

CITY COUNCIL STUDY SESSION

Introduction of the Preliminary 2021-2022 Operating Budget and the 2020-2027 Capital Investment Program (CIP) Plan.

Brad Miyake, City Manager, 452-4096
City Manager's Office

Toni Call, Director, 452-7863
Keyi Lu, Assistant Director, 452-4190
Finance and Asset Management Department

DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

The City Manager's Preliminary Budget will be presented for City Council feedback, discussion, and requests for additional information. Additional study sessions are scheduled through the end of November, and anticipated Budget adoption is scheduled for December 7. Attached to this agenda memo is the City Manager's Transmittal Letter and the 2021-2022 Preliminary Budget Executive Summary. The full budget document will be available on the City's website on Monday, October 19.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

Tonight, the City Council will be presented the 2021-2022 Operating Budget and the 2021-2027 Capital Investment Program (CIP) Plan. This will be the first of several meetings with the Council for review, deliberation, and adoption of the 2021-2022 Operating Budget and the 2021-2027 CIP plan.

The 2021-2022 biennium faces several challenges, the impact of COVID 19 on the City's fiscal condition has been swift and dramatic. The Preliminary Budget provides a blueprint to address these and other challenges. Please see the attached additional information including the City Manager's Transmittal Letter, and the Preliminary Budget Executive Summary.

The 2021-2022 biennial budget totals \$1.7 billion. This total includes \$1.1 billion in operating budget (\$474 million in General Fund, \$212 million in internal service and other operating funds, \$457 million in Enterprise Funds), \$74 million in special purpose expenditures (such as grants, donations and debt, among others), and \$523 million for the 2021-2022 portion of the General and Utilities CIP.

- Maintains funding levels for critical public safety programs related to fire and police, while also continuing programs that advance equity and inclusion, build community connections, and help the most vulnerable, including individuals experiencing homelessness.
- Preserves funding for human services and includes additional Community Development Block Grants (CDBG). Keeps important mental health community relations and outreach programs.

- Continues to fund and prioritize maintenance to ensure safety and the long-term investment of asset replacement. The budget moves toward a more reactive response to certain maintenance areas.
- Adds funding for neighborhoods for construction of congestion-focused transportation projects.
- Includes reductions to internal-facing operations which will impact the City's ability to be flexible as additional work arises. It reduces budgets for training, consultants and professional services to support specific initiatives.
- Incorporates additional revenues including an annual 1 percent property tax adjustment for 2021-2022 and a modest increase to the Basic Life Support Fee.
- Continues to build high priority infrastructure needed for the growth of the community and provides for several new capital programs including Vision Zero, Transportation Grant Program, and economic development/public private partnership implementation.
- Adjusts development services rates to account for growth and maintain cost recovery objectives.
- Enacts modest increases in utility rates to address aging infrastructure and wholesale costs increases.
- Largely preserves current staff, CIP work and transportation infrastructure projects, adds planning capacity, and invests in advancing Bellevue's affordable housing initiatives to responsibly address the significant growth projected for the community.

The full Preliminary Budget document will be published on the City's website on Monday, October 19.

Council Calendar

Jun. 22	Budget Workshop
Jul. 27	Initial Public Hearing
Sep. 21	Second Public Hearing
Tonight	City Manager's Preliminary Budget
Oct. 26	Development Services, Council Interests
Nov. 2	Human Services; Council Interests
Nov. 9	Utility Rates, Council Interests
Nov. 16	Fire Inspection, Council Interests
Nov. 23	Public Hearing, Council Direction for Adoption

Dec. 7	Tentative Budget Adoption
--------	---------------------------

Council held a budget workshop on June 22 where staff briefed Council on the process and milestones of developing the budget, provided scenarios regarding the impact of COVID-19-related events in the near term (2021-2022) and over the general fund forecast six-year period (2021-2026) and seven-year (2021-2027) CIP. Council provided feedback on principles and actions to assist the City Manager in developing his preliminary budget.

Council held public hearings on July 27 and September 21. Thus far, 58 public testimonies (verbal and written submissions) have been heard on numerous issues. The preliminary budget document provides a summary listing of all testimonies. The third and final public hearing is scheduled for November 23. Those wishing to provide testimony 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 (ephillips@bellevuewa.gov) or City Clerk (cityclerk@bellevuewa.gov) by 3 p.m. on November 23. Feedback is also welcome at other meetings during Oral Communications.

Preliminary Budget Council Required Actions

There are several items that will be required to adopt the 2021-2022 budget:

Ordinance Title	Brief Explanation
Human Services Commission Recommendation Ordinance	Adopt funding recommendations for allocations to human services agencies
2021-2022 Fire Inspection Fee Ordinance	Adopt Fire Inspection Fee schedule
Basic Life Support Transport Fee Ordinance	Adopt BLS transport Fee increase
Community Development Block Grant Recommendation Ordinance	Adopt recommended spending plan for Community Development Block Grant funds
2021 Development Services Fee Ordinance	Set Development Services 2021 rates
2021-2022 Utilities Rates Ordinances	Set the Utilities 2021-2022 rates
2021 Property Tax Banked Capacity Resolution	Preserve the full levy amount available to the City
2021 Substantial Need Ordinance	To allow property tax increase or to bank the capacity of the 1% maximum as allowed by statute (RCW 84.55.0101)
2021 Property Tax Levy Ordinance	Adopt 2021 property tax levies (RCW 35A.34.230 and RCW 84.55.092)
2021-2022 Budget Ordinance	Adopt “umbrella” budget ordinance which includes appropriation approval by Fund, 2021 pay plans, and summarizations of grants and donations accepted that are less than \$90,000

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, 2021.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. City Manager’s Transmittal Letter
- B. 2021-2022 Preliminary Budget Executive Summary
- C. 2021-2022 Fund Appropriation List

AVAILABLE IN COUNCIL LIBRARY

N/A