

**CITY COUNCIL STUDY SESSION**

Continuation of the Preliminary 2023-2024 Operating Budget and the 2023-2029 Capital Investment Program (CIP) Plan.

Toni Call, Director, 452-7863

Evan Phillips, City Budget Manager, 452-2831  
*Finance & Asset Management Department*

Wendell Shirley, Chief of Police, 452-4177  
*Bellevue Police Department*

Jay Hagen, Fire Chief, 452-6895  
*Fire Department*

Michael Kattermann, Director, 452-6191  
*Community Development Department*

Bianca Siegl, Assistant Director Citywide Policy and Programs, 452-4382  
*City Manager's Office*

Toni Esparza, Assistant Director, 452-5379  
*Parks & Community Services Department*

**DIRECTION NEEDED FROM COUNCIL****INFORMATION  
ONLY**

Tonight, staff will continue the series of presentations on the City Manager's 2023-24 Preliminary Budget featuring public safety, homelessness response, American Rescue Plan Act (ARPA) allocations, and enhanced clean City efforts.

**RECOMMENDATION**

N/A

**BACKGROUND & ANALYSIS**

On March 7, Council held a budget workshop where staff briefed Council on the process and milestones of developing the budget, provided a discussion of economic pressures, challenges to the City's fiscal sustainability, and long-range capital planning needs for parks and recreation, among other related topics. Council provided valuable input on the Budget Guiding Principles that assisted the City Manager in developing the 2023-24 Preliminary Budget.

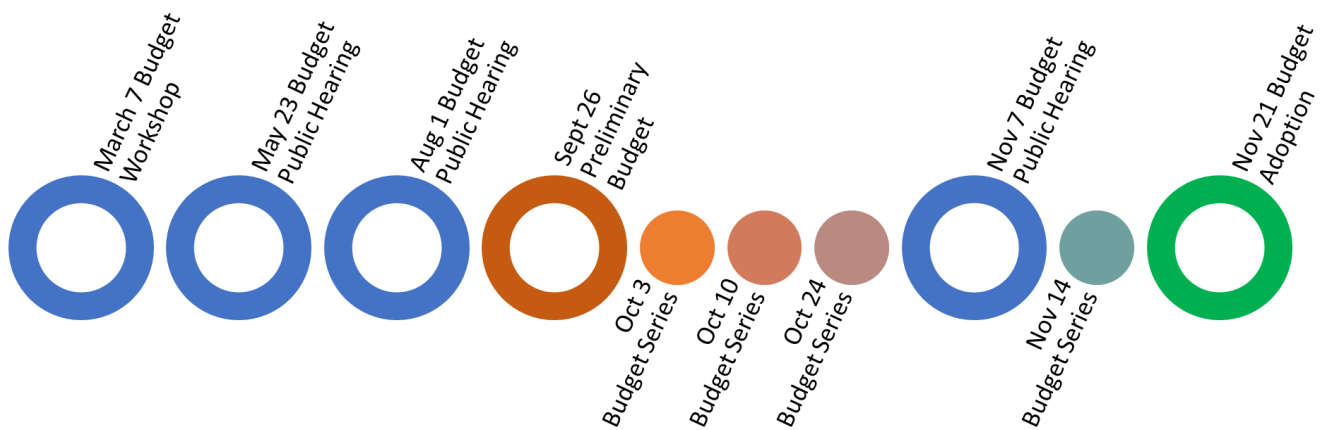
On May 23 and August 1, Council held public hearings that also informed preparation in advance of the City Manager's Preliminary Budget. Thus far, a couple dozen public testimonies (written and verbal) have been received on numerous budgetary issues. The Preliminary Budget document encloses a summary listing of all testimonies.

On September 26, the City Manager and staff provided an overview of the 2023-2024 Preliminary Operating Budget and the 2023-2029 (CIP) Plan. Answers to City Council questions received during

the September 26 meeting can be found in Attachment D, “Council Questions and Responses,” commonly referred to as the “Memory Bank.”

The third and final public hearing is scheduled for November 7, which will provide another formal opportunity for the public to offer testimony to the Council regarding the Preliminary Budget. The public is also invited and welcome to submit comments in writing to the City’s Budget Manager, Evan Phillips, at [EPhillips@BellevueWA.gov](mailto:EPhillips@BellevueWA.gov) or the City Clerk at [CityClerk@BellevueWA.gov](mailto:CityClerk@BellevueWA.gov) by 3 p.m. on November 7, 2022. Public feedback is welcome at regular Council meetings during Oral Communications prior to the business agenda. As always, the public may at any time communicate informally to Council by calling, meeting with, or writing to Councilmembers.

**City Services for Discussion Oct. 3**



Tonight, the City Council will be presented additional information on 2023-2024 Preliminary Operating Budget including investments in public safety, homelessness, allocation of American Rescue Plan Act funding, and the implementation of a clean, safe, and vibrant City program. These investments seek to meet the challenges of being a growing and urbanizing city. Summary information on each topic is noted below and more will be presented during the Council meeting.

***Public Safety***

The 2023-2024 Preliminary Budget invests in public safety resources to meet the rapid growth and urbanization of Bellevue. The Preliminary Budget continues funding for foundational services of emergency medical, fire suppression, fire prevention, investigations, training, emergency management, patrol, police records and also strategically invests in new areas.

Several years of actions and multiple budget cycles have prepared the City to finally build a new fire station to better serve the Northwest Bellevue, downtown and Bel-Red areas. Fire Station 10 will meaningfully reduce travel times for medical and fire emergencies in this rapidly transforming sector of the City. Full budget for the construction of the station, hiring of new personnel, and new apparatus will complete the transition to full service in 2024.

Several years of rapid growth have demanded more and more of police services, and now this Preliminary Budget aims to make strategic adjustments where needs are highest and meet the values of the community.

Projections from local employers anticipate thousands of new jobs coming to Bellevue during the next

biennium. This Preliminary Budget invests nearly \$1.9 million over the biennium and adds six personnel to be responsive to growth.

Sometime in 2024, the City anticipates the opening of EastLink. To support the significant increase in transit service in Bellevue, this Preliminary Budget sets aside \$1.5 million for a potential transit unit and related program expenses.

For the past two budget cycles, the Council has been supportive of adding police body-worn cameras. This Preliminary Budget provides nearly \$1.4 million in annual operating funding for six personnel in the Information Technology Department, City Attorney's Office, and the City Clerk's Office to ensure the successful deployment of the body-worn camera program.

The community, the Council, the City Manager, the Police Department, and the Fire Department are prepared to advance alternative emergency response services, in particular, for people experiencing a mental health emergency. The City of Bellevue for several years has already been actively improving upon a referral model called Citizen Advocates for Referral and Education Services, or commonly known as Fire CARES. This alternative service has successfully provided mental health case management, which has helped those in need get connected to suitable resources in human services according to their situations. By doing so, Fire CARES reduces the demand on recurring 9-1-1 emergency calls for service. Much of the success of Fire CARES has been due to the partnership with the Police Department, the University of Washington, and human services providers who all call upon each other as the case merits.

In 2021, the Fire Department and Police Department collaborated on a pilot project based on national research and building on the Fire CARES referral service. The pilot was named the Community Crisis Assistance Team. The pilot tested safely putting mental health professionals (MHP) on the front line of 9-1-1 emergency calls for service. To ensure the safety of the MHPs and enhance the total specialized response, a few police personnel received focused training in mental health, were dressed in non-traditional police uniforms, and were paired with the MHPs. These teams were dispatched on calls that were believed likely to be a mental health emergency. Special standards guided their care and extended time in order to help the suffering person in the moment, begin case management with Fire CARES, and find needed resources within the human services network. The final report on the pilot indicated that having MHPs as first responders on a permanent basis shows promise for much better outcomes for those suffering mental health emergencies. In turn, when recipients of care find a path toward recovery, the community becomes healthier.

This Preliminary Budget builds upon a federal grant of \$915K for start-up costs and invests approximately \$4.1 million of local funding over the 2023-2024 biennium to include five MHPs, five specially trained police personnel and support personnel. We recognize that the research is evolving, and many cities and counties are testing alternative response models. Therefore, we expect the alternative response model in Bellevue to also evolve and adapt where the evidence leads to continue to provide the most effective service.

### ***Homelessness***

The proposed budget supports the City's goals to make homelessness in Bellevue rare, brief, and one time, if it occurs. The City's Homelessness Outreach Program responds to urgent needs and implements collaborative strategies to help unhoused community members transition back into stable

housing as soon as possible. The existing program funding is maintained, and additional investments proposed in this Preliminary Budget directly support key components of the City's homelessness response, including:

- Implementing a pilot safe parking program, consistent with previous Council direction. The Preliminary Budget includes \$450,000.
- Supporting successful shelter programming, including launch and operations of the permanent men's shelter location, with one-time funding of \$400,000.
- Enhancing direct outreach services by extending the limited term of an outreach staff position and developing programs that address pressing issues including resolution of vehicle residences (vehicle repair and towing) and supporting unhoused residents in accessing both immediate and permanent housing. Total of \$600,000 is included in the Preliminary Budget.

***American Rescue Plan Act Funding (ARPA) (\$12M total)***

The City received \$10 million in 2021 and \$10 million in 2022 for a total of \$20 million in ARPA Funding. In August 2021, based on data at the time, Council appropriated \$8 million for rental assistance and small business relief. The remaining \$12 million must be under contract by December 2024, with full spending by December 2026. The Preliminary Budget appropriates the remaining \$12 million to meet these timelines, with \$10 million for critical human services needs, and \$2 million for small business recovery. The following describes the proposed ARPA spending.

***Critical Human Services Needs (\$10M)***

The impacts of the pandemic have been felt across the human services continuum. Virtually every area of need has seen an increase, and the legacy of the pandemic continues to disrupt the safety and security of residents. Many low- and moderate-income Bellevue households' pre-pandemic safety net was eliminated as households had to use savings to meet their basic needs. Many households are continuing to work to overcome the obstacles they were encountering due to the pandemic, including job loss, wage reductions, medical costs, the unavailability of childcare, and either high amount of back rent or loss of housing. In addition, all indicators predict that needs will continue post-pandemic (ref. 2021-22 Human Services Needs Update).

By the end of 2022, we anticipate no new sources of one-time pandemic funding and therefore will be disbursing existing grants until they are depleted. Even prior to the pandemic, applications for City human service funding grew to nearly 200 percent of the City funds available. Human services providers apply to multiple funding sources at all levels of government. To respond to the sustained peak of human service areas identified as critical needs, an additional \$10 million of ARPA funding will be allocated to Human Services in the following ways:

- \$2.4 million will be allocated in October 2022 to immediately address the need for eviction and foreclosure prevention assistance for low- and moderate-income residents. Staff will return with a consent agenda item in the coming weeks appropriating this budget for fiscal year 2022.
- The balance of \$7.6 million will be allocated for the 2023-24 biennium with increases to the following critical service areas for low- and moderate-income Bellevue residents and the necessary City staffing to administer the program.
  - \$1.6 million allocated to four emergency 24/7 shelters (CCS, FOY, CFH, The Sophia Way)
  - \$2.7 million allocated for additional rent assistance

- \$3 million in RFPs for remaining critical areas: homelessness services, domestic violence and sexual assault survivor services, behavioral health, childcare, food insecurity, civil legal aid, well-being in the face of racial and ethnic discrimination, and other basic needs as identified by providers.
- \$303 thousand in City staff costs

The new RFPs will be administered through the existing human services fund application process. Applications will open to the community. The Human Services Commission will then review and make recommendations to Council.

*Small Business Recovery (\$2 million)*

The City will use \$2 million to support continued recovery for small businesses. The work will be done directly with businesses and non-profit organizations that support them. Through business engagement meetings, staff have heard from a wide range of independent small businesses that the continuing absence of daytime workers and the staffing turnover are their biggest pain points today. Based on the available quantitative and qualitative information, City staff will develop temporary programs that support the following outcomes

- Improve businesses' productivity
- Improve customer acquisition
- Improve employee training and retention
- Provide access to resources and spaces that support business resiliency

***Safe, Clean and Vibrant City***

Residents and businesses alike praise Bellevue for being a safe, clean, and vibrant city. These qualities among others have persuaded many to invest their lives and vocations here. Council has often emphasized these important qualities.

The City of Bellevue has for years provided for removal of illegal dumping, litter, and graffiti on public property. Similarly, to the extent allowed by law and on a complaint basis, the City has enforced nuisance and health risks on private property. When City crews are working in the field, customary practice is to remove debris and litter from around the work site and leave it better than before the work. In addition, local resident groups, such as Bellevue Green and Clean, have organized to provide targeted litter removal around the City.

Rapid growth is stressing the ability to be fully responsive. This Preliminary Budget invests an additional \$300,000 and one staff member over the biennium to enhance the following:

- Development of an ordinance on graffiti
- Funding of a contracted service to assist property owners with the removal of graffiti
- Mobilizing a community and business volunteer base, organize work teams, and designate “adopted” areas and coordinate citywide clean up events
- Safety and collection equipment
- Leveraging maintenance contracts to broaden the practice of removing unsightly debris
- Development of standards and protocols and key performance metrics

As with all programming, experience will teach us how to make it more effective going forward.

For additional information regarding the Preliminary Budget, please see the attached Executive Summary. The full Preliminary Budget document can be found on the City of Bellevue [website](#).

### Council Budget Calendar

Date	Budget Item(s)
March 7	Council Budget Workshop
May 23	Initial Public Hearing
August 1	Second Public Hearing
September 26	2023-2024 Preliminary Operating Budget & 2023-29 Capital Investment Program (CIP) Plan Overview
October 3	Overview of investments in: Public Safety, Homelessness, the American Recovery Plan Act (ARPA) and, Safe Clean, Vibrant City
October 10	Utility Rates Overview and Other Areas of Interest as Requested
October 24	Development Services Rates Overview, Human Services Commission Recommendations, Community Development Block Grants (CDBG), the Environmental Stewardship Initiative (ESI) and Equity, Diversity and Access
November 7	Final Public Hearing
November 14	Tentative Council Direction for Adoption
November 21	Tentative Budget Adoption

### Preliminary Budget Council Required Actions

There are several items that will be required to adopt the 2023-2024 Operating Budget and the 2023-2029 CIP Plan which include:

Ordinance/Resolution Title	Brief Explanation
Human Services Commission Recommendation Ordinance	Adopt funding recommendations for allocations to human services agencies
Community Development Block Grant (CDBG) Recommendation Ordinance	Adopted recommended spending plan for Community Development Block Grant funds
2023 Development Services Fee Ordinance	Set Development Services 2023 Rates
2023-2024 Utility Rates Ordinances (3)	Set the Utilities 2023-2024 Rates
2023 Property Tax Banked Capacity Resolution	Preserve the full levy amount available to the City
2023 Property Tax Ordinance	Adopt 2023 property tax levies (RCW 35A.34.230 and RCW 84.55.092)
Business & Occupation Tax Ordinance	Adjust the taxable gross receipts rate
2023-2024 Budget Ordinance	Adopt “umbrella” budget ordinance which includes appropriation approval by fund, 2023 pay plans and, summarizations of grants and donations accepted that are less than \$90,000

Note: The fire inspection fee ordinance is not needed this year as there is no change. Additionally, a substantial need ordinance is not needed for property taxes as the implicit price deflator surpasses 1 percent.

## **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, 2023.

### **Fiscal Impact**

This briefing is for information only and, until adoption, will have no fiscal impact.

## **OPTIONS**

N/A

## **ATTACHMENTS**

- A. City Manager’s Transmittal Letter
- B. 2023-2024 Preliminary Budget Executive Summary
- C. 2023-2024 Fund Appropriation List
- D. Council Questions and Responses (Memory Bank)

## **AVAILABLE IN COUNCIL LIBRARY**

N/A