

Council Information Requests

Council Request Tracking

The following table tracks the requests received during the budget deliberations by the date they were received followed by alphabetical by Councilmember last name. The pages that follow have the question listed as noted. You may also click on the number of the question to be taken directly to the question.

If we have mis-understood your question, did not answer your question or if you have additional questions, please contact Toni Call at 425.452.7863 or tcall@bellevuewa.gov.

Thank you.

#	Council Member	Request (paraphrased)	Date Question Received	Status
1	Robertson	Does the structural deficit include the revenue sources we are considering adding to this budget?	Council Meeting 9/26/2022	Responded Below
2	Robertson	On the clean city component of the budget, does that include an adopt a street program?	Council Meeting 9/26/2022	Responded Below
3	Robertson	On the Utilities rates, big increases are coming from King County and from Cascade. How much of the increase is due to the pass through of those wholesale charges verses increases for expenditures that Bellevue controls?	Council Meeting 9/26/2022	Responded Below
4	Nieuwenhuis	In relation to the forecast risks, what is the City tracking not in general terms but in specific terms and what are specific things that the City can do to counteract those specific risks?	Council Meeting 9/26/2022	Responded Below
5	Robinson	For the period of time that the City did not take the 1 percent allowable councilmanic property tax increase, what was the impact of that long-term?	Council Meeting 9/26/2022	Responded Below
6	Zahn	Does it make sense to have another conversation about property tax banked capacity when the forecast is more known?	Council Meeting 9/26/2022	Responded Below
7	Lee	What explains the increase in General Fund expenditures from the 2021-22 Adopted Budget and this 2023-2024 Preliminary Budget?	Council Meeting 9/26/2022	Responded Below

#	Council Member	Request (paraphrased)	Date Question Received	Status
8	Lee	If the City has banked capacity, why wouldn't the City utilize the banked capacity as opposed to using the 1-percent allowable councilmanic adjustment?	Council Meeting 9/26/2022	Responded Below
9	Lee	What was done with the expenditure savings recouped by refinancing portions of the City's debt?	Council Meeting 9/26/2022	Responded Below
10	Barksdale	Is there any outreach plan to present this budget to nonprofits, culture-based organizations and other organizations not plugged into the budget process?	Council Meeting 9/26/2022	Responded Below
11	Robinson	Does the 2023-2029 Capital Investment Program (CIP) include funding for the Grand Connection?	Email 9/28/2022	Responded Below

- 1) Does the structural deficit include the revenue sources we are considering adding to this budget?

Within the 2025-2028 General Fund forecast presented on Monday, September 26, both the optimistic and pessimistic revenue scenarios include the adjustments in revenues discussed during the presentation including the property tax, business and occupation taxes, and the land use review fees.

- 2) On the clean city component of the budget, does that include an adopt a street program?

Yes, a component of the Safe, Clean and Vibrant City investments would include an adopt-a-street program as well as other initiatives to be discussed as part of the follow-up budget conversation on Monday, October 3.

- 3) On the Utilities rates, increases are coming from King County and from Cascade. How much of the increase is due to the pass through of those wholesale charges verses increases for expenditures that Bellevue controls?

Wholesale costs make up a 35 percent of the Utilities Department's total operating budget or \$134 million dollars for the 2023-2024 biennium. These costs include payments to Cascade Water Alliance 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 increase by 3.3% in 2023 and 2.3% in 2024. King County's wholesale cost to Bellevue Utilities is projected to increase by 5.75% in both 2023 and 2024. These costs are established by Cascade Water Alliance's Board and King County Council, respectively.

For a typical Bellevue residential customer, their total utility bill which includes water, sewer, and stormwater utilities increase by 6.7% in 2023. Of that total, 2.4% or 36% of the increase reflects wholesale-related costs outside of the City's control.

More detail will be provided on Utilities Rates on Monday, October 10.

- 4)** In relation to the forecast risks, what is the City tracking not in general terms but in specific terms and what are specific things that the City can do to counteract those specific risks?

When looking at the financial risks facing the City and ensuring that staff provides the most up-to-date and accurate financial forecasts, there are a diverse array of sources and data points routinely gathered and analyzed. This analysis starts with global and national indicators including but not limited to, personal income, nonfarm payrolls, personal expenditures, by sector sales and production data as well as consumer confidence. These data points are tracked as available and allow staff to see broad economic trends.

Staff then take this broad information and compare to local forecasts and proprietary data sources to further inform how national and regional trends will impact Bellevue specifically. These sources include information from IHS Markit, as well as forecasts and economic information from the State of Washington's Economic and Revenue Forecast Council, King County and the City of Seattle. Regional sources provide staff with property assessed value forecasts, consumer price index (CPI) and sales tax forecasts. This information alongside media reports on notable business activities and cultural trends inform the General Fund forecast.

As part of the City's standard financial practices, staff across the City routinely monitor revenues across the City's major tax sources (e.g. sales taxes, B&O taxes, etc.) to check for early indications of financial stress within Bellevue's economy. Utilizing this real world data in combination with the data sources mentioned above, City Leadership can pivot as necessary to align the City's projected resources with spending. An example was seen during 2020 at the outset of the COVID-19 pandemic. In the Spring of 2020, it was clear that the City would see a notable decrease in revenue collections due to the economic lockdowns as a result, the City reduced discretionary spending and limited hiring to only the most essential positions. These actions, among others ensured Bellevue remained within its financial means while still providing vital services during a time of great need within the community.

- 5)** For the period of time that the City did not take the 1-percent allowable councilmanic property tax increase, what was the impact of that long-term?

In 2007, the State Legislature limited property tax increases for local governments to 1-percent or inflation, whichever is lower plus new construction. If the local government opts not to increase its property taxes, that amount of potential revenue capacity is “banked” by the County the city resides in. Bellevue currently has approximately \$9 million dollars or 14% of banked capacity. The City has utilized banked capacity in 2008, 2009, and 2015 to adjust property taxes. At any point, the City Council can utilize the City’s banked capacity with a majority vote of the Council.

Not using the City’s banked capacity in the past reflects possible opportunity costs as revenue in prior years were not received by the City and therefore were not applied to services and programs.

- 6)** Does it make sense to have another conversation about property tax banked capacity when the forecast is more known?

Discussing banked capacity and other revenue options are at the discretion of Council.

- 7)** What explains the increase in General Fund expenditures from the 2021-22 Adopted Budget and this 2023-2024 Preliminary Budget?

Increases from biennium to biennium, are accounted for across a variety of drivers, most notably inflation which accounts for approximately 50% of growth seen in the City’s General Fund. Other components of this increase include the critical investments made in the community that were outlined on Monday, September 26 which included but are not limited to investments in public safety, homelessness, affordable housing, equity, access, and inclusion, growth and urbanization as well as the Environmental Stewardship Initiative (ESI). Several of these investments include start-up or one-time costs which includes equipment, vehicles, etc. which also create an increase in the budget, yet is only one-time in nature. As a note, the biennium-to-biennium increase is a 2- year increase, not an annual increase.

- 8)** If the City has banked capacity, why wouldn’t the City utilize the banked capacity as opposed to using the 1-percent allowable councilmanic adjustment?

In 2007, the State Legislature limited property tax increases for local governments to 1-percent or inflation, whichever is lower. If the local government opts not to increase its property taxes, that amount of potential revenue capacity is “banked” by the County the city resides in.

The Council could take 2% of the banked capacity rather than utilize 1% each of banked capacity and its councilmanic authority as is proposed for 2023 in the Preliminary Budget. However, the 1% councilmanic adjustment not taken in 2023 would then become banked capacity which Council could then access at its discretion.

- 9)** What was done with the expenditure savings recouped by refinancing portions of the City's debt?

Council directed refunding or refinancing two issuances of the 2012/2013 bonds and the TIFIA loan. In total, these efforts reduced the City's annual debt service by approximately \$4 million annually. The savings remained in the capital fund, and the 2023-2029 fully expends the resources in the capital program over the 7-year period by investing in new and existing projects. The capital program sets forward a plan which serves as a catalyst for future development and growth of the City.

- 10)** Is there any outreach plan to present this budget to nonprofits, culture-based organizations and other organizations not plugged into the budget process?

Staff is working with the City Manager's Office on any potential outreach within the community. Staff has scheduled presentations with the Bellevue Chamber of Commerce as well as the Neighborhood Leadership Gathering. Staff stands ready to engage as needed.

- 11)** Does the 2023-2029 Capital Investment Program (CIP) include funding for the Grand Connection?

Yes, the 2023-2029 Capital Investment Program (CIP) Plan includes \$5.7 million dollars for early implementation of the Grand Connection. Additionally, there is \$3.6 million (\$2.5 million plus staffing) included for the I-405 Non-Motorized Crossing, also known as the "Catalyst Project."