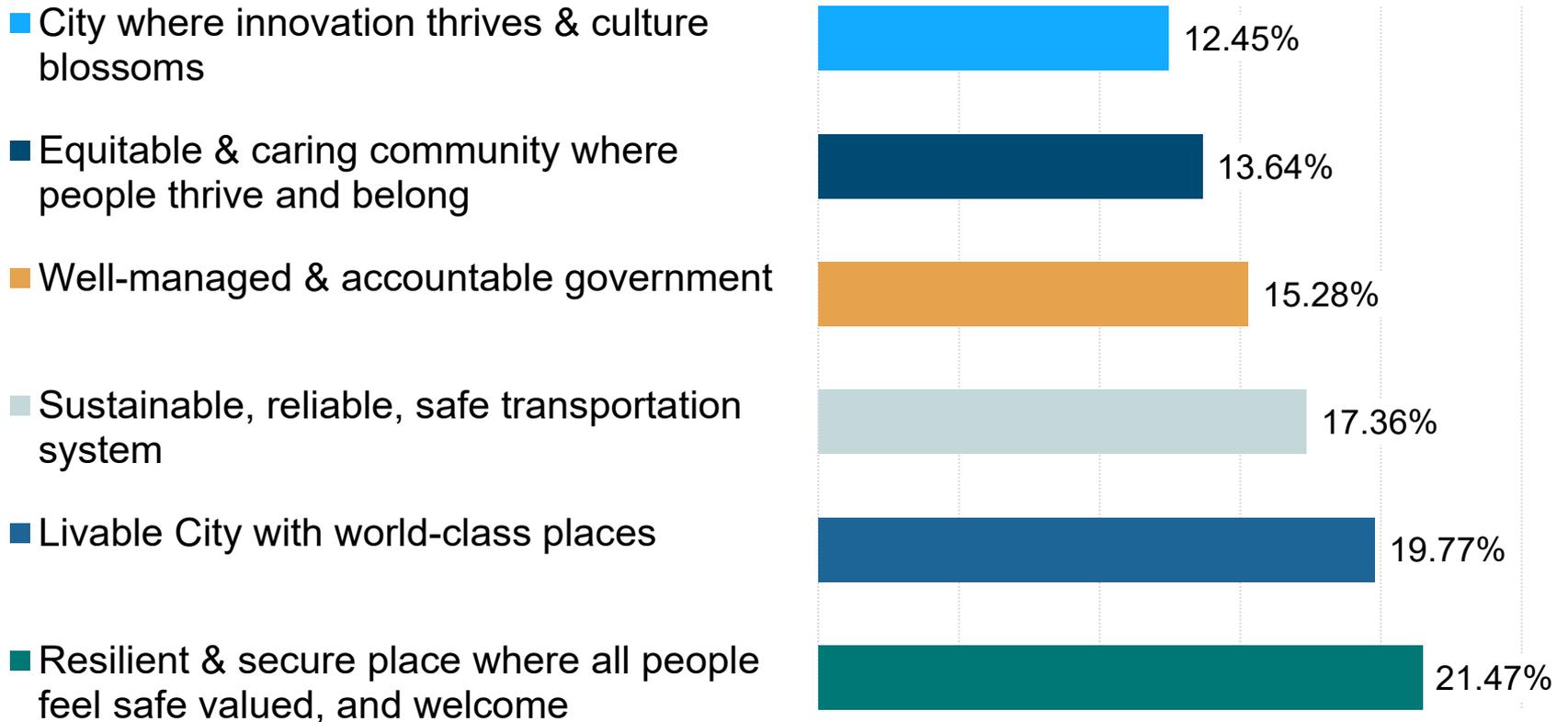
City of Bellevue 2024-26 Council Priorities

1. Identify and implement enterprise approaches to service management, community engagement and data analytics to improve customer service, access and transparency.
2. Develop and establish an updated brand identity for the City of Bellevue that reflects both our past and our future; an identity that is iconic and leaves a lasting impression that Bellevue delivers high quality services and is a place that people want to live, work, learn and play.
3. Explore options to expand arts funding through mechanisms such as the annual grant process, direct investment in the BelRed Arts District or others.
4. Update the Affordable Housing strategy and targets with a focus on implementing high-priority actions.
5. Identify and implement strategies to facilitate use of city-owned property for affordable housing development.
6. Simplify the permitting process for Accessory Dwelling Units by offering pre-approved plans for Detached Accessory Dwelling Units.
7. Develop policy tools to preserve the architectural character of Old Bellevue and support the retention of existing businesses as redevelopment occurs.
8. Work with King County and partner agencies to develop the Eastrail from Renton to Snohomish, including key projects and local connections in Bellevue.
9. Update the Diversity Advantage Plan and implement the near-term actions.
10. Enhance community engagement efforts to increase equitable public participation in city decision-making and improve the reach and effectiveness of the city's engagement strategies.
11. In alignment with the Human Services Strategic Plan, support human services programs to meet community needs and increase equitable access and outcomes.
12. Support programs related to homelessness prevention and programs that help quickly house individuals experiencing homelessness.



2024 Budget Survey

Respondents' Top Budget Priorities





Budget Equity Toolkit

- Building off the 2023-24
- Departments conducting an inventory of how services and investments intersect with and advance DEI goals
- First step in a longer journey for budgets going forward and informing Diversity Advantage Plan Update
- Toolkit results accompanying the preliminary budget this fall





City Manager Guidance

- Commitment to delivering on the investments made during the 2023-2024 Adopted and Mid-biennium.
- Focus on stability during a limited revenue growth biennium in 2025-2026.
- No reductions anticipated
- Incorporate the updated City Financial Policies into planning for the preliminary budget.

2025-2026 Anticipated Budget Timeline

